

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON
THE REPORTS OF THE DIRECTOR OF AUDIT
ON
THE ACCOUNTS OF THE GOVERNMENT OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION
FOR THE YEAR ENDED
31 MARCH 2014
AND THE RESULTS OF
VALUE FOR MONEY AUDITS (Report No. 63)**

February 2015

P.A.C. Report No. 63

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Introduction

The Establishment of the Committee The Public Accounts Committee is established under Rule 72 of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region, a copy of which is attached in *Appendix 1* to this Report.

2. **Membership of the Committee** The following Members are appointed by the President under Rule 72(3) of the Rules of Procedure to serve on the Committee:

Chairman : Hon Abraham SHEK Lai-him, GBS, JP

Deputy Chairman : Hon Paul TSE Wai-chun, JP

Members : Hon CHAN Hak-kan, JP
Hon Alan LEONG Kah-kit, SC
Hon WONG Yuk-man
Hon NG Leung-sing, SBS, JP
Hon Kenneth LEUNG

Clerk : Anthony CHU

Legal Adviser : Timothy TSO

Procedure

The Committee's Procedure The practice and procedure, as determined by the Committee in accordance with Rule 72 of the Rules of Procedure, are as follows:

- (a) the public officers called before the Committee in accordance with Rule 72 of the Rules of Procedure, shall normally be the Controlling Officers of the Heads of Revenue or Expenditure to which the Director of Audit has referred in his Report except where the matter under consideration affects more than one such Head or involves a question of policy or of principle in which case the relevant Director of Bureau of the Government or other appropriate officers shall be called. Appearance before the Committee shall be a personal responsibility of the public officer called and whilst he may be accompanied by members of his staff to assist him with points of detail, the responsibility for the information or the production of records or documents required by the Committee shall rest with him alone;
- (b) where any matter referred to in the Director of Audit's Report on the accounts of the Government relates to the affairs of an organisation subvented by the Government, the person normally required to appear before the Committee shall be the Controlling Officer of the vote from which the relevant subvention has been paid, but the Committee shall not preclude the calling of a representative of the subvented body concerned where it is considered that such a representative could assist the Committee in its deliberations;
- (c) the Director of Audit and the Secretary for Financial Services and the Treasury shall be called upon to assist the Committee when Controlling Officers or other persons are providing information or explanations to the Committee;
- (d) the Committee shall take evidence from any parties outside the civil service and the subvented sector before making reference to them in a report;
- (e) the Committee shall not normally make recommendations on a case on the basis solely of the Director of Audit's presentation;
- (f) the Committee shall not allow written submissions from Controlling Officers other than as an adjunct to their personal appearance before the Committee; and

Procedure

- (g) the Committee shall hold informal consultations with the Director of Audit from time to time, so that the Committee could suggest fruitful areas for value for money study by the Director of Audit.

2. **Confidentiality undertaking by members of the Committee** To enhance the integrity of the Committee and its work, members of the Public Accounts Committee have signed a confidentiality undertaking. Members agree that, in relation to the consideration of the Director of Audit's reports, they will not disclose any matter relating to the proceedings of the Committee that is classified as confidential, which shall include any evidence or documents presented to the Committee, and any information on discussions or deliberations at its meetings, other than at meetings held in public. Members also agree to take the necessary steps to prevent disclosure of such matter either before or after the Committee presents its report to the Council, unless the confidential classification has been removed by the Committee.

3. A copy of the Confidentiality Undertakings signed by members of the Committee has been uploaded onto the Legislative Council website.

4. **The Committee's Report** This Report by the Public Accounts Committee corresponds with the Reports of the Director of Audit on:

- the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2014; and
- the results of value for money audits (Report No. 63),

which were tabled in the Legislative Council on 20 November 2014. Value for money audits are conducted in accordance with the guidelines and procedures set out in the Paper on Scope of Government Audit in the Hong Kong Special Administrative Region - 'Value for Money Audits' which was tabled in the Provisional Legislative Council on 11 February 1998. A copy of the Paper is attached in **Appendix 2**.

5. In addition, this Report takes stock of the progress of the action taken by the Administration on the recommendations made in the Committee's Report Nos. 60, 60A and 61 and offers the Committee's views on the action taken. These are detailed in Parts 3, 4 and 5 of this Report.

Procedure

6. **The Government's Response** The Government's response to the Committee's Report is contained in the Government Minute, which comments as appropriate on the Committee's conclusions and recommendations, indicates what action the Government proposes to take to rectify any irregularities which have been brought to notice by the Committee or by the Director of Audit and, if necessary, explains why it does not intend to take action. It is the Government's stated intention that the Government Minute should be laid on the table of the Legislative Council within three months of the laying of the Report of the Committee to which it relates.

Laying of the Report Report No. 60 of the Director of Audit on the results of value for money audits was laid in the Legislative Council ("LegCo") on 17 April 2013. The Public Accounts Committee ("the Committee")'s Report (Report No. 60) was subsequently tabled on 10 July 2013, thereby meeting the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be tabled within three months of the Director of Audit's Report being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 60 was laid in LegCo on 23 October 2013. A progress report on matters outstanding in the Government Minute was issued on 15 October 2014. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 6 below.

Administration of road safety measures
(Chapter 2 of Part 4 of P.A.C. Report No. 60)

3. The Committee was informed that:

Measures to tackle drink driving

- since the first quarter of 2014, the Hong Kong Police Force ("HKPF") had enhanced the computing system to improve data analysis on random breath tests for strategic planning of random breath test operations. All land region police stations had been equipped with evidential breath test devices since December 2013. A police vehicle had also been modified as a mobile breath test centre and put on trial since December 2013 to collect the evidential breath specimen from drivers at the roadside. In view of the satisfactory trial result, HKPF planned to set up three additional mobile evidential breath test centres. A review was being conducted to further reduce the time interval target between taking screening breath test and evidential breath test;

Measures to tackle speeding and red light jumping

- the Government was reviewing the trial scheme of the average speed enforcement camera system and collecting information to address LegCo Members' concerns;

Measures to promote safer vehicle operation

- ***public light bus ("PLB")*** In April 2012, the Road Traffic Ordinance was amended to introduce measures to deter speeding by PLB drivers and enhance safe operation of PLBs. Three of such measures came into effect after the amendment legislation was passed by LegCo in April 2012. The legislative amendments to implement the remaining two measures, namely, mandating completion of a pre-service training course by applicants of PLB driving licence; and mandating the installation of approved electronic data recording device on newly registered PLBs were tabled at LegCo for negative vetting on 2 July 2014. The mandatory requirement for the installation of approved electronic data recording device and completion of a pre-service training course came/would come into effect on 1 December 2014 and 1 June 2015 respectively;
- ***franchised buses*** The Transport Department ("TD") had completed a review of the health check arrangements of franchised bus captains. All bus companies had implemented additional measures to further strengthen the health check arrangements since August 2013;
- ***taxis*** In addition to HKPF's enforcement actions against taxi malpractice on safety, a series of publicity and education plans had been implemented to promote taxi driving safety;
- ***for all drivers*** TD was exploring, in consultation with the Department of Justice, the feasibility and legality of seeking exemptions under the Personal Data (Privacy) Ordinance to obtain medical records of suspected health-impaired drivers without their written consent;

Accuracy of traffic accident data

- HKPF and TD had put in place measures to improve the accuracy of traffic accident data and the outcome was found satisfactory. Joint departmental meetings would be held regularly for continuous improvement of cooperation between HKPF and TD. HKPF was seeking to re-design its Traffic Operations and Management System to enable the revised traffic accident contributory factors list to be automatically transferred from the Traffic Operations and Management System to TD's Transport Information System so as to further reduce data input errors;

Publicity and education programmes

- the Information Services Department had explored whether performance-based contracts were feasible and practical for announcements in the public interest productions. After a review, the Information Services Department came to the view that since the enhanced cross-checking procedures had been implemented, coupled with the rarity of the issue raised, the current payment mechanism for announcements in the public interest production worked well and complied with the Stores and Procurement Regulations; and
- if a suspected copyright infringement arose, and was eventually proven, the current contract would protect the Government's rights.

4. The Committee wishes to be kept informed of further development on the subject.

Pre-primary Education Voucher Scheme

(Chapter 3 of Part 4 of P.A.C. Report No. 60)

5. The Committee was informed that in February and July 2014, the Administration reported to LegCo Panel on Education the progress of the work of the Committee on Free Kindergarten Education ("FKGE"). It was hoped that the Committee on FKGE (set up in April 2013) could complete its tasks in two years and make concrete recommendations to the Education Bureau. The Committee on FKGE made various recommendations on short-term support measures to be implemented ahead of its submission of the final report in 2015, including:

- providing additional subsidy for kindergartens and parents;
- enhancing training for kindergarten principals and teachers;
- improving the kindergarten admission arrangements;
- enhancing support for catering for student diversity; and
- enhancing parent education,

The Education Bureau had accepted the recommendations and was taking active follow-up action.

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Report of the Public Accounts Committee on Report No. 60 of the Director of Audit
on the Results of Value for Money Audits [P.A.C. Report No. 60]

6. The Committee wishes to be kept informed of the outcome of the review by the Committee on FKGE.

Laying of the Report Report No. 60 of the Director of Audit on the results of value for money audits was laid in the Legislative Council ("LegCo") on 17 April 2013. The Public Accounts Committee ("the Committee")'s supplemental report (Report No. 60A) on Chapter 7 of the Director of Audit's Report was tabled on 27 November 2013.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 60A was laid in LegCo on 19 February 2014. A progress report on matters outstanding in the Government Minute was issued on 15 October 2014. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 4 below.

Preventive education and enlisting public support against corruption
(Part 4 of P.A.C. Report No. 60A)

3. The Committee was informed that:

Preventive education

Preventive education for the public sector

- the Community Relations Department of the Independent Commission Against Corruption ("CRD") had provided suitable preventive education to the 14 bureaux/departments which were not provided with talks between 2008 and 2012. CRD had also approached all of the 62 public bodies not provided with CRD talks between 2008 and 2012 to review their training need and provide suitable preventive education for their staff/members. In 2014-2015, CRD would approach the 10 public bodies which had the largest number of corruption complaints/reports between 2007 and 2011 to review their training need. CRD would continue to review the provision of suitable corruption prevention and education services to bureaux/departments and public bodies, having regard to the number of corruption complaints/reports they were involved;
- with the support and assistance of the Civil Service Training and Development Institute of the Civil Service Bureau, CRD had started to produce a web-learning portal for civil servants on corruption prevention and related integrity issues as planned. The portal would be hosted in the Cyber Learning Centre Plus (an e-learning platform for

civil servants administered by the Institute) in the first/second quarter 2015;

Preventive education for the youth

- to further extend its reach to the youth, CRD had invited all the degree-awarding tertiary institutions, and government, aided and direct subsidy scheme schools to arrange preventive education programmes for their students starting from the 2013/2014 school year. After reviewing the practice of providing preventive education for private and secondary schools at international stream upon request, CRD had decided to extend its preventive education services to cover international schools for their secondary students starting from the 2014/2015 school year;
- to enhance the usefulness of the Moral Education Website and the youth website iTeen Camp, CRD had created an English content page in both websites. The English content page in the Moral Education Website was provided with hyperlinks to all the English moral education resources produced by the Independent Commission Against Corruption for easy retrieval by users. CRD had also started the English translation of suitable moral education resources in the Moral Education Website and uploaded them regularly;

Enlisting public support

Community activities

- CRD would review its work strategies and set appropriate targets for the numbers of organizations and people reached, taking into consideration the theme adopted and the format of activities. The achievements of the targets would be closely monitored; and

Encouraging the reporting of corruption

- CRD completed a comprehensive review of the functions, location and cost-effectiveness of the Regional Offices in June 2014. Regarding the shop front of the Hong Kong West/Islands Office located on the ground floor of a commercial building, the Independent Commission Against Corruption had agreed in principle to relocate it to Harbour Building where the back office operated, taking into account the views of members of Central and Western, Southern and Islands District Councils

collected during consultations conducted by CRD in May 2014. However, in the absence of readily available replacement premises in Harbour Building in the near future, the shop front would stay put under the existing tenancy agreement running up to 31 October 2016. CRD would keep under constant review the operation of the Regional Offices and the cost-effectiveness of their work when mapping out the long-term strategy for encouraging the public reporting of corruption.

4. The Committee wishes to be kept informed of further development on the subject.

Laying of the Report The Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year end 31 March 2013 and his Report No. 61 on the results of value for money audits were laid in the Legislative Council ("LegCo") on 13 November 2013. The Public Accounts Committee ("the Committee")'s Report (Report No. 61) was subsequently tabled on 12 February 2014, thereby meeting the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be tabled within three months of the Director of Audit's Report ("Audit Report") being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 61 was laid in LegCo on 14 May 2014. A progress report on matters outstanding in the Government Minute was issued on 15 October 2014. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 53 below.

Equal Opportunities Commission

(Paragraphs 3 to 5 of Part 4 of P.A.C. Report No. 61)

3. Hon Paul TSE Wai-chun declared that he was currently a Board member of the Equal Opportunities Commission ("EOC").

4. The issues relating to EOC were discussed in the Committee Report No. 52 published in July 2009. All the recommendations made by the Audit Commission ("Audit") and the Committee had been implemented, save for the recommendation on the separation of the posts of Chairperson and Chief Executive Officer.

5. In the Government Minute laid before LegCo in May 2014, it was mentioned that EOC Chairperson was following up on the review of the composition of the management echelon of EOC and the recruitment or otherwise of a Chief Operations Officer ("COO") post. The review on EOC's management structure including the need for and, if so, the role of the COO post, was expected to be completed by the first quarter of the 2014-2015 financial year.

6. The Committee wrote to EOC and the Constitutional and Mainland Affairs Bureau on 12 January 2015 to enquire on the result of the review on the recruitment or otherwise of the COO post, and the timetable for the recruitment if the need for the

post was affirmed. The replies from **Secretary for Constitutional and Mainland Affairs** are in *Appendix 3*.

7. The Committee wishes to be kept informed of further development on the subject.

Recoverability of the outstanding advances to the United Nations High Commissioner for Refugees

(Paragraphs 6 and 7 of Part 4 of P.A.C. Report No. 61)

8. The Committee was informed that:

- the Administration had continued to urge the United Nations High Commissioner for Refugees ("UNHCR") to make renewed efforts to appeal to the international community for donations with a view to settling the outstanding advances, which remained at \$1,162 million. The Security Bureau discussed the issue with UNHCR again in January 2014 to reiterate the Administration's stance and register the Hong Kong community's expectation of an early recovery of the outstanding advances; and
- although it was not optimistic that repayment could be made by UNHCR in the near future, the Administration would continue to pursue an early repayment of the outstanding advances from UNHCR.

9. The Committee wrote to the Security Bureau on 9 January 2015 to enquire whether the Administration had assessed the recoverability of the outstanding advances and considered taking other actions to address the issue, including writing off the outstanding advances. The replies from **Secretary for Security** are in *Appendix 4*.

10. The Committee wishes to be kept informed of the development on the Government's recovery of the outstanding advances to the UNHCR.

Footbridge connections between five commercial buildings in the Central District

(Paragraphs 8 and 9 of Part 4 of P.A.C. Report No. 61)

11. The Committee was informed that:

- in late November 2013, the agent of the owner of Building II submitted a feasibility study report for the proposed Footbridge A for the Government's consideration;
- the Lands Department ("LandsD"), the Buildings Department and the concerned departments were considering the report and would continue to follow up with the owners of Building I and Building II on the matter; and
- comments of the concerned government departments and the owner of Building I on the feasibility study report was passed to the owner of Building II for its consideration, who should take into account the comments in preparation of the general building plans for the proposed Footbridge A.

12. The location of the proposed Footbridge A is shown in *Appendix 5*.

13. The Committee wishes to be kept informed of further development on the subject.

Small house grants in the New Territories

(Paragraphs 10 to 14 of Part 4 of P.A.C. Report No. 61)

14. Hon Paul TSE Wai-chun declared that he was an indigenous villager of the New Territories.

15. The Committee was informed in the Government Minute which was laid before LegCo in May 2014 that:

- the existing small house policy had been in operation for a long period of time. The relevant review would inevitably entail complex issues

including legal, environment and land use planning issues which required careful examination; and

- at the same time, the Administration would maintain dialogue with key stakeholders as well as the community at large.

16. The Committee wishes to be kept informed of further development on the subject.

17. The Committee also recommends that the issue be continued to be followed up by LegCo Panel on Development.

Food labeling and nutrition labeling of infant and special dietary foods
(Paragraphs 17 to 19 of Part 4 of P.A.C. Report No. 61)

18. The Committee was informed that:

Legislative proposals relating to formula products and foods intended for infants and young children

- on 9 June 2014, the Director of Food and Environmental Hygiene, in exercise of the power under section 55(1) of the Public Health and Municipal Services Ordinance (Cap. 132), made the Food and Drugs (Composition and Labelling) (Amendment) (No.2) Regulations 2014 ("The Amendment Regulation"). The Amendment Regulation aimed to regulate nutritional composition and nutrition labelling of formula products and prepackaged food for infants and young children under the age of 36 months. On 18 June 2014, the Amendment Regulation was tabled at LegCo for negative vetting. It would come into operation on the expiry of 18 months commencing on the day on which it was published in the Gazette (i.e. 13 June 2014) except the provisions relating to the follow-up formula and prepackaged food for infants and young children, which would come into operation on the expiry of 24 months after gazettal;

Development of the Hong Kong Code of Marketing of Breast-milk Substitutes ("Hong Kong Code")

- the Administration conducted a four-month public consultation on the Hong Kong Code from 26 October 2012 to 28 February 2013. Briefing sessions and meetings with manufacturers, distributors, importers, retailers and other relevant parties were arranged. The Administration had consolidated the views and comments received from various sectors of the community. Apart from commenting on the draft Hong Kong Code itself, the respondents also made suggestions on ways to promote breastfeeding and related facilities;
- LegCo Panel on Health Services was briefed on the results of the public consultation and the way forward for the Hong Kong Code on 21 July 2014. Taking into account the findings of the public consultation, the latest legislative exercise on the nutrition labelling of formula products and foods for infants and young children under the age of 36 months as well as the study on the regulation of nutrition and health claims of these formula products and foods, the Administration would need some time to refine the draft Hong Kong Code and would announce the revised Hong Kong Code in due course;
- as regards nutrition labelling of special dietary foods, the Centre for Food Safety ("CFS") had just completed studies on the relevant standards of the Codex Alimentarius Commission and the regulatory approaches adopted by other jurisdictions in respect of nutrition labelling of special dietary foods, and was now conducting the relevant analysis. CFS would take into account the local situation and the latest international development in mapping out the way forward;

Nutrition claims and health claims

- CFS was studying the local and international situation on the use of nutrition and health claims in formula products and foods for infants and young children under the age of 36 months. The Administration had also discussed with traders and stakeholders with a view to examining the possible strategies to strengthen the regulation of such claims. Upon completion of the legislative exercise on nutritional composition and nutrition labeling of formula products and foods for infants and young children under the age of 36 months, the Administration would proceed to handle the regulation of nutrition and health claims of these

products. The Administration launched a public consultation on this subject in January 2015 and would brief LegCo Panel on Food Safety and Environmental Hygiene on the public consultation at its meeting on 10 February 2015. The Panel would also receive views from deputations and trades on the subject at the meeting.; and

Follow-up actions taken by CFS on cases

Chapter 4 "Nutrition labeling of infant and special dietary foods" of the Audit Report

- CFS had investigated the 12 cases involving 30 products identified by Audit. The labels of 20 products were considered to be in order, and one product was found not for sale. The labels of the remaining 9 products had been revised and were being vetted by CFS.

19. The Committee wishes to be kept informed of further development on the subject.

20. The Committee also recommends that the three outstanding issues in respect of the Hong Kong Code, regulation of nutrition information on special dietary foods and regulation of nutrition and health claims be referred to LegCo Panel on Food Safety and Environmental Hygiene and Panel on Health Services for necessary follow-up actions.

Records management work of the Government Records Service

(Paragraphs 20 and 21 of Part 4 of P.A.C. Report No. 61)

21. The Committee was informed in the Government Minute which was laid before LegCo in May 2014 that the Government Records Service was actively clearing the backlogs of records pending appraisal of archival value and archival records pending accessioning. The Government Records Service was on target to clear the backlogs of records by May 2015.

22. The Committee wishes to be kept informed of further development on the subject.

Monitoring and reporting of air quality

(Paragraphs 22 and 23 of Part 4 of P.A.C. Report No. 61)

23. The Committee was informed in the Government Minute which was laid before LegCo in May 2014 that:

Administration of Air Pollution Index

- the new Air Quality Health Index System had replaced the Administration of Air Pollution Index since 30 December 2013;
- the Tuen Mun Air Quality Monitoring station, being the twelfth general air quality monitoring station of the Environmental Protection Department, had started reporting air quality data since 30 December 2013; and
- the Sai Kung District Council endorsed the proposed site for the setting up of a general air quality monitoring station in Tseung Kwan O at its meeting on 7 January 2014. The Environmental Protection Department was making preparation for the design and construction of the station with a view to commencing its operation by the end of 2015. The Administration would report the progress to the Sai Kung District Council.

24. The Committee recommends that the issues relating to monitoring and reporting of air quality be referred to LegCo Panel on Environmental Affairs ("EA Panel") for follow up.

Implementation of air-quality improvement measures

(Paragraphs 24 to 27 of Part 4 of P.A.C. Report No. 61)

25. The Committee was informed in the Government Minute laid before LegCo in May 2014 that:

Emission from pre-Euro, Euro I and Euro II diesel vehicles

- the Administration was implementing an incentive-cum-regulatory approach to phase out progressively some 82 000 pre-Euro IV (i.e. pre-Euro and Euro I, II and III) diesel commercial vehicles, including

goods vehicles, light buses and non-franchised buses, before 2020. The Air Pollution Control (Air Pollutant Emission) (Controlled Vehicles) Regulation (Cap. 311X), which stipulated respective commencement dates for not renewing the vehicle licences of the relevant diesel commercial vehicles and capped the service year limits of newly registered diesel commercial vehicles at 15 years, had taken effect from 1 February 2014. The LegCo Finance Committee approved the funding of some \$11.4 billion for launching an ex-gratia payment scheme for phasing out the pre-Euro IV diesel commercial vehicles. The Administration had been receiving applications for the ex-gratia payment since 1 March 2014 and would report the progress to EA Panel on an annual basis;

Requiring local and river-trade vessels to use ultra-low-sulphur diesel in Hong Kong waters as early as possible

- the Air Pollution Control (Marine Light Diesel) Regulation (Cap. 311Y) which mandated the light diesel to be supplied for the use of vessels to be low sulphur light diesel (i.e. with sulphur content not exceeding 0.05%) had already taken effect from 1 April 2014;

Completing the legislative procedures necessary for implementing the proposed non-road mobile machinery emission-control system

- the Administration was drafting the relevant legislation with a view to completing the legislative procedures in 2014; and

Implementing various air-quality improvement measures

- the Administration would report the progress of implementing various air-quality improvement measures (including the above item) to EA Panel as and when appropriate.

26. The Committee recommends that the issues relating to implementation of air-quality improvement measures be referred to EA Panel for follow up.

Regulatory control of private hospitals

(Paragraphs 28 to 30 of Part 4 of P.A.C. Report No. 61)

27. Hon Abraham SHEK Lai-him declared that he was currently a member of the Court and Council of the University of Hong Kong, and an Independent Non-executive Director of Hsin Chong Construction Group Ltd. and NWS Holdings Limited. Hon Paul TSE Wai-chun declared that he was currently a member of the Court of the University of Hong Kong.

28. The Committee was informed that:

Monitoring of sentinel events

- the Steering Committee on Review of the Regulation of Private Healthcare Facilities agreed that a comprehensive sentinel events management system should be established. The Department of Health ("DH") was preparing the implementation guidelines for adoption of the revised reporting criteria by private hospitals. In accordance with Audit's recommendation, the reporting criteria for sentinel events by public and private hospitals would be unified from January 2015 onwards;

Price transparency in hospital charges

- DH had reminded private hospitals to observe the requirements for disclosure of price information during inspections to private hospitals since 2013;
- the Steering Committee on Review of the Regulation of Private Healthcare Facilities had reviewed and examined measures that would help enhance price transparency of private hospital services, such as disclosure of price information, quotation system, packaged pricing and publication of statistics on hospital charges. The Administration planned to conduct a public consultation before the end of 2014 on the proposed regulatory regime for private hospitals, which included measures to enhance price transparency;

Way forward

- the review of the regulatory regime for private hospitals had been

completed. The Administration would conduct a public consultation on the proposed way forward which aimed to strengthen the regulatory control of private hospitals in the areas of corporate and clinical governance, price transparency, sentinel event reporting system, complaint management, etc.

29. The Committee wishes to be kept informed of further development on the subject.

Land grants for private hospital development

(Paragraphs 31 to 33 of Part 4 of P.A.C. Report No. 61)

30. Hon Abraham SHEK Lai-him declared that he was currently a member of the Court and Council of the University of Hong Kong, and an Independent Non-executive Director of Hsin Chong Construction Group Ltd. and NWS Holdings Limited. Hon Paul TSE Wai-chun declared that he was currently a member of the Court of the University of Hong Kong.

31. The Committee was informed that:

General protocol in administering private treaty grants ("PTGs")

- after consulting and consolidating the views of the relevant bureaux/departments, LandsD had finalized and issued a general protocol with a view to clarifying the respective roles and responsibilities of LandsD as the Government land agent and of the relevant bureaux/departments which gave policy support to different types of PTGs in relation to services or activities under their purview. The protocol was intended to serve as a common code formulated to guide collaborated actions in the administration of PTGs and subsequent monitoring of compliance and enforcement;

Monitoring and enforcement of land grant conditions

- DH had drawn up a checklist to facilitate the checking of compliance with land grant conditions relating to hospital services under its purview;

- DH and LandsD had been following up on the irregularities observed at some private hospitals. The two departments had implemented a monitoring system at the headquarters level to keep track of progress and would delineate their responsibilities for monitoring compliance with conditions of private hospital leases accordingly based on the finalized general protocol;

Provision of free or low-charge beds

- Hospital D set up a geriatric ward in February 2013 to provide 20 free beds in accordance with the land grant conditions. The hospital had taken measures to increase the utilization rate of its low-charge beds. Hospital F had provided 25 low-charge beds for surgical patients since 1 July 2014 in accordance with the land grant conditions. DH was monitoring the utilization rates of these free and low-charge beds;

Profits/surplus plough-back requirement

- the Administration reported in its Annual Progress Report submitted to the Committee of October 2014 that:
 - (a) private hospitals that were subject to financially-related conditions under the land grants had submitted to DH audited accounts and auditors' certification for compliance with such conditions in 2013 and were required to make the submission every year; and
 - (b) DH and LandsD had completed the review of past audited accounts of the private hospitals concerned and would continue to scrutinize their latest and future audited accounts. The two departments would follow up with the grantees as necessary;
- a recent follow-up review by Audit had revealed that although the Committee had, among others, urged DH to:
 - (a) review the appropriateness of allowing the grantees to transfer the administration of the hospitals to different organizations;
 - (b) define what permissible activities the non-profit-making grantees/hospitals were allowed to conduct and what non-permissible activities disallowed in respect of surpluses derived from the hospital operations on PTG sites; and

- (c) resolve the issues (including the rectification of irregularities concerning profit plough-back) expeditiously;
- it was found that:
- (a) the parent organization of Hospital D had remained the grantee of the two PTGs, namely Land Grant ("LG") 5 and LG 6;
 - (b) the Conditions of Grant in LG 5 and LG 6 on the "no distribution of profits"/"profits/surplus plough-back" requirement¹ had also remained the same; and
 - (c) during the three years of 2011 to 2013 (subsequent to the last audit), Hospital D had earned surpluses [before related party payments] of \$0.8 billion in 2011, \$1.0 billion in 2012 and \$0.8 billion in 2013, and had paid the grantee \$341.5 million in 2011, \$385.9 million in 2012 and \$365.4 million in 2013 for licence fees/donations/dividends from service providers. Summary statements submitted by the grantee to DH revealed that the grantee had spent a substantial proportion of the income so earned in improvements and extensions of another hospital (operating on self-purchased land), the development of a nursing school (operating on another self-purchased site) and other expenditures unrelated to Hospital D.

32. The Committee wrote to DH and LandsD on 9 January 2015 to urge them to expeditiously follow up on the irregularities on profits/plough back requirements as identified by Audit, and enquired whether DH and LandsD had sought legal advice on the requirements on the lands grant, defined the permissible activities/non-permissible activities of the non-profit-making grantees/hospitals in respect of the surpluses derived from the hospital operations on PTG sites, and what follow-up actions DH and LandsD had taken to address the irregularity case mentioned above. The replies from **Director of Health** and **Director of Lands** are in *Appendices 6 and 7* respectively.

¹ Hospital D is operating on LG 5, LG 6 and a self-purchased land. Both LG 5 and LG 6 contain a requirement that there shall be no distribution of profit derived from Hospital D and, in the case of LG 5, all profits, if any, derived from the hospital shall be applied to "charitable purposes of the grantee with the exception of any evangelical or ecclesiastical shall be directed to the improvement or extension of the grantee's hospital facilities. The self-purchased land has no restrictions on profit distribution.

33. The Committee wishes to be kept informed of further development on the Administration's monitoring and enforcement of the land grant conditions.

Management of public enquiries and complaints by the Food and Environmental Hygiene Department

(Paragraphs 36 and 37 of Part 4 of P.A.C. Report No. 61)

34. The Committee was informed that the commencement of the new Complaints Management Information System ("CMIS"), originally scheduled for May 2014, was delayed due to some technical problems found during the User Training stage. The Food and Environmental Hygiene Department aimed to resolve the technical problems by mid-October 2014. Subject to the outcome of further testing, it was expected that the new CMIS would be rolled out by phases in end 2014 and would come into full operation in late 2015. After the full implementation of the new CMIS, the Food and Environmental Hygiene Department would review the role and establishment of the Complaints Management Section.

35. The Committee wishes to be kept informed of further development on the subject.

Provision of local services by the Marine Department

(Paragraphs 38 and 39 of Part 4 of P.A.C. Report No. 61)

36. The Committee was informed that:

Automated vehicle entry/exit control system

- the Marine Department ("MD") had worked out the project proposals for installing/replacing the vehicle entry/exit control systems in consultation with the Electrical and Mechanical Services Department. The Financial Services and the Treasury Bureau's approval for the project funding was given in November 2013. Installation works for Western District and Chai Wan Public Cargo Working Areas were anticipated to complete in September 2015, and replacement works for Tuen Mun and Rambler Channel Public Cargo Working Areas were anticipated to complete in October 2015.

Vessels without valid licences

- MD had reviewed the existing practice in respect of expired licences and was revising the relevant guidelines on handling belated licence renewal cases, including the procedures of follow-up action. The changes would come into operation after clearance with the Department of Justice ("DoJ") and the parties concerned would be duly informed.

Control of private moorings

- MD had stepped up patrol at designated mooring areas. A total of 34 private moorings had been cancelled and removed in the last two years. An upgraded computer system had been launched since September 2014 to facilitate the patrol officers to conduct on-site inspection. MD would continue to conduct on-site inspection and take follow-up action to re-allocate those moorings no longer used by the designated vessel to applicants on the waiting list; and
- MD would continue to manage private moorings in accordance with the law. MD had completed matching the information on owners of the private moorings with that on the designated vessels in October 2013 and found that over 40% of the private moorings for individual owners were moored with vessels not owned by the mooring owners. MD was seeking legal advice from DoJ to formulate the way forward. Where necessary, legal provision would be reviewed.

37. The Committee wishes to be kept informed of further development on the subject.

Direct land grants to private sports clubs at nil or nominal premium

(Chapter 1 of Part 7 of P.A.C. Report No. 61)

38. Hon Abraham SHEK Lai-him declared that he was a member of Hong Kong Country Club, Hong Kong Football Club, Hong Kong Golf Club, Hong Kong Jockey Club ("HKJC") and Royal Hong Kong Yacht Club; Hon Paul TSE Wai-chun declared that he was a member of HKJC, Scout Association of Hong Kong and South China Athletic Association; Hon Alan LEONG Kah-kit declared that he was a member of HKJC; Hon NG Leung-sing declared that he was a member of HKJC and Craigengower Cricket Club; Hon CHAN Hak-kan declared that he was a member of

HKJC; and Hon Kenneth LEUNG declared that he was a member of the Ladies Recreation Club and Craighower Cricket Club.

39. The Committee was informed that:

Review of the private recreational lease ("PRL") policy

- a working group chaired by the Permanent Secretary for Home Affairs and comprising representatives from the Development Bureau, LandsD, the Planning Department, the Leisure and Cultural Services Department and other concerned departments was overseeing an on-going comprehensive review of PRL policy, covering issues raised by Audit and the Committee. Preliminary results of the policy review were expected to be available by the end of 2014;

Implementation of the "opening-up" requirement

- the Home Affairs Bureau ("HAB") placed advertisements in the print media in March 2014 to encourage eligible Outside Bodies to make use of sports facilities operated by PRL holders. HAB had also issued new guidelines and revised the format of the quarterly reports to be submitted by the PRL lessees, with a view to requiring the lessees to provide more detailed and informative reports on the implementation of the opening-up schemes starting from the second quarter of 2014;

Monitoring of compliance with lease conditions

- HAB was monitoring the utilization rates of sports facilities on PRL sites, in particular with regard to the implementation of the opening-up schemes. Using the quarterly returns as a monitoring tool, HAB was following up with lessees that report relatively low utilization by Outside Bodies to encourage them to make greater efforts to attract users. HAB also checked the accuracy of information provided by lessees in the quarterly reports;
- the Administration would continue to work on further strengthening the monitoring mechanism and updating lease conditions. HAB and LandsD would clarify their respective responsibilities with regard to inspections of PRL sites and would formulate plans for routine

inspections accordingly. LandsD would conduct site inspections of PRLs where lease renewal was not yet due; and

- a number of the clubs had rectified the breaches of Conditions of Grant as identified in the Audit Report. LandsD would, in consultation with HAB and other relevant bureaux/departments, continue to follow up on other individual cases of irregularity and suspected non-compliance with lease conditions identified in the Audit Report and would take lease enforcement action as appropriate.

40. The Committee wishes to be kept informed of the progress of:

- the review of PRL policy;
- the satisfactory implementation of the "opening up" requirement;
- strengthening the monitoring mechanism on PRL lessees' compliance with lease conditions and updating lease conditions; and
- the follow up of individual cases of irregularity and suspected non-compliance with lease conditions identified in the Audit Report.

Management of roadside skips

(Chapter 2 of Part 7 of P.A.C. Report No. 61)

41. The Committee was informed that:

Magnitude of skip problem

- according to information provided by the trade, it was estimated that there were about 3 500 skips in Hong Kong, of which about 1 500 were placed in works sites and storage areas. Roughly about 2 000 skips were placed on roads and in public places across the territory. The number of complaints on roadside skips received by the Administration was 1 530 in 2013. The vast majority of the complaints, about 92%, were on road obstruction while the remaining complaints were on environmental hygiene/nuisance problems and pollution problem;

- the Joint Working Group on Management of Roadside Skips ("JWG") had conducted day and night visits to various hotspots of frequent complaints. The skips found were not actively engaged in waste loading and unloading activities. JWG believed that these skips were placed there idling for convenience, either because they were close to their operating sites or due to a lack of proper storage areas, especially during night time;
- JWG had also looked into the 13 traffic accidents since 2010 involving roadside skips, of which four cases occurred in day time between 7:00 am to 7:00 pm and nine cases occurred between 7:00 pm to 7:00 am. The accidents resulted in a total of 21 injuries. Subsequent investigations by the Hong Kong Police Force ("HKPF") revealed that most cases were related to driving manner and five drivers were summonsed for careless driving. In all the 13 traffic accidents, the skips concerned were idling and placed at roadside, without any associated loading and unloading activities;

Effectiveness of existing enforcement actions

- in the first half of 2014, there were 573 complaints received by HKPF. Among these complaints, the scene officers were able to locate roadside skips and their operators in 496 and 453 cases respectively. Advice and/or warning were given by HKPF under the Summary Offences Ordinance (Cap. 228) in 404 cases while over 80% of the skips of these cases were removed by skip operators (usually within hours after a complaint was received) and three cases were removed by HKPF. About 90% of the skip operators had removed their skips from roadside within five hours after a complaint was received. During the same period, LandsD handled 535 complaints in accordance with the Land (Miscellaneous Provisions) Ordinance (Cap. 28). The skips were removed by the skip operators in 99% of the cases, usually within two days of LandsD posting the relevant notice on the skip;

Introduction of regulatory system

- in light of the findings so far, the Secretary for the Environment, the Secretary for Development, and the Secretary for Transport and Housing agreed that consideration could be given to exploring the following short-term measures to help better address the problems caused by placing of roadside skips:

- (a) to identify suitable sites to be made available to skip operators through tendering on short-term tenancies for storage of "idling" skips and/or to facilitate skips to be placed in suitable commercially managed sites of other uses, with a view to reducing the number of such skips placed on roads or in public places; and
 - (b) to enhance enforcement efficiency by engaging term contract service providers to speed up the removal of roadside skips by relevant Government departments;
- JWG would further work out the implementation details of the short-term measures and consult the trade as appropriate;

Advice of the Secretary for Justice

- the Secretary for Justice had advised that, under Regulation 25 of the Road Traffic (Traffic Control) Regulations (Cap. 374G), the Director of Highways and the Commissioner of Police could take removal actions on roadside skips which obstruct road. The relevant Government departments were considering the advice with a view to evaluating if such provision could facilitate more effective removal actions on roadside skips placed on public roads;

Progress made in implementing Audit's recommendations

- follow-up actions had been completed or on-going to address three of the remaining five audit recommendations. The two outstanding ones were:
 - (a) formulating strategies and action plans for regulating and facilitating skip operations, and assigning a Government department to take up the responsibilities for regulating and facilitating skip operations; and
 - (b) conducting a review to reassess whether the current situation justified Government actions to introduce a regulatory system to regulate and facilitate skip operations.

42. The Committee wrote to the Development Bureau, the Environmental Bureau and the Transport and Housing Bureau on 9 January 2015 to enquire on the

result of the review conducted by JWG on regulating and facilitating skip operations and the set-up of a regulatory system. A consolidated reply from **Director of Environmental Protection** is in *Appendix 8*.

43. The Committee wishes to be kept informed of further development on the subject.

Allocation and utilization of public rental housing flats

(Chapter 3 of Part 7 of P.A.C. Report No. 61)

44. Hon Alan LEONG Kah-kit declared that he was currently a member of the Housing Authority ("HA"); and Hon Kenneth LEUNG and Hon NG Leung-sing declared that they were former members of HA.

45. The Committee was informed that:

Management of the Waiting List for general applicants

- the Housing Department ("HD") had uploaded the definition and computation method of the average waiting time onto the HA/HD's website and incorporated information on the average waiting time into the brochure "Waiting List for Public Rental Housing - Information for Applicants";

Implementation of the Quota and Points System

- the Steering Committee on Long Term Housing Strategy ("LTHS") had put forward recommendations on the Quota and Points System. The recommendations and observations of Audit and the Committee, as well as the recommendations of LTHS Steering Committee and views collected during the public consultation on LTHS, had been referred to HA for consideration;

Review of the Well-off Tenants Policies

- LTHS Steering Committee noted that there were divergent views on the policies in the community. The public consultation document on LTHS further invited views on the policies. Views collected during the

public consultation, together with recommendations of Audit and the Committee as well as views collected during the Committee's hearings, had been referred to HA for consideration; and

Under-occupation of public rental housing flats

- HA had reviewed the Under-occupation policy in 2013 and endorsed a series of revised measures for implementation starting from October 2013. HA had also lowered the prioritized under-occupation threshold for households of all sizes. A further review of the Under-occupation policy would be conducted in 2016.

46. A summary of the actions taken in implementing the Audit's recommendations since the Government Minute was laid before LegCo in May 2014 is in **Appendix 9**.

47. The Committee wrote to the Transport and Housing Bureau on 9 January 2015 to enquire on the management and control of unoccupied flats, including the latest figure on the number of unoccupied flats, reasons for the long vacancy period and measures taken to shorten the vacancy period and speed up the letting of unoccupied flats. The replies from **Secretary for Transport and Housing** are in **Appendix 10**.

48. The Committee wishes to be kept informed of further development on the subject.

Fire protection and prevention work of the Fire Services Department
(Chapter 5 of Part 7 of P.A.C. Report No. 61)

49. The Committee was informed that:

Monitoring fire service installations and equipment in buildings

- the Fire Services Department ("FSD") had consulted most of the fire service installations and equipment ("FSI") contractors and would modify the electronic form of Certificate of FSI under the project of Holistic Enhancement of the Integrated Licensing, Fire Safety and

Prosecution System ("LIFIPS") to better suit the contractors' business operation;

Monitoring ventilating systems

- FSD had issued a set of guidelines in September 2014 for the adoption of a risk-based approach to monitor the statutory annual inspections of ventilating systems in buildings and licensed premises. The updating and verification of the ventilating systems database were expected to be completed by April 2015;

Registration and monitoring of fire service installation contractors

- FSD was in the process of formulating legislative proposals (involving the consultation with the trade and stakeholders and conducting a business impact assessment) to amend both the Fire Service (Installation Contractors) Regulations (Cap. 95A) and Fire Service (Installations and Equipment) Regulations (Cap. 95B) to improve FSI contractor registration scheme and the monitoring of the timely submission of the electronic forms of Certificate of FSI by FSI contractors;

Handling complaints about fire safety

- FSD had introduced monitoring reports in its Fire Service Installations Task Force to facilitate monitoring and control work by supervisors. Similar functionality would be introduced in other units under the project of Holistic Enhancement of the LIFIPS; and

Publicity and education on fire safety

- FSD would consider the most appropriate means to gauge the effectiveness of the annual Fire Prevention Campaign. Meanwhile, a new announcement in the public interest to step up publicity on the statutory requirement to conduct annual inspection and maintenance of FSIs will be rolled out in early 2015.

50. The Committee wrote to FSD on 9 January 2015 to enquire on the latest positions on the monitoring of FSIs and ventilating systems in buildings by FSD. The replies from **Director of Fire Services** are in *Appendix 11*.

51. The Committee wishes to be kept informed of further development on the subject.

Government's efforts to enhance fire safety of old buildings

(Chapter 6 of Part 7 of P.A.C. Report No. 61)

52. The Committee was informed that:

Implementation of fire safety improvement programmes

- to further address the spatial/structural constraints of the buildings with a view to facilitating buildings in complying with the fire safety requirements, the capacity requirement of the water tank for the fire hydrant/hose reel system would be relaxed without compromising fire safety;
- to assess whether the Government's financial assistance and technical support could meet the owners' needs, FSD and the Buildings Department ("BD") have conducted a survey. 45 079 questionnaires were distributed to the owners/Owners' Corporations who had received fire safety directions under the Fire Safety (Buildings) Ordinance (Cap. 572) ("FS(B)O"). A total of 3 310 completed questionnaires were received. The survey result had revealed that the Government's financial assistance and technical support could generally meet the owners' need to take forward the relevant fire safety improvement measures but there was room for further improvement in the application formalities and technical support rendered by the Government. BD and FSD would follow up on the views received;

Arrangements for inspections and issuing fire safety directions

- BD and FSD had jointly reviewed the timeliness of inspections and issuance of fire safety directions as well as the appropriate performance targets. The two departments agreed to maintain the target for issuing directions within four months and mapped out a plan for initial inspections and clearance of backlog cases;
- since February 2014, FSD had followed the enhanced guidelines in conducting the territory-wide Prescribed Commercial Premises scouting exercise, which was completed in late May 2014. After the scouting

exercise, the Prescribed Commercial Premises inspection list had been reviewed to ensure no omission or inconsistency;

- the pilot study of pre-war buildings with fire safety directions issued would be completed by the end of 2014. BD would inspect the remaining target pre-war buildings by the end of 2014 as far as practicable;
- BD had enhanced the computerized system for monitoring the preparation of inspection reports and issuance of directions. FSD would consider enhancing the LIFIPS so as to strengthen monitoring and control over the preparation of inspection reports after joint inspection as well as the preparation of the issuance of fire safety directions;

Administration of fire safety directions issued

- BD had enhanced the computerized system for monitoring the timely issuance of directions as well as the outstanding directions so that follow-up and enforcement actions could be taken in a timely manner; and

Follow up actions on unauthorized building works found during inspections

- BD had revised its internal manual to set out procedures on the handling of unauthorized building works with fire safety concerns, including works associated with subdivision of flats, with a view to following up in a more organized and efficient manner on unauthorized building works identified during the inspections carried out under the Fire Safety (Commercial Premises) Ordinance (Cap. 502) and the FS(B)O.

53. The Committee wishes to be kept informed of further development on the subject.

Consideration of the Director of Audit's Report tabled in the Legislative Council on 20 November 2014 As in previous years, the Committee did not consider it necessary to investigate in detail every observation contained in the Director of Audit's Report. The Committee has therefore only selected those chapters in the Director of Audit's Report No. 63 which, in its view, referred to more serious irregularities or shortcomings. It is the investigation of those chapters which constitutes the bulk of this Report.

2. **Meetings** The Committee held a total of eight meetings and six public hearings in respect of the subjects covered in this Report. During the public hearings, the Committee heard evidence from a total of 25 witnesses, including three Directors of Bureau and six Heads of Department. The names of the witnesses are listed in *Appendix 8* to this Report. A copy of the Chairman's introductory remarks at the first public hearing in respect of the Director of Audit's Report No. 63 on 8 December 2014 is in *Appendix 9*.

3. **Arrangement of the Report** The evidence of the witnesses who appeared before the Committee, and the Committee's specific conclusions and recommendations, based on the evidence and on its deliberations on the relevant chapters of the Director of Audit's Report, are set out in Chapters 1 to 3 of Part 8 below.

4. The video and audio record of the proceedings of the Committee's public hearing is available on the Legislative Council website.

5. **Acknowledgements** The Committee wishes to record its appreciation of the cooperative approach adopted by all the persons who were invited to give evidence. In addition, the Committee is grateful for the assistance and constructive advice given by the Secretary for Financial Services and the Treasury, the Legal Adviser and the Clerk. The Committee also wishes to thank the Director of Audit for the objective and professional manner in which he completed his Reports, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.

*Observations of the Public Accounts Committee on the Report of the Director of Audit on the
Accounts of the Government of the Hong Kong Special Administrative Region
for the year ended 31 March 2014*

The Committee noted the Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2014.

A. Introduction

The Audit Commission ("Audit") conducted a review on the Social Welfare Department ("SWD")'s provision of subsidized long-term care ("LTC") services for the elderly (citizens aged 65 and above) and its regulation of residential care homes for the elderly ("RCHEs").

Background

2. Hong Kong is facing an ageing population. The Administration's LTC policy is to promote ageing in place. Subsidized LTC services are provided by SWD through community care services ("CCS") and residential care services ("RCS") under a standardized care need assessment mechanism it operates. If subsidized care places are not readily available for eligible elderly persons, they will be put on the Central Waiting List for subsidized LTC services ("CWL") to wait for their turn. CWL allocates the subsidized places on a first-come-first-served basis according to the applicants' registration dates in CWL and their preferences.

3. The Labour and Welfare Bureau ("LWB") is the Administration's policy bureau for overseeing LTC services for the elderly while SWD is responsible for the implementation of the LTC services through funding non-governmental organizations ("NGOs") and service operators in both CCS and RCS domains. For 2013-2014, SWD spent \$0.97 billion and \$3.41 billion on the provision of subsidized CCS and RCS to the elderly, involving some 14 000 and 30 000 frail elderly respectively. In addition, around \$2.1 billion was spent in the same year on payments under the Comprehensive Social Security Assistance ("CSSA") Scheme of SWD to 25 700 elderly living in non-subsidized RCS places in RCHEs.

The Committee's Report

4. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 7);
- Growing demand for subsidized long-term care services (Part B) (paragraphs 8 to 47);
- Community care services (Part C) (paragraphs 48 to 54);

- Residential care services (Part D) (paragraphs 55 to 64);
- Way forward (Part E) (paragraphs 65 to 68); and
- Conclusions and recommendations (Part F) (paragraphs 69 to 71).

Public hearings

5. The Committee held two public hearings on 8 December 2014 to receive evidence on the findings and observations of the Director of Audit's Report ("the Audit Report").

Opening statement by the Secretary for Labour and Welfare

6. **Mr Matthew CHEUNG Kin-chung, Secretary for Labour and Welfare** made an opening statement at the beginning of the Committee's first public hearing held on 8 December 2014, the summary of which is as follows:

- in view of the challenges posed by the ageing population, the Administration's policy priorities were to provide effective services for senior citizens and map out the long-term plan for the services. For the frail elderly, in line with the policy of promoting "ageing in place as the core, institutional care as back-up", the Administration had allocated substantial resources to provide a wide spectrum of CCS and RCS with a view to supporting the elderly with various care needs as well as their carers;
- the Administration had adopted an innovative approach in introducing pilot projects and exploring feasibility of new service modes, with details in the Audit Report. This aimed to promote the diversity of the provision of elderly services with more flexibility and choices to suit the needs of the elderly citizens; and
- LWB and SWD agreed with the recommendations put forward in the Audit Report and will follow up the relevant enhancement measures as appropriate. The Chief Executive has tasked the Elderly Commission ("EC") to prepare an Elderly Services Programme Plan within two years. EC had set up a working group to follow up relevant work on the Programme Plan, which was expected to be completed in mid-2016. The Administration had forwarded the Audit Report to EC

for it to take into account as it deemed appropriate when formulating the Programme Plan.

The full text of the Secretary for Labour and Welfare's opening statement is in *Appendix 14*.

7. **Secretary for Labour and Welfare** added that EC was also studying the feasibility of a RCS voucher scheme. A Special Scheme on Privately Owned Sites for Welfare Uses ("Special Scheme") had also been launched to provide up to 9 000 LTC places for the elderly.

B. Growing demand for subsidized long-term care services

Providing an indicator for average waiting time for LTC services

8. According to paragraph 2.17 of the Audit Report, the number of applicants on the CWL for subsidized care and attention ("C&A") places and nursing home ("NH") places at end August 2014 was 24 250 and 6 440 respectively. The average waiting time for C&A places at subvented/contract RCHEs and NH places at the same date was 36 months and 32 months respectively. The Committee also noted that as stated in the Chief Executive's election manifesto for the Chief Executive Election 2012, he would streamline and enhance RCS to shorten the waiting time. Noting the long waiting time for subsidized places, the Committee enquired whether LWB and SWD would set a target admission time pledge for the subsidized RCS places, with reference to the average waiting time for general applicants for the public rental housing.

9. **Secretary for Labour and Welfare** explained that the waiting time for subsidized RCS places was affected by a number of factors such as the special preference of applicants in terms of the location, diet and religious background of the elderly homes, whether the applicant has requested joining family members and/or relatives in a particular home, and the turn-over rate of individual homes, and so on; and it was very difficult to set a target time for admission to RCHEs.

10. In reply to the Committee's request, **Secretary for Labour and Welfare** provided an ageing analysis of the applicants on CWL for RCS from 2011-2012 to 2013-2014 in his letter dated 29 December 2014 (in *Appendix 15*).

11. On how the Administration planned to shorten the waiting list and waiting time for subsidized RCS places, **Secretary for Labour and Welfare** responded at the public hearing and supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- the Administration has taken a multi-pronged approach to increase the provision of subsidized RCS places as follows:
 - (a) in the short run, the Administration would purchase places from private RCHEs through the Enhanced Bought Place Scheme ("EBPS") and make better use of space in subvented homes for provision of more subsidized places with elements of a continuum of care;
 - (b) in the medium term, new contract RCHEs would be built to increase the number of subsidized places; and
 - (c) in the long run, the Administration would continue to identify suitable sites in close collaboration with concerned government departments for construction/redevelopment of RCHEs through exploring the possibility of reserving land or premises in new or redevelopment projects, public rental housing development, Urban Renewal Authority projects as well as vacant sites;
- over 1 600 additional subsidized RCS places had been provided from 2012-2014 and 530 new subsidized RCS places and about 100 new subsidized day care places were planned through new contract RCHEs from 2014-2015 to 2016-2017; and
- the Administration had launched other schemes to address the demand of RCS places, including the Special Scheme and the Pilot Residential Care Services Scheme in Guangdong. EC had been tasked to explore the feasibility of introducing a RCS voucher scheme and to submit a report in a year's time around mid-2015. About \$800 million had been earmarked to issue a total of 3 000 residential care services vouchers in phases within three years from 2015-2016. EC was preparing the Elderly Services Programme Plan and aimed to submit its report to the Administration in mid-2016.

Waiting time for RCS

12. The Committee noted that the elderly's preferences for RCHEs would have a great implication on the waiting time for RCS and some elderly had declined RCS placement offers due to various reasons. The Committee sought statistics on the average waiting times for various types of subsidized RCS places as well as the number of elderly who had declined RCS placements in 2011 to 2013.

13. **Secretary for Labour and Welfare** provided the requisite statistics in his letter dated 29 December 2014 (in Appendix 15). He supplemented that the vast majority of elderly applicants had preferences for the homes. SWD would arrange placement offers to the elderly applicants in accordance with their expressed preferences. As at end-September 2014, the average waiting time¹ for applications for C&A places at subvented homes and contract homes, and private homes participating in EBPS with location preference was 34.4 months and 7.2 months respectively. If there was no location preference, the average waiting time for C&A places at private homes participating in EBPS could be shortened to 2.2 months.

Community care services

14. Noting from paragraphs 2.5, 2.6 and 2.9 of the Audit Report that the Administration's elderly care policy was to encourage elderly persons to "age in place" and the unit cost for CCS ranged from \$1,600 to \$7,100 a month in 2013-2014, while that of subsidized RCS places were substantially higher from \$7,900 to \$15,600 a month, the Committee enquired whether the Administration would increase resources to provide more CCS places and enhance the services.

15. **Ms Carol YIP, Director of Social Welfare** said that the institutionalization rate in Hong Kong at 7% was relatively high as compared with other developed countries. Coupled with the Administration's LTC policy to promote "ageing in place" and the wishes of the majority of elders to age at home rather than being institutionalized, SWD would strengthen the provision of CCS so that more elderly would age in place. **Secretary for Labour and Welfare** advised at the public hearing and supplemented in his letter of 29 December 2014 (in Appendix 15) that measures implemented/to be implemented included:

¹ Waiting time captures the time when the cases are put under CWL to the time when the cases are admitted to RCS. The average waiting time for cases admitted to subsidized RCS in the past three months includes normal and priority placement applicants but excludes those with inactive history.

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- from 2013-2014 to 2016-2017, 354 additional day care places had been/would be provided by new Contract RCHEs/Contract RCHEs with day care units ("DCUs") and new day care centres ("DEs"). Sites in 11 development projects had been earmarked for the construction of new Contract RCHEs and DEs/DCUs, with an estimated number of 310 additional day care places;
- under the first phase of the Pilot Scheme on Community Care Service Voucher for the Elderly, 1 200 vouchers had been issued. The Sau Po Centre on Ageing of the University of Hong Kong had been commissioned by SWD to conduct an evaluation study on the first phase of the Pilot Scheme. The findings of the study should be available by June 2015;
- the second phase of the Pilot Scheme on Community Care Service Voucher for the Elderly which was aimed at providing services for more frail elderly was planned for implementation in September 2015;
- a two-year "Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families" had been rolled out to provide carers of elderly persons from low income families with a living allowance so that elderly persons in need of LTC services could, under the help of their carers, receive proper care and to enable them to remain in the community; and
- a maximum of 2 000 additional CCS would be provided if all the proposals under the Special Scheme smoothly came to fruition.

16. In response to the Committee's enquiry about measures to shorten the average waiting time for day care services and home care services in districts with particularly high average waiting time (paragraphs 2.14(a) and 2.14(b) of the Audit Report refer), **Director of Social Welfare**, stated at the public hearings and **Secretary for Labour and Welfare** explained in his letter dated 29 December 2014 (in Appendix 15) that:

- starting from 2012, cross-district services were allowed for two DEs;
- under the first phase of the voucher system for CCS, SWD had designated some CCS operators in some districts to offer services for the elderly living in other districts;

- the Administration would consider, where possible, re-distributing enhanced home and community care services ("EHCCS") places from team(s) with fewer waiting cases to team(s) with greater service demand through contract variation so as to better utilize the resources and shorten the waiting time in the concerned districts; and
- the Administration had already taken into account the longer waiting time and greater service demand in some of the districts in planning additional day care places in 2014-2015 to 2022-2023 and distributing EHCCS places to different districts. Among the 1 500 additional places to be provided by NGOs from March 2015 onwards, over 60% would be allocated to the five districts as mentioned in the Audit Report.

Elderly who had been classified as "inactive"

17. The Committee noted from paragraph 2.18(a) of the Audit Report that, as at end-August 2014, SWD excluded 6 800 elderly persons who had been assessed as "RCS only" or "dual option" (i.e. either RCS or CCS is equally appropriate for the applicant) but were meanwhile using CCS, from CWL as a result of their "inactive" status. Given that these "inactive" elderly could opt at any time for RCS, with their priority not being affected by the "inactive" status, the Committee enquired the rationale behind implementing this change in classification as it would have given the public a wrong impression about the actual number of elderly on the CWL for RCS.

18. **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- on 20 October 2003, in the SWD's paper to the Legislative Council ("LegCo") Panel on Welfare Services (in *Appendix 16*) on the establishment of a CWL for subsidized LTC services, it was mentioned that to encourage ageing in place, the elderly which had been assessed to be suitable for dual option and had been admitted to CCS, their applications for RCS would be treated as inactive. For the purpose of service planning, these "inactive" cases on CWL would be separately accounted for so as not to distort the overall demand for LTC services;
- prior to the implementation of CWL in November 2003, SWD had extensively consulted the stakeholders. While the Manual of

Procedures on Registration and Allocation of LTC Services² ("SWD Manual") had clearly outlined the handling procedures of inactive cases, the five Standardized Care Need Assessment Management Offices (Elderly Services) ("SCNAMO(ES)s") conducted regional sharing sessions for the stakeholders; and

- during another consultation in 2011 on reviewing the CWL mechanism and in response to request from the stakeholders and the elderly persons, SWD classified elderly persons assessed with RCS only as "inactive" for RCS applications upon their admission to CCS to align with the arrangement for dual option. SWD issued a letter to all stakeholders on 26 October 2012 on the new arrangement. The SWD Manual had been updated regularly to reflect the changes in application procedure.

19. **Miss Cecilla LI, Assistant Director of Social Welfare (Elderly)** supplemented that before 5 November 2012, if the elderly had been admitted to CCS but were still on the CWL for RCS places, they would be called for admission to RCS when vacancies arose in accordance with their preferences. As such, changing their status to "inactive" with effect from 5 November 2012 would save them the trouble from declining the offers from time to time. They, however, might seek to re-activate their RCS applications at any future point.

20. Responding to the Committee's enquiry on measures to enhance the transparency on the arrangement for inactive cases, **Director of Social Welfare** explained at the meeting and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that SWD had provided explanatory notes in SWD Homepage since November 2014 to describe the methodology in excluding cases with inactive history in the calculation of waiting time. SWD would further post clear and comprehensive information on the definition and figures of inactive cases in the first quarter of 2015. SWD would consider various factors and service information on CWL, including the number of inactive applications which had resumed their active status in planning RCS. As observed from the figures of the past three years, namely, 2011-2012, 2012-2013 and 2013-2014, the number of RCS applications which changed from active to inactive status (3 258, 4 107 and 4 979 respectively) had outnumbered that of RCS applications which changed from inactive to active status (2 212, 2 915 and 3 471 respectively).

² The SWD Manual on registration and allocation of subsidized LTC services is drawn up for use by all accredited assessors, responsible workers/referring workers, RCHEs and all centre/service operators. The relevant parties are expected to observe the procedures laid down in the Manual.

Waiting time

21. Responding to the Committee's enquiry about the rationale for SWD to exclude complicated admission cases from calculating the waiting time, **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- complicated cases referred to cases with inactive history, cases with residents already admitted to subsidized homes but in need of alternative placement because of their change in health condition as well as discretionary cases with closed application status but approved to resume active status owing to their special case circumstances;
- as compared with normal cases, the complicated cases might have very long waiting time (for cases receiving CCS), or with very short and extraordinary waiting time (for admitted cases in need of transfer to another type of RCS). It would be inappropriate to make comparison of the complicated cases with the service waiting time of other elderly applicants or include them in the calculation of overall waiting time. SWD had therefore excluded complicated cases in the calculation of waiting time for RCS since December 2013; and
- SWD agreed that proper documentation should be kept for the said modifications in calculation. The concerned service stakeholders would be consulted on the methods to be used in calculating the waiting time in the redevelopment of the Long Term Care Services Delivery System ("LDS") and would keep proper documentation on the changes.

22. The Committee asked about the SWD's measures to shorten the average processing time for a care need assessment (although such processing time was not included as waiting time), in particular in view of the variations among different SCNAMO(ES)s (paragraph 2.18(d) of the Audit Report refers).

23. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- since 2 January 2013, the date of referral for assessment had replaced the assessment completion date of the Minimum Data Set-Home Care ("MDS-HC") assessment as the LTC date so that the time taken in

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completing an assessment had included the processing time for assessment;

- five SCNAMO(ES)s would arrange assessments for applicants from NGOs without accredited assessor; and to conduct assessments for elderly applicants residing in private RCHEs. As such, SCNAMO(ES)s had to handle 70% of the total assessments. Different SCNAMO(ES)s would have varying workload and assessment processing time. The problem in completing assessments would be further aggravated if there was manpower shortage problem due to prolonged sick leave or departure of Assessment Team members;
- to cope with the increased workload, SWD had created nine additional posts in the Assessment Team of SCNAMO(ES)s to strengthen the delivery of assessment service. Additional social workers had also been provided for 41 District Elderly Community Centres and 119 Neighbourhood Elderly Centres ("NECs") with a view to strengthening the support provided for elderly persons living in the community, including the handling of care needs; and
- SWD would continue to monitor their workload and consider measures to shorten the processing time for assessment, including providing additional manpower as and when necessary.

24. Referring to paragraph 2.21(b) of the Audit Report, the Committee enquired how SWD would address the issues of low percentage of accredited assessors who were active in assessment work and the over-concentration of the assessment workload in the 36 accredited assessors of SCNAMO(ES)s.

25. **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- among 2 786 accredited assessors, 1 830 were active assessors, including 1 021 SWD staff, 701 from NGOs; and 108 employed by the Hospital Authority ("HA"). For the remaining accredited assessors, 613 had either retired or resigned and another 343 were currently working in non-casework settings and they would not handle LTC assessment work;

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- SWD would organize assessors training courses continuously to train about 160 assessors per year; and
- SWD had provided recurrent subvention to 41 District Elderly Community Centres and 119 NECs to acquire additional staff to strengthen their support services to the elderly persons living in the community as well as to upgrade 51 Social Centres for the Elderly to the level of NEC. Accredited assessors at the elderly centres would conduct assessments for elderly customers to share the workload of SCNAMO(ES)s.

Contract RCHEs

26. According to paragraph 2.26(a) of the Audit Report, the contract RCHEs which had been in full operation in 2013-2014 had in total 95 (9%) vacant non-subsidized places. The Committee enquired whether the "6:4" ratio adopted for newly-built contract RCHEs for subsidized and non-subsidized places could be adjusted so that more subsidized places could be provided at contract RCHEs which were more popular among the applicants on CWL.

27. **Director of Social Welfare** explained that:

- SWD had consulted the Department of Justice ("DoJ") and would add a new provision in all new contracts for contract RCHEs to allow the Administration to reserve the right to change the ratio of subsidized and non-subsidized residential care places during the contract period. The additional provision is expected to be put in place in the first quarter of 2015; and
- the "6:4" ratio for subsidized and non-subsidized residential care places was adopted as a general practice. SWD would, where appropriate, take into account the characteristics of the socio-economic condition of the districts where the RCHEs were located and the availability of other non-subsidized residential care places in the vicinity when determining the relevant ratio.

Enhanced Bought Place Scheme

28. The Committee noted with concerns from paragraph 2.30 of the Audit Report that the subsidized RCS places were not put to optimum use. SWD had

spent \$673 million on the purchase of the EBPS places in 2013-2014 and on average some 550 to 590 of 7 660 EBPS places had remained vacant in 2012-2013 and 2013-2014. Some RCHEs participating in EBPS had an average enrolment rate below 50%. The Committee enquired how the Administration could address this unsatisfactory situation.

29. **Director of Social Welfare** explained that as at September 2014, there were four RCHEs participating in EBPS with average enrolment rate below 50% as they had only joined EBPS in May 2014. It would take some time for the admission of elderly persons to the EBPS places in these RCHEs. **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- as at end-November 2014, 142 private homes participating in EBPS were providing 7 787 subsidized places and there were about 375 vacant places (4.8%);
- SWD had implemented a place reduction mechanism. Homes unable to achieve an average enrolment rate of 92% during the service agreement period of two years were subject to a reduction in the number of places purchased under the renewed service agreement;
- there was also a place recovery mechanism under which SWD would re-purchase the reduced places should these homes reach designated enrolment rates in the new service agreement period; and
- to better utilize the casual vacancies in the RCHEs, all private homes participating in EBPS provided residential respite service by using the casual vacancies of subsidized places with effect from March 2012. Between April and September 2014, a total of 260 cases received the service in the private homes participating in EBPS.

30. **Director of Social Welfare** advised that the percentage of applicants on CWL who had indicated their willingness to take up EBPS places was 5.9%. However, in 2013-2014 cases of admission to EBPS places had accounted for 45% of all admission cases. As there was a high vacancy rate of 24% among RCS places in private RCHEs and self-financing RCHEs, SWD had implemented various measures to improve their quality so as to optimize the use of existing limited RCS places in these RCHEs and to provide more subsidized RCS places using the market force. These measures included increasing the price of bought places and SWD would only purchase EA1 places (i.e. places with higher standard of staffing and space

provision) and resources had been earmarked to upgrade EA2 places to EA1 places with a view to providing high quality EBPS places.

Allocation, matching and admission of RCS places

31. The Committee noted that there were inefficiency and wastage in the allocation of, and admission to, subsidized RCS places and asked how the SWD would address the problem in order that limited RCS places could be put to optimum use.

32. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** stated in his reply dated 29 December 2014 (in Appendix 15) that:

- according to the "Funding and Service Agreement", all subvented C&A homes, contract homes and NHs need to achieve an occupancy rate of 95%. With the average occupancy rate of subvented C&A homes, contract homes and NHs more than 97% for the past three years and the average turnover rate of places at the above homes above 25%, SWD considered that the vacant period of the above places during service matching, reporting of vacancies and arrangement for admissions was within reasonable limits; and
- in response to the recommendations of the Audit Report, SWD had issued a letter to residential care homes reminding them to observe the time frames stipulated in the SWD Manual in reporting discharge, including temporary discharge of elderly residents. An acknowledgement mechanism will be put in place in LDS Office to ensure faultless receipt of report from homes. SWD would keep consulting all service stakeholders with a view to identifying areas of improvement in service registration, allocation and report of vacancies for better and efficient use of resources.

Management of agency quota places

33. According to paragraph 2.37 of the Audit Report, there were some 1 812 agency quota ("AQ") places as at June 2014 which were 100% subsidized by the Government at some \$25.5 million a month, but were managed and allocated by the NGOs which operated these RCHEs outside CWL. It involved 30 NGOs

operating 74 subvented RCHEs. The Committee asked about the background of these AQ places. In response, **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that since October 2014, with the conversion of one RCHE home for the aged and C&A places, seven home-for-the-aged AQ places were cancelled. There is only a total of 1 805 AQ places at present, comprising 1 290 and 515 AQ places established in the sites under private treaty grants ("PTGs") and through agreements with the respective NGOs concerned respectively.

34. **Director of Social Welfare** explained that in early days, RCHEs were either established or operated by NGOs largely with their own funds. Admission and discharge of cases were solely managed by the NGOs operating these homes. In other words, all the places were AQ. SWD only started to provide subsidized places in 1970s. Through agreements between SWD and NGOs, NGOs reserved some places for admitting elderly persons on their own.

35. The Committee noted that when the Administration informed the LegCo Finance Committee ("FC") in March 1995 that the Administration would play an active role in monitoring the admission of elderly people into RCHEs and NGOs which operated the subvented RCHEs would not be given any discretion to admit applicants other than those on the waiting list managed by SWD. The Committee enquired why the Administration did not abide by its undertaking and as mentioned in paragraph 2.48 of the Audit Report, as at June 2014, out of the 1 812 AQ places, 607 places were from 25 subvented RCHEs which were planned before 1995 but commenced operation between 1995 and 2002.

36. **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that the Administration informed FC in March 1995 that admission criteria would be made clear for the subvented RCHEs and that the operating NGOs would have no discretion to admit elderly persons not on CWL. In this regard, the Administration had ceased granting AQ for subvented RCHEs planned after 1995.

37. According to paragraph 2.40 of the Audit Report, SWD had sought legal advice in 2001 and 2004 on the deletion of the AQ places previously granted to the homes for the aged ("H/As") and self-care ("S/C") hostels. The Committee asked whether SWD might, according to the legal advice, withdraw subvention for those AQ places which were not returned to SWD for allocation to applicants on CWL.

38. **Director of Social Welfare** said at the public hearings that the objective of SWD was to ensure that the subsidized RCS places would not be reduced as AQ places had to be allocated to applicants who had been subject to the care need assessment under the SWD assessment mechanism. SWD had ongoing discussion with relevant NGOs to return AQ places to SWD for allocation to applicants on CWL.

39. **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- the legal advice in 2001 from DoJ advised that it was difficult to see how NGOs could be made to return AQ places to SWD. In the absence of any justification for taking back AQ places, it was likely that the court would, taking into consideration the express condition in the land grant, rule that it was unreasonable for the withdrawal of subvention on the sole basis of the NGOs' refusal to return AQ places to SWD;
- since the provision of H/A and S/C places would be phased out under the conversion programme in 2004, SWD considered it unreasonable for the NGOs to continue to retain the AQ for H/A and S/C places previously accorded to them before the conversion. It was against this background that DoJ considered then that SWD had no obligation under PTG to grant or continue to grant subvention for the AQ places. Taking back the subvention for the AQ places would not constitute a breach of the PTG; and
- SWD would seek further legal advice regarding the obligations and responsibilities of NGOs and SWD in managing AQ places.

40. Responding to the Committee's enquiry about the SWD's work to address AQ places since 1995, **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that the measures included:

- in May 2001, SWD issued a letter to NGOs operating subvented RCHes appealing for their support to adopt the Standardized Care Need Assessment Mechanism (Elderly Service) for admission of elderly persons to AQ places. They were also required to develop a clear policy of service entry and exit for the reference of the service users, including those admitted through AQ. They were advised to ensure

equity, fairness and transparency in handling AQ matters in relation to waitlisting, assessment and admission;

- SWD had requested the concerned NGOs to adopt the objective and comprehensive Standardized Care Need Assessment, i.e. MDS-HC, in processing applications for admission to AQ places no later than 1 January 2007. The concerned NGOs were also required to draw up their operation manuals for the management of the allocation of AQ places. Effective since April 2008, each NGO has been required to submit yearly a standard agency-based “Self-assessment Form” to SWD to confirm compliance with its operational manual for allocation of AQ places in the preceding financial year and state the action plan to be taken for any non-compliance and specify the timeframe for completing the actions; and
- a total of 1 575 AQ places had been returned to SWD since 1995 as a result of the phasing out of H/A and S/C hostel places in the conversion exercise starting from 2005 and some places had been returned by NGOs voluntarily.

41. As regards the assignment review of the Independent Commission Against Corruption made in late 2004 and early 2005 (in *Appendix 17*), **Director of Social Welfare** said that the purpose of the assignment review was on making the placement process for these AQ places more fair, transparent and subject to proper monitoring instead of clawing back AQ places to SWD. Following the assignment review, SWD had issued a set of "Guidelines on Management of Allocation of Places under Agency Quota in Residential Care Homes for the Elderly" (in *Appendix 18*) for NGO's reference and implementation when allocating AQ places.

42. The Committee also noted from paragraphs 2.49 and 2.50 of the Audit Report that out of these 1 812 AQ places, 193 places were not utilized as at June 2014 and this was translated to wastage of recurrent Government subvention estimated at \$2.7 million a month. The Committee enquired whether the Administration considered the situation acceptable and how SWD would address the situation.

43. **Secretary for Labour and Welfare** acknowledged that the 193 vacant AQ places were not satisfactory. **Director of Social Welfare** said that SWD would keep on liaising with the concerned NGOs and service units for deploying their

unfilled AQ places to CWL as soon as possible. SWD would also closely monitor the utilization of AQ places and critically review the possibility of clawing back AQ places for central allocation under CWL.

44. In response to the Committee's enquiry, **Director of Social Welfare** undertook to request NGOs concerned to provide information on the availability of AQ or their latest turn of placement for AQ places on their websites within one month.

Utilization of subsidized infirmity unit places

45. The Committee noted from paragraphs 2.51 to 2.55 of the Audit Report that out of 580 infirmity units ("IU") provided by 19 subvented RCHEs as at end-June 2014, 62 IU places had, on average, been vacant for at least five years, with the vacancy particularly high for five RCHEs. Audit also noted that as at end-August 2014, some 1 290 applicants awaiting RCS places on CWL had been assessed as in need of care at "Beyond NH". The Committee was concerned how the Administration would address the vacant IU places and whether they could be used to be allocated to some of the 1 290 applicants.

46. **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- IUs were an integral part of the subvented C&A homes with provision of additional nursing staff. As a stop-gap measure, they maintained and supported frail elderly persons already admitted to subsidized C&A places while waiting for the infirmity service of HA so that they might remain in these homes for appropriate care until infirmity service under HA was available;
- SWD issued letters to all subvented RCHEs and private homes participating in EBPS in April 2014 to promote the service of IUs. SWD would continue with its promotional efforts on a regular basis; and

- to better interface with the mechanism of application for IU and Infirmary Care Supplement ("ICS")³, and to optimize the utilization of IU places, SWD, when inviting applications for 2015-2016 ICS in November 2014, had requested the concerned RCHEs to introduce IU service to the newly assessed eligible residents and refer interested residents to the service prior to allocation of ICS to the RCHEs taking care of the elderly persons concerned.

47. As stated in paragraph 2.60 of the Audit Report, SWD had not reported to LegCo Panel on Welfare Services that the trial scheme to provide subsidized infirmary care services for medically stable frail elderly in purpose-built RCHE premises had been put on hold. In response to the Committee's enquiry, **Director of Social Welfare** said that SWD was still considering the proposal and she undertook to report the progress of the matter to the Panel on Welfare Services.

C. Community care services

Monitoring of CCS places

48. The Committee noted from paragraphs 3.8 to 3.11 of the Audit Report that according to the SWD Manual, service operators were required to inform SWD within two working days after discharge of the service users and to admit an elder to services normally within seven working days after receiving a placement referral from SWD. Audit found that some service operators had taken more than 20 days, with seven cases taking more than 60 days, to report the discharge. Audit also found that as at 30 June 2014, some 148 admissions to day care services were still outstanding. Of these 148 outstanding cases, 30% had been outstanding for more than one month, with six cases even outstanding for more than two months. The Committee asked for the reasons for such non-compliance cases and how SWD would address the problem.

49. **Assistant Director of Social Welfare (Elderly)** explained that of the cases that failed to comply with the timeframe for admission as set out in the SWD Manual, most of them were due to the service providers' inability to proceed with the intake process. The reasons included difficulty in contacting the elderly persons

³ ICS was introduced in 1996 to enhance support in subvented RCHEs (later including the private RCHEs participating in EBPS). RCHEs made use of ICS for employing qualified staff to enhance the care of the needy residents of the subsidized places. The eligibility of ICS for the elderly persons is to be confirmed by the Community Geriatric Assessment Teams of the Hospital Authority.

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and/or their relatives (e.g. relatives were busy or away from Hong Kong), elderly persons were sick or hospitalized, etc. Besides, some relatives might need more time to persuade the elderly persons, particularly those suffering from dementia, for admission to day care services. On the part of service providers, some cases needed more time in arranging transport or volunteers to escort the elderly persons to DEs, or in arranging full-time services according to the needs of the elderly persons.

50. **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that among the 1 608 cases admitted to day care services from July 2013 to June 2014, 23 cases took the longest time of over 60 days after SWD's placement referral. As at 30 June 2014, some 148 admissions to day care services were still outstanding, among which six cases took more than 60 days after SWD's placement referral. The reasons for these 23 and 6 cases requiring longer time for admission are as follows:

	Reason	<u>23 cases</u> requiring more than 60 days for admission from July 2013 to June 2014⁴	<u>6 cases</u> taking more than 60 days and still pending admission as at 30 June 2014⁴
(a)	Difficult to contact the elderly persons and/or relatives	9	2
(b)	Elderly persons were away from Hong Kong, sick or hospitalised	9	2
(c)	More time required in persuading the elderly persons for using the services	2	1
(d)	Service providers needed more time to arrange transport/escort service by volunteers, or could not arrange full-time services	4	2
(e)	Elderly person or relatives requesting admission at a later date	2	2

⁴ Some cases have more than one reason and so the total number does not equal to 23 or 6.

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	Reason	<u>23 cases</u> requiring more than 60 days for admission from July 2013 to June 2014 ⁴	<u>6 cases</u> taking more than 60 days and still pending admission as at 30 June 2014 ⁴
(f)	Others (e.g. relatives unable to submit physical examination reports, home removal)	4	1

51. On measures to enhance communication between SWD and the service operators of CCS and RCS, **Director of Social Welfare** said at the public hearing and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that the SWD Manual had clearly set out the arrangements in handling application, small pool operation and discharge from RCS and CCS. To improve the service allocation, matching and admission arrangement, as well as to fine-tune the workflow with a view to reducing lead time, such as putting in place a check-and-balance mechanism for more effective monitoring, SWD had implemented the following arrangements:

- for RCS, issued a letter to residential care homes in December 2014, reminding them to observe the time frames stipulated in the SWD Manual in reporting discharge, including temporary discharge of elderly residents. An acknowledgement mechanism would be put in place in LDS Office to ensure that when service provider reported discharge, including temporary discharge, of residents to LDS Office within two working days through facsimile, LDS Office would stamp the date of receipt on the notification form and send the form back to the service provider by facsimile for record. If service provider failed to receive acknowledgement from LDS Office within three working days, service provider would contact LDS Office for clarification;
- for CCS, issued a letter to all CCS service providers in December 2014 urging them to comply with the SWD Manual in reporting admission/discharge of cases timely. Besides, in order to enhance communication with CCS service providers, SWD had implemented some measures including re-issuing the reminder to urge the service providers to return the admission result as soon as possible if no reply was received within seven working days after the issue date of the

⁴ Some cases have more than one reason and so the total number does not equal to 23 or 6.

reminder; revision of the reporting form so that service providers were obliged to provide reason(s) if the scheduled admission date was more than seven working days from the date of the SWD referral; upon receipt of the discharge notification from the service providers of DEs/DCUs, SWD would stamp the date of receipt and instantly send the notification to the service providers by facsimile for record purpose, and the service providers should phone SWD to enquire if such acknowledgement was not received in three working days; and

- the new LDS, which started redevelopment in November 2014, would provide a tracing and record system to monitor the forms or documents submission, accept e-forms in data transmission and set up a monitoring system to ensure compliance with procedures and time frame requirements outlined in the SWD Manual.

52. The Committee enquired if SWD had manpower resources problem in monitoring the compliance of CCS and RCS operators and service providers with the notification requirements as stipulated in the SWD Manual. **Director of Social Welfare** said that SWD would regularly review the manpower situation and would request for additional manpower when necessary according to the Government's established mechanism. **Secretary for Labour and Welfare** said that he would ensure SWD had the sufficient manpower to carry out its work.

Need for a more strategic approach to implement CCS

53. The Committee noted from paragraphs 3.26 and 3.27 of the Audit Report that similar CCS were provided to the frail elderly under three different schemes, namely EHCCS, the Integrated Home Care Services ("IHCS") and the Pilot Scheme on Home Care Services for Frail Elders and asked if the Administration had planned to conduct a strategic review on these three schemes with a view to providing the elderly with better and integrated CCS and to achieving a better value-for-money for CCS.

54. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- the Pilot Scheme on Home Care Services for Frail Elders, IHCS and EHCCS, though with different background and funding modes, were

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similar in their target users and service content. SWD would actively explore the possibility of integration of CCS so as to better utilize the resources and maximize their functions;

- upon the expiry of the Pilot Scheme on Home Care Services for Frail Elders by end-February 2015, its major service content (including elder sitting and on-site carer training) will be integrated with that of EHCCS so as to further enhance the support and care for frail elderly persons living at home;
- as the existing 24 EHCCS contracts and the 10 new EHCCS contracts would expire by end-February 2017 and end-February 2018 respectively, SWD would continue to examine the integration of IHCS and EHCCS and would come up with a proposal before the expiry of EHCCS contracts. Given that the development of the two schemes were different, with IHCS covering both ordinary cases and frail cases whereas EHCCS only covers frail cases, SWD had to examine carefully the care needs of those non-frail cases when planning for service integration. Hence, careful deliberation was required in integrating IHCS and EHCCS; and
- EC's Elderly Services Programme Plan would conduct projection for the demand and facilities required for all subsidized elderly services (including CCS) till 2030.

D. Residential care services

Service standards and quality of RCHEs in the private sector

55. The Committee noted with concern from paragraphs 4.7 and 4.8 and Table 3 of the Audit Report that the disparities in quality standards, including spacing and staffing requirements, arose because different types of RCHEs were subject to different service quality requirements. Given that the Administration spent around \$2.1 billion a year on allowance payments under CSSA to 25 700 elderly living at non-subsidized places of RCHEs, mostly private RCHEs, these elderly persons had to live in an environment of lower quality standards. The Committee asked whether the Administration would review the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) ("RCHE Ordinance") with a view to upgrading the statutory minimum requirements in the RCHE Ordinance (such as the spacing and staffing requirements) which had not been revised in the past 18 years.

56. **Director of Social Welfare** advised that the Administration had no timetable to review the statutory minimum requirements in respect of the spacing and staffing requirements in the RCHE Ordinance as private RCHEs had catered for different elderly persons. Moreover, private RCHEs could meet the housing needs of some elderly without going through the standardized care need assessment, such as those receiving CSSA. Upgrading the statutory minimum requirements would have a side effect of pushing up the operating costs and some private RCHEs might be forced out of business. The RCS Voucher System, which was being studied by EC, could promote further development of quality self-financing/private RCHEs and provide more flexibility for the elderly to choose RCS places that could suit their needs.

57. In response to the Committee's enquiry on the measures to enhance the service standards and quality of RCHEs in the private sector, **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- in collaboration with the Department of Health ("DH") and HA, SWD organized training workshops to enhance the caring skills and knowledge of RCHE staff. The Visiting Health Teams ("VHTs") of DH also provided on-site training at RCHEs for their staff. VHTs also collaborated with SWD to provide talks, workshops and training programmes;
- various training institutes also provide courses for RCHE staff. Training topics included care for residents with dementia, caring and communication skills in RCHE. To enhance the caring capacity and service quality of RCHEs, SWD also provided guidelines in the major areas of RCHE care for reference of RCHE staff; and
- SWD would only purchase EA1 places (i.e. places with higher standard of staffing and space provision) and resources had been earmarked to upgrade EA2 places to EA1 places with a view to providing high quality EBPS places.

58. The Committee enquired how the Administration would address the manpower shortage problem facing RCHEs in the private sector and public sector. **Secretary for Labour and Welfare** provided in his letter dated 29 December 2014 (in Appendix 15) the various measures to tackle the manpower shortage problem.

Granting of sites by private treaty

59. The Committee noted from paragraph 4.25 and Case 3 of the Audit Report that a PTG site was granted at nominal premium to an NGO for operating RCHE 5 but SWD had not exercised the rights reserved in PTG to nominate persons for admission to RCHE 5. However, it was found that RCHE 5 had a 30% vacancy rate. The Committee enquired whether SWD would explore how to make better use of the site for the provision of additional subsidized RCS places and agree with the grantee of RCHE 5 on the admission quota to be provided to the Administration.

60. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- the site relating to Case 3 was granted to NGO A by way of PTG in December 1975 for operating a non-profit-making RCHE. NGO A later planned to re-develop the RCHE but eventually decided not to proceed with the redevelopment and surrender the site to the Government;
- at that time, NGO B was operating a non-profit-making RCHE in an adjacent site with good service record. NGO B, after learning the intention of NGO A to drop the redevelopment plan and surrender the site to the Government, applied to secure the site by way of PTG at nominal premium to operate a non-profit-making RCHE thereon. The then Health, Welfare and Food Bureau supported the application on the conditions that NGO B was able to build and operate RCHE with its own resources, without any capital or recurrent provision from the Government and that the site could not be used for other purpose. The Planning Department had no objection to the PTG application as far as the site would be kept in its original use, i.e. RCHE. The site was eventually granted to NGO B by way of PTG for operating a self-financing non-profit-making RCHE, which commenced service in August 2007. According to its Licence of Residential Care Home for the Elderly, the maximum number of persons that the RCHE is capable of accommodating is 88; and
- currently, non-subsidized RCHE could, with due considerations on the service need, manpower arrangement and other operational concerns, decide on an operational capacity within the licensing capacity. As the concerned RCHE was located at a remote area with no direct public

transport available, it had difficulty in recruiting enough manpower or admit more elderly persons. On the other hand, the places provided by the RCHE were non-subsidized ones which could provide a suitable option apart from the public subsidized service for frail elderly persons with residential care need. SWD had no plan to purchase residential care place from the concerned RCHE at the current stage.

Premium Concession Scheme

61. The Committee noted from paragraphs 4.28 to 4.29 of the Audit Report that no RCHE under the Premium Concession Scheme had come into service and enquired if the Administration planned to conduct a review on the effectiveness of the Scheme. In response, **Director of Social Welfare** advised that the Lands Department had signed an agreement with an RCHE in Tuen Mun under the Scheme and the RCHE was expected to come into service in 2017. Given that the places provided by RCHEs under the Scheme were non-subsidized ones and there were vacant RCS places in the RCHE private market, the Administration would review the need for the Premium Concession Scheme.

Inspections of RCHEs

62. The Committee enquired about the monitoring work of the operation of RCHEs and sought details of the warning letters issued against RCHEs and offences of RCHEs successfully prosecuted in the past five years.

63. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- the Licensing Office of Residential Care Homes for the Elderly ("LORCHE") of SWD monitored the operation of RCHEs through surprise inspections, and had adopted a risk-based approach in conducting inspections, i.e. the frequency of inspection would be adjusted based on the performance and risk level of individual RCHEs to render closer monitoring of RCHEs with high risk. Apart from conducting routine inspections, upon receiving a complaint, LORCHE would immediately conduct surprise inspection and investigation. If non-compliance was detected, LORCHE would request the RCHE concerned to make rectifications. Depending on the severity of the

non-compliance, LORCHE would issue to the RCHE concerned advisory or warning letter or direction under RCHE Ordinance to request it to carry out remedial measures, and would arrange follow-up surprise inspections to monitor the rectification progress of the RCHE to safeguard the welfare of the elderly residents;

- in 2013-2014, there were 748 RCHEs in Hong Kong, among which 424 were private RCHEs which had not participated in the EBPS. In 2013-2014, 351 warning letters were issued by LORCHE. Of these, 284 warning letters were issued against 192 private RCHEs above, of which 127 private RCHEs received one warning letter; 45 private RCHEs received two warning letters; 15 private RCHEs received three warning letters; and five private RCHEs received four to six warning letters. Operational experience showed that most RCHEs having received advisory or warning letters would make related improvement or remedial measures. Only a small proportion of RCHEs had not made the necessary rectification;
- for RCHEs with continued non-compliance, LORCHE would take prosecution action as appropriate pursuant to RCHE Ordinance or the Residential Care Homes (Elderly Persons) Regulation ("RCHE Regulation") (Cap. 459A). For offences successfully prosecuted under RCHE Ordinance or RCHE Regulation, the maximum penalty is a fine at level 6 (currently, a fine at level 6 is from \$50,001 to \$100,000) and imprisonment for 2 years and a fine of \$10,000 for each day during which the offence continues. From 2009-2010 to 2013-2014, 35 RCHEs had been successfully prosecuted, involving 46 offences against RCHE Ordinance and RCHE Regulation, and the penalty imposed by the court for each offence was respectively \$1,000 to \$6,000 for 40 offences and \$6,001 to \$12,000 for six offences; and
- to enhance the transparency of information on RCHEs, SWD had uploaded information of all RCHEs onto its website to enhance the knowledge of service users and the public and the uploaded information included, amongst others, licensing conditions of all licensed RCHEs, letters issued by SWD to RCHEs and RCHEs that were successfully prosecuted.

64. In response to the Committee's enquiry, **Director of Social Welfare** said that there was room for improvement for LORCHE to meet the target of conducting one non-office hour inspection for each private RCHE every year, as paragraph 4.33(c) of the Audit Report revealed that non-office hour inspections had not been conducted for 132 private RCHEs in operation during 2013-2014.

E. Way forward

Special scheme on privately owned sites for welfare uses

65. The Committee noted that according to the Administration's planning, the number of RCS and CCS places could be increased significantly in the next five to ten years through the Special Scheme. The Committee enquired about the details of the Special Scheme and the latest progress.

66. **Secretary for Labour and Welfare** explained at the public hearings and in his letter dated 29 December 2014 (in Appendix 15) that:

- if the proposals submitted by the social welfare organizations under the Special Scheme⁵ are technically feasible and could come to fruition smoothly, there would be an additional provision of elderly service places in the coming five to ten years or longer. This should effectively ease the pressure on service demand and shorten the waiting time. Based on the rough estimation of the applicant organizations under the Scheme, there were preliminarily 33 RCHEs providing about 7 000 places and 38 DEs/DCUs providing about 2 000 places; and
- the preliminary proposals received were at different planning stages. The feasibility of implementing the proposed projects would depend on various factors, including the site's location and its surrounding environment, communal facilities and transport facilities, the requirements prescribed in the land lease conditions and restrictions stipulated in the outline zoning plan on use and development intensity, the feedback received from local consultations, the distribution of existing services as well as the demand and supply of the proposed services, etc. Depending on the time taken to complete the necessary development and planning procedures (e.g. outline zoning plan amendment, planning permission, lease modification, etc.), it may take

⁵ Under the Special Scheme, the Administration has received preliminary proposals from about 40 social welfare organizations involving about 60 projects covering welfare services for, inter alia, the elderly.

several years or even longer to implement these projects. Nonetheless, the Administration would monitor the implementation of each project and provide all necessary assistance to realize these projects, in order to shorten the waiting time of the elderly persons for service.

Long-term care services delivery system

67. The Committee noted that the monitoring work by SWD on the allocation and admission of CCS and RCS places would be strengthened with the redevelopment of the existing LDS and enquired about the new features of the new LDS as well as the expected timeframe for the commissioning of the new system.

68. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- the existing LDS captured information for processing and matching of applicants to LTC services including the applicants' personal particulars, information of referring offices and service providers, service application details (such as location and diet preference), results of assessment (such as level of impairment and recommended service types), information of application processing (such as status and stage of process), small pool lists and matching lists. There were currently 96 SWD services units and 988 NGOs or HA units as referring offices and/or service providers. Residential homes/service providers as well as referring offices of NGOs and HA submitted documents via facsimile to LDS Office and SCNAMO(ES)s for processing of applications. The staff in LDS Office and SCNAMO(ES)s needed to input the information into LDS manually;
- SWD had started the redevelopment of LDS in November 2014 to replace hardware and software to safeguard the smooth operation of the system, improve system security and data protection, and enhance its usability, operation efficiency and service level of CWL;
- the new system would come into service in the first quarter of 2017 and provide the following functions:

- (a) to provide a web-based platform to allow e-form transmission from 988 NGO referring offices and service providers for service application and allocation;
- (b) to allow accredited assessors to submit assessment results in electronic form to respective SCNAMO(ES)s for quality check;
- (c) to minimize manual labour and human errors by strengthening data validation, enhancing security over paper form, keeping proper track and record of form submission and reduce use of paper;
- (d) to allow online enquiry of the status of applications and enhance the statistics report functions. The new system will provide usable management information for planning and monitoring purposes; and
- (e) to enhance workflow control and bring up notifications to minimize human errors and to strengthen compliance with requirements in accordance with the SWD Manual and business rules.

F. Conclusions and recommendations

Overall comments

69. The Committee:

- expresses grave concern and finds it unacceptable that the Labour and Welfare Bureau ("LWB"), as the responsible policy bureau for the long-term care ("LTC") services for the elderly, and the Social Welfare Department ("SWD"), as the responsible department for implementing various services, have failed in making sufficient efforts in the discharge of their responsibilities as evidenced by the following:
 - (a) despite the substantial resources allocated by the Administration to provide community care services ("CCS") and residential care services ("RCS"), the number of elderly on the waiting list for CCS and RCS has been increasing and new subsidized CCS and RCS places could not meet the needs of the growing elderly population;

- (b) the existing limited subsidized RCS and CCS places available had not been put to optimum use as 375 subsidized RCS places were still vacant in private residential care homes for the elderly ("RCHEs") under the Enhanced Bought Place Scheme ("EBPS") by end-November 2014 and there were inefficiency and wastage in the allocation of, and admission to, subsidized RCS and CCS places;
 - (c) the present LTC services have failed to align with or effectively serve the Administration's declared policy of "ageing in place as the core" for the elderly, which was evidenced by insufficient resources, ancillary and support services for CCS. The Administration has consistently used the policy of "ageing in place" as a pretext for its insufficient efforts in addressing the problem of the shortfall in the supply of RCS for the elderly; and
 - (d) there have long been significant disparities in the service levels in terms of minimum area per resident and staff requirements between different types of RCHEs. While the Committee considers that lower service levels for private RCHEs should only be transitional and as stop-gap arrangements, LWB and SWD have no timetable and plan to review the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) ("RCHE Ordinance") to upgrade the service levels of private RCHEs;
- expresses deep regret and sadness that 5 700 elderly on the Central Waiting List for subsidized LTC services ("CWL") had passed away while waiting for RCS places in 2013-2014;
 - recognizes the important contribution of the elderly population to the community and the need for providing proper and quality CCS and RCS as required to enable them to live in dignity and to promote their sense of belonging, sense of security and sense of worthiness;
 - notes that:
 - (a) in 1997, the then Chief Executive has made "Care for the Elderly" a Strategic Policy Objective of the Government of the Hong Kong Special Administrative Region. The incumbent Chief Executive stated in his election manifesto for the Chief Executive Election 2012, regarding his policy for the elderly services, that he would formulate LTC strategies, strengthen home care and day respite services, streamline and enhance RCS to shorten the waiting time,

and encourage the relevant service providers to provide services at different fee levels to satisfy the requirements of different strata of society but the Administration's efforts and work so far have failed to live up to the policy objectives; and

- (b) as with an ageing population, the number of elderly people aged 65 and above in Hong Kong was projected to increase from about one million (14% of the population) in 2013 to around 1.45 million by 2021 and around 2.56 million by 2041, representing 19% and 32% of the population respectively. The life expectancy of Hong Kong's population has also continued to increase. On average, men and women in Hong Kong today are expected to live 81 years and 86 years respectively;

Growing demand for subsidized long-term care services

- notes that:
 - (a) the Administration's LTC policy for the elderly is underpinned by the following principles: (i) promoting "ageing in place as the core, institutional care as back-up"; (ii) promoting a continuum of care in subsidized RCS; and (iii) offering assistance to most needy elderly citizens;
 - (b) the Administration's recurrent expenditure on the provision of subsidized RCS and CCS for the elderly in 2013-2014 was \$4.38 billion and an additional \$2.1 billion was paid in the same year on allowances under the Comprehensive Social Security Assistance ("CSSA") Scheme to the elderly who were living in non-subsidized RCS places in RCHEs; and
 - (c) a Joint Subcommittee on Long-term Care Policy formed under the Legislative Council ("LegCo") Panel on Welfare Services and the Panel on Health Services published a report in July 2014 recommending, among others, various improvement measures in respect of the policy of and planning for LTC, RCS and CCS for the elderly;
- expresses grave concern and finds it unacceptable that the increase in the provision of new subsidized CCS and RCS places could not match with the growing demand as evidenced by the following:

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- (a) against an increase in the capacity of subsidized CCS places of 35% over the five years from 2009-2010 to 2013-2014, the number of waiting cases for CCS had increased by 84% for the same period;
 - (b) there was a long waiting list of around 31 000 applicants for RCS places as at August 2014 and the average waiting time for care and attention ("C&A") places at subvented/contract RCHEs and nursing home ("NH") places as at August 2014 was at 36 and 32 months respectively;
 - (c) the number of subsidized RCS places had only increased by 20% in 14 years from 21 600 as at end-March 2000 to 26 000 as at end-March 2014; and
 - (d) the number of elderly on CWL who had passed away while waiting for RCS places had increased from "4 000 to 4 500" a year before 2010 to 5 700 in 2013-2014;
- acknowledges that the Administration has launched a number of new initiatives, including Pilot Residential Care Services Scheme in Guangdong, Special Scheme on privately owned sites for welfare uses ("Special Scheme") and the feasibility study of introducing a RCS voucher scheme, to cope with the increasing ageing population and the growing demand for subsidized LTC services and has tasked the Elderly Commission to prepare an Elderly Services Programme Plan within two years. Some additional 230 places for day care service as well as 1 500 new places for home-based care service will be provided from March 2015 onwards and there would be provision of about 1 580 new RCS places from 2014-2015 to 2016-2017;
 - expresses grave concern and finds it unacceptable that all the new initiatives implemented are not and will not be effective in meeting the growing demand for CCS and RCS as a result of the ageing population;
 - strongly urges LWB and SWD to:
 - (a) consider setting, with reference to the three-year average waiting time target for general applicants for public rental housing, a similar admission target indicator for the reference of applicants on CWL;

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- (b) expedite the formulation of a medium-term and long-term planning for the LTC policy for the elderly taking into account the projections on the proportion and growth of elderly population in the future and their needs;
- (c) expeditiously implement various new initiatives to increase new CCS and RCS places substantially to shorten the waiting time on CWL;
- (d) further strengthen their efforts to provide more subsidized CCS and RCS places in a timely manner to meet the growing demand;
- (e) maximize the effective use of the limited subsidized CCS and RCS places available as short-term measures to address the imminent LTC needs of the elderly population; and
- (f) strengthen the provision of subsidized CCS places in order to align with the Administration's LTC policy of "ageing in place as core";

Waiting list

- expresses dissatisfaction and disappointment that:
 - (a) the information about the actual number of applicants on CWL was incomplete as 6 800 "inactive" elderly persons which had been assessed as "RCS only" or "dual option" (i.e. either RCS or CCS is equally appropriate for the applicant) but were using CCS were not included in CWL. Information about these inactive cases had not been properly disclosed when the waitlisting information was reported to LegCo and/or posted onto the SWD website; and
 - (b) given that these "inactive" elderly can opt at any time for RCS, with their priority on CWL not being affected by the "inactive status", they represent a hidden, but not negligible, demand which would have implications on the planning for the provision of RCS places;
- strongly urges SWD to properly disclose the "inactive" cases on CWL to LegCo and on the SWD website and to take into account the need for such "inactive" cases in service planning;

Maximize the effective use of limited subsidized RCS and CCS places available

- expresses grave concern and finds it unacceptable about:
 - (a) delays in the reporting of discharge cases by RCHEs, the SWD placement referrals, admissions of applicants by RCHEs and reporting of temporary discharge cases by RCHEs had resulted in inefficiency and wastage in the allocation of, and admission to, subsidized RCS places; and
 - (b) the long time for admission of an elderly to CCS after receiving a placement referral and some 148 outstanding admissions to day care services as at 30 June 2014 reflecting that CCS places available have not been put to the best use;
- notes that SWD has implemented measures to strengthen the current mechanism of allocation, matching and admission of RCS and CCS places as detailed in paragraph 2.36 of the Audit Report;
- considers that SWD should enhance communications with relevant RCHEs and CCS operators on the notification requirements in the Manual of Procedures on Registration and Allocation of LTC Services ("SWD Manual") on subsidized RCS and CCS places and take appropriate follow-up actions with those non-compliant RCHEs and CCS operators;
- acknowledges that SWD's redevelopment on the Long Term Care Services Delivery System ("LDS") would strengthen compliance in processing applications and service allocation in accordance with the SWD Manual;
- strongly urges SWD to review whether its manpower is sufficient to implement the new measures and take up an effective monitoring role on RCHEs and CCS operators for compliance with the notification requirements and LWB to provide the necessary resources to SWD for such purposes;

Management of agency quota

- expresses grave concern and finds it unacceptable that:
 - (a) contrary to the undertaking by the Administration to the LegCo Finance Committee in 1995 that non-governmental organizations

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("NGOs") which operated the subvented RCHEs would not be given any discretion to admit applicants other than those on the waiting list managed by SWD, some 1 805 RCS agency quota ("AQ") places which were fully subsidized by the Administration were still managed and allocated by NGOs outside CWL as at December 2014 and some 193 AQ places were not utilized as at June 2014; and

- (b) the discretion allowed for NGOs to allocate AQ places outside CWL might lead to inequitable allocation;
- notes that SWD had discussed with the NGOs which operated the subvented RCHEs about the arrangements for the AQ places and as a result around 1 575 AQ places (up to December 2014) have been returned to SWD since 1995;
- acknowledges the undertaking by the Director of Social Welfare to follow up with NGOs to enhance the transparency on the availability of AQ places or the latest turn of placement by posting the relevant information on their websites;
- strongly urges SWD to:
 - (a) continue to do its utmost to negotiate with the relevant NGOs on the feasibility of clawing back the AQ places for central allocation under CWL, bearing in mind that the legal advice obtained by SWD indicated that SWD had no obligation to grant or continue to grant subvention for the AQ places and taking back the subvention for the AQ places would not constitute a breach of the private treaty grant ("PTG") or the agreement in correspondence; and
 - (b) discuss with the relevant NGOs proactively on putting vacant AQ places to a better use, including deploying the AQ places for allocation under CWL;

Community care services

Pilot CCS Voucher Scheme

- expresses grave concern and finds it unacceptable about the usage and acceptance of the Pilot CCS Voucher Scheme which was aimed at testing the new "money-follows-the user" approach for the eligible elderly;

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- notes that the Pilot CCS Voucher Scheme had only been implemented for one year and SWD has commissioned the Sau Po Centre on Ageing of the University of Hong Kong to conduct an evaluation study on the Pilot CCS Voucher Scheme;
- awaits with keen interests the findings of the evaluation study which will be available by June 2015 to improve the CCS Voucher Scheme to better meet the needs of the elderly population. The Administration has undertaken to report the findings to the Panel on Welfare Services;

Residential care services

- notes and reiterates a similar concern made in the Committee's Report No. 39 about the significant disparities in the service levels in terms of minimum area per resident and staff requirements between different types of RCHEs providing C&A places as set out in Table 3 and Appendix D of the Audit Report. This would affect the attractiveness of different types of RCHEs to the elderly, resulting in a long waiting time for RCS places in subvented/contract RCHEs. The disparities in spacing and staffing level requirements of contract RCHEs, private RCHEs in EBPS and private RCHEs not in EBPS providing C&A places are highlighted in the following table:

	Contract RCHEs	Private RCHEs in EBPS	Private RCHEs not in EBPS
Average net floor area per resident	20.8 m ²	8.9 m ²	7.5 m ²
	Average number of staff per 100 residents		
Nurse	7.7	2.6	0.2
Health worker	4.6	5.8	3.4
Care worker	18.7	14.7	8.4
Ancillary worker	8.7	7.0	3.0
Other staff	2.6	1.9	1.3
Total	42.3	32.0	16.3

- considers it unacceptable that the elderly living in non-subsidized places of private RCHEs, the majority of whom are receiving allowance payments under the CSSA Scheme of SWD, have to accept an environment with substantially lower level of service in terms of area and staffing requirements and strongly urges the Administration to implement measures to address this problem;

- expresses grave concern and finds it unacceptable that:
 - (a) the statutory minimum requirements in the RCHE Ordinance in respect of spacing and staffing requirements had not been revised in the past 18 years; and
 - (b) there was a high vacancy rate of EBPS places purchased by the Administration which meant that for 2012-2013 and 2013-2014 financial years, good value had not been realized for some \$50 million spent a year;
- notes that:
 - (a) it has been the SWD's policy to upgrade the quality standards of private RCHEs through EBPS as RCHEs offering EBPS places are required to meet enhanced standards as stipulated in the purchase agreements and these standards apply to all subsidized and non-subsidized places in the RCHEs; and
 - (b) SWD has introduced a new measure to utilize vacant EBPS places for residential respite services for the elderly;
- considers that:
 - (a) LWB and SWD should review the RCHE Ordinance as well as revise and raise the service standards of private RCHEs to live up to public expectation; and
 - (b) SWD should strengthen its efforts to promote EBPS to the elderly so that the vacant EBPS places could be used to meet the needs of the applicants on CWL, including residential respite services.

Specific comments

70. The Committee:

- expresses grave concern and finds it unacceptable that:
 - (a) with the ageing population, there is a rapid growth in the demand for subsidized LTC services which comprises CCS and RCS;

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- (b) although the Administration has made efforts to increase the LTC capacity, the prevailing waiting lists and waiting times for the subsidized CCS and RCS places remain long. The demand for subsidized RCS places had outgrown the capacity for a number of years;
 - (c) the reported demand for subsidized RCS places had however not yet taken into account a significant number of elderly who were classified as "inactive" in status on CWL and were using CCS, but could opt for RCS at any time without affecting their priority on CWL;
 - (d) apart from spending \$3.41 billion in 2013-2014 on providing 26 000 subsidized RCS places, the Administration had also spent \$2.1 billion in the year on allowances paid under the CSSA Scheme to another 25 700 elderly who were living in non-subsidized RCS places in RCHEs. Nonetheless, the service quality of these non-subsidized RCS places were generally lower and more needs to be done to address the residential care needs of these CSSA elderly; and
 - (e) the Administration has launched various initiatives in more recent years to cope with the rising demand. Examples included the Special Scheme launched in September 2013 to encourage NGOs to make better use of the land they owned through in-situ expansion or redevelopment to provide necessary welfare facilities (including elderly facilities), the pilot voucher schemes for CCS and RCS implemented/about to be introduced, and tasking the Elderly Commission to prepare an Elderly Services Programme Plan within two years. Nonetheless, there are challenges ahead in their implementation and the results are yet to be seen;
- strongly urges the Secretary for Labour and Welfare and the Director of Social Welfare to:
- (a) continue to expand the subsidized CCS and RCS to meet the rising demand, shorten the waiting lists by reducing the waiting times for subsidized LTC services;
 - (b) endeavour to maximize the effective use of the limited subsidized RCS places available, taking on board the Audit's findings and

recommendations in paragraphs 2.29 to 2.60 and 5.10(h) of the Audit Report; and

- (c) closely monitor the implementation of the various new initiatives more recently embarked and make sure that they can be timely and effectively implemented and can meet their intended objectives;

Growing demand for subsidized long-term care services

- expresses grave concern and finds it unacceptable that:
 - (a) the overall capacity for CCS had increased by 35% over the five years of 2009-2010 to 2013-2014, but the waiting cases had increased by 84% for the same period, with long waiting times for both day care and home care services. For subsidized CCS which are allocated on a district basis, the waiting time for CCS in different districts was uneven, reflecting the need for SWD to do better planning at district level;
 - (b) for subsidized RCS, as at end-August 2014, there were some 31 000 elderly on CWL which had outgrown the capacity of 26 000 subsidized RCS places and the waiting time for C&A places in subvented and contract RCHEs remained long at 36 months and that for NH places at 32 months;
 - (c) the waiting list for subsidized RCS as reported/published by SWD had not included the number of "inactive" elderly who were on CWL and were using CCS, but could opt for RCS at any time. As reported in paragraph 2.18(a) of the Audit Report, as at end-August 2014, there were 6 800 such elderly who had not been taken into account when reporting the number of 30 690 elderly on the waiting list;
 - (d) SWD's statistics for 2013 also revealed that elderly staying in subsidized RCS places had a longer life span than those still on CWL awaiting RCS places, and the number of elderly on CWL who had passed away while waiting for RCS places had reached 5 700 in 2013-2014 as compared with "4 000 to 4 500" a year before 2010;
 - (e) when reporting the waitlisting information to LegCo and/or posting such information onto its website, SWD had not disclosed its methodology adopted for calculating the waiting list and waiting

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time, including any revisions it had made to the methodology. For example, it was not known that the waiting time was calculated based on the time taken between the waitlist date and the admission date for admission cases only and "complicated" admission cases were excluded from the calculations since December 2013;

- (f) SWD is taking longer time to complete its care need assessment of the elderly, the result of which is used to determine the elderly's level of impairment to match with appropriate subsidized LTC services, namely "RCS only", "CCS only" and "dual option". For example, in 2013-2014, it had taken on average 27 days to complete an assessment, against a target of "within 21 days" as set in the SWD Manual and an average of 7 days taken in 2009-2010, but in extreme cases, it had taken more than two months to complete the assessments. As at end-July 2014, SWD had also accumulated a backlog of some 2 900 cases awaiting assessment and re-assessment;
- (g) although SWD's care need assessment mechanism acts as the "gate-keeper" and plays a very important role in the Administration's provision of subsidized LTC services, the whole mechanism is overdue for review/fine-tuning because:
- the assessment tool in use has been adopted for over 13 years;
 - there was an extremely uneven distribution of assessment workload as only 850 of 2 700 accredited assessors were involved in conducting assessments and 70% of the assessments were conducted by 36 accredited assessors working in the five regional Standardized Care Need Assessment Management Office (Elderly Services) of SWD; and
 - with the completion of some 25 000 assessments a year, conducting altogether only ten random quality checks (home visits or interviews) by the five regional offices of SWD is far from adequate;
- (h) while the Administration has continuously allocated substantial resources to the provision of LTC services to cope with the rising demands, particularly for RCS, and had spent \$4.38 billion in 2013-2014 on the provision of subsidized CCS and RCS to the

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elderly, the overall increase in the number of subsidized RCS places was not significant. As pointed out in paragraph 2.24 of the Audit Report, the number of subsidized RCS places had only increased by 20% in 14 years, i.e. from 21 600 as at end-March 2000 to 26 000 as at end-March 2014;

- (i) in spite of the reduction of RCS capacity by 3 900 places as a result of the conversion programme launched since 2005-2006 to upgrade RCS places in homes for the aged and self-care hostels to C&A places in order to provide a continuum of care, the Administration was not able to increase the RCS capacity at a greater pace because of various constraints including, as pointed out in paragraph 2.26 of the Audit Report:
- contract RCHEs had generally taken a long time (could be over 10 years) to construct, yet the 22 contract RCHEs currently in operation provided only 1 670 subsidized RCS places;
 - SWD could not purchase the target numbers of RCS places under the two purchase schemes it operated, namely EBPS and the NH Place Purchase Scheme; and
 - the "50% cap" requirement set by SWD on the number of EBPS places to be purchased from individual RCHEs, notwithstanding that some of RCHEs might have vacant non-subsidized places and there were demands for subsidized places in these RCHEs;
- (j) in 2013-2014, a subsidized RCS place cost the Administration \$7,900 to \$15,600 a month. With the long waiting lists and waiting time for subsidized RCS places, coupled with the constraints faced by the Administration in bringing forth more rapid expansion of the RCS capacity, the Administration should have made good efforts to maximize the effective use of the limited subsidized RCS places available. However, various inadequacies were found in the provision, allocation and monitoring of the limited RCS places, as mentioned in paragraphs 2.29 to 2.60 of the Audit Report. Examples include:
- some 550 to 590 EBPS places were found to have remained vacant during the two years of 2012-2013 and 2013-2014.

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According to the Administration, the vacancy figure has lowered to 375 as at end-November 2014;

- in 2013-2014, one-third (39) of the RCHEs participating in EBPS could not achieve the 92% enrolment rate set by SWD for their subsidized places with three of them having an enrolment rate of below 50% and ten having an enrolment rate of "50% to 80%";
 - inefficiency and wastage were found in the allocation of, and admission to, subsidized RCS places, such as late reporting by RCHEs of discharge cases, SWD placement referrals were sometimes made long after receiving the vacancy notifications, and RCHEs' delay in arranging the elderly's admissions; and
 - on one hand, some 1 290 elderly were assessed as in need of care at "Beyond NH" and were awaiting RCS places on CWL. On the other hand, of the 580 infirmary unit places provided by 19 subvented RCHEs (which cost the Administration some \$52 million in 2013-2014), 62 places, on average, had been vacant for at least five years, with five RCHEs each having 4 to 14 vacant infirmary unit places;
- (k) whilst noting that the provision of AQ places to NGOs was a historical development, SWD's continued practice of allowing NGOs to allocate the 1 805 AQ places available as at December 2014 to elderly outside CWL requires reconsideration in the light of the following:
- the growing demand for, and the acute shortfall of, subsidized RCS places the Administration is now facing and the 100% subvention provided by the Administration for the AQ places (costing some \$25.5 million a month);
 - the admission of elderly by NGOs outside CWL allows some applicants to be admitted ahead of other needy elderly still on CWL and provides opportunities for inequitable allocations;
 - the commitment made by the Administration to the LegCo Finance Committee in March 1995 that NGOs operating subvented RCHEs would not be given any discretion to admit

applicants other than those on the then waiting list managed by SWD;

- the legal advice obtained by SWD that the latter had no obligation under the PTG to grant or continue to grant subvention for the AQ places and taking back the AQ subvention would not constitute a breach of PTG or the AQ commitment as agreed with the NGOs in correspondence, as mentioned in paragraphs 2.40 and 2.50(d) of the Audit Report; and
 - the low enrolment rate of 70% for AQ places allocated by NGOs themselves as a whole, as compared with the overall yearly target of 95% enrolment rate set for subvented RCHEs;
- (l) notwithstanding the commitment made by the Administration to LegCo in March 1995 that NGOs operating subvented RCHEs would not be given any discretion to admit applicants other than those on CWL, SWD had continued to grant AQs, without keeping LegCo informed, to 25 subvented RCHEs which were planned before 1995 but commenced operation between 1995 and 2002 and, similar to other RCHEs granted with AQs, these RCHEs were allowed to allocate their AQ places outside CWL. As at June 2014, there were still 19 such subvented RCHEs which were providing 607 AQ (33% of 1 812 at the time) places; and
- (m) the public might not have been aware of the availability of AQ places as many of the NGOs had not posted information onto their websites on the availability of AQ or their latest turn of placement for AQ places;
- notes that the Director of Social Welfare had agreed with the Audit's recommendations in paragraph 5.10 of the Audit Report and had already started to implement some of the Audit's recommendations with details in paragraph 5.11 of the Audit Report;
 - requests the Secretary for Labour and Welfare and the Director of Social Welfare to set a timetable for implementing the various measures they have undertaken in paragraph 5.11 of the Audit Report and to inform the Committee the progress, among others, of the following:

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- (a) the waiting lists and waiting times for different types of LTC services;
- (b) the three-year project to enhance the LTC infrastructure, including updating the care need assessment tool and redeveloping LDS;
- (c) the utilization of AQ places and the result of their review on the possibility of clawing back AQ places for central allocation under CWL;
- (d) the preparation by the Elderly Commission of the Elderly Services Programme Plan;
- (e) the utilization of the vacant subsidized infirmary unit places available in RCHEs; and
- (f) the progress on the provision of new subsidized RCS places;

Community care services

- expresses grave concern and finds it unacceptable that:
 - (a) in 2013-2014, it cost the Administration about \$7,100 a month for a day care service place. Both the waiting lists and waiting times for day care services are long. With the limited number of 2 750 day care service places available, the fact that some service operators had taken unduly long time to report the discharge of the elderly from services and to admit them to services is unsatisfactory. The same applies to home care service places;
 - (b) one year since the implementation of the Pilot CCS Voucher Scheme in September 2013, some 310 of the 1 200 elderly users still participating in the Scheme had not commenced using the services, with 180 vouchers already issued more than three months ago and should have become void, and 27% of the elderly users who had once participated in the Scheme had withdrawn from the Scheme; and
 - (c) similar CCS are provided to frail elderly under three different schemes which are operating under different funding and operational modes. They are namely the Enhanced Home and Community Care Services ("EHCCS"), Integrated Home Care Services ("IHCS") and

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the Pilot Scheme on Home Care Services for Frail Elders, with EHCCS and IHCS operating by largely similar NGOs. There is a need to consider integrating them in order to provide one-stop services to the frail elderly;

- notes that SWD has commissioned the University of Hong Kong to conduct an evaluation study of the Pilot CCS Voucher Scheme and subject to the outcome of the study, SWD will fine-tune the Scheme;
- notes that the Director of Social Welfare had agreed with the Audit's recommendations in paragraph 5.12 of the Audit Report and had already started to implement some of the Audit's recommendations with details in paragraph 5.13 of the Audit Report;
- requests the Secretary for Labour and Welfare and the Director of Social Welfare to set a timetable for implementing the various measures they have undertaken in paragraph 5.12 of the Audit Report;

Residential care services

- expresses grave concern and finds it unacceptable that:
 - (a) although SWD is responsible for effective regulation of RCHEs and is paying substantial money to CSSA elderly living in non-subsidized RCS places of private RCHEs (involving \$2.1 billion in 2013-2014), the Audit Commission has however found that:
 - the service quality of most of RCHEs in the private sector which did not participate in EBPS were not on par with those provided by subvented/contract RCHEs and by private RCHEs participating in EBPS (see (b) below), with many of these private RCHEs having merely met the statutory minimum standards;
 - the Administration had been slow in upgrading the minimum requirements set in the RCHE Ordinance which had not been revised in the past 18 years;
 - over 80% of the warning letters issued by SWD in 2013-2014 for non-compliance with the licensing requirements were issued against RCHEs in the private sector not receiving any

- subventions from the Administration (although they accounted for only 57% of the total RCHEs);
- even with the subsidized places provided by private RCHEs participating in EBPS, only some 5% of the elderly on CWL are willing to take up the EBPS places; and
 - high rentals and manpower shortage are two major problems facing many RCHEs in the private sector;
- (b) different types of RCHEs vary significantly in their service quality standards, particularly in their spacing and staff provision per resident, as mentioned in Table 3 in paragraph 4.7 and Appendix D of the Audit Report, and the disparities had arisen because different types of RCHEs are subject to different service quality requirements. For example, subvented/contract RCHEs and RCHEs offering EBPS places are required to meet, in addition to the statutory minimum standards as laid down in the RCHE Ordinance, enhanced standards in the Funding and Service Agreements/service contracts/purchase agreements signed between the Government and the RCHE operators whereas private and self-financing RCHEs not providing any subsidized places are required to meet the statutory minimum standards only;
- (c) notwithstanding the acute shortfall of subsidized RCS places the Administration is facing, SWD had however not exercised the rights reserved in the PTGs granted to NGOs at nominal premium to agree with the grantees on the admission quotas to be provided to the Government, and had not always nominated elderly for admission to self-financing RCHEs established on the sites;
- (d) although the Administration had launched the Premium Concession Scheme as early as 2003, more than ten years later, as at June 2014, no RCHE under the Scheme had come into service and, although the Administration had undertaken to keep the Scheme under review and assess its effectiveness, no such review had been conducted; and
- (e) inspection targets set by SWD to ensure compliance with the licensing requirements had not always been met and follow-up inspections of some RCHEs assessed with higher risk were not conducted within the target timeframe;

- notes that the Director of Social Welfare had agreed with the Audit's recommendations in paragraph 5.14 of the Audit Report and had already started to implement some of the Audit's recommendations with details in paragraph 5.15 of the Audit Report;
- requests the Secretary for Labour and Welfare and the Director of Social Welfare to set a timetable for implementing the various measures they have undertaken in paragraph 5.14 of the Audit Report;

Way forward

- notes that:
 - (a) the Administration had launched a number of initiatives to cope with the ageing population and the rising demand for subsidized LTC services and various challenges are lying ahead in their implementation;
 - (b) the Secretary for Labour and Welfare had tasked the Elderly Commission to prepare an Elderly Services Programme Plan within two years, which will take on board the Audit's findings and recommendations in the Audit Report; and
- the Director of Social Welfare had agreed with the Audit's recommendations in paragraph 5.16 of the Audit Report.

Follow-up action

71. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and the Audit Commission.

A. Introduction

The Audit Commission ("Audit") conducted a review of the provision of public health services for the elderly by the Department of Health ("DH") and the Hospital Authority ("HA").

Background

2. According to the Census and Statistics Department, the population of elderly persons aged 65 or above is projected to increase from one million in 2013 to 1.45 million in 2021 and further to 2.2 million in 2031. The proportion of elderly persons will also increase from 14% of the whole population in 2013, to 19% in 2021 and further to 26% in 2031. The significant increase in the proportion and number of the elderly in the coming years poses great challenges and pressure to existing healthcare system.

3. Public health services for the elderly are mainly provided by DH and HA. Elderly healthcare services provided by DH are mainly primary care services which aim to improve self-care ability of the elderly, identify health risks and detect diseases for timely intervention. Health programmes launched by DH are as follows:

- Health assessment services and curative treatments for the elderly aged 65 or above provided by Elderly Health Centres ("EHCs") established in each of the 18 districts;
- Elderly Health Assessment Pilot Programme ("EHAPP") under which 10 000 elderly aged 70 or above recruited through participating non-governmental organizations ("NGOs") are provided with subsidized health assessments and follow-up consultations within the two-year pilot period. The Pilot Programme has started operation since July 2013;
- Educational health promotion activities ("HPAs") and advisory health services for the elderly and carers of residential care homes for the elderly ("RCHEs") and other elderly-related institutions ("non-RCHEs") provided by Visiting Health Teams ("VHTs") established in each of the 18 districts; and
- Elderly Health Care Voucher Scheme ("EHCVS") to subsidize the use of healthcare services in the private sector for elderly aged 70 or above.

The estimated expenditure for the above services in 2014-2015 amounted to \$1,034 million.

4. HA provides primary care services through its 73 General Out-patient Clinics ("GOPCs"), while secondary and tertiary care services are provided through its hospitals and 47 Specialist Out-patient Clinics ("SOPCs"). Expenditure for the operation of HA in the financial year of 2013-2014 was \$50 billion, of which the expenditure spent on elderly patients amounted to around 46% (i.e. \$23 billion) of HA's total expenditure in the year.

The Committee's Report

5. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 9);
- Elderly health assessment services of DH (Part B) (paragraphs 10 to 30);
- Educational and advisory health services provided by Visiting Health Teams of DH (Part C) (paragraphs 31 to 38);
- Administration of DH's Elderly Health Care Voucher Scheme (Part D) (paragraphs 39 to 47);
- HA's provision of Specialist Out-patient service to elderly patients (Part E) (paragraphs 48 to 61); and
- Conclusions and recommendations (Part F) (paragraphs 62 to 64).

Public hearing

6. The Committee held two public hearings on 16 December 2014 and 5 January 2015 to receive evidence from witnesses.

Opening statement by the Secretary for Food and Health

7. **Dr KO Wing-man, Secretary for Food and Health**, made a statement at the beginning of the public hearing. The full text of his statement is in *Appendix 19*, the summary of which is as follows:

- DH would actively follow up on the review of the services of EHCs, enhance the service effectiveness of the provision of HPAs by VHTs, and improve the administration of EHCVS;
- HA would make every effort to shorten the waiting time for specialist out-patient services, optimize the appointment scheduling arrangements, extend the cross-cluster referral arrangements and provide community geriatric assessment team ("CGAT") service at more RCHEs; and
- in enhancing elderly healthcare services in a bid to tackle the challenges presented by the ageing population, HA had launched the General Outpatient Clinic Public-Private Partnership Programme piloted in a few districts to relieve the pressure on HA's out-patient services. Depending on feedback of the programme, the Administration would consider extending the programme to other districts progressively over the coming years.

Opening statement by the Director of Health

8. **Dr Constance CHAN Hon-ye**, **Director of Health**, made a statement at the beginning of the public hearing. The full text of her statement is in *Appendix 20*, the summary of which is as follows:

- DH would take into account the Audit's recommendations in reviewing EHCs' capacity and strategic directions with a view to reducing the waiting time for enrolments for first-time health assessment. The review would take into account the experience gained from the implementation of EHAPP;
- a review on the reasons for the variations in waiting time of allied health counseling services in different EHCs and the reasons for no-show for the service would be undertaken so as to implement relevant improvement measures;

- a review on the mode of operation of VHTs in conducting HPAs would be undertaken with a view to introducing service improvements; and
- a comprehensive review of EHCVS would be conducted in mid-2015. DH would continue to encourage the elderly and healthcare service providers to participate in the programme.

Opening statement by Chief Executive of Hospital Authority

9. **Dr LEUNG Pak-yin, Chief Executive of HA**, made a statement at the beginning of the public hearing. The full text of his statement is in *Appendix 21*, the summary of which is as follow:

- HA would continue to implement various measures to improve the waiting time at SOPCs, such as referring patients with stable and less complex conditions to the Family Medicine Specialist Clinics ("FMSCs") and GOPCs thereby alleviating the pressure of SOPCs; enhancing manpower at SOPCs to further increase its capacity and exploring the possibility of launching public-private partnership projects on SOPC services for those specialties with higher demand but of a non-acute nature;
- comprehensive, consistent and up-to-date waiting time information would be displayed in SOPCs and on HA's website to increase transparency;
- HA would consider extending the cross-cluster referral arrangement to other specialties where appropriate;
- HA would improve and coordinate the appointment scheduling of SOPC cases to enhance booking arrangement, such as adopting an over-booking mechanism to fill up cancelled and defaulted appointments to fully utilize service capacity; and
- HA would continue to review the service model of CGAT with a view to enhancing the quality of healthcare services for elderly residing in RCHEs, including the provision of CGAT service to more RCHEs as appropriate.

B. Elderly health assessment services of DH

10. As pointed out in paragraph 2.3 of the Director of Audit's Report ("Audit Report"), chronic diseases are taking up more and more of the capacity of Hong Kong's healthcare system. They are also the major causes of death. The Committee noted that the "Hong Kong Reference Framework for Preventive Care for Older Adults in Primary Care Settings" ("Reference Framework") published in 2012 by the Working Group on Primary Care¹ chaired by the Secretary for Food and Health affirmed that targeted, proactive and community-based preventive care was more cost-effective than downstream acute care. With a significant increase in the number of older people in the coming years, it was evident that the health assessment services provided by EHCs for the elderly played a vital role in the healthcare system in that it facilitated early and targeted intervention of various health risks at their early stage.

11. As stated in paragraphs 2.6 and 2.7 of the Audit Report, in the past 10 years, the elderly population increased from 831 000 in 2004 to 1 049 000 in 2013, but the 18 EHCs had still provided less than 40 000 health assessments a year to the elderly, and the manpower of the 18 EHCs had remained unchanged over the years. This indicated that the capacity of EHCs had not been expanded in a timely manner to align with the growth of the elderly population. Given the importance of health assessment services for the elderly in the healthcare system, the Committee enquired why DH had not expanded the capacity of EHCs in a timely manner to align with the growth in elderly population.

12. **Secretary for Food and Health** responded as follows:

- the Administration reckoned the challenges arising from increasing demand for elderly healthcare services due to an ageing population. The Government's policy in this regard was to ensure the provision of efficient and cost-effective healthcare services to the public, including the elderly, in a sustainable manner through a dual-track system comprising both the public and private sectors. It would not be feasible, if not impossible, to rely solely on DH to meet all the healthcare needs of the elderly. To this end, the Administration would

¹ The Working Group on Primary Care is chaired by the Secretary for Food and Health with members including health professionals. The Reference Framework provides a common reference for all healthcare professionals in Hong Kong on the provision of continuous, comprehensive, and evidence-based care for older adults in the community.

endeavor to maintain a proper balance between the public and private healthcare sectors in providing services to meet the long term healthcare needs of the population, including the elderly, through various healthcare policies and measures;

- as a matter of fact, the private sector was the major provider of primary healthcare services, with about 70% of out-patient consultations being taken care of by private medical practitioners. To encourage the elderly to use primary care services in the private sector, the Administration had launched a series of initiatives including EHCVS to subsidize the elderly to use private sector healthcare services; and
- the objective of setting up one EHC in each district was not purely for the purpose of service provision, but to set a reference benchmark for public health surveillance and quality assurance, and to become a role model at the community level for the provision of an integrated and multi-disciplinary primary care services for the private sector and NGOs to follow suit. Having said that, the Administration would seek to appropriately expand the capacity of EHCs, subject to the availability of public funding, to meet the growing demand for primary care services by the elderly.

Waiting time for enrolment and first-time health assessment at EHCs

13. The Committee noted that the elderly needed to wait for a long period of time to enroll as members of EHCs and receive first-time health assessment services. Audit's analysis of health assessments conducted by EHCs in 2013 revealed that the mix of first-time and subsequent health assessments of EHCs varied significantly. Assuming zero additional intake and attrition, it would take, averaging amongst the 18 EHCs, 3.7 years to clear the waiting list. In some districts such as Wan Chai and Yau Ma Tei, the waiting time² could be as long as over nine years. The Committee further noted from an analysis of over 38 900 health assessments cases conducted in 2012 that 32% of some 5 000 elderly who received first-time assessments in the year were found to have medical conditions, whereas only 7% of some 33 900 elderly who received their subsequent health assessments in the year had new medical conditions found (paragraph 2.10 of the Audit Report refers). In the light of the above, the Committee enquired:

² The waiting time refers to the duration between the date when an elderly applies for enrolment at an EHC to the date of enrolment (which is also the date of first-time health assessment).

- what measures DH had taken to address the problem of long waiting time for first-time assessments; and
- given the importance of first-time assessments in the identification of medical conditions, whether DH had devised a strategic direction in the mix of service provision of each EHC, such as allocating more manpower to conducting first-time assessments vis-à-vis subsequent assessments in districts that had long waiting time for first-time assessments.

14. **Director of Health** responded at the hearing and **Secretary for Food and Health** supplemented in his letter dated 24 December 2014 (in *Appendix 22*) that:

- DH had kept the median waiting time for first-time assessments of EHCs under regular review. In 2007, DH undertook measures, such as the adoption of a simplified questionnaire for health assessments and streamlined procedures of health assessments for existing members, and allocated additional manpower and resources to meet the needs of elderly on the waiting list. As a result, the median waiting time decreased from 38.3 months in 2007 to 10.4 months in 2011;
- however, the median waiting time started to rise again from 2011 onwards, owing to the growing demand for the services. DH then decided to explore the feasibility of adopting alternative models of service provision, such as the introduction of EHAPP in 2013; and
- in order to cope with the service demands for EHCs, DH had successfully bid additional manpower for the creation of two clinical teams in Lek Yuen EHC and Wan Chai EHC in the financial years of 2014-2015 and 2015-2016 respectively.

As regards the suggestion of re-shuffling the mix of first-time assessments vis-à-vis subsequent assessments, **Director of Health** explained that service mix of individual EHCs was determined taking into account a number of factors, such as the rate of increase of elderly seeking to enroll as new members, the renewal rate of existing members, the number of members seeking curative treatments etc. Nevertheless, the Administration agreed with the Audit's recommendation of the need to review the mix of first-time and subsequent assessments of individual EHCs so that more sessions might be allocated to first-time assessments to solve the problem of long waiting time.

15. **Secretary for Food and Health** supplemented that:

- EHCVS was introduced as a pilot scheme in 2009 with the aim of offering a wider choice of primary care services to the elderly in addition to the existing available public healthcare services. The Administration considered that the pilot scheme allowed a more efficient use of healthcare resources in the market as it adopted the "money-follow-patient" concept under which an elderly was able to allocate healthcare resources flexibly to meet their own healthcare needs. An elderly could utilize health care vouchers for seeking health assessment services at private medical practitioners of their choices; and
- out of DH's estimated expenditure of \$1,034 million for the provision of elderly healthcare services in the financial year of 2014-2015, the expenditure for the operation of EHCs accounted for \$123 million while that of EHCVS accounted for \$846 million. By converting EHCVS into a recurrent programme in 2014 and increasing the annual voucher amount to \$2,000, the Administration hoped to tap healthcare resources in the private sector to meet the elderly's demand for primary care service and to lessen the pressure on the public health system.

16. On the specific measures to shorten the waiting time for first-time assessments, **Secretary for Food and Health** supplemented, after the public hearings, in his letter dated 24 December 2014 (in Appendix 22) that DH would:

- monitor the curative treatment attendance at EHCs and adding extra time slots for health assessments at those centres with lower attendance for treatment. Currently, nine EHCs had already employed this measure;
- review the justifications for the provision of curative treatments by EHCs and explore the feasibility of setting a quota for curative services each day, so that more time slots could be allocated for conducting health assessments;
- review the mix of first-time and subsequent health assessments in all EHCs to reduce the disparity among them and to shorten the waiting time for first-time health assessments; and
- display updated list of median waiting times for all EHCs on the Elderly Health Service website and at EHCs to increase transparency and

facilitate the elderly to choose enrolling at those centres with relatively shorter waiting time.

Efficient utilization of manpower of EHCs

17. Noting that EHCs would conduct curative treatments for the elderly in the afternoon, the Committee enquired about the justifications for the provision of curative treatments by EHCs, in view that HA was already providing similar services through its GOPCs. The Committee further enquired whether the review on the operation of the parallel systems in the provision of curative treatments by both EHCs and GOPCs mentioned at a meeting of Panel on Health Services of the Provisional Legislative Council held in 1997 (paragraph 2.15 of the Audit Report refers) had been conducted. **Chief Executive of HA** replied that GOPCs were managed by DH before 2003 and in 1997, there might be calls for reviewing the parallel systems which were by then operated under the same department. The management of GOPCs was then transferred to HA in July 2003. Since then, the mode of service provision of curative treatments under EHCs and GOPCs had been different. The focus of GOPCs in the provision of curative treatments was more from a risk management perspective, rather than on the basis of the age of the patients.

18. The Committee pointed out that the mix of first-time and subsequent assessments as well as the number of curative treatments conducted by EHCs varied significantly across different districts, implying that there might be a possibility of spare capacity for some EHCs in view of different service demand across districts. The Committee enquired whether DH had conducted any study to ascertain:

- the levels of service demand of different districts, taking into account demographic characteristics, socio-economic conditions and other relevant factors of each district; and
- the extent of spare capacity of each EHC,

so that the manpower resources could be adjusted or re-deployed among EHCs to meet the varying levels of service demand.

19. **Director of Health** responded that:

- each EHC was manned by a clinical team comprising a Medical and Health Officer and three nursing staff. Their capacity was more or less fully utilized as shown by the fact that total number of assessments conducted each year was roughly the same across the board;
- as there was only one clinical team in each district, it would not be possible to re-deploy the manpower of EHCs across districts lest the services provided for the districts would be adversely affected;
- taking on board the recommendations of Audit, the clinical team of each EHC would review its mode of service delivery and adjust its service mix where possible to better cope with service demand; and
- DH would explore how the two newly added clinical teams in Wan Chai EHC and Lek Yuen EHC in 2014-2015 and 2015-2016 respectively could be allocated to clear the long waiting list for first-time assessments of some EHCs. Apart from stationing at the respective EHCs, they might be deployed to provide additional sessions to EHCs with a long waiting list on a rotational basis.

20. The Committee enquired about the projected reduction in waiting time as a result of the deployment of the two additional clinical teams. **Secretary for Food and Health** replied to the Committee after the public hearings (in Appendix 22) that DH would monitor the statistics of all 18 EHCs closely and flexibly deploy the manpower having regard to the waiting list and physical environment (where space was available in EHC for accommodating an additional team) of each EHC. It was estimated that each additional clinical team would be able to conduct 2 125 health assessments every year. DH, however, considered it not possible to give a projection on the reduction in waiting time at this stage. DH would closely monitor the waiting time after improvement measures had been implemented.

21. In reply to the Committee's enquiry of whether DH had conducted any review or study to ascertain the demand for health assessment services in each district, **Secretary for Food and Health** supplemented after the public hearings (in Appendix 22) that two reviews were conducted in 2002 and 2007 respectively on the demand for health assessment services as well as measures to shorten the waiting time for enrollment to EHCs. The first review in 2002 concluded that the orientation of EHCs should be changed from mere service provision to that of

benchmarking and health monitoring, while the second review in 2007 recommended the implementation of measures to shorten waiting time for first-time assessments. To address the needs of various target groups in the community, the Administration was currently planning the establishment of locally-based community health centres in the districts, taking into account the priority of different districts, size and demographic characteristics of target population and health workforce of the district.

Role of EHCVS in supplementing the services of EHCs

22. Taking note of the remarks made by Secretary for Food and Health that EHCs should not be regarded as the only source of primary care service provision, and that EHCVS was introduced to offer an alternative model of service delivery to meet the needs of the elderly, the Committee requested for the following statistics:

- how many elders on the waiting list for enrollment to EHCs to receive first-time health assessments had alternatively sought the service in the private sector by using health care vouchers; and
- on the use of health care vouchers by the elderly, the ratio of vouchers used for the purposes of health assessments and other preventive care as captured by the eHealth System³.

23. **Director of Health** replied that DH did not have the relevant statistics. The eHealth System was purposely designed for capturing information relevant for the administration of EHCVS. Enrolled healthcare service providers could input some basic information into the system, such as the particulars of the elderly, the amount of vouchers used and the reasons of the visits by the elderly. It would not be possible for DH to extract insightful information from the eHealth System for determining whether the elderly on the waiting list for EHCs had actually used health care vouchers for conducting health assessment services in the private sector.

24. The Committee pointed out that as stated in paragraph 4.16 of the Audit Report, in the five years from 2009 to 2013, health care vouchers were mainly used by the elderly for settling medical fees for treating acute episodic conditions, with

³ The eHealth System was purposely designed for EHCVS, providing an electronic platform on which participating healthcare service providers can manage the registration of eHealth accounts for the elderly and to submit claims to DH on the vouchers used by the elderly

only a small percentage (less than 9%) of the vouchers being used for preventive care purposes. The Committee was doubtful whether EHCVS was of any help in alleviating the problem of long waiting time for enrollment to EHCs to receive first-time assessments. In response, **Director of Health** made the following remarks:

- the eHealth System only captured basic information on the reasons of visits for which health care vouchers were used by the elderly. No definite conclusion could be drawn from the existing data without a detailed analysis on how the health care vouchers were used for;
- nevertheless, DH recognized that the elderly mainly used the vouchers for medical treatments and preventive care was accorded a relatively low priority. More work needed to be done to encourage the elderly to use health care vouchers for primary care services including health assessments; and
- DH would conduct a comprehensive review of EHCVS in mid-2015 to collect relevant statistics and information conducive to the enhancement and further development of the Scheme.

25. **Secretary for Food and Health** added that it would also be conducive to the development of EHCVS to conduct a survey as to whether the elderly on the waiting list for enrollment to EHCs had sought primary care services by other means, such as using health care vouchers in the private sector. That said, he was of the view that the elderly should not be excluded from the waiting list even if they could meet their needs of primary care services by alternative means as EHCs could provide a comprehensive primary care services for them.

Plans and timetable for implementing the Audit's recommendations

26. The Committee noted that Director of Health had agreed to the Audit's recommendations as stated in paragraph 2.18 of the Audit Report and enquired about details of the follow-up actions. In reply, **Secretary for Food and Health** stated in his letter of 24 December 2014 (in Appendix 22) that:

- in response to paragraph 2.18(a), DH had introduced various measures and initiatives such as EHAPP and EHCVS to meet the various demands of the elderly for primary care services. As explained earlier, it would not be feasible to solely rely on the capacity of EHCs to cope with the

growth in elderly population. DH would conduct a comprehensive review of EHCVS in mid-2015 and an evaluation of EHAPP by end of 2015, and would make reference to the results of these studies when reviewing the strategic direction of EHCs;

- as regards paragraphs 2.18(b) and (c), DH would review on each EHC having regard to the number of elderly on the waiting list and the demand for subsequent assessments and curative treatments in the districts to see if the service mix of individual EHCs could be adjusted. In addition, two additional clinical teams were successfully bid in the financial years of 2014-2015 and 2015-2016. DH would explore the feasibility of setting a performance pledge in 2016 after the two additional clinical teams had been established and the experience of their operation had been reviewed; and
- with respect to paragraph 2.18 (d), DH would compile relevant statistics on a monthly basis for ongoing monitoring on the waiting list of elderly awaiting enrollment and first-time assessments in each EHC.

27. The Committee highlighted the importance that unless a performance pledge and a timetable for achieving the pledge could be given, the problem of long waiting time for enrollment for first-time health assessments in EHCs could not be effectively addressed. **Secretary for Food and Health** affirmed the reply of Director of Health in that DH would explore the feasibility of setting a performance pledge for the waiting time for enrollment and first-time assessments in EHCs after the two additional clinical teams were in service. He said that unless sufficient resources were provided for expanding the capacity of EHCs, it would be difficult to commit a performance pledge at this stage.

28. In reply to the Committee's further enquiry on why DH would provide subsequent health assessments for every EHC member once every 18 months, and yet no target or performance pledge was set on the waiting time for first-time health assessments, **Secretary for Food and Health** replied after the hearings (in Appendix 22) that in accordance with the Reference Framework, independent elderly with no known chronic diseases were recommended to have health assessment every one to three years, and those who also had chronic diseases or risk factors were recommended to be assessed at more frequent intervals, e.g. on a yearly basis. In 2013, 96% of EHC members had chronic diseases. EHCs, as a model for continuous and comprehensive care for the elderly, had complied with this evidence-based recommendation. The only way to reduce waiting time

substantially was to expand the capacity of EHCs but it was difficult to set a meaningful target without a firm commitment of additional resources and in light of the current severe shortage of healthcare manpower especially doctors.

29. The Committee enquired whether DH would conduct a comprehensive review on the mode of operation of EHCs to better cope with the growth in the elderly population in the coming decades. **Secretary for Food and Health** replied after the hearings (in Appendix 22) that EHCs, as benchmarks for the surveillance of health problems and quality assurance, had served as sentinel points in the 18 districts to collect important health information on the health status of the elderly. To address the concerns about the long waiting time for first-time health assessments, DH would review the strategic directions of EHCs in light of the experience gained through new models of service provision including EHCVS and EHAPP.

Effectiveness of EHAPP

30. The Committee was concerned about the low enrollment rate for EHAPP. **Director of Health** responded at the public hearing that there had been significant improvement in the enrollment of elderly for the programme in the past few months. The reason for the improvement in enrollment was that participating NGOs had used more effective channels in approaching eligible elderly. In reply to the Committee's enquiry on the DH's plan to enhance the elderly's enrollment in the programme, **Secretary for Food and Health** supplemented after the public hearings (in Appendix 22) that:

- DH had all along been working closely with NGOs in promoting EHAPP to eligible elderly. NGOs had conducted various publicity activities through their community network, including collaborations with other NGOs in providing services for the elderly, sending promotion letters and leaflets, conducting home visits and invitation calls to the elderly, conducting health talks in community centres, setting up promotional booths at public housing estates, and promotion through websites, television and radio programmes, newspaper and street banners;
- DH had also mounted publicity on EHAPP through the Department's website, District Elderly Community Centres, Neighbourhood Elderly Centres, Social Centres for the Elderly and GOPCs of HA. Besides, EHAPP had been actively promoted to the elderly on the waiting list of EHCs and those in various social centres through introductory talks

given by VHTs. To further enhance the publicity, DH had recently publicized EHAPP through RCHEs, newsletters for the elderly published by NGOs and radio programme; and

- given the enhanced promotional activities, the number of elderly registered with EHAPP had steadily increased. As at 8 December 2014, over 5 000 elderly had joined the programme.

C. Educational and advisory health services provided by Visiting Health Teams of DH

Service efficiency of HPAs conducted by VHTs

31. The Committee noted that VHTs had been established since 1998 to conduct on-site health promotion and education activities to strengthen the healthcare of elderly at RCHEs and non-RCHEs so as to improve the elderly's self-care ability and health awareness. Estimated expenditure for the services for the financial year of 2014-2015 was \$53.1 million.

32. As reflected in the examples stated in paragraphs 3.5 and 3.6 of the Audit Report, the Committee noted that the conduct of HPAs by VHTs was ineffective as the attendance of elderly and carers for some of the activities was low. Some RCHEs and non-RCHEs were being provided with a large number of HPAs in a year even though HPAs were poorly attended. The Committee enquired about reasons of low attendance for some HPAs and whether the resources allocated to VHTs could be more effectively utilized, say, by re-deploying the medical officers and nursing staff of VHTs to EHCs for conducting health assessments to shorten the waiting time for first-time assessments.

33. **Director of Health** explained that the setting up of VHTs was to conduct on-site HPAs, such as health talks and skills training, for the elderly and carers of RCHEs and non-RCHEs. As the nature of services provided by VHTs was different to that of EHCs, it would not be possible to allocate the manpower of VHTs to support the services provided by EHCs. In some situations, more HPAs which covered various different topics were needed to be conducted for RCHEs that had a smaller establishment and fewer resources so as to enhance the quality of services provided to the elderly. She however admitted that the situation as reflected in the examples was not satisfactory. In addressing the issue of low attendance of some of HPAs, greater efforts would be made to promoting the service to the elderly and

carers of RCHEs and non-RCHEs, and to remind carers and the elderly to take part in HPAs that had already been scheduled.

34. The Committee enquired what measures DH would implement to enhance the efficiency of VHTs and to effectively promote HPAs that had low attendance. **Director of Health** replied that in future, VHTs would choose to conduct more HPAs at those RCHEs/non-RCHEs with a larger establishment. It should be noted, however, that it might not be possible to reduce the number of HPAs and health advisory services for those RCHEs that had less manpower resources, as those RCHEs might need more assistance in identifying areas of improvements and enhancing service standards.

35. **Dr Teresa LI Mun-pik, Assistant Director of Health (Family and Elderly Health Services)** supplemented that:

- VHTs conducted reviews of RCHEs annually to assess their standard of services through an Integrated Assessment, by which VHTs would identify areas of improvement and formulate specialized training programmes for them; and
- for effective promotion of HPAs, VHTs would proactively approach RCHEs/non-RCHEs to ascertain their service needs and suitably adjust the frequency and content of HPAs to better suit their needs.

Advisory services provided by VHTs

36. Referring to paragraph 3.14 of the Audit Report, the Committee enquired whether DH agreed to extend the coverage of review of health records to all non-private RCHEs and those private RCHEs which had computerized their health records. **Director of Health** responded that owing to the fact that many private RCHEs did not have a proper health record system for their residents, VHTs would conduct review of health records of private RCHEs annually to assess their record keeping and to provide suitable advice and training. Taking on board the Audit's recommendations, DH would review the practice of not reviewing the health records of non-private RCHEs and those private RCHEs which had computerized their health records. DH might consider reviewing health records of such RCHEs on a risk-based approach and a longer time span, say, a five-year cycle.

37. Noting that DH agreed to review the mode of operation of VHTs in conducting HPAs with a view to introducing service improvements (paragraph 3.12 of the Audit Report refers), the Committee enquired about DH's plan in this regard. **Director of Health** said that:

- the Social Welfare Department would provide DH with an updated list of all non-RCHEs periodically. VHTs would initiate the conduct of HPAs for those non-RCHEs which received fewer visits in the past;
- contents of HPAs would be reviewed every three months to see if there was any need for revision; and
- VHTs would remind staff of RCHEs/non-RCHEs of the need to have carers accompanying the elderly in attending HPAs so that proper assistance could be provided to the elderly.

38. The Committee was of the view that DH should consider conducting some of HPAs on Saturdays, Sundays or public holidays as far as practicable to facilitate the attendance of family members and thus strengthening the family members' support for the elderly who prefer to age at home. **Director of Health** replied that DH would consider this suggestion.

D. Administration of DH's Elderly Health Care Voucher Scheme

39. The Committee noted that EHCVS was introduced in 2009 as a pilot programme and became a recurrent programme in January 2014. Elderly aged 70 or above were eligible to join EHCVS. The programme was aimed at subsidizing the elderly in their use of primary healthcare services in the private sector. Through providing partial subsidy, the programme implemented the "money-follow-patient" concept under which the elderly could choose within their local communities private healthcare services that best suit their needs. Under the programme, an elderly was provided, through his/her account in the eHealth System, annual voucher amount of \$2,000. Unused vouchers could be accumulated up to \$4,000. As at March 2014, 556 000 elderly (representing a joining rate of 75%) and some 4 100 private healthcare service providers had joined/enrolled in the programme. Estimated expenditure for settling voucher claims for 2014-2015 amounted to \$846 million.

Participation of private healthcare service providers in EHCVS

40. Noting from paragraph 4.4 and Table 9 of the Audit Report that 93% of the voucher claims were related to the services provided by enrolled Medical Practitioners and enrolled Chinese Medicine Practitioners, and that their enrolment rate only accounted for 34% and 23% of the estimated number of service providers in private practice respectively, the Committee enquired how DH would enhance their participation in the programme, particularly Chinese Medicine Practitioners, who were popular among the elderly.

41. **Director of Health** replied that participation by private healthcare service providers in the programme was voluntary. In this regard, DH had stepped up the publicity of EHCVS, such as the use of television and radio announcements of public interest to raise the awareness of the programme. Secondly, DH had been appealing to the relevant professional bodies, such as the Chinese Medicine Council of Hong Kong, to solicit their assistance to encourage the enrollment of healthcare service providers, particularly Chinese Medicine Practitioners. Thirdly, enhancements had been made to the programme to increase its attractiveness, such as doubling the annual voucher amount from \$1,000 per year in 2013 to \$2,000 per year in 2014, changing the face value of each voucher from \$50 to \$1, and increasing the accumulation limit to \$4,000. As a result of these measures, more healthcare service providers responded that they were more willing to take part in the programme than before.

42. In reply to the Committee's further enquiry on what concrete incentives could be provided to improve the enrollment of private healthcare service providers, such as the feasibility of introducing commendation schemes for private medical practitioners who have joined EHCVS, **Secretary for Food and Health** responded that:

- the increase in the voucher amount to \$2,000 per year served as an attractive incentive for the private sector to join the programme, as it offered more convenience and a much wider choice for the elderly to seek healthcare services in the private sector;
- there existed a number of constraints that hindered the enrollment of certain types of private healthcare service providers. For instance, out of the some 5 000 Medical Practitioners in private practice, around 2 000 of them were providing specialist services. They had less motivation to join the programme because such services were usually

quite expensive and hence their patients were less likely to use health care vouchers to settle medical fees. Also, some traditional Chinese Medicine Practitioners who did not use computers were not eligible to join the programme as they were unable to install the eHealth System; and

- as regards the suggestion of introducing commendation scheme as an incentive for more private healthcare service providers to join the programme, **Secretary for Food and Health** cautioned that the suggestion needed careful consideration as the Medical Council of Hong Kong had promulgated Code of Professional Conduct setting out clear guidelines against doctors from advertising their services. DH would continue to work along with professional medical bodies to publicize EHCVS to their members and to encourage their participation.

Management of eHealth System and elderly voucher accounts

43. In response to the Committee's enquiry on whether DH would consider requesting enrolled healthcare service providers to input further information into the eHealth System so that detailed statistics could be compiled from the system for evaluating the effectiveness of EHCVS in promoting the use of private healthcare services and thus alleviating the pressure on the public healthcare system, **Director of Health** replied that enrolled healthcare service providers were only required to input relevant information into the eHealth System for the administration of EHCVS, including settling voucher claims. Requiring enrolled healthcare service providers to furnish further details into the system on each consultation case might pose extra administrative work on them and this would adversely affect their motivation to join the programme. DH might consider conducting a separate survey to gauge the views of elderly patients and private healthcare service providers on EHCVS.

44. The Committee noted from paragraph 4.20 of the Audit Report that the eHealth System would not close the deceased elderly's voucher accounts, but would continue issuing vouchers to the accounts. As a result, as at 31 March 2014, the system had accumulated unused vouchers of the 100 000 deceased elderly amounting to \$262 million. Further, in making provision for EHCVS in the 2014-2015 Estimates of Expenditure, DH had inadvertently included the number of vouchers held by the deceased elderly, and the 2014-2015 provision had inflated by some \$92 million as a result. The Committee enquired whether the unspent fund had been returned to the General Revenue Account or other funds of the Government, and the total amount of the unspent fund returned since the launch of EHCVS.

45. **Director of Health** responded that DH had started implementing changes to the eHealth System to manage the voucher accounts of deceased elderly so that they would be excluded when preparing the estimates for EHCVS. **Secretary for Food and Health** provided after the public hearings (in Appendix 22) that the unspent fund under EHCVS would not be allocated to DH for other purposes and would remain in the General Revenue Account. The estimated and actual expenditures of EHCVS since the scheme was launched in 2009 were provided in Appendix 22.

Monitoring of voucher claims

46. Noting the occurrences of unsatisfactory practices adopted by some enrolled healthcare service providers (paragraph 4.34 of the Audit Report refers), the Committee enquired what follow-up actions had been taken to address the issue, and the number of anomalous cases found. **Director of Health** replied that:

- DH had taken follow-up actions on the cases highlighted in the Audit Report, including making telephone calls to the elderly to ascertain whether healthcare services had been provided to them and reminding the problematic healthcare service providers to avoid making errors in future;
- as the face value of each voucher was adjusted to \$1 per voucher effective from July 2014 onwards, the unsatisfactory practice of requiring an elderly to sign one consent form for each voucher used would be significantly reduced; and
- in the period from 1 January 2009 to 31 March 2014, DH had conducted some 7 700 inspections.

Assistant Director of Health (Family and Elderly Health Services) supplemented that around 1 950 claims were considered anomalous.

47. The Committee enquired what actions DH would take in response to the Audit's recommendations set out in paragraph 4.37 of the Audit Report on the monitoring of EHCVS. **Director of Health** stated that DH would:

- review the inspection protocol on monitoring voucher claims, such as avoiding the adoption of a standard pattern of routine checking and to consider conducting surprise checks;

- consider taking escalating measures against those malpractice healthcare service providers, such as issuing advisory letters or warning letters where warranted, after guidance had been given to them and no improvements were shown;
- DH had followed up the error/omission cases identified by Audit. No fraudulent practices had been discovered so far; and
- modeling on the methodology adopted in the interim review of EHCVS conducted in 2011, DH would conduct a comprehensive review of EHCVS in mid-2015 to fully gauge the feedback of the elderly and enrolled healthcare service providers on the use of the vouchers, scheme awareness and participation, satisfaction with the scheme and the impact of the scheme on healthcare seeking behaviour.

E. HA's provision of Specialist Out-patient service to elderly patients

48. The Committee noted that there were 47 SOPCs providing specialist consultations for patients. As pointed out in paragraph 5.4 of the Audit Report, from 2009-2010 to 2013-2014, the attendance of elderly patients at SOPCs of the seven major Specialties (namely Ear, Nose and Throat; Gynaecology; Medicine; Ophthalmology; Orthopaedics and Traumatology; Psychiatry and Surgery) increased by 12% from 1.88 million to 2.11 million. In 2013-2014, elderly patients represented 37% of all attendances at SOPCs of the seven Specialties.

49. Unlike GOPCs under which consultation quotas will be reserved for elderly patients, SOPCs provide services to patients in accordance with the assessment of individual needs and clinical conditions, rather than solely on patients' age. Patients referred to SOPCs for first consultation are triaged into one of the three categories of Priority 1 (urgent), Priority 2 (semi-urgent) or Routine based on their clinical conditions. HA sets target median waiting time of two and eight weeks for Priority 1 and Priority 2 cases respectively. No target waiting time is set for Routine cases.

Increase in elderly patients' waiting time for first SOPC consultation

50. Noting from paragraph 5.9 of the Audit Report that waiting time for first consultation for Routine cases had generally increased in the past five years, the Committee enquired whether the improvement measures undertaken by HA to

shorten the waiting time as mentioned in paragraph 5.8 of the Audit Report were ineffective, and what further actions HA would take to effectively address the situation.

51. **Chief Executive of HA** responded at the public hearings and further supplemented in the letter dated 14 January 2015 (in *Appendix 23*) that:

- due to ageing population and increasing prevalence of chronic diseases, the demand for SOPC services had been rising. On the other hand, the public healthcare sector was experiencing manpower shortage in recent years. As a result, waiting time for patients especially those with less severe and non-urgent conditions was lengthened over the years; and
- Nevertheless, HA had been implementing the following measures in order to address the issue of long waiting time for SOPC services:
 - enhancing primary healthcare services so that cases of stable and less complex conditions could be managed at FMSCs and GOPCs thereby alleviating pressure at SOPCs;
 - engaging part-time and "limited registration" doctors to improve manpower strength and paying out special honorarium for additional services to increase service capacity within HA;
 - exploring the possibility of launching public-private partnership projects to SOPC services which were in higher demand but of a non-acute nature to alleviate the pressure of public healthcare sector and provide more choices to patients; and
 - implementing specific programmes in 2013-2014 and 2014-2015 at different clusters to provide additional consultation sessions and to triage non-acute cases to FMSCs with the aim to clear the backlog of Routine cases.

Cross-cluster arrangements

52. In view of the disparity in elderly patients' waiting time at SOPCs of different clusters, the Committee was of the view that extending the cross-cluster referral arrangement to specialties that had a large number of elderly patients (i.e.

Medicine, Orthopaedics and Traumatology and Psychiatry) could reduce the disparity and alleviate the problem of long waiting time for some SOPCs.

53. **Chief Executive of HA** responded that a mechanism was in place to facilitate the referral of patients where there was disparity in waiting times in different clusters. However, specialties which had quite long waiting times across all clusters would not be suitable to adopt the cross-cluster referral arrangement despite that there might be difference in the waiting time among individual clusters. Also, patients who were mobility impaired or required long-term clinical support or follow-up within the community where they lived might have little incentive to receive service in another cluster. That said, HA would continue to review and monitor the disparity of waiting times in different clusters and extend the cross-cluster referral arrangement as far as possible.

54. Although patients were allowed to select an SOPC for first consultation in any cluster according to their preference under the "patient-initiated cross-cluster appointment booking", the Committee noted that some clusters did not allow patients from other clusters to book appointments in their SOPCs (paragraph 5.33 of the Audit Report refers). In reply, **Chief Executive of HA** said that HA would take measures to remind staff of SOPCs to allow patients to attend SOPCs of their choices whenever clinical condition and capacity warranted. He supplemented after public hearings in the letter dated 14 January 2015 (in Appendix 23) that HA would produce a poster on procedures and practices on the booking of first appointment at SOPC for the information of both the public and HA staff. The poster would be ready in the first half of 2015.

Appointment scheduling practices of SOPCs and disclosure of waiting time information

55. As pointed out in paragraphs 5.18 and 5.19 of the Audit Report, different SOPCs adopted different appointment scheduling practices, which contributed to less than optimal utilization of appointment slots and that slots from cancelled appointments were not put in the most efficient use. The Committee enquired what measures HA would take to increase the efficiency of the appointment system to better utilize the available appointment slots.

56. **Chief Executive of HA** responded that HA would conduct a comprehensive review on the appointment scheduling practices of SOPCs and issue relevant

guidelines to all clusters with a view to standardizing the practices of SOPCs. He supplemented after public hearings in the letter dated 14 January 2015 (in Appendix 23) that the following measures would be implemented to enhance the efficiency of appointment scheduling system:

- a SOPC Phone Enquiry System was implemented as a pilot initiative in the Kowloon Central cluster in 2011 for answering SOPC enquiries and other related functions, including allowing patients to give advance notice to cancel or reschedule their consultation appointments. SOPCs could thus fully utilize the released quotas to arrange appointments for other patients. HA planned to extend the pilot programme to the other six clusters in 2015-2016;
- a SOPC Operation Manual would be published in 2015-2016 to all clusters with a view to aligning different practices of SOPCs in scheduling appointments; and
- good appointment scheduling practices adopted by some clusters which had achieved optimal utilization of service capacity would be shared among clusters to encourage other SOPCs to adopt such good practices.

57. In response to the Committee's enquiry on the disclosure of waiting time information, **Chief Executive of HA** replied that at present, information regarding waiting time for five of the eight specialties, namely Ear, Nose and Throat, Gynaecology, Ophthalmology, Orthopaedics and Traumatology and Paediatrics had been uploaded onto the HA's website. HA planned to upload the waiting time information for the remaining three major specialties on its website in first half of 2015. In addition, HA would display comprehensive, standardized and updated waiting time information in SOPCs in first half of 2015 in order to facilitate patients' understanding of the waiting time situation for making informed decision on treatment choices.

Services provided by CGATs

58. The Committee noted from paragraph 5.24 of the Audit Report that the outreach medical consultation services provided by CGATs to elderly residing in RCHEs were effective in reducing Accident and Emergency attendances and hospital admissions of elderly residents of the RCHEs. However, the service coverage of CGAT had remained unchanged in the past few years. The Committee enquired whether HA had plans to expand the service capacity of CGATs to benefit more

elderly residing in RCHEs. In reply, **Chief Executive of HA** said that in view of the current manpower shortage situation in the public healthcare sector, HA had to prioritize the use of the scarce resources to cope with the increasing service demand. HA would continue to monitor the demand for CGAT services, and through the annual planning exercise in 2016-2017 and forthcoming years, to meet the needs for CGAT service in areas where there were expansion of RCHEs.

Re-designating Geriatrics as a separate specialty

59. The Committee enquired whether HA would consider, from the perspective of efficient utilization of healthcare resources and to better cater for the needs of elderly patients, re-designate Geriatrics as a separate specialty.

60. In reply, **Secretary for Food and Health** and **Chief Executive of HA** said that:

- the classification of specialties and subspecialties in HA was generally based on that of the Hong Kong Academy of Medicine and respective Colleges;
- provision of services for patients was based on healthcare needs rather than on the age of patients;
- many of the elderly patients had multiple medical conditions and functional disabilities requiring treatments and care from various other specialties and subspecialties in addition to Medicine or Geriatrics having regard to the clinical conditions of individual patients;
- HA had established systems to provide platforms for joint input of relevant professionals from various specialties and subspecialties for patients under a particular medical condition; and
- the existing organization of specialties/subspecialties was cost-effective from the overall perspective of serving both elderly and non-elderly patients.

61. **Dr Derrick AU, Director (Quality and Safety), HA** supplemented that there were specialist teams within the Medicine Specialty to offer medical services for the elderly. HA would keep in view the healthcare needs of elderly patients in

the coming years and to revisit, when necessary, the need to re-designate Geriatrics as a separate specialty.

F. Conclusions and recommendations

<p>Overall comments</p>

62. The Committee:

- expresses serious concern that, although the Legislative Council had approved substantial expenditure to the Department of Health ("DH") for the provision of elderly healthcare services (\$1,034 million in 2014-2015) and the Hospital Authority ("HA") for services on elderly patients (estimated at \$23 billion out of HA's annual expenditure of \$50 billion in 2013-2014), DH and HA had not managed these resources effectively and the considerable resources allocated were not optimally utilized to provide timely, efficient and value-for-money services for the elderly, as evidenced by the following unsatisfactory performances:
 - (a) based on the assessment mix of first-time and subsequent health assessments in 2013 and assuming zero additional intake and attrition, and averaging amongst the 18 Elderly Health Centres ("EHCs"), it would take 3.7 years for all the elderly on the waiting list to enroll as members of EHC to receive first-time health assessment. In some districts, such as Wan Chai and Yau Ma Tei, the waiting time was even over nine years;
 - (b) only 2 274 elderly (against a target of 10 000 elderly) had been enrolled in the Elderly Health Assessment Pilot Programme ("EHAPP") in its first year of operation. The programme's effectiveness to recruit frail elderly (i.e. no health assessment received before, not receiving regular follow-up by healthcare service providers and living alone), who is the priority target of the programme, is yet to be determined;
 - (c) the service efficiency of health promotion activities ("HPAs") provided by Visiting Health Teams ("VHTs") was unsatisfactory as a number of HPAs provided to residential care homes for the elderly ("RCHEs") and other elderly-related institutions ("non-RCHEs") were poorly attended. VHTs should have made

sure that carers would accompany the elderly to attend those HPAs that required carers' attendance in order to provide needed assistance to the elderly;

- (d) participation of private healthcare service providers in the Elderly Health Care Voucher Scheme ("EHCVS") as well as the usage of health care vouchers by the elderly were low. Also, there were management problems in monitoring voucher claims, as evidenced by a number of errors/omissions found in the Audit Commission ("Audit")'s examination of the consent forms⁴ and the lack of guidelines issued by DH to healthcare service providers enrolled in EHCVS on the proper completion of consent forms. Voucher accounts of deceased elderly were still active which reflected the poor management of EHCVS; and
- (e) elderly patients' waiting time for Routine cases⁵ at Specialist Out-patient Clinics ("SOPCs") was increasing, and cross-cluster referral arrangement is limited to three Specialties only (i.e. Ear, Nose and Throat, Gynaecology and Ophthalmology);
- expresses serious concern that the elderly's health conditions might deteriorate during the long waiting time for healthcare services provided by DH and HA and considers that DH and HA should and could have done more to address the growing healthcare needs of the elderly;
 - urges DH and HA to improve their service efficiency and to provide timely, value-for-money and elderly-oriented healthcare services that can best meet the needs of the elderly;
 - recommends HA to explore, from the perspective of efficient utilization of healthcare resources and to better cater for the needs of elderly patients, the feasibility of setting up a Geriatrics Specialty or a dedicated unit for elderly patients at SOPCs to efficiently cope with the anticipated higher healthcare service demand arising from an ageing population;

4 An elderly is required to complete and sign a consent form after he/she receives healthcare service by using health care vouchers. DH will examine the propriety of the consent forms signed by the elderly to verify the validity of claims made by healthcare service providers enrolled in EHCVS.

5 Patients referred to SOPCs for first consultation are triaged into one of the three categories of Priority 1 (urgent), Priority 2 (semi-urgent) or Routine based on their clinical conditions. HA sets target median waiting time of two and eight weeks for Priority 1 and Priority 2 cases respectively. No target time is set for Routine cases.

Long waiting time for first-time health assessments at EHCs

- expresses serious concern that:
 - (a) although the elderly population had increased by 26% from 831 000 to 1 049 000 in the past ten years, the 18 EHCs kept on providing less than 40 000 health assessments a year to the elderly in the same period. The capacity of EHCs had not been expanded in a timely manner to align with the growth of elderly population;
 - (b) given the persistent long waiting time⁶ for first-time health assessments at EHCs, DH has not recognized the extent of the demand and allocated sufficient resources to cope with the service demand, as evidenced by the following:
 - only two reviews were conducted in 2002 and 2007 respectively on the demand for health assessment services of EHCs and measures to shorten the waiting time;
 - no review has been conducted on the justifications for the provision of curative treatments by EHCs in parallel with the General Out-patient Clinics ("GOPCs") of HA;
 - DH has not ascertained the varying level of services demand arising from first-time and subsequent health assessments and curative treatments at EHCs and has not subsequently planned for the manpower resources among the EHCs accordingly; and
 - there was significant variation among EHCs in the waiting time for first-time health assessments, implying that there was room in re-allocating manpower among EHCs to help shorten the waiting time for EHCs with a relative larger number of elders on the waiting list;
 - (c) despite the fact that more medical conditions are uncovered in first-time health assessments vis-à-vis subsequent assessments, DH

⁶ Waiting time refers to the duration between the date when an elderly applies for enrolment at an EHC to the date of enrolment (which is also the date of first-time health assessment).

has not reviewed the assessment mix of EHCs to provide more first-time assessments⁷; and

- (d) DH has set a target of providing subsequent health assessment for every EHC member once about every 18 months. However, no such target or performance pledge is set for the waiting time for enrolment to EHCs to receive first-time assessments;
- does not agree with the remarks made by Secretary for Food and Health that EHCVS might have supplemented the assessment services provided by EHCs and that the elderly on the waiting list for enrolment to EHCs might have used health care vouchers to meet their needs for health assessments, as the Director of Audit's Report ("the Audit Report") revealed that, between 2009 and 2013, only less than 9% of the health care vouchers used by the elderly were spent on preventive care. Also, DH did not have any relevant statistics to substantiate such remarks;
 - expresses serious concern about the following remarks made by Secretary for Food and Health and Director of Health at the public hearings in addressing the problem of long waiting time for enrolment to EHCs:
 - (a) in response to the Audit's recommendation stated in paragraph 2.18(a) of the Audit Report which suggested Director of Health to critically review the EHC capacity to ascertain if it had been aligned with the growth of the elderly population, the remark that it would not be possible to expand the capacity of EHCs to align with the growth of elderly population; the orientation of EHCs should not be that of mere service provision and EHCs alone could not meet the healthcare needs of all elderly; and
 - (b) in response to the Audit's recommendation stated in paragraph 2.18(b) of the Audit Report that Director of Health should explore the feasibility of setting a performance pledge for waiting time for enrolment to EHC, the remark that DH would only explore the feasibility of setting a performance pledge based

⁷ EHCs provide first-time and subsequent health assessments to the elderly. The allocation of assessment sessions to first-time vis-à-vis subsequent assessments by EHCs is not identical across the board. Some EHCs allocate more sessions to first-time assessments while others do not.

on the experience gained in the operation of the two clinical teams which would be established in 2014-2015 and 2015-2016⁸;

- urges Director of Health to expedite measures to resolve the problem of long waiting time for enrolment to EHCs to receive first-time health assessments, and to set a performance target on the waiting time and a timetable in achieving the target;
- recommends Director of Health to:
 - (a) conduct a comprehensive review on EHCs' mode of operation to better cope with the growth in service demand arising from an ageing population in the coming decades; and
 - (b) collect relevant statistics to ascertain the demands for elderly healthcare services, and the extent of how such demands have been/are to be met by the various initiatives introduced, such as EHCVS and EHAPP;

Effectiveness of EHAPP

- expresses serious concern about the effectiveness of EHAPP as evidenced by the low enrolment rate of the elderly;
- considers that DH should explore ways to enhance the elderly's enrolment in EHAPP, especially frail elderly, by working more closely with collaborating non-governmental organizations and stepping up publicity for the programme;

Efficiency of services provided by VHTs

- expresses grave concern and finds it unacceptable that the service efficiency of VHTs was far from satisfactory, as evidenced by the following:
 - (a) a large number of HPAs were conducted for some RCHEs/non-RCHEs even when the attendance by the elderly and their carers were low;

⁸ Two additional clinical teams would be created in the Lek Yuen EHC in 2014-2015 and in the Wan Chai EHC in 2015-2016 respectively.

- (b) many of the contents of HPAs have not been updated;
 - (c) attendance of the elderly's family members to HPAs was extremely low; and
 - (d) health records of non-private RCHEs and those private RCHEs which have computerized their health records were not reviewed by VHTs;
- acknowledges that DH will implement measures to enhance service efficiency of VHTs, such as to proactively approach RCHEs/non-RCHEs to ascertain their service needs and suitably adjust the frequency and content of HPAs to better suit their needs, and will review the mode of operation of VHTs in conducting HPAs with a view to introducing service improvements;

Administration of EHCVS

Participation of healthcare service providers and the use of vouchers by the elderly

- expresses grave concern that:
- (a) despite the services of enrolled Medical Practitioners and enrolled Chinese Medicine Practitioners are most in demand by the elderly as their services had accounted for 93% of the voucher claims made by healthcare service providers enrolled in EHCVS, their enrolment rate only accounted for 34% and 23% respectively of the estimated number of service providers in private practice;
 - (b) the non-enrolment of private healthcare service providers near the residing place of the elderly might discourage the use of health care vouchers by the elderly;
 - (c) as at December 2013, nearly 75% (or 415 000) of the enrolled elderly had vouchers which remained unused, of which 10% (or 41 844) of them had never used any of the vouchers issued to them. The value of unused vouchers of the 415 000 elderly amounted to \$491 million;
 - (d) as at January 2014, nearly 10% (or 53 000) of the elderly had their vouchers forfeited because the value of their unused vouchers had

exceeded the accumulation limit of \$3,000. The value of vouchers forfeited amounted to \$9.6 million; and

- (e) the elderly mainly use the vouchers to settle medical fees for treating acute episodic conditions rather than for preventive care purposes;
- acknowledges the following measures implemented by DH to enhance the participation of healthcare service providers and promote the wider use of vouchers by the elderly:
 - (a) enhancing the attractiveness of the programme by doubling the annual voucher amount for each eligible elderly from \$1,000 per year in 2013 to \$2,000 per year in 2014, changing the face value of each voucher from \$50 to \$1, and increasing the accumulation limit to \$4,000;
 - (b) stepping up the publicity of EHCVS, such as the use of television and radio announcements of public interest and other effective channels to raise public awareness of the programme; and
 - (c) appealing to medical professional bodies to solicit their support to encourage the enrolment of their members;

Management problems of EHCVS

- expresses grave concern and finds it unacceptable about DH's inefficacy and laxity to manage and administer EHCVS to ensure proper governance of the programme, as evidenced by the following:
 - (a) voucher accounts of deceased elderly had not been closed and DH continued issuing vouchers to the accounts. As at March 2014, the deceased elderly had accumulated unused vouchers amounting to \$262 million;
 - (b) the number of vouchers held by deceased elderly was inadvertently included in making provision for EHCVS in the 2014-2015 Estimates of Expenditure, and the provision had been inflated by \$92 million as a result; and
 - (c) inadequacy in the conduct of routine and follow-up inspections by DH to deter the occurrences of unsatisfactory practices adopted by

- some enrolled healthcare service providers, such as requiring an elderly to sign excessive and blank consent forms for one consultation;
- expresses serious concern about the limited features of the eHealth System⁹ for EHCVS which does not capture essential information and statistics for evaluating the effectiveness of the programme;
 - acknowledges that DH will take the following actions for improvement:
 - (a) review the inspection protocol on monitoring voucher claims, such as conducting surprise checks;
 - (b) consider taking escalating measures against those malpractice healthcare service providers, such as issuing advisory letters or warning letters where warranted, after guidance has been given to them and no improvements are shown;
 - (c) follow up on the cases of errors/omissions identified in the consent forms, such as missing and incorrect information as well as unsatisfactory practices adopted by healthcare service providers including requiring an elderly to sign excessive and blank consent forms as identified by Audit. No fraudulent practices have been discovered so far; and
 - (d) conduct a comprehensive review of EHCVS in mid-2015 to fully gauge the feedback of the elderly and enrolled healthcare service providers on the use of the vouchers, scheme awareness and participation, satisfaction with the scheme and the impact of the scheme on healthcare seeking behaviour for programme enhancements;
 - recommends DH to consider making enhancements to the eHealth System so that more detailed statistics could be compiled for assessing the effectiveness of the programme;

⁹ The eHealth System was purposely designed for the EHCVS providing an electronic platform on which participating healthcare service providers can manage the registration of eHealth accounts for the elderly and to submit claims to DH on the vouchers used by the elderly.

HA's provision of specialist out-patient services to elderly patients

- notes that:
 - (a) the attendance of elderly patients at the seven major specialties of SOPCs, namely, Ear, Nose and Throat; Gynaecology; Medicine; Ophthalmology; Orthopaedics and Traumatology; Psychiatry; and Surgery increased by 12% from 1.88 million to 2.11 million between 2009-2010 and 2013-2014. In 2013-2014, elderly patients represented 37% of all attendances at the seven specialties; and
 - (b) the Medicine Specialty has the highest attendance of elderly patients. The subspecialty of Geriatrics is currently under the Medicine Specialty;
- notes the following justifications given by HA for not designating Geriatrics as a separate specialty in providing healthcare services for elderly patients:
 - (a) provision of services for patients is based on healthcare needs instead of the mere factor of age of the patients;
 - (b) many of the elderly patients have multiple medical conditions and functional disabilities requiring treatments and care from various other specialties and subspecialties in addition to Medicine or Geriatrics having regard to the clinical conditions of individual patients;
 - (c) HA has established systems to provide platforms for joint input of relevant professionals from various specialties and subspecialties for patients under a particular medical condition; and
 - (d) the existing organization of specialties/subspecialties is cost-effective from the overall perspective of serving both elderly and non-elderly patients;
- urges HA to consider measures to better cater for the increasing healthcare needs of the elderly patients; to keep the situation under constant review and to revisit, when necessary, the need to re-designate Geriatrics as a separate specialty;

Waiting time for first SOPC consultation and cross-cluster arrangements

- expresses grave concern that:
 - (a) despite HA has implemented measures to shorten the waiting time for first SOPC consultation, waiting time for Routine cases at SOPCs has generally increased;
 - (b) cross-cluster referral arrangement is currently available for three specialties (namely, Ear, Nose and Throat, Gynaecology and Ophthalmology) only and elderly patients' waiting time for Routine cases varied significantly across different clusters, implying that there might be room for expanding the cross-cluster referral arrangement;
 - (c) although HA allows patients to select an SOPC for first consultation in any cluster according to their preference, some clusters do not allow patients from other clusters to book appointments in their SOPCs; and
 - (d) the display of waiting time information at SOPCs and on HA's website is not updated, comprehensive and consistent;
- urges HA to devise effective measures to shorten the waiting time for Routine cases at SOPCs, and to extend the cross-cluster referral arrangement to more specialties as far as possible to enable efficient utilization of healthcare resources to benefit more elderly patients;
- notes that the possibility of introducing cross-cluster referral arrangement hinges on a number of factors, such as preference of patients and the existence of significant disparity in waiting time among clusters;
- acknowledges that HA will take steps to remind staff of SOPCs in all clusters to allow patients to attend SOPCs of their choices whenever clinical condition and capacity warranted and disclose comprehensive and updated waiting time information as appropriate in a timely manner;

Appointment scheduling practices of different SOPCs

- expresses serious concern that:
 - (a) some SOPCs adopted different appointment scheduling and booking practices, resulting in varying levels of unscheduled appointment slots reserved for unforeseeable cases among the clinics. This might lead to less than optimal utilization of available appointment slots; and
 - (b) some appointment slots from cancelled appointments are not released in a timely manner for re-booking;
- urges HA to conduct a comprehensive review on the appointment scheduling practices and the appointment systems of SOPCs to better utilize available appointment slots;

Outreach consultation service provided by CGATs

- notes that the outreach medical consultation services provided by CGATs to elderly residing in RCHEs are effective in reducing Accident and Emergency attendances and hospital admissions of elderly residents of RCHEs;
- expresses serious concern that:
 - (a) although the services of CGATs are effective, service coverage of CGATs has remained unchanged in the past few years;
 - (b) as at March 2014, some 4 500 elderly residing in 77 RCHEs had not received CGATs' services; and
 - (c) a review of the service of CGATs conducted in 2012 by a working group under the Geriatrics Subcommittee¹⁰ concluded that the coverage of CGATs would not be expanded unless additional resources were available; and

¹⁰ The Geriatrics Subcommittee comprises doctors from the Department of Medicine and Geriatrics of various HA clusters/hospitals. The Subcommittee meets quarterly to discuss professional matters related to geriatric services, including service development, quality assurance, workforce and training.

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- urges HA to expand the service coverage of CGATs to include more RCHEs with a view to enhancing the healthcare quality of elderly residing in RCHEs.

Specific comments

63. The Committee:

Elderly health assessment services of DH

- expresses serious concern that:
 - (a) despite the rising trend of the elderly population in the past ten years, the 18 EHCs had kept on providing less than 40 000 health assessments a year to the elderly. The EHC capacity had not been expanded in a timely manner to cope with the demand for health assessment services by the elderly;
 - (b) the number of elderly waiting for first-time health assessments at EHCs has been rising in the past few years. Unless the mix of first-time and subsequent health assessments is adjusted or capacity is added, it would take 3.7 years, and over 9 years for some EHCs, to clear the backlogs of first-time health assessments;
 - (c) there is significant disparity in the number of curative treatments conducted among EHCs (ranging from an average of 16 to 33 curative treatments per day from 2009 to 2013), suggesting that some EHCs might have spare capacity for conducting more health assessments;
 - (d) curative treatments are provided by both EHCs of DH and GOPCs Clinics of HA. Nonetheless, no review has been conducted on the justifications for the provision of curative treatments by EHCs;
 - (e) there is significant disparity among EHCs in the waiting time for allied health counseling services, ranging from 1.1 to 11 weeks; and
 - (f) up to mid-July 2014, against a target of 10 000 elderly, only 2 274 had enrolled in EHAPP in its first year of operation;

- notes that DH:
 - (a) has introduced a number of initiatives, such as EHAPP and EHCVS, to act as alternative models of service delivery to meet the demand of the elderly for health assessment services;
 - (b) will review and monitor regularly the workload of each EHC with a view to implementing measures to enhance service efficiency and shorten the waiting time for first-time assessments;
 - (c) will explore the feasibility of setting a performance pledge on waiting time in 2016 after the two additional clinical teams have been established and the experience of their operation has been reviewed;
 - (d) will review the strategic directions of EHCs in the light of experience gained through new models of service provision including EHCVS and EHAPP;
 - (e) will review the working arrangements of allied health staff and adjust their duty rosters to allow more frequent visits to those EHCs with long waiting time; and
 - (f) has agreed with the Audit's recommendations in paragraphs 2.18, 2.26 and 2.32 of the Audit Report;

Educational and advisory health services provided by VHTs

- expresses grave concern and finds it unacceptable that:
 - (a) VHTs do not maintain a full list of non-RCHEs and as a result, elders and carers in some non-RCHEs might not have the opportunities to receive health education;
 - (b) some RCHEs and non-RCHEs are provided with a large number of HPAs even though HPAs were poorly attended;
 - (c) no review has been conducted to evaluate the effectiveness of HPAs provided by VHTs; and

- (d) VHTs do not review the health records of non-private RCHEs, and those private RCHEs the health records of which have been computerized;
- notes that Director of Health has agreed with the Audit's recommendations in paragraphs 3.11 and 3.16 of the Audit Report;

Administration of EHCVS

- expresses grave concern and finds it unacceptable that:
 - (a) the services of enrolled Medical Practitioners and enrolled Chinese Medicine Practitioners are in great demand by the elderly, and yet their enrolment only accounted for 34% and 23% of the estimated number of service providers in private practice;
 - (b) the ratios of medical practitioners enrolled in EHCVS to eligible elderly were uneven among the 18 districts. The non-enrollment of healthcare service providers in some districts might affect the usage of health care vouchers by the elderly;
 - (c) as at end of 2013, there were 415 000 elderly who had vouchers remained unused (the value of which amounted to \$491 million). About 10% of these elderly (i.e. 41 844 elderly) had never used the vouchers issued to them;
 - (d) about 10% (i.e. 53 000) of the elderly who joined the programme had their vouchers forfeited with the accumulation limit having been exceeded;
 - (e) as the voucher accounts of 100 000 deceased elderly under the eHealth System had not been closed, vouchers would continue to be issued to them. As a result, the deceased elderly accounts had accumulated unused vouchers amounting to \$262 million, and the 2014-2015 Estimates of Expenditure had also been inflated by \$92 million;
 - (f) DH has all along been adopting a standard pattern of routine checking. In an examination of the consent forms of 5 031 claims, Audit identified 704 errors/omissions and a number of unsatisfactory practices adopted by some service providers, such as requesting an elderly to sign excessive and blank consent forms;

- (g) in the five years from 2009 to 2013, less than 9% of the vouchers were used for preventive care purpose; and
 - (h) a comprehensive review of EHCVS has not been conducted after it has been converted into a recurrent programme;
- notes that DH:
- (a) has stepped up the publicity of EHCVS and has encouraged the participation of private healthcare service providers through professional medical bodies;
 - (b) has started to implement changes to the eHealth System to manage the voucher accounts of the deceased elderly such that they will be excluded when preparing the estimates for EHCVS;
 - (c) will avoid adopting a standard pattern of routine checking and take escalated actions such as issuing advisory letters and warning letters to problematic healthcare service providers where warranted;
 - (d) will conduct a comprehensive review of EHCVS in mid-2015; and
 - (e) has agreed with the Audit's recommendations set out in paragraphs 4.9, 4.21, 4.37 and 4.40 of the Audit Report;

Provision of specialist out-patient services to elderly patients

- notes that:
- (a) 46% of HA's operating expenditure in 2013-2014 was spent on elderly patients; and
 - (b) the number of elderly patients at the seven major specialties of SOPCs (excluding Paediatrics) increased by 12% from 1.88 million to 2.11 million between 2009-2010 and 2013-2014;
- expresses grave concern that:
- (a) in the five years from 2009-2010 to 2013-2014, the waiting time of Routine cases of elderly patients for first consultation at SOPCs had generally increased;

- (b) the 90th percentile waiting time for Routine cases of elderly patients varied significantly among different clusters;
 - (c) the appointment scheduling practices among SOPCs are different. There is room for improvement in the monitoring and booking of appointment slots in SOPCs;
 - (d) the cross-cluster referral arrangement is only available for three Specialties (namely, Ear, Nose and Throat, Gynaecology and Ophthalmology). Some clusters do not allow patients from other clusters to book appointments in their SOPCs; and
 - (e) the display of waiting time information at SOPCs and on the website of HA is not comprehensive, timely and up-to-date; and
- notes that the Chief Executive, HA has agreed with the Audit's recommendations in paragraphs 5.13, 5.22, 5.27, 5.35 and 5.41 of the Audit Report.

Follow-up action

64. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and the Audit Commission .

A. Introduction

The Audit Commission ("Audit") conducted a review of the provision of office accommodation and facilities in the new Civil Aviation Department ("CAD") headquarters built on the Airport Island.

Background

2. In January 2008, the Finance Committee ("FC") of the Legislative Council ("LegCo") approved funding of \$1,997 million to construct the new CAD headquarters with a construction floor area¹ ("CFA") of about 65 000 square metres ("m²") and net operational floor area² ("NOFA") of about 22 775 m², including 3 240 m² of area which was reserved for future expansion. Although the new CAD headquarters project was commissioned on schedule (in December 2012) and the actual expenditure was within the approved provision, Audit identified that the information in the funding proposal and papers submitted to the committees of LegCo was incomplete and there were numerous cases of non-compliance in the implementation of the new CAD headquarters project.

Inadequacies/non-compliances identified by Audit

3. The Committee was particularly concerned about the following inadequacies/non-compliance identified in the Director of Audit's Report ("the Audit Report"):

- in addition to the 3 240 m² which was a space approved by the Property Vetting Committee³ ("PVC") for future expansion of the new CAD headquarters, a 1 500 m² of area which was reserved for future expansion beyond 2025 was built instead of making provision in the building foundation and design as the original plan supported by the Transport and Housing Bureau ("THB"). This area built was not specified in the schedule of accommodation vetted by the Government

1 CFA includes all areas within the building structure envelope. Besides NOFA, it includes areas for facilities such as toilets, shower rooms, lift lobbies, stair halls, public corridors, escalators, flat roofs, plant rooms and carparks.

2 NOFA refers to the floor area actually allocated to the users for carrying out the intended activities.

3 PVC is established under the Accommodation Regulations to vet and approve schedules of accommodation for departmental specialist buildings to ensure that optimum utilization of the site is duly considered. It is chaired by an Assistant Director of the Architectural Services Department and comprises representatives of the Financial Services and the Treasury Bureau and the Government Property Agency as members.

Property Agency ("GPA") and not approved by PVC and its inclusion in the contract was without the knowledge of THB;

- this 1 500 m² additional space was not mentioned in the relevant funding proposal and papers submitted by the Administration to LegCo;
- three facilities, including the toilet/shower facilities in the Director-General of Civil Aviation's office, the rest rooms for accident investigators and the multi-function room with recreational facilities, were not built in accordance with the approved schedule of accommodation; and
- prior approval had not been sought for procuring some system equipment. More liquid crystal display ("LCD") video display units were purchased than the quantity mentioned in the application to the Financial Services and the Treasury Bureau ("FSTB") for approval.

4. Flowcharts detailing the process of obtaining approval for the accommodation provision and the acquisition of new equipment under the new CAD headquarters project and the observed non-compliance are in ***Appendix 24***.

The Committee's Report

5. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 9);
- Provision of reserve space for future expansion (Part B) (paragraphs 10 to 23);
- Control over deviations from approved schedule of accommodation (Part C) (paragraphs 24 to 36);
- Provision of furniture and equipment (Part D) (paragraphs 37 to 52);
- Provision and utilization of car parking spaces (Part E) (paragraphs 53 to 55);
- Dedicated project team of CAD (Part F) (paragraphs 56 to 58);

- Way forward (Part G) (paragraphs 59 to 62); and
- Conclusions and recommendations (Part H) (paragraphs 63 to 65).

Public hearings

6. The Committee held two public hearings on 9 December 2014 to receive evidence on the findings and observations of the Audit Report.

Opening statement by the Secretary for Transport and Housing

7. **Professor Anthony CHEUNG, Secretary for Transport and Housing**, made an opening statement at the beginning of the Committee's first public hearing held on 9 December 2014, a summary of which is as follows:

- as a policy bureau, the role of THB was to consider the relevant proposals made by departments under its purview taking into account its policy objectives, and to examine whether such proposals were in line with its policy direction. As the development of the new CAD headquarters and replacement of the air traffic control ("ATC") system would help enhance the overall operational efficiency of CAD and its handling capacity, and strengthen Hong Kong's status as an international and regional aviation hub, THB had given policy support to both projects;
- CAD was responsible for defining the project scope and carrying out necessary public consultation for the new CAD headquarters project. The Architectural Services Department ("ArchSD") was the project director and responsible for overseeing the quality, progress and expenditure of the project. The Director of Architectural Services was also the Controlling Officer for this project. The two departments had to work closely together to implement the project, ensuring that the project cost would not exceed the project estimate approved by FC, and that the project scope should comply fully with the one approved by FC;
- as agreed by the Director of Audit in paragraph 6.2 of the Audit Report, the new CAD headquarters project was both a complex and time-critical project. On one hand, it had to cater for the specialized requirements of a modern ATC system and reserve sufficient spaces for

future expansion of services. On the other hand, it had to be completed under a tight schedule. The complexity and tight schedule of the project were not excuses for the various issues pointed out in the Audit Report; and

- as the Secretary for Transport and Housing, he was very concerned about the deviations from established procedures and requirements, and had requested the Director-General of Civil Aviation to proactively follow up the recommendations made in the Audit Report, including formulating relevant internal guidelines, informing CAD staff of the Audit findings and lessons learnt, and reinforcing the culture of "compliance" with the related procedures and systems. In addition, THB had also requested the Director-General of Civil Aviation to submit a detailed report on the issues pointed out in the Audit Report together with their sequence of events for necessary follow-up.

The full text of the Secretary for Transport and Housing's opening statement is in *Appendix 25*.

Opening statement by the Director-General of Civil Aviation

8. **Mr Norman LO Shung-man, Director-General of Civil Aviation**, made an opening statement at the beginning of the Committee's first public hearing held on 9 December 2014, the summary of which is as follows:

- CAD accepted all the recommendations in the Audit Report. In response to the Audit's findings, CAD had taken effective improvement measures and strengthened internal management to ensure CAD's compliance with relevant Government regulations and guidelines in future;
- staff of CAD understood the need to comply with Government regulations and approval procedures. As far as the new CAD headquarters project was concerned, the provision of furniture and equipment, and the planning of office accommodation requirements were all based on CAD's operational needs; and
- for staff of CAD, this project was an unprecedented building project. Although it was completed as scheduled and its actual expenditure was within the approved budget, he admitted that staff of CAD lacked adequate experience to manage this kind of project in an effective

manner. The non-compliance mentioned in the Audit Report was mainly due to their inadequacies in following the approved procedures and in communication. Being the head of CAD, he assumed supervisory accountability for those inadequacies.

The full text of the Director-General of Civil Aviation's opening statement is in *Appendix 26*.

Opening statement by the Director of Architectural Services

9. **Mr LEUNG Koon-kee, Director of Architectural Services**, made an opening statement at the beginning of the Committee's first public hearing held on 9 December 2014, the summary of which is as follows:

- ArchSD agreed with all the recommendations in the Audit Report and would actively follow up the recommendations made by the Public Accounts Committee and the Audit;
- the Chairman of PVC (an Assistant Director of ArchSD) had already issued a memo reminding Heads of Department to submit schedules of accommodation to PVC for approval in a timely manner;
- ArchSD had implemented an electronic-room data sheet information system since May 2014 to collect and review the accommodation requirements of user departments more effectively. The system could check whether the accommodation requirements and the approved schedules of accommodation were consistent; and
- ArchSD had already added more check points at different stages of projects in the ArchSD Project Administration Handbook to remind its staff responsible for project management to timely follow up and ensure the work scope was based on the approved schedule of accommodation.

The full text of the Director of Architectural Services's opening statement is in *Appendix 27*.

B. Provision of reserve space for future expansion

Building of an additional 1 500 m² for expansion beyond 2025

10. The Committee noted that the funding approved by FC was to construct the new CAD headquarters with a CFA of about 65 000 m² and NOFA of about 22 775 m², including 3 240 m² reserved for future expansion (i.e. NOFA supported by GPA and approved by PVC).

11. According to paragraph 2.15(a) of the Audit Report, THB acknowledged in its memorandum of 21 September 2007 that the provision of further reserve space of 1 500 m² for expansion beyond 2025 on day one might not be justifiable. It only requested PVC to consider the possibility of making provisions in the building's foundation and design without significant increase in construction costs to provide flexibility for this in future. However, this 1 500 m² for future expansion was built in the CAD headquarters without the knowledge of THB. In this regard, the Committee enquired whether consideration had been given to the provision of this 1 500 m² for future expansion in vetting and approving the total NOFA for the new CAD headquarters by GPA and PVC respectively.

12. **Mr Alan SIU Yu-bun, Government Property Administrator**, replied that GPA and PVC had already taken into consideration THB's policy support for inclusion of future expansion capabilities in the design and foundation of the new CAD headquarters as well as the views of members of the LegCo Panel on Economic Development on reserving extra space to cater for future expansion in coming up with the total NOFA of about 22 775 m², including 3 240 m² of area reserved for future expansion for the new CAD headquarters. The 1 500 m² additional space for future expansion was not in the NOFA approved by PVC.

13. Under the above circumstance, the Committee queried why this 1 500 m² additional space was built instead of making provisions in the building's foundation, and why the Director of Architectural Services, as the Controlling Officer of the project, had not requested CAD to seek prior approval from PVC for building the 1 500 m² additional space.

14. **Director-General of Civil Aviation** replied that it was the understanding of both CAD and ArchSD that the 1 500 m² additional space for future expansion had

been agreed to by GPA via its memorandum dated 3 October 2007 and approved by PVC via its memorandum dated 22 October 2007.

15. **Director of Architectural Services** explained at the public hearings and in his letter dated 19 December 2014 (in *Appendix 28*) that:

- in April 2007, CAD submitted a draft schedule of accommodation for its new headquarters proposing the space requirements. When the vetting of the draft schedule of accommodation was in progress, CAD made a further request to GPA for an additional reserve area of 1 500 m² for expansion to cater for air traffic growth beyond 2025;
- on 21 September 2007, THB wrote to PVC to request the latter to consider the possibility of making provisions in the building's foundation and design for the 1 500 m² without significant increase in construction costs to provide flexibility for this in future;
- on 3 October 2007, GPA completed its vetting of the draft proposed schedule of accommodation and informed CAD and PVC by a memorandum that the supported NOFA requirement was 22 775 m², and GPA noted that members of the LegCo Panel on Economic Development had urged the provision of sufficient space to cater for future expansion and that THB supported CAD's proposal in this regard. GPA therefore had no objection to include in the schedule of accommodation the expansion requirements based on CAD's operational plan for this project (in *Appendix 29*);
- On 22 October 2007, PVC informed CAD (with copies of the memorandum sent to GPA, FSTB, THB and ArchSD) that the schedule of accommodation for the new CAD headquarters was approved subject to comments in GPA's memorandum of 3 October 2007 among others (in *Appendix 30*);
- it was the understanding of both CAD and ArchSD that the building of 1 500 m² additional space for future expansion had been agreed to by GPA and approved by PVC via their memoranda dated 3 and 22 October 2007 respectively;
- he admitted that the extra future expansion area of 1 500 m² had been included in the 65 000 m² CFA of the new CAD headquarters, which was the basis for the tender documents of the new CAD headquarters;

- with hindsight, he agreed that there was ambiguity in GPA's memorandum dated 3 October 2007 on whether the 1 500 m² additional space for future expansion had been supported by GPA, and that ArchSD should have clarified with PVC and/or GPA on the matter; and
- ArchSD had undertaken to clarify with PVC and/or GPA in future when there was ambiguity in handling space reserved for future expansion.

16. **Ms CHAN Hoi-ming, Project Director/2 of ArchSD**, supplemented at the public hearings that, according to CAD's requirements, the 1 500 m² additional space for future expansion would be allocated to individual departments of CAD at various locations beyond 2025. Under this condition, if provision was only made in the foundation and the structure, the foundation design would need to allow extra loading of the additional areas at uncertain locations, which would result in ineffective design of the foundation and the structure, hence higher cost. In view of the technical feasibility and the requests from various parties, the 1 500 m² additional space for future expansion was included in the tender documents as unenclosed pocket spaces at various locations in the building in accordance with the Employer's Requirements provided by CAD.

Information submitted to LegCo for prior consultation/funding approval

17. As reported in paragraph 2.6 of the Audit Report, on 3 October 2007, CAD provided ArchSD with the Employer's Requirements which in effect required the 1 500 m² to be built. However, this 1 500 m² additional space was omitted from the papers submitted by Administration to the Panel on Economic Development in November 2007 and Public Works Subcommittee ("PWSC") in December 2007, and from the supplementary information provided by the Administration in January 2008 in response to Members' specific request at the PWSC meeting on 21 December 2007 for information on the area required for future expansion. As such, the Committee questioned why this 1 500 m² was omitted from the three papers to LegCo, and the source of funding for building this 1 500 m².

18. **Secretary for Transport and Housing** stated at the public hearings and in his letter dated 19 December 2014 (in *Appendix 31*) that:

- THB's established position at that time was that the reserved area of 1 500 m² would not be built on day one, and that making provisions in the building's foundation and design for allowing flexibility for future expansion should not involve substantial costs;
- in consideration of the above position and after taking into account CAD's view that the provision of 1 500 m² for future expansion would not involve substantial costs, THB agreed during the preparation of the paper on the "Development of a new Civil Aviation Department Headquarters on the Airport Island" (in *Appendix 32*) for discussion at the meeting of the Panel on Economic Development on 26 November 2007 that the paper would only mention that additional space had been earmarked in the building to cater for further expansion requirements arising from the growth in air traffic; and
- he agreed that CAD should have sought PVC's approval for building the additional 1 500 m² for future expansion in the new CAD headquarters building, and then submitted supplementary information on this additional area to PWSC/FC.

19. **Director-General of Civil Aviation** explained at the public hearings that:

- the 1 500 m² further expansion area had been included in the 65 000 m² CFA but not in the 22 775 m² NOFA of the CAD headquarters in the three papers submitted by the Administration to LegCo in paragraph 17 above since this further expansion area was an undesignated expansion area not correlated to any approved future manpower provision for carrying out intended activities at the time;
- in response to paragraph 2.16 of the Audit Report which stated that in October 2007 when preparing the paper for briefing the Panel on Economic Development by the Administration, THB consulted CAD on whether the paper should mention that provision would be made in the building's foundation and design to allow a further expansion in NOFA up to 1 500 m² if needed in future, CAD advised THB on 8 October 2007 that it would suffice to inform Members that adequate provision for future expansion had been made as the cost for such provision would not be significant;
- the responsible officers of CAD had no intention to conceal the 1 500 m² further expansion area from LegCo. When they informed

the Panel on Economic Development that the proposed funding of \$1,997 million was for the construction of 22 775 m² NOFA and that "additional space has been earmarked to cater for the replacement of the new ATC system in the future and further expansion requirements arising from the growth in air traffic", they intended to mean that the space for future expansion was in addition to the 22 775 m² NOFA; and

- with hindsight, he agreed that CAD should have mentioned the 1 500 m² in the papers submitted by the Administration to LegCo, and that more comprehensive and updated information should have been provided to LegCo.

20. Responding to the question as to why he, as the head of CAD who was responsible for defining the project scope, had not mentioned the 1 500 m² further expansion area to Members when answering Members' questions at the meeting of PWSC on 21 December 2007, **Director-General of Civil Aviation** stated that:

- when he attended the meeting of PWSC, he had no knowledge of the contents of the Employer's Requirements which in effect required the 1 500 m² to be built, and he based on the information in the schedule of accommodation approved by PVC in answering Members' questions; and
- one of the task forces under the CAD dedicated project team was set up to follow up the construction works of the new CAD headquarters project, and he was not informed of all the decisions made by the task force. Yet, he agreed that he, being the head of the department, should shoulder supervisory accountability for the inadequacies.

21. In response to the Committee's enquiry about the cost of building the extra 1 500 m² area for future expansion in the new CAD headquarters, **Director of Architectural Services** stated in his letter dated 19 December 2014 (in Appendix 28) that, the exact cost of building the 1 500 m² in NOFA for future expansion in the new CAD headquarters could not be separately retrieved from the design-and-build contract. As an estimate making reference to the prices in the contract, the cost was about \$51.7 million.

Need for a review of space utilization in the CAD premises

22. As revealed in paragraph 2.24 of the Audit Report, the reserve space of 3 240 m² included in the approved schedule of accommodation for expansion had not been fully utilized, and after the relocation of the entire Air Traffic Management Division to the new ATC centre which might take place in 2015, some 1 960 m² NOFA would be vacated in the old ATC centre on the air-side of the Hong Kong International Airport. In the light of this, the Committee doubted the need for CAD to further request an additional area of 1 500 m² for future expansion and asked about the relevant guidelines or criteria for working out 3 240 m² and 1 500 m² areas provided for future expansion as well as the estimated timeframe for utilization of these areas.

23. **Director-General of Civil Aviation** stated at the public hearings and in his letter dated 31 December 2014 (in *Appendix 33*) that:

- the expansion areas of 3 240 m² was worked out having due regard to the future accommodation requirement arising from the projected growth in air traffic up to at least 2025 as well as the additional area required to cater for the future in-situ equipment replacement for CAD's operational centres;
- the 3 240 m² expansion area consisted of a total of seven different items, namely ATC Centre (540 m²), Supporting equipment, systems and facilities of the ATC Centre (1 200 m²), Aircraft Search and Rescue Coordination Centre (100 m²), Aeronautical Network Centre (160 m²), Training and Examination Facilities (464 m²), Operational Evaluation, Research and Development Facilities (400 m²) and Ancillary Facilities (375.3 m²). Part of the above expansion area had already been utilized for its intended purpose. CAD had also made use of the relevant area as temporary storage for Phase 2 equipment of the new ATC system project;
- for the 1 500 m², it was an estimate of expansion requirement based on 6% of CAD's proposed schedule of accommodation of 25 380 m². The 6% estimate was adopted on the basis of the general trend of growth in aircraft movement in early 2000's;
- on 24 October 2014, PVC approved CAD's request to use 926 m² of the 1 500 m² reserve area for accommodating 119 additional staff. As for

the remaining 574 m², CAD had requested the assistance from GPA to identify other interim users; and

- the overall review of the space utilization of the CAD premises was under way and was anticipated to be completed by end January 2015. The review results would be submitted to GPA for approval.

C. Control over deviations from approved schedule of accommodation

Toilet/shower facilities in the Director-General of Civil Aviation's office

24. According to paragraphs 3.2 to 3.4 of the Audit Report, the proposed toilet/shower facilities in the Director-General of Civil Aviation's office were not supported by GPA and were not included in the schedule of accommodation approved by PVC. In September and December 2013, CAD informed FSTB and THB that while it was understood that the shower facility in the Director-General of Civil Aviation's office was not supported by PVC, it was retained in the room data sheet⁴ in order to make a reserve in the contract on the assumption that CAD would further pursue the request with GPA. However, it turned out that CAD had not followed up the request with GPA and the toilet/shower facilities were built without PVC's approval. In this regard, the Committee queried why CAD had not subsequently followed up the request with GPA.

25. **Director-General of Civil Aviation** stated at the public hearings and in his letter dated 31 December 2014 (in Appendix 33) that:

- he proposed to build the toilet/shower facilities in his office because he was appointed as the Chief Inspector of Accidents who would be in the office at small hours or overnight to take charge of the Accident Investigation Division in the event of aircraft accident;
- after submitting the Employer's Requirements to ArchSD on 3 October 2007, the CAD project team had focused on the funding application processes. Coupled with the lack of proper coordination and internal communication and the related heavy workload, the CAD project team had overlooked its follow-up action with GPA on this issue;

⁴ The room data sheet is a standard template designed by ArchSD for the user department to specify its requirements such as finishes, fixtures and furniture, lighting provision and other special needs. The room data sheet facilitates ArchSD in the collection, checking, alignment and control of room requirements.

- CAD had already converted the toilet/shower facilities in the Director-General of Civil Aviation's office into a departmental store room; and
- he held himself responsible for this mistake made by CAD.

26. In reply to the Committee's enquiry about the cost of building the toilet/shower facilities in the Director-General of Civil Aviation's office and the cost of converting these facilities into a store room, **Director of Architectural Services** stated in his letter dated 19 December 2014 (in Appendix 28) that the exact cost of building the toilet/shower facilities in the Director-General of Civil Aviation's office could not be separately retrieved from the design-and-build contract. As an estimate making reference to the prices in the contract, the additional cost of building the toilet/shower facilities was about \$0.16 million and the cost of converting the toilet/shower facilities into a store room was \$4,200.

Rest rooms for accident investigators

27. The Committee noted from paragraph 3.10 of the Audit Report that GPA and CAD had agreed in September 2007 on the provision of a common rest area of 123 m² (accommodating a total of 22 investigators) which was approved by PVC. However, CAD amended the room data sheet in November 2007 such that this schedule of accommodation item consisted of six rest rooms each with individual toilet and one common room with a toilet. In the event, six rest rooms and one common room (totalling 131 m²) were built instead of one common rest area (123 m²) approved by PVC.

28. The Committee further noted from paragraphs 3.11 and 3.16 of the Audit Report that based on the understanding that CAD would further pursue GPA's acceptance of the rest rooms and would align the room data sheet and the approved schedule of accommodation afterwards, ArchSD retained the requirement for six rest rooms in order to make a reserve in the contract. However, it turned out that CAD had not followed up on the matter.

29. Against the above background, the Committee asked:

- why CAD in November 2007, after GPA and CAD had agreed in September 2007 on the provision of a common rest area of 123 m² for

accident investigators, amended the room data sheet such that this schedule of accommodation item consisted of six rest rooms each with individual toilet and one common room with a toilet;

- whether the International Civil Aviation Organization had specified the basic requirement for the provision of rest room for accident investigators;
- whether consideration had been given, from a value for money point of view, for accident investigators to staying at hotels instead of purpose-built rest rooms in the new CAD headquarters during accident investigations;
- whether the revised design of the rest rooms could still accommodate 22 accident investigators as originally planned; and
- how many times the six rest rooms each with individual toilet had been used.

30. **Director-General of Civil Aviation** stated at the public hearings and in his letter dated 31 December 2014 (in Appendix 33) that:

- the room data sheet was amended in November 2007. However, as the CAD project team had focused on the funding application processes, and coupled with the lack of proper coordination and internal communication, they had overlooked the follow-up action with GPA on this issue;
- it was CAD's mistake that the rest rooms for investigators were not built in accordance with the approved schedule of accommodation;
- the International Civil Aviation Organization had not formulated any requirements for the provision of rest room for accident investigators. As accident investigators might need to take rest after working long hours at the new CAD headquarters, CAD had made reference to the facilities provision for accident investigators in some other countries in revising the facilities requirements;
- the revised design of the rest rooms could still accommodate 22 accident investigators at any one time as originally planned. Upon the enquiry from the public and the press on this incident, the six rest

rooms were locked up from use. There were two minor air traffic accidents last summer, and the accident investigators had not used these rest rooms; and

- CAD was seeking the views of GPA and FSTB to use the space of the rest rooms for accident investigators as a common rest area as originally approved by PVC.

31. The Committee was of the view that it was a further waste of public money for CAD to lock up the six rest rooms from use. The Committee then asked for the additional cost of building the six rest rooms each with individual toilet over one common rest area as approved by PVC.

32. **Director of Architectural Services** stated in his letter dated 19 December 2014 (in Appendix 28) that the exact cost of building the six rest rooms each with individual toilet for accident investigators in the CAD headquarters could not be separately retrieved from the design-and-build contract. As an estimate making reference to the prices in the contract, since the building of the six rest rooms involved an additional floor area of 8 m² and more sanitary fitments and partitions etc., the additional cost over one common rest area as approved by PVC was about \$0.21 million.

Gate-keeping role of ArchSD

33. As to why the Director of Architectural Services, as the Controlling Officer of this project, had not followed up with PVC and/or GPA on whether CAD had obtained the relevant approval, before incorporating the provision of the toilet/shower facilities in the Director-General of Civil Aviation's office and the rest rooms for accident investigators in the tender documents, **Director of Architectural Services** stated at the public hearings and in his letter dated 19 December 2014 (in Appendix 28) that:

- when PVC's approval for the schedule of accommodation was given on 22 October 2007, ArchSD noted that the toilet/shower facilities in the Director-General of Civil Aviation's office and the individual rest rooms for accident investigators had not yet been approved. The provision was made on the understanding that CAD would further pursue with GPA the toilet/shower facilities and the individual rest

rooms for accident investigators and would align the room data sheets and the approved schedule of accommodation afterwards;

- including such requirement in the tender documents would enable advanced planning of the associated water carrying services to be incorporated in the building main design and could also avoid subsequent claims from the contractor for major additional variation works; and
- he admitted that it was the omission on the part of ArchSD not to follow up with PVC and/or GPA on whether CAD had obtained the relevant approval to build the two facilities which were deviated from the approved schedule of accommodation.

Multi-function room with recreational facilities

34. As revealed in paragraphs 3.6 and 3.7 of the Audit Report, a space of 70 m² which had originally planned for use as a viewing gallery was converted into a multi-function room with recreational facilities (i.e. mirrors with handrails and timber floor resembling those of a dance room) without the approval of PVC. The Committee enquired:

- how such converted use was determined by CAD and whether consideration had been given to using the space for the expansion of the training centre in the new CAD headquarters;
- why PVC's approval was not sought at the time when CAD requested ArchSD to convert the viewing gallery into a multi-function room; and
- whether extra cost was involved in changing the design of the space originally planned for use as a viewing gallery to a multi-function room.

35. **Director-General of Civil Aviation** stated at the public hearings and supplemented in his letter dated 31 December 2014 (in Appendix 33) that:

- a room along the education path was planned to serve as a tower simulator viewing gallery to enable visitors to view the ATC training inside the simulator. During the detailed design stage of the tower simulator and the viewing gallery in late 2010, it was noted that due to

a different technology adopted, the new simulator should be placed at a level three meters above ground and visitors would not be able to view through a glass panel the training sessions from the originally planned viewing gallery;

- in discussing the design of the viewing gallery among CAD, ArchSD and the Design-and-Build Contractor, the CAD project team initiated to enhance the flexibilities of the overall functions of the area and hence introduce the multi-function room concept in its design. Apart from entertaining visitors for screen presentation of ATC tower simulator training and holding meetings, mirrors with retractable blinds and timber floor were adopted to facilitate staff recreational activities. Such changes were concluded on the basis that no additional cost would be incurred;
- he admitted that consideration had not been given to using the space for expansion of the training centre in the new CAD headquarters;
- in hindsight, CAD recognized that such enhancement was in fact a change of usage of the area and CAD had neglected to seek prior approval from PVC for the conversion;
- CAD had dismantled the handrail and permanently covered the wall mirror in the multi-function room; and
- he undertook that for future works projects, CAD would seek PVC's prior approval before making any significant changes to the facilities/provision approved in the schedule of accommodation, and consideration would be given, from the value for money point of view, to putting space into gainful use.

36. **Director of Architectural Services** confirmed that no extra cost was involved in the conversion of the viewing gallery into a multi-function room since the only change was to build a solid wall instead of a glass wall.

D. Provision of furniture and equipment

Security and electronic systems purchased under the design-and-build contract

37. According to paragraph 4.4 of the Audit Report, CAD had not sought FSTB's approval for the purchase of the security and electronic systems until 21 months after the Government was contractually bound to acquire the systems under the design-and-build contract, which did not conform to the requirements of Financial Circular No. 9/90⁵ (in *Appendix 34*). The Committee queried:

- why CAD, as the user department of this project, and ArchSD, as the project director of this project, had not complied with the requirements of Financial Circular No. 9/90 to seek approval from FSTB before committing funds to purchase the security and electronic systems; and
- whether CAD and ArchSD were required to comply with the requirements of Financial Circular No. 9/90.

38. **Director-General of Civil Aviation** stated at the public hearings and in his letter dated 31 December 2014 (in *Appendix 33*) that:

- CAD considered that the delay for seeking approval for the purchase of the security and electronic systems was due to a lack of communication between CAD (as user department) and ArchSD (as project director of the project);
- based on the advice from ArchSD, CAD was given to understand that the contractor was required to submit the design of the system to CAD for comment and then to ArchSD for approval in two stages, in accordance with the requirements of the design-and-build contract;
- the first stage was "Approval In Principle", in which the contractor prepared the overall design concepts and layouts to meet the user requirements of CAD for future operation of the building. After "Approval In Principle" stage, the contractor moved to "Detail Design

5 In its reply dated 24 December 2014 (in *Appendix 35*), FSTB advised that according to Financial Circular No. 9/90, controlling officers for Capital Works Reserve Fund heads may not allocate funds for furniture and equipment to client departments, or commit funds themselves for the purchase of furniture and equipment, without the prior approval of FSTB or GPA. Procurement of non-standard furniture and equipment items costing \$50,000 or below per department per project and not more than \$3,000 per item is delegated to the user departments. Procurement of non-standard furniture and equipment items costing between \$50,000 and \$5 million per department per project may be approved by GPA. Procurement of non-standard furniture and equipment beyond \$5 million rests with FSTB.

Approval" stage to further develop the design in more details, e.g. detailed design of different systems, and their location, etc. in accordance with CAD's operational requirements and comments to meet CAD's operational need. Therefore sufficient design details could only be available at the end of the "Detail Design Approval" stage for furniture and equipment vetting by FSTB;

- the new CAD headquarters was a complicated project and the "Detail Design Approval" stage took about 20 months to complete after the contract was awarded; and
- he agreed that CAD was required to comply with the requirements of Financial Circular No. 9/90.

39. **Director of Architectural Services** replied that ArchSD was required to comply with the requirements of Financial Circular No. 9/90. He further said that ArchSD had drawn lessons from this incident. For future design-and-build contracts, if the details of the furniture and equipment items were not yet available and funding approval was not yet sought by the time of tenders, those items would only be included as provisional sums to avoid premature funding commitment.

40. As regards the appropriate juncture for user departments to seek approval from FSTB for purchasing furniture and equipment items under the design-and-build contracts in accordance with the requirements laid down in Financial Circular No. 9/90, **Secretary for Financial Services and the Treasury** stated in his letter dated 24 December 2014 (in Appendix 35) that, in some design-and-build contracts, it might not be possible for the user departments or the controlling officers to confirm the details of the furniture and equipment items (including quantity and cost) at the time of awarding the contract as such details were subject to detailed design. In such cases, the user departments or the controlling officers should at least seek FSTB's in-principle approval before committing funds and then seek formal approval when the details of the furniture and equipment items were available in the design stage.

Video display equipment for integrated information display system

41. Regarding CAD's requirement for 50 units of LCD video display for the integrated information display system⁶, the Committee noted from paragraph 4.6 of the Audit Report that FSTB questioned whether it was more cost-effective if meeting details were displayed in lift lobbies on a floor basis instead of outside each conference/meeting room, and requested CAD to consider reducing its requirement for 50 LCD video display units. In response, CAD said that as the office layout was longitudinal in shape, it would be difficult for visitors to walk back a long distance to view information in lift lobby. CAD maintained the view that 50 LCD video display units were the minimum requirement for effective information dissemination. Against this background, the Committee queried whether it was necessary to install LCD video display units outside each conference/meeting room for effective information dissemination, as the lift lobby was located at the centre of the building, and it was just about 50 metres away from either end of the corridor.

42. **Director-General of Civil Aviation** responded that with hindsight, he agreed that the number of LCD video display units for information dissemination purposes should have been reduced. CAD was consulting FSTB regarding a review of the operational needs for all the LCD units purchased and would seek the advice of FSTB to redeploy surplus LCD units for other purposes.

43. The Committee reminded CAD and FSTB to be prudent in the purchase of furniture and equipment items with due regard to actual operational need in future and requested CAD to ensure that no additional cost would be incurred in disposing of surplus LCD video display units.

Video display equipment for multi-media presentation system

44. According to paragraph 4.8 of the Audit Report, of the 143 LCD video display units purchased for the new CAD headquarters, 79 units with a total cost of \$1.4 million were used for the multi-media presentation system, and Audit found that LCD video display unit was not specifically mentioned in CAD's equipment list for this system which was approved by FSTB in September 2010. In addition, only 41 out of the 79 LCD video display units purchased under the funding application for this system were provided in dedicated meeting/training facilities, with the other 38 units located at offices of senior staff, accident investigator rest rooms, the

⁶ While FSTB approved the purchase of 50 units of LCD video display for the integrated information display system, a total of 57 units were purchased by CAD.

canteen, common rooms, recreation room and the library/aviation resources centre which were not dedicated for training and meeting purposes. In this connection, the Committee asked:

- why CAD had not complied with the requirements of Financial Circular No. 9/90 to seek approval from FSTB before purchasing the 79 LCD video display units under the multi-media presentation system; and
- about the criteria adopted by CAD to review the operational needs for LCD video display units purchased under this system.

45. **Director-General of Civil Aviation** stated at the public hearings and in his letter dated 31 December 2014 (in Appendix 33) that:

- in the funding application to FSTB for the purchase of equipment for the multi-media presentation system, CAD only stated that, depending on the functional need of each venue, the system would include a combination of different equipment such as video projector and screen, video and tele-conferencing system, and audio/video playback and recording system. Although LCD video display unit was an integral part of the system, it was not mentioned in the application;
- the criteria adopted by CAD project team to review the operational needs for LCD video display units for the multi-media presentation system included divisional operational requirements, room layout and size, professional advice from the Electrical and Mechanical Services Trading Fund⁷, etc. for coming up with procurement quantities and concerned requirements; and
- CAD had sought FSTB's covering approval for all the LCD video display units purchased under the multi-media presentation system. Upon obtaining FSTB's approval, CAD would consult the Government Logistics Department on proper ways to redeploy surplus LCD units to other bureaux/departments.

⁷ CAD has entrusted the Electrical and Mechanical Services Trading Fund ("EMSTF") to be the project implementation agent for the procurement of LCD video display units and concerned requirements. EMSTF was also CAD's in-house technical service provider for electrical, mechanical and electronic equipment.

Purchase of video display equipment for upgrading

46. The Committee noted from paragraphs 4.12 and 4.13 of the Audit Report that CAD purchased seven more LCD video display units for upgrading purpose without seeking FSTB's approval in 2012. The additional expenditure involved was \$156,000. In this regard, the Committee asked why CAD purchased seven more LCD video display units for upgrading purpose in 2012 after the purchase of 79 units for the multi-media presentation system in 2011.

47. **Mr Richard WU Chi-kwong, Chief Electronics Engineer (Projects) of CAD**, replied that seven replacements units which were equipped with video conferencing function were to replace those without such function originally installed inside the senior management's offices.

48. At the request of the Committee,

- **Director-General of Civil Aviation** stated in his letter dated 31 December 2014 (in Appendix 33) that the size of the seven LCD video display units purchased for upgrading purpose included five 46" LCD video display units and two 55" LCD video display units; and
- **Director of Architectural Services** provided the sizes of the Director-General of Civil Aviation's office and the five Assistant Director-General of Civil Aviation's offices in his letter dated 19 December 2014 (in Appendix 28). According to ArchSD's reply, the approved NOFA of their offices ranged from 20.2 m² to 51 m².

49. The Committee doubted the need for CAD to install an LCD video display unit with video conferencing function inside each of the senior management's offices as all of them should already have a computer in their offices that could serve the function of video conferencing. The Committee also doubted whether CAD had exercised strict economy in installing such a large size LCD video display units inside each of the senior management's offices.

Video-wall

50. As reported in paragraph 4.14 of the Audit Report, a video-wall costing \$5.03 million was installed on the first floor of the Office and Training Block of the

new CAD headquarters. In this regard, the Committee asked about the purpose of having a video-wall at the Office and Training Block of the new CAD headquarters.

51. **Director-General of Civil Aviation** explained at the public hearings that the video-wall was for education purposes and dissemination of multi-media messages to staff and visitors. The screen of the video-wall could be divided into sections and each section could display different information at the same time. The video-wall could be used for display of information such as future development roadmap of the Hong Kong International Airport, airframe design/construction and Hong Kong ATC operation to arouse the interest of visitors in aviation. It could also display information relating to meetings being held in the auditorium, ATC information including aircraft movements inside the Hong Kong Flight Information Region, real-time closed-circuit television images of aircraft movements on runways and airfield, information downloaded from the Airport Collaborative Decision Making System, airport security alert status and relevant meteorological information.

52. Since all of the functions mentioned in paragraph 51 above could be served by an LCD video display unit, the Committee has reservation on the need to install a video-wall at a cost of \$5.03 million in the Office and Training Block of the new CAD headquarters.

E. Provision and utilization of car parking spaces

53. According to paragraph 5.7 of the Audit Report, the average monthly utilization of the 209 parking spaces in the new CAD headquarters from April to July 2014 ranged from 21% to 23% for weekdays and from 6 % to 7 % for weekends and public holidays. The Committee enquired about the updated utilization level of the parking spaces up to the December 2014.

54. **Director-General of Civil Aviation** replied that the utilization level of the parking spaces remained at a similar level up to December 2014 due to the delayed commissioning of the new ATC centre. It was expected that the utilization of the parking spaces in the new CAD headquarters would increase substantially after the full operation of the new ATC centre which was expected to be in the first half of 2016.

55. On the measures that CAD could take to put the under-utilized parking spaces into gainful use, **Government Property Administrator** stated in his letter dated 19 December 2014 (in *Appendix 36*) that GPA had suggested and CAD had agreed for a user department to immediately take up on temporary basis about 900 m² (involving 40 under-utilized parking spaces and related access road) for storage use as from early 2015 until the relocation of the Air Traffic Management Division to the new ATC centre. GPA would continue to work with CAD to make gainful use of any other under-utilized space.

F. Dedicated project team of CAD

56. The Committee noted from paragraph 1.7 of the Audit Report that CAD had set up a dedicated project team to oversee the preparation and implementation of the new CAD headquarters project. As Audit had identified inadequacies and numerous cases of non-compliance in the implementation of the new CAD headquarters project, the Committee queried whether the dedicated project team had fulfilled its duties in overseeing the preparation and implementation of the new CAD headquarters project effectively.

57. **Director-General of Civil Aviation** explained in his letter dated 31 December 2014 (in *Appendix 33*) that for CAD staff, the new CAD headquarters was an unprecedented building project. CAD had noted and agreed that there were areas of non-compliance as revealed in the Audit Report and would take corresponding improvement measures. However, the fact that the new CAD headquarters project was completed as scheduled and within the approved budget, and CAD had been operating smoothly in the past two years since the office relocation in 2012, should be attributed to the concerted efforts of the whole project team to dutifully oversee and coordinate the preparation and implementation of every task of the project.

58. At the request of the Committee, **Director-General of Civil Aviation** provided the information on the composition of the dedicated project team in his reply dated 31 December 2014 (in *Appendix 33*).

G. Way forward

59. With regard to the inadequacies and non-compliance in the implementation of the new CAD headquarters project, **Director-General of Civil Aviation** stated at the public hearings that, he, being the head of CAD, assumed supervisory

accountability for those inadequacies and non-compliance, and he apologized for the mistakes made by CAD.

60. In the light of the inadequacies and non-compliance identified by Audit in the implementation of this project, the Committee asked about the measures to be taken by the Secretary for Transport and Housing to avoid similar incidents from recurring in the departments under his purview in future.

61. **Secretary for Transport and Housing** advised that:

- there were established Government policies and guidelines imposing checks and balances to regulate the use of public money by Government departments. LegCo's approval was also required for public expenditure;
- despite any operational difficulties, it was important for departments to comply with such Government regulations and procedures and seek approval from the relevant approval authorities and LegCo to ensure proper use of public money; and
- THB has requested the Director-General of Civil Aviation to provide a detailed report to review the irregularities on the implementation of the new CAD headquarters project. Upon receipt of the detailed report, THB would look into the details of events in depth and their sequence to see if there was any room for procedural improvements apart from those recommended in the Audit Report. If there was any misconduct of staff, THB would follow up in accordance with established procedures and take appropriate administrative or disciplinary action where necessary.

62. On how FSTB, as the bureau responsible for the management of public revenues and expenditure, could close the loopholes in the management of Government accommodation and public expenditure, with a view to enhancing and tightening the control on the proper use of public money, **Mr YEUNG Tak Keung, Deputy Secretary for Financial Services and the Treasury (Treasury)**³, said that FSTB/GPA had completed a review on the Accommodation Regulations. The updated Accommodation Regulations which took effect on 1 December 2014 would facilitate Bureaux/Departments a better and clearer understanding of the rules and regulations relating to government accommodation. In addition, briefings were held

in mid-October 2014 for GPA to explain to Bureaux/Departments the proposed amendments and to impress on them the need to strictly observe the various rules and regulations set out in the Accommodation Regulations.

H. Conclusions and recommendations

Overall comments

63. The Committee:

- emphasizes that:

- (a) Article 73(3) of the Basic Law vests in the Legislative Council ("LegCo") the constitutional power and function to approve public expenditure, and Article 64 of the Basic Law states that "The Government of the Hong Kong Special Administrative Region must abide by the law and be accountable to the Legislative Council of the Region: ...it shall obtain approval from the Council for taxation and public expenditure." As such, the Administration, to fulfil its constitutional duty under Article 64 of the Basic Law, must provide accurate, complete and not misleading information on public expenditure to LegCo and its committees for approval;
- (b) in the light of the above mentioned constitutional role of LegCo in approving and monitoring the use of public money by the Government, it is of paramount importance that the information in the papers which are submitted by the Administration to LegCo (including but not limited to the Public Works Subcommittee ("PWSC") and the Finance Committee ("FC") for funding approval as well as to the relevant LegCo Panels for prior consultation) must be accurate, complete and not misleading. Further, the Administration should obtain FC's approval for any subsequent substantial variations in its approved funding proposals;
- (c) the Administration has established a mechanism to regulate the use of public funding by Government departments through relevant Government regulations and guidelines. Government departments must comply with such regulations and guidelines to ensure effective control on the proper use of public money;

- (d) the Accommodation Regulations lay down the procedures and space standards which govern the provision of office space and ancillary facilities in government buildings, including the construction of purpose-built buildings for departments. Further, the Property Vetting Committee⁸ ("PVC") is established under the Accommodation Regulations to vet and approve schedules of accommodation for departmental specialist buildings to ensure that optimum utilization of the site is duly considered; and
 - (e) Financial Circular No. 9/90 sets out the arrangements for seeking approval⁹ for the purchase of furniture and equipment for projects in the Public Works Programme to ensure that the furniture and equipment items purchased are cost effective and public money is well spent;
- considers it inexcusable and condemns the Civil Aviation Department ("CAD") and the Architectural Services Department ("ArchSD") that, in the implementation of the new CAD headquarters project:
- (a) CAD had deliberately overridden the Administration's internal mechanism to regulate the use of public money, and ArchSD had failed to perform its role as the project director of the new CAD headquarters project to ensure CAD's compliance with the relevant regulations and guidelines, undermining the Administration's internal mechanism of checks and balances;
 - (b) CAD had, without the requisite approval, turned a future provision of a 1 500 m² of area (which was reserved for future expansion of the headquarters beyond 2025) into a present construction. In so doing, CAD and ArchSD have blatantly ignored the compliance requirements and the established system of checks and balances within the Government;

8 PVC is chaired by an Assistant Director of the Architectural Services Department and comprises representatives of the Financial Services and the Treasury Bureau and the Government Property Agency as members. See Note 5 of the Audit Report.

9 According to Financial Circular No. 9/90, approval should be sought from the Government Property Agency for the purchase of standard furniture and appliances by providing details of the items required, their estimated cost and the justification for the requirement, and approval should be sought from the Financial Services and the Treasury Bureau for non-standard furniture and all equipment items. The approval will be issued in the form of a memo with which a client department can seek allocation from the Controlling Officer.

- (c) in preparing the Employer's Requirements for the new CAD headquarters project, ArchSD had turned a blind eye to the approval status of CAD's applications to the Government Property Agency ("GPA") for building the toilet/shower facilities in the Director-General of Civil Aviation's office and the six rest rooms each with a toilet for accident investigators, and CAD's application to the Financial Services and the Treasury Bureau ("FSTB") for purchasing the security and electronic systems, by including items that had not been approved; and
- (d) although the new CAD headquarters project was commissioned on schedule and the actual expenditure was within the approved provision of \$1,997 million¹⁰, the wilful non-disclosure of material information by CAD to LegCo rendered LegCo unable to consider the relevant funding proposal on a properly informed basis. As such, it may undermine the constitutional role of LegCo in approving and monitoring Government expenditure set out in Article 73(3) of the Basic Law. In addition, the numerous incidents of wilful non-compliance with the approved schedule of accommodation and the requirements of the relevant Government circulars in the implementation of the project may also undermine the well-established Government mechanism to control the use of public money by Government departments;
- considers that the present case is a deliberate and blatant violation of the relevant established rules, regulations and practices at its worst by CAD and ArchSD and expresses grave concern that this culture of circumventing the established rules and regulations, if unchecked, may spread to other Government bureaux and departments;
 - deplores that the Director-General of Civil Aviation, as the head of the user department of the new CAD headquarters project, had wilfully neglected his responsibilities and duties to provide complete, accurate and not misleading information to LegCo for funding approval and had deliberately overridden PVC and FSTB in respect of the approved schedule of accommodation and the requirements of relevant Government circulars in the implementation of the new CAD headquarters project, as evidenced below:

¹⁰ The funding proposal was approved by FC in January 2008.

Building additional reserve space without approval

- (a) on top of the 3 240 m² expansion area built in accordance with the approved schedule of accommodation, a 1 500 m² of area which is reserved for future expansion of the headquarters beyond 2025 was also built in the new CAD headquarters instead of making provision in the building's foundation and design which was the original plan supported by the Transport and Housing Bureau ("THB") (as shown in the Secretary for Transport and Housing's memorandum dated 21 September 2007 to the Chair of PVC (in Appendix 31)). The area built was not specified in the schedule of accommodation vetted by GPA and not approved by PVC and its inclusion in the contract was without the knowledge of THB;

Wilful non-disclosure of material information to LegCo

- (b) on 3 October 2007, CAD provided ArchSD with the Employer's Requirements, which in effect required the 1 500 m² to be built. However, this 1 500 m² additional space was omitted from the papers submitted by the Administration to the Panel on Economic Development in November 2007 and PWSC in December 2007; and from the supplementary information provided by the Administration in January 2008 in response to Members' specific request at the PWSC meeting on 21 December 2007 for information on the area required for future expansion;

Deliberately and consciously overriding the approved schedule of accommodation and the requirements in relevant Government circulars

- (c) three facilities, including the toilet/shower facilities in the Director-General of Civil Aviation's office¹¹, the rest rooms for accident investigators¹² and the multi-function room with recreational facilities which was converted from a viewing gallery¹³, were not built in accordance with the approved schedule of accommodation; and

11 The provision of toilet/shower facilities in the Director-General of Civil Aviation's office was not supported by PVC.

12 PVC only approved the provision of a common rest area of 123 m² for accident investigators, but subsequently six rest rooms each with individual toilet and one common room with a toilet were built in the new CAD headquarters for accident investigators.

13 A multi-function room with recreational facilities was converted from a viewing gallery without the approval of PVC.

- (d) CAD had not complied with the requirement in Financial Circular No. 9/90 in seeking FSTB's prior approval for the purchase of the security and electronic systems at \$64.54 million under the design-and-build contract. In addition, 93 out of the 143 liquid crystal display ("LCD") video display units purchased for the two other systems had been purchased without FSTB's approval;
- considers it inexcusable and condemns ArchSD, as the project director of the new CAD headquarters project, had turned a blind eye to CAD's blatant violation of the approved schedule of accommodation and the requirements in relevant government circulars in the implementation of the new CAD headquarters project, as evidenced below:
 - (a) ArchSD had not followed up with PVC and/or GPA on whether CAD had obtained the relevant approval for building the area of 1 500 m² for expansion beyond 2025, the toilet/shower facilities in the Director-General of Civil Aviation's office and individual rest rooms for accident investigators, and for converting the space originally planned for use as a viewing gallery into a multi-function room with recreational facilities; and
 - (b) prior to the award of the design-and-build contract, ArchSD failed to confirm with CAD that it had already sought approval from FSTB in accordance with the requirements of Financial Circular No. 9/90 for the purchase of the security and electronic systems. According to FSTB's advice, CAD should seek its in-principle approval before committing funds and then seek formal approval when the details of the systems were available at the design stage;
- expresses grave concern and finds it unacceptable that THB, as the Bureau overseeing the operations of CAD, failed in performing the following responsibilities:
 - (a) to closely monitor CAD in the implementation of the new CAD headquarters project; and
 - (b) to ensure that the information in the papers submitted by the Administration to LegCo was accurate, complete and not misleading, since the additional expansion area of 1 500 m² was not mentioned in the relevant papers to LegCo. Instead, THB had taken the advice of CAD that, since the cost for such provision would not be significant, it would suffice to inform Members that

adequate provision for future expansion had been made, without specifically mentioning the additional expansion area of 1 500 m²;

- notes that ArchSD admitted that the extra future expansion area of 1 500 m² had been included in the 65 000 m² construction floor area of the CAD headquarters, which was the basis for the tender documents of the CAD headquarters. According to ArchSD, the cost of building the 1 500 m² net operational floor area was estimated to be about \$51.7 million;
- is unconvinced by the explanation of the Director-General of Civil Aviation that the Employer's Requirements, which in effect required the 1 500 m² additional space to be built, was provided to ArchSD by CAD without his knowledge;
- does not accept the explanation given by the Director of Architectural Services that ArchSD had agreed to include 1 500 m² in the Employer's Requirements because it considered that this extra space for future expansion had been agreed to by GPA and PVC via their memoranda approving the schedule of accommodation dated 3 October 2007 and 22 October 2007 as nothing can be deduced directly from the relevant memoranda that the relevant approval has been granted by the authorities concerned;
- notes that:

CAD

- (a) the Director-General of Civil Aviation had apologized for CAD's non-compliance with the approved schedule of accommodation and the requirements of relevant Government circulars in the implementation of the new CAD headquarters project;
- (b) the Director-General of Civil Aviation agreed that more comprehensive and updated information should have been provided to FC for funding approval and the relevant panel for prior consultation;
- (c) the Director-General of Civil Aviation undertook to implement measures to rectify the non-compliance identified in the Audit Report;

- (d) the Director-General of Civil Aviation promised to take effective improvement measures and strengthen internal control to ensure CAD's compliance with the relevant Government regulations and guidelines in the future;

ArchSD

- (e) the Chairman of PVC (an Assistant Director of ArchSD) had already issued a memorandum reminding Heads of Department to submit schedules of accommodation to PVC for approval in a timely manner;
 - (f) ArchSD had implemented an electronic-room data sheet information system since May 2014 in order to collect and review the accommodation requirements of user departments more effectively. The system can check whether the accommodation requirements and the approved schedules of accommodation are consistent;
 - (g) ArchSD had already amended the ArchSD Project Administration Handbook in order to add more check points at different stages of projects to remind its staff responsible for project management to timely follow up and ensure the work scope is based on the approved schedules of accommodation;
 - (h) ArchSD had already taken measures to tighten the control on compliance with the approved schedule of accommodation and requirements in the relevant Government circulars by user departments; and
 - (i) ArchSD had undertaken to verify with PVC and/or GPA in the future when there is ambiguity in handling space reserved for future expansion;
- urges the Director-General of Civil Aviation to:
- (a) ensure that the information provided to LegCo is accurate, complete and not misleading in the future;
 - (b) ensure the compliance of requirements in Government regulations and guidelines in the implementation of future works projects;

- (c) ensure that for future works projects, the approved schedule of accommodation is strictly adhered to and PVC's and FC's approvals have been sought before making any significant changes to the approved provision;
- (d) expedite the overall review of space utilization of the CAD premises including the new headquarters and other offsite offices, with a view to identifying any surplus space that could be made available to other users; and
- (e) expedite the review of operational needs for LCD video display units installed in the CAD headquarters;
- urges the Director of Architectural Services to:
 - (a) ensure that the user requirements to be included in the tender documents of building projects should not deviate from the approved schedules of accommodation for tenders; and
 - (b) ensure that any discrepancies between the user requirements and the approved schedules of accommodation should be clarified with the proper authorities before making tender invitations;
- urges the Administration to review the role of PVC in overseeing the provision of office space and facilities in departmental specialist building and take necessary measures to strengthen the role;
- urges the Secretary for Transport and Housing to step up his supervision to ensure the departments under his purview should provide accurate, complete and not misleading information to LegCo;
- considers that the non-compliant cases as revealed by the Audit Report should serve as an alarm for the Administration to review how to strengthen the existing mechanisms on approving and monitoring the schedule of accommodation as well as the implementation, and the procurement of equipment and furniture for new Government offices projects in order to assure LegCo and the public that Government departments cannot or should not, deliberately or otherwise, circumvent the monitoring role of LegCo and the relevant Government departments as "gate-keepers";

- acknowledges the statement made by the Secretary for Transport and Housing at the public hearing that he had requested the Director-General of Civil Aviation to provide a detailed report to review the irregularities on the implementation of the CAD headquarters project. THB will look into the details of events in depth and their sequence to see if there is any room for procedural improvements apart from those recommended in the Audit Report. If there is any misconduct of staff, THB will follow up in accordance with established procedures and take appropriate administrative or disciplinary action where necessary; and
- wishes to be informed of the findings of the report of the Director-General of Civil Aviation and any follow-up actions to be taken by THB.

Specific comments

Provision of reserve space for future expansion

64. The Committee:

- considers it inexcusable and condemns CAD and ArchSD that:
 - (a) an additional reserve space of 1 500 m² for expansion beyond 2025 was built in the new CAD headquarters instead of making provision in the building's foundation and design as originally intended by THB. While the 1 500 m² constituted close to 50% on top of the expansion area of 3 240 m² approved by PVC in the schedule of accommodation, CAD had not made a resubmission to PVC in respect of this 1 500 m² area. With the exception of ArchSD, other PVC members (namely GPA and FSTB) had not been informed of such change in user requirements;
 - (b) the Panel on Economic Development, PWSC and FC of LegCo were not informed of the construction of the 1 500 m² expansion area in the papers submitted to them by the Administration. For PWSC in particular, while members had specifically requested information on the area required to cope with future expansion, the Information Note provided by the Administration only stated that the area provided for future expansion was 3 240 m² without mentioning the 1 500 m² which would also be built; and

- (c) the 1 500 m² expansion area, planned for meeting air traffic growth beyond 2025, was not expected to be required for use by CAD until some years later. However, no provision was made in the building design to facilitate its interim use by third parties;
- notes that:
 - (a) the Director of Architectural Services has agreed with the Audit's recommendations in paragraph 2.25 of the Audit Report;
 - (b) the Director-General of Civil Aviation has agreed with the Audit's recommendations in paragraph 2.26 of the Audit Report;
 - (c) the Secretary for Transport and Housing has accepted the Audit's recommendation in paragraph 2.27 of the Audit Report; and
 - (d) the Secretary for Financial Services and the Treasury, and the Government Property Administrator have accepted the Audit's recommendation in paragraph 2.28 of the Audit Report. For general office accommodation, GPA will include in future a note in the approval memorandum to remind the user departments and works agents to make allowance in the building design to facilitate interim use of any areas for future expansion by third parties. FSTB will also ask PVC to do the same for departmental specialist accommodation;

Control over deviations from approved schedule of accommodation

- considers it inexcusable and condemns CAD and ArchSD that:
 - (a) three of the facilities (namely toilet/shower facilities in the Director-General of Civil Aviation's office, the rest rooms for accident investigators and the multi-function room) in the new CAD headquarters were not built in accordance with the approved schedule of accommodation, not conforming to the Accommodation Regulations, and there were inadequacies in the internal control system of CAD to ensure that the user requirements in the tender documents complied with the approved schedule of accommodation;
 - (b) CAD had not sought PVC's prior approval before it converted the space originally planned for use as a viewing gallery of the

education path into a multi-function room for meeting and recreational purposes; and

- (c) there were inadequacies in the internal control system of ArchSD to ensure that the user requirements in the tender documents were consistent with the approved schedule of accommodation;
- notes that:
 - (a) since May 2014, ArchSD has implemented an electronic-room data sheet information system to strengthen the checking of the room data sheet against the approved schedule of accommodation. The Director of Architectural Services has agreed with the Audit's recommendation in paragraph 3.18 of the Audit Report; and
 - (b) the Director-General of Civil Aviation has agreed with the Audit's recommendations in paragraph 3.19 of the Audit Report;

Provision of furniture and equipment

- considers it inexcusable and condemns CAD and ArchSD that:
 - (a) CAD had not sought FSTB's in-principle/prior approval for the purchase of the security and electronic systems until 21 months after the award of the contract and the Government was then contractually bound to acquire such systems under the design-and-build contract, not conforming to Financial Circular No. 9/90 requirements. ArchSD (as the project director of the new CAD headquarters project) had also not taken steps to ensure compliance in this regard;
 - (b) CAD had not obtained FSTB's approval for purchasing 79 LCD video display units at a total cost of \$1.4 million under the multi-media presentation system. While FSTB was informed that the multi-media presentation system would be provided in conference and lecture rooms for meeting and training, 38 LCD video display units were installed in venues not dedicated for such purposes, such as individual offices of senior officers, accident investigator rest rooms and canteen. Besides, 24 other units were installed in venues already equipped with video projectors and screens; and

- (c) the user requirements had not been well defined before purchasing the LCD video display units in 2011, resulting in additional expenditure of \$156,000 in purchasing seven replacement units in 2012. FSTB's approval was again not sought for purchasing these replacement units;
- notes that:
 - (a) the Director-General of Civil Aviation has agreed with the Audit's recommendations in paragraph 4.18 of the Audit Report;
 - (b) the Director of Architectural Services has agreed with the Audit's recommendation in paragraph 4.19 of the Audit Report; and
 - (c) the Secretary for Financial Services and the Treasury has accepted the Audit's recommendation in paragraph 4.20 of the Audit Report;

Provision and utilization of car parking spaces

- expresses grave concern and finds it unacceptable that:
 - (a) the average monthly utilization of the 209 parking spaces at the new CAD headquarters from April to July 2014 was at a low level ranging from 21% to 23% for weekdays. The utilization level remained at a similar level up to December 2014. While the utilization of parking spaces might improve after the relocation of the Air Traffic Management Division to the new headquarters, CAD had not put the under-utilized parking spaces into gainful use during the interim;
 - (b) insufficient information on parking space usage was provided by CAD for GPA's assessment of the parking space provisions at the new CAD headquarters; and
 - (c) ArchSD stipulated in the Employer's Requirements that a minimum of 180 parking spaces should be provided in the new CAD headquarters instead of specifying the exact number of parking spaces approved by PVC (i.e. 178 parking spaces), resulting in the provision of additional five private car parking spaces;

- notes that:
 - (a) the Director of Architectural Services has agreed with the Audit's recommendations in paragraph 5.14 of the Audit Report;
 - (b) the Director-General of Civil Aviation has agreed with the Audit's recommendations in paragraph 5.15 of the Audit Report;
 - (c) Government Property Administrator has accepted the Audit's recommendation in paragraph 5.16 of the Audit Report; and
 - (d) GPA has suggested and CAD has agreed for a user department to immediately take up on temporary basis about 900 m² (involving 40 under-utilized parking spaces and related access road) for storage use as from early 2015 until the relocation of the Air Traffic Management Division to the new Air Traffic Control Centre. GPA will continue to work with CAD to make gainful use of any other under-utilized space;

Way forward

- although a dedicated project team had been set up to oversee the implementation of the new CAD headquarters project, numerous incidents of non-compliance with various government regulations still occurred and the information conveyed to FC was inaccurate/incomplete;
- considers that the Administration should draw lessons to be learnt from the new CAD headquarters project and remind other bureaux and departments to observe government regulations, and adhere to the prudence principle in managing similar departmental specialist building projects in the future; and
- notes that:
 - (a) the Director-General of Civil Aviation has agreed with the Audit's recommendations in paragraph 6.9 of the Audit Report;
 - (b) the Director of Architectural Services has agreed with the Audit's recommendation in paragraph 6.10 of the Audit Report; and

- (c) the Secretary for Financial Services and the Treasury, and the Government Property Administrator have accepted the Audit's recommendation in paragraph 6.11 of the Audit Report.

<p style="text-align: center;">Follow-up action</p>
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65. The Committee:

- wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and the Audit Commission; and
- wishes to be informed of the findings of the report of the Director-General of Civil Aviation to review the irregularities on the implementation of the new CAD headquarters project and any follow-up actions to be taken by THB.

The Committee held four public hearings on 9 and 15 December 2014 and 6 and 15 January 2015 to receive evidence on this subject. To allow itself more time to consider the issues raised in the Director of Audit's Report and in view of the voluminous information provided by the witnesses, the Committee has decided to defer a full report on this subject.

The Audit Commission ("Audit") conducted a review of the Government's efforts in enhancing tree safety. Under the integrated approach adopted by the Government, tree maintenance is part and parcel of the duty of the department which uses and manages that particular piece of land or facility. There are currently nine major tree management government departments, including Highways Department, Leisure and Cultural Services Department and Lands Department ("LandsD").

2. The Committee noted the following findings from the Director of Audit's Report:

- there had been disagreements among departments over the delineation of maintenance responsibilities for roadside trees. In June 2014, Tree Management Office ("TMO") completed a roadside tree survey and identified some 70 000 trees not under regular maintenance by any departments;
- trees on unallocated government land under LandsD's purview were subject to ad hoc rather than regular maintenance. A fatal roadside tree collapse case in 2012 unveiled the inadequacies in LandsD's ad hoc maintenance approach;
- there were inadequacies in the tree risk assessment conducted by some departments. For instance, Audit found that the number of trees covered by a group inspection (Form 1 inspection) was excessive and thus not conducive to identifying problematic trees, and some departments, including Leisure and Cultural Services Department, conducted no/few detailed inspections (Form 2 inspections) on the problematic trees identified¹;
- as at August 2014, there were 16 non-old and valuable trees with brown root rot disease infection pending removal. Removal of some of the trees had been outstanding for a long period²;

1 Under the tree risk assessment dual-approach, a tree management department should classify the sites under its purview into three risk zones (i.e. Category I, II and III). In carrying out a tree-basis assessment of a site, a group inspection (a Form 1 inspection) should be conducted on all trees of the site to identify problematic trees. For problematic trees identified, if the remedial measures taken on the spot cannot eliminate the risks, detailed inspections (Form 2 inspections) should be conducted on them to identify in detail the risks and the appropriate remedial measures.

2 Trees infected with brown root rot disease may experience a rapid deterioration of health and structural conditions and should be removed entirely if they are not old and valuable trees.

- information captured in the Tree Management Information System³ was incomplete and not updated, and there were data inconsistencies between the system and the departmental systems maintained by tree management departments. Also, in managing the Tree Register⁴, there was a tendency for tree management departments not to add problematic trees to the Tree Register, and some trees with mitigation measures already completed for quite some time were not deleted from the Tree Register; and
- the work of TMO primarily focused on trees maintained by government departments. For trees on private land, their maintenance responsibilities rested with the private land owners concerned. In 2009, the Administration considered that there was no need to introduce any legislative change to regulate the proper maintenance of trees on private land.

3. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding measures adopted by TMO to clearly delineate tree maintenance responsibilities of relevant departments, the conduct of tree risk assessment by tree management departments, enhancements to the Tree Management Information System and the Tree Register and effectiveness of training courses provided by TMO. The replies from **Secretary for Development** are in *Appendix 37*.

4. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

³ The Tree Management Information System is a database of trees managed by tree management departments to facilitate central monitoring, coordination, data analysis and reporting.

⁴ The Tree Register is published on the TMO website to promote community surveillance and to enhance the transparency of the Government's tree risk management work. It includes information on problematic trees with mitigation measures to be completed and important trees.

Provision of public open space in private developments

The Audit Commission ("Audit") conducted a review of the provision of public open space in private developments ("POSPDs"). The policy of incorporating public open spaces (and other public facilities) into a private development has been in force since 1980. The Development Bureau ("DEVB") is responsible for setting and reviewing policies on the provision of public open spaces, while the Lands Department and the Buildings Department are responsible for monitoring compliance with relevant land lease conditions and conditions under some Deeds of Dedication, including the provision and maintenance of public open spaces by pertinent developers or building owners. As of August 2014, there was a total of 62 POSPDs as uploaded onto the websites of Lands Department and the Buildings Department.

2. The Committee noted the following findings from the Director of Audit's Report:

- 10 of the 36 POSPDs covered in Audit Survey recorded extremely low patronage, each of which on average recorded less than 10 visitors during a two-hour period;
- many of the POSPDs were located on sites which were not easily accessible. Three POSPDs were located on podiums high above the ground level where visitors needed to walk up long staircases or take passenger lifts before reaching the sites; gates at the entrance to another two POSPDs were very often closed and locked up;
- the daily opening hours of six POSPDs ranged from 6 to 12 hours which were shorter than the "not less than 13 hours" requirement stated in the POSPD Guidelines issued by DEVB;
- some POSPDs were not properly maintained or provided with essential facilities. One POSPD was covered with long grass and fallen tree branches and another one was used for storing construction materials and equipment items. A number of POSPDs were not provided with sheltered seating, rubbish bins, barrier-free-access facilities and sign board/notice board at the entrances;
- Audit Survey revealed that over half of the visitors to most of the parks and gardens located close to POSPDs were not aware of the existence of the POSPDs, and majority of POSPD owners were not aware of the POSPD Guidelines issued by DEVB; and

- the planning conditions of the Town Planning Board relating to the provision of POSPDs in some developments could not be fulfilled or was not legally enforceable, because the planning conditions had not been incorporated into the related land leases.

3. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding efforts taken by the Administration to promote patronage of POSPDs, engagement of local communities in the design of POSPDs before the approval of development plans, issues of management and maintenance of POSPDs by property/building owners, dissemination of POSPDs information and the Administration's plan and timetable in implementing Audit's recommendations highlighted in the Audit Report. The replies from **Secretary for Development** are in *Appendix 38*.

4. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Provision of cycle track network in the New Territories

The Audit Commission ("Audit") conducted a review of the provision of cycle track network in the New Territories. In 2008, the Administration pledged to carry out the New Territories Cycle-track Network ("the Network") for providing a continuous east-west cycle track from Ma On Shan to Tsuen Wan with a total length of 112 kilometres ("km"), of which 70 km would be new cycle tracks. The Network would comprise four sections, namely Section A (Ma On Shan to Sheung Shui), Section B (Sheung Shui to Tuen Mun), Section C (Tuen Mun to Tsuen Wan) and Section D (six branching-off sections). The construction works of the Network were expected to commence in mid-2009 for completion from mid-2011 onwards. The Civil Engineering and Development Department ("CEDD") is responsible for the planning, design and construction of the Network. From June 2009 to July 2013, the total approved funding for implementing part of the Network was \$553.9 million, which covered the construction works of Section A and Section B (Stage 1) and detailed design and investigation of advance works and Stage 1 and alignment review of Stage 2 works of Section C¹.

2. The Committee noted the following findings from the Director of Audit's Report:

- Section A was completed and opened for public use in March 2014, which was 20 months behind the target completion date. For Section B works, the original target completion date of July 2013 could not be met. No timeframe for implementing Sections C and D works had been set;
- the Administration had not provided the Legislative Council with the estimated cost of the whole Network;
- a number of deficiencies were found in the management of works contracts by CEDD. For instance, there were errors in preparing Bills of Quantities for two contracts, resulting in delays in awarding the contracts; widening works were not carried out on some narrow cycle-track sections; numerous construction and improvement works were outstanding and cycle-hub facilities (such as bicycle-rental kiosks, first-aid stations and public toilets) were not available even after Section A had been opened for public use;

¹ Stage 1 works of Section B comprised implementation of improvement works at selected sections of existing cycle track between Yuen Long and Tuen Mun, and the construction of a new cycle track section each in Sheung Shui and Yuen Long. Stage 1 and Stage 2 works of Section C comprised the construction of a new cycle track cum footpath of about 4.5 km from Bayview Garden to Ting Kau and a new cycle track cum footpath of about 15.2 km from Ting Kau to Tuen Mun respectively.

- slow progress in carrying out improvement works at accident-prone sites for enhancing cycling safety. There were frequent delays in the completion of improvement works; and
- cyclists needed to dismount 105 times at regulatory dismount zones during their ride along a 45.6-km cycle track in Yuen Long (i.e. on average, cyclists needed to dismount once every 0.4 km on the cycle track). Audit Survey on one regulatory dismount zone found that no cyclist complied with the mandatory dismount requirement².

3. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding progress and delays in the construction of Sections C and D and their estimated completion dates, preparation of tender Bills of Quantities by CEDD, progress of improvement works at accident-prone sites and the handling of complaints relating to cycle tracks by Highways Department. The replies from **Commissioner for Transport, Director of Civil Engineering and Development** and **Director of Highways** are in *Appendices 39 to 41 respectively*.

4. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

² Under the Road Traffic (Traffic Control) Regulation (Cap. 374G), cyclists must dismount and push their bicycles when crossing regulatory cycle dismount zones.

Services provided by the Government Laboratory

The Audit Commission ("Audit") conducted a review of the services provided by the Government Laboratory ("GL"). GL provides a broad range of laboratory services to government bureaux and departments, including statutory testing under a number of ordinances and regulations, chemical testing and advisory services to government bureaux and departments and public institutions as well as forensic science services to the criminal justice system.

2. The Committee noted the following findings from the Director of Audit's Report:

- the performance targets reported in GL's Controlling Officer's Report were expressed as compliance rates on target turnaround times¹. The practices of counting actual turnaround time were not uniformly adopted within GL and some types of testing had been excluded from its measurement of work performance. For those categories of testing with sub-categories, the target turnaround times had been set well above the actual turnaround times, thus accounting for the high compliance rates achieved. Audit's survey conducted on 17 user government bureaux and departments revealed that there were requests for expediting GL's services to better serve their operational needs;
- Audit's examination of GL's internal quality audit reports revealed that some of the root cause analyses conducted by GL were not thoroughly carried out, and some irregularities were commonly found among different sections and were recurring year after year;
- since 2008, GL had outsourced some of its regular food surveillance testing work to local accredited laboratories. In 2013-2014, of the four private laboratories involving outsourcing by GL, one was awarded 97% of the food testing. Also, 74% of GL's expenditure on outsourcing was spent on items not directly related to outsourcing;
- problems of stock management of chemicals were identified, such as stock level discrepancies, no expiry dates of chemicals being recorded in the stock system and no requirement for regular stocktaking and checking the expiry dates of the stock items; and

¹ GL sets performance targets expressed primarily as a compliance rate, i.e. the percentage of completion of case submissions from its user government bureaux and departments within a specified turnaround time for each type of testing service.

- many samples received by GL were formal exhibits used for prosecution purposes. 32% of the cases with exhibits had not been collected by user government bureaux and departments for over three months after case completion, and there were no guidelines for handling exhibits remaining uncollected by user government bureaux and departments for a long time.

3. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding wastage of Chemists and manpower level in GL, follow-up actions taken on "areas worth improvement"² identified in GL's internal quality audit, GL's policy on outsourcing, stock management of chemicals and GL's organization structure. The replies from **Acting Government Chemist** are in *Appendix 42*.

4. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

² An "area worth improvement" is an area of concern identified by internal auditors, which may lead to a potential source of non-conformities, or simply suggestions to enhance or further improve on the present quality system. Preventive action may be recommended in the former case.

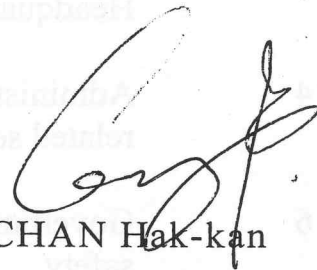
SIGNATURES OF THE CHAIRMAN,
DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE



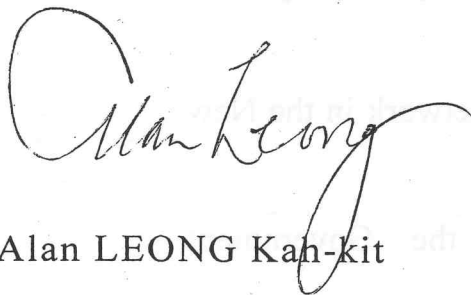
Abraham SHEK Lai-him
(Chairman)



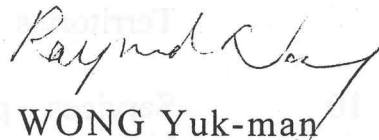
Paul TSE Wai-chun
(Deputy Chairman)



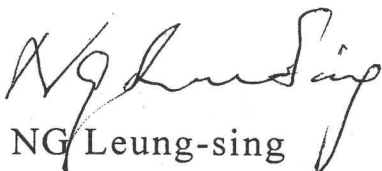
CHAN Hak-kan



Alan LEONG Kah-kit



WONG Yuk-man



NG Leung-sing



Kenneth LEUNG

21 January 2015

**CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 63
DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT**

**Director of
Audit's Report
No. 63**

**P.A.C.
Report No. 63**

<u>Chapter</u>	<u>Subject</u>	<u>Chapter</u>
1	Provision of long-term care services for the elderly	1
2	Provision of health services for the elderly	2
3	New Civil Aviation Department Headquarters	3
4	Administration of the air traffic control and related services	4
6	Government's efforts in enhancing tree safety	5
7	Provision of public open space in private developments	6
9	Provision of cycle track network in the New Territories	7
10	Services provided by the Government Laboratory	8

**RULES OF PROCEDURE OF
THE LEGISLATIVE COUNCIL OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION**

72. Public Accounts Committee

(1) There shall be a standing committee, to be called the Public Accounts Committee, to consider reports of the Director of Audit –

- (a) on the accounts of the Government;
- (b) on such other accounts required to be laid before the Council as the committee may think fit; and
- (c) on any matter incidental to the performance of his duties or the exercise of his powers as the committee may think fit.

(2) The committee shall also consider any report of the Director of Audit laid on the Table of the Council which deals with examinations (value for money audit) carried out by the Director relating to the economy, efficiency and effectiveness of any Government department or public body or any organization to which his functions as Director of Audit extend by virtue of any Ordinance or which receives public moneys by way of subvention.

(3) The committee shall consist of a chairman, deputy chairman and 5 members who shall be Members appointed by the President in accordance with an election procedure determined by the House Committee. *(L.N. 214 of 2005)*

(3A) The chairman and 2 other members shall constitute a quorum of the committee. *(L.N. 214 of 2005)*

(3B) In the event of the temporary absence of the chairman and deputy chairman, the committee may elect a chairman to act during such absence. *(L.N. 214 of 2005)*

(3C) All matters before the committee shall be decided by a majority of the members voting. Neither the chairman nor any other member presiding shall vote, unless the votes of the other members are equally divided, in which case he shall give a casting vote. *(L.N. 214 of 2005)*

(4) A report mentioned in subrules (1) and (2) shall be deemed to have been referred by the Council to the committee when it is laid on the Table of the Council.

(5) Unless the chairman otherwise orders, members of the press and of the public shall be admitted as spectators at meetings of the committee attended by any person invited by the committee under subrule (8).

(6) The committee shall meet at the time and the place determined by the chairman. Written notice of every meeting shall be given to the members and to any person invited to attend a meeting at least 5 clear days before the day of the meeting but shorter notice may be given in any case where the chairman so directs.

(7) *(Repealed L.N. 214 of 2005)*

(8) The chairman or the committee may invite any public officer, or, in the case of a report on the accounts of or relating to a non-government body or organization, any member or employee of that body or organization, to give information or any explanation or to produce any records or documents which the committee may require in the performance of its duties; and the committee may also invite any other person to assist the committee in relation to any such information, explanation, records or documents.

(9) The committee shall make their report upon the report of the Director of Audit on the accounts of the Government within 3 months (or such longer period as may be determined under section 12 of the Audit Ordinance (Cap. 122)) of the date on which the Director's report is laid on the Table of the Council.

(10) The committee shall make their report upon the report of the Director of Audit mentioned in subrule (2) within 3 months (or such longer period as may be determined by the Council) of the date on which the Director's report is laid on the Table of the Council.

(11) Subject to these Rules of Procedure, the practice and procedure of the committee shall be determined by the committee.

**Paper presented to the Provisional Legislative Council
by the Chairman of the Public Accounts Committee
at the meeting on 11 February 1998 on
Scope of Government Audit in the
Hong Kong Special Administrative Region -
'Value for Money Audits'**

SCOPE OF WORK

1. The Director of Audit may carry out examinations into the economy, efficiency and effectiveness with which any bureau, department, agency, other public body, public office, or audited organisation has discharged its functions.

2. The term "audited organisation" shall include -
 - (i) any person, body corporate or other body whose accounts the Director of Audit is empowered under any Ordinance to audit;
 - (ii) any organisation which receives more than half its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organisation which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention); and
 - (iii) any organisation the accounts and records of which the Director is authorised in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122).

3. This definition of scope of work shall not be construed as entitling the Director of Audit to question the merits of the policy objectives of any bureau, department, agency, other public body, public office, or audited organisation in respect of which an examination is being carried out or, subject to the following Guidelines, the methods by which such policy objectives have been sought, but he may question the economy, efficiency and effectiveness of the means used to achieve them.

GUIDELINES

4. The Director of Audit should have great freedom in presenting his reports to the Legislative Council. He may draw attention to any circumstance which comes to his knowledge in the course of audit, and point out its financial implications. Subject to these Guidelines, he will not comment on policy decisions of the Executive Council and the Legislative Council, save from the point of view of their effect on the public purse.

5. In the event that the Director of Audit, during the course of carrying out an examination into the implementation of policy objectives, reasonably believes that at the time policy objectives were set and decisions made there may have been a lack of sufficient, relevant and reliable financial and other data available upon which to set such policy objectives or to make such decisions, and that critical underlying assumptions may not have been made explicit, he may carry out an investigation as to whether that belief is well founded. If it appears to be so, he should bring the matter to the attention of the Legislative Council with a view to further inquiry by the Public Accounts Committee. As such an investigation may involve consideration of the methods by which policy objectives have been sought, the Director should, in his report to the Legislative Council on the matter in question, not make any judgement on the issue, but rather present facts upon which the Public Accounts Committee may make inquiry.

6. The Director of Audit may also -

- (i) consider as to whether policy objectives have been determined, and policy decisions taken, with appropriate authority;
- (ii) consider whether there are satisfactory arrangements for considering alternative options in the implementation of policy, including the identification, selection and evaluation of such options;
- (iii) consider as to whether established policy aims and objectives have been clearly set out; whether subsequent decisions on the implementation of policy are consistent with the approved aims and objectives, and have been taken with proper authority at the appropriate level; and whether the resultant instructions to staff accord with the approved policy aims and decisions and are clearly understood by those concerned;

- (iv) consider as to whether there is conflict or potential conflict between different policy aims or objectives, or between the means chosen to implement them;
- (v) consider how far, and how effectively, policy aims and objectives have been translated into operational targets and measures of performance and whether the costs of alternative levels of service and other relevant factors have been considered, and are reviewed as costs change; and
- (vi) be entitled to exercise the powers given to him under section 9 of the Audit Ordinance (Cap. 122).

PROCEDURES

7. The Director of Audit shall report his findings on value for money audits in the Legislative Council twice each year. The first report shall be submitted to the President of the Legislative Council within seven months of the end of the financial year, or such longer period as the Chief Executive may determine. Within one month, or such longer period as the President may determine, copies shall be laid before the Legislative Council. The second report shall be submitted to the President of the Legislative Council by the 7th of April each year, or such date as the Chief Executive may determine. By the 30th April, or such date as the President may determine, copies shall be laid before the Legislative Council.

8. The Director's report shall be referred to the Public Accounts Committee for consideration when it is laid on the table of the Legislative Council. The Public Accounts Committee shall follow the rules governing the procedures of the Legislative Council in considering the Director's reports.

9. A Government minute commenting on the action Government proposes to take in respect of the Public Accounts Committee's report shall be laid on the table of the Legislative Council within three months of the laying of the report of the Committee to which it relates.

10. In this paper, reference to the Legislative Council shall, during the existence of the Provisional Legislative Council, be construed as the Provisional Legislative Council.

政制及內地事務局
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政府總部東翼



CONSTITUTIONAL AND MAINLAND AFFAIRS BUREAU
GOVERNMENT SECRETARIAT
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HONG KONG

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來函檔號 YOUR REF : CB4/PAC/CS(60,60A&61)
電話 TEL NO. : 2810 3520
圖文傳真 FAXLINE : 2840 0657

Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

30 January 2015

(Attn: Mr Anthony CHU)

Dear Mr CHU,

**Follow-up to Public Accounts Committee Report No. 52
Equal Opportunities Commission (EOC)**

Thank you for your letter to the Secretary for Constitutional and Mainland Affairs dated 12 January 2015. Our response is as follows –

“The Equal Opportunities Commission (EOC) has completed the review of the composition of its management echelon, including the need or otherwise of a Chief Operations Officer post. The EOC submitted its proposal to the Government on 6 January 2015. The Government is considering the proposal.”

Yours sincerely,

(Miss Bonnie YIM)

for Secretary for Constitutional and Mainland Affairs

cc Director (Planning and Administration)
of the Equal Opportunities Commission (Fax: 2511 8224)
Secretary for Financial Service and the Treasury (Fax: 2530 3444)
(Attn: Ms Nancy MAK)
Director of Audit (Fax: 2583 9063)

香港特別行政區政府
保安局



The Government of the
Hong Kong Special Administrative Region
Security Bureau

香港添馬添美道 2 號

2 Tim Mei Avenue, Tamar, Hong Kong

本函檔號 Our Ref.: SRD 101/3/R IX

來函檔號 Your Ref.: CB4/PAC/CS(60, 60A &61)

16 January 2015

Clerk of Public Accounts Committee
(Attn.: Mr Anthony CHU)
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

**Follow-up to Public Accounts Committee Report No. 31
Recoverability of the outstanding advances to the UNHCR**

I refer to your letter of 9 January 2015.

The Administration has been making every effort to recover the outstanding advances through various means. Both at the meeting with the United Nations High Commissioner for Refugees (UNHCR) Hong Kong Sub-Office in January 2014, and in a subsequent letter to the Head of the UNHCR Hong Kong Sub-Office in June 2014, the HKSAR Government reiterated our stance and registered the Hong Kong community's expectation of an early recovery of the outstanding advances.

The UNHCR expressed that due to other more pressing refugees and humanitarian issues around the world, they had been facing substantial difficulties in appealing for donations from international communities earmarked for repaying the outstanding debts to Hong Kong.

While the Administration's assessment is that it is not optimistic that full or partial recovery of the amount due could be achieved in the near future, it remains our understanding that the UNHCR has not withdrawn its commitment to repay such advances and that UNHCR's reimbursement to Hong Kong is subject to availability of funds. As such, we do not have any plans to write off the advances as irrecoverable debt for the time being. The Administration will continue with our efforts to urge the UNHCR to repay the advances.

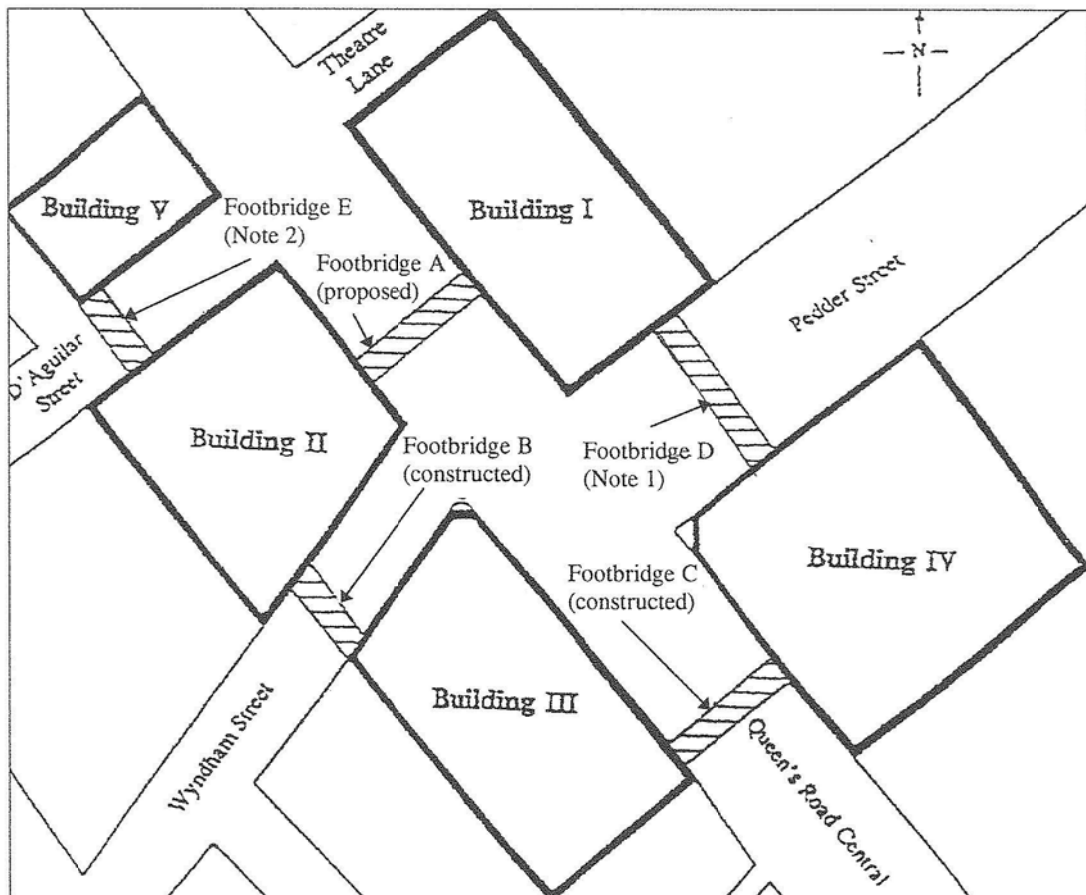
Yours sincerely,



(Billy WOO)
for Secretary for Security

c.c. Secretary for Financial Services and the Treasury (Fax No. : 2147 5239)
Director of Audit (fax No. 2583 9063)

Location of the five commercial buildings
and the five footbridges in the Central District



Source: Planning Department records

Note 1: The construction of Footbridge D will be dealt with when a redevelopment proposal for Building IV is received.

Note 2: With reference to Footbridge E, it is pertinent to note that the lease of Building V is an unrestricted lease. The requirement for footbridge connections cannot be incorporated into the lease conditions.

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衛生署
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THE GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION
DEPARTMENT OF HEALTH
OFFICE FOR REGISTRATION
OF HEALTHCARE INSTITUTIONS
RM 3502-3504, 35/F, HOPEWELL CENTRE,
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來函檔號 Your Ref.: CB4/PAC/CS(60,60A&61)
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圖文傳真 Fax: (852) 2126 7515

20 January 2015

Mr Anthony CHU
Clerk, Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr CHU,

**Follow-up to Public Accounts Committee Report No. 59
Land grants for private hospital development**

I refer to your letter of 9 January 2015 regarding the monitoring and enforcement of the “no distribution of profit” clause under land grant conditions of two private treaty grants (“PTG”) of Hospital D. Our responses are provided below for the Committee’s consideration -

- (a) With reference to the relevant land grant conditions of LG5 and LG6 of Hospital D (**Annex 1**), the Department of Health (DH) sought advice from the Lands Department (LandsD) to facilitate the monitoring and enforcement of the “no distribution of profit” requirement. We also kept the Food and Health Bureau informed of the progress.

Between October 2012 and December 2013, DH had communicated with LandsD to ascertain the interpretation of “Grantee’s hospital facilities” related to LG6 and whether DH’s proposal of profit apportioning by land areas was acceptable. DH also provided the documents from Hospital D and the Grantee’s agent to facilitate LandsD’s consideration. Summary of the communication between DH and LandsD along with the relevant documents are provided at **Annex 2**.

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aspire to be an internationally renowned public health authority*

Taking into account the advice of LandsD and the documents at hand, DH is of the view that another private hospital of the Grantee as well as the nursing school can be considered as “Grantee’s hospital facilities”. This is supported by the letter of 6 April 1995 from the Grantee’s agent to District Lands Office which stated that the Grantee’s medical services covered also another private hospital of the Grantee as well as the Notes for District Lands Conference on 18 May 1995 (**Appendix 3 to Annex 2** with page number 17 and 19 respectively). In Hospital D’s letter of 20 August 2012, the Hospital explained that the nursing school was supporting the operation of the Hospital (**Appendix 2 to Annex 2** with page number 14). LandsD did not have comments on DH’s proposal to apportion profit according to land areas of Hospital D.

- (b) Based on the proposed profit apportionment approach, DH had checked Hospital D’s financial statements and summary of income collected by Grantee from Hospital D’s operation and the expenditure redeployed by the Grantee for hospital facilities and for other charitable purpose (except evangelical or ecclesiastical purposes) and considered no breach of the “no distribution of profit” requirement. An elaboration of the apportionment approach and detailed assessment methodology is at **Annex 3**.
- (c) With the approach adopted in (b), DH did not identify any breach of “no distribution of profit” requirement of LG5 and LG6 of Hospital D.

Please note that some of the appendices in Annex 2 are restricted documents used by DH officers in monitoring of relevant land grant conditions, and the letters to and from Hospital D / the Grantee contain financial information that are not advisable for public disclosure or further distribution without having consent from Hospital D / the Grantee.


(Dr FUNG Ying)
for Director of Health

Encl.

cc	Secretary for Food and Health	(Fax: 2526 3753)
	Director of Lands	(Fax: 2152 0450)
	Secretary for Financial Service and the Treasury	(Fax: 2147 5239)
	Director of Audit	(Fax: 2583 9063)

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aspire to be an internationally renowned public health authority*

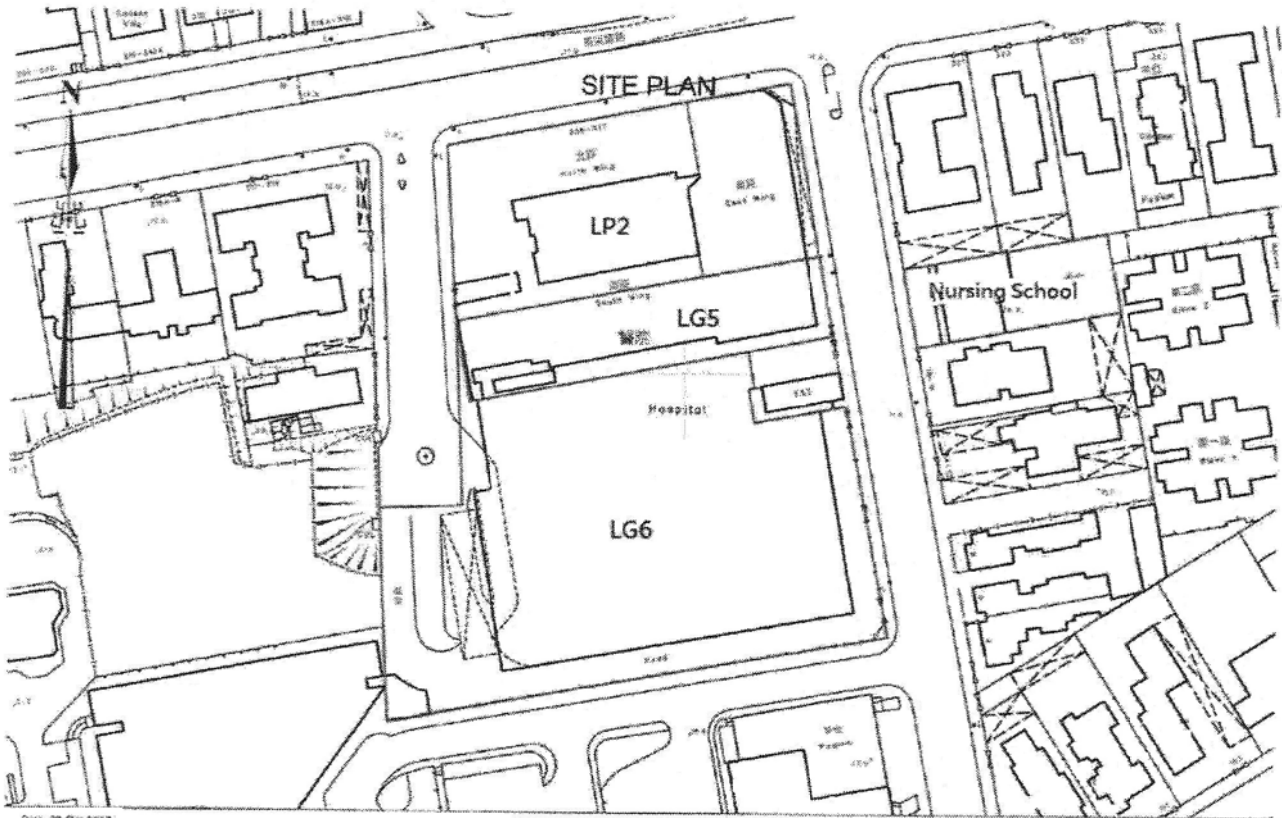
“No distribution of profit” requirement related to Hospital D

- Hospital D and another private hospital are under the same parent organization (the Grantee).
- For Hospital D, the Grantee is operating on LG 5 and LG 6 as well as self-purchased land LP2. Whilst the LP2 contains no restriction on distribution of profits, both LG5 and LG6 contain “no distribution of profit” requirement with details presented in the table below:

Land Lot	No Distribution of Profit Requirement
LG5	There shall be no distribution of profit derived from the said hospital. All profits, if any, derived from the said hospital shall be applied to charitable purposes of the grantee with the exception of any evangelical or ecclesiastical purposes
LG6	There shall be no distribution of profit derived from the said hospital. All profits, if any, derived from the said hospital shall be directed to the improvement or extension of the Grantee’s hospital facilities.

- Apart from the three Lots above, the Grantee acquired another piece of land from private market on 4 December 2007 and obtained a planning approval from Town Planning Board on 27 March 2009 for setting up a nursing school. This land lease does not carry a “no distribution of profit” requirement.
- A site plan of Hospital D and the nursing school is presented at Appendix.

Site Plan of Hospital D and the Nursing School



Date: 28-Oct-2012
Landscape Architect: Officer, DSD/MS/MS
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SCALE 1:1000

Sheet Number
11-NW-15D

Communication between DH and LandsD on “no distribution of profit” requirement related to Hospital D

Date	Correspondences between DH and LandsD	Appendix
24.10.2012	DH sought LandsD’s advice on - (i) whether “Grantee’s hospital facilities” in land lease of LG6 might include any of the Grantee’s hospital facilities apart from Hospital D; and (ii) whether the profit apportioning by land lot was acceptable.	1
2.11.2012	LandsD advised DH that - (i) DH would be in a better position to ascertain whether “Grantee’s hospital facilities” cover another hospital of the Grantee; and (ii) DH was in a better position to determine how the profits were to be apportioned, and take into account the land area in profit apportionment.	
20.11.2012	DH informed LandsD that - (i) Taking into account the profit apportioning by land areas, there was no evidence indicating that the Grantee had breached the land grant condition regarding the restriction of distribution of profit after examining Hospital D’s financial statements and the Grantee’s financial information in relation to the Hospital’s operation from 1997 to 2010. (ii) DH was of the view that the nursing school could be regarded as the Grantee’s hospital facilities if it supported the hospital’s operation. DH provided supplementary information on non-distribution of profit clauses of land grants of Hospital D, and sought LandsD’s clarification, taking into account a letter from the Grantee’s agent to District Lands Office dated 6 April 1995 which stated that the Grantee’s medical services covered also another private hospital of the Grantee as well as the Notes for District Lands Conference on 18 May 1995, on the interpretation of “Grantee’s facilities” and “no distribution of profit” clause.	2 3
22.1.2013	LandsD provided DH with advice.	
4.2.2013	DH informed LandsD that - (i) DH was of the view that the Grantee’s hospital facilities include another hospital of the Grantee based on the document of the Grantee’s agent. (ii) DH considered apportioning profits according to land areas was the only workable approach, and LandsD was requested to advise if they have any objection or proposed alternatives.	4
8.11.2013	DH urged for LandsD’s confirmation on whether the profit could be apportioned according to land areas of Hospital D as mentioned in DH’s memo of 4.2.2013.	5
11.12.2013	LandsD advised that they had no further comment on profit apportionment according to land areas.	

***Note by Clerk, PAC:** *Appendices 1 to 5 not attached.*

Assessment of Profits derived from Hospital D's Operation on PTG Sites

- The Department of Health (DH) has referred to the respective land grant conditions specified in the Land Grants and accordingly assess whether the profits derived from the hospitals operations have been used for the permissible activities.
- For the case of Hospital D, the hospital is operating on LG5, LG6 and one self-purchased land (LP2) with different degrees of restriction on the distribution of profit. For easy reference, the respective details and areas of the land lots are summarized below:

Land Lot	Area (% total)	Land Details	No Distribution of Profit Requirement
LP 2	3,255 m ² (27.7%)	Purchased from the open market	No restriction
LG 5	1,546 m ² (13.2%)	Private Treaty Grant (PTG) at nil premium	There shall be no distribution of profit derived from the said hospital. All profits, if any, derived from the said hospital shall be applied to charitable purposes of the grantee with the exception of any evangelical or ecclesiastical purposes.
LG 6	6,929 m ² (59.1%)	PTG at a premium of \$1,000	There shall be no distribution of profit derived from the said hospital. All profits, if any, derived from the said hospital shall be directed to the improvement or extension of the Grantee's hospital facilities.

- The three land lots are subject to different degrees of restriction on profit distribution. For the purpose of monitoring the profit of Hospital D, the hospital's profit would be apportioned in accordance with the respective areas of the three land lots. This basis of apportionment is adopted because Hospital D is operating as an integral unit on the three land lots and it is infeasible to ascertain which part of the hospital contributes to a particular portion of profit. Some hospital units (e.g. central sterilization units, medical gas storage, plant rooms) do not receive income but without which the income-generating services (e.g. operating theaters, specialist clinics) cannot function. The use of this basis also avoids the risk of artificial packaging and allocation of profits/surplus to the land lot with no restriction on profit distribution.

- The respective apportioned portions of Hospital D's profit (which are subject to different degrees of restriction on profit distribution) would be compared with the actual uses of receipts by the Grantee from Hospital D. When proceeding with apportionment by land areas, DH has adopted a more stringent approach by not including the land area of the nursing school (which is purchased from the open market) in calculation of total land area of Hospital D, resulting in only 27.7% (instead of a higher proportion) of Hospital D's profit being not under the "no distribution of profit" restriction to best protect the public interest.
- For monitoring purpose, the Grantee annually provides a statement, which is confirmed by an external auditor, to list out the receipts from Hospital D and the use of these receipts (sample attached as Appendix). As shown in the Appendix, the receipts from Hospital D include donation, licence fees and dividend from service providers; and, they would be treated as profit received from Hospital D by the Grantee for monitoring purpose. The uses of these receipts (or Hospital D's profit) by the Grantee would be subject to the limits of the respective apportioned portions of Hospital D's profit, and assessed against the uses permitted under the respective conditions/restrictions of the three land lots.

Note by Clerk, PAC: *Appendix not attached.



地政總署總部
LANDS DEPARTMENT
HEADQUARTERS

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來函檔號 Your Ref.: CB4/PAC/CS(60,60A & 61)

我們矢志努力不懈，提供盡善盡美的土地行政服務
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333 JAVA ROAD, NORTH POINT, HONG KONG.

網址 Web Site: www.info.gov.hk/landsd

By Fax & Post
(Fax No.: 2543 9197)

21 January 2015

Mr. Anthony CHU
Clerk to Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr CHU,

Follow-up to Public Accounts Committee Report No. 59
Land grants for private hospital development

I refer to your letter of 9 January 2015 on the compliance with the “profits/surplus plough-back” requirement for Hospital D and note that the same letter was sent to the Director of Health (DH) who responded to you in letter of 20 January 2015. The Lands Department (LandsD)’s response to the questions is set out as follows:

- (a) **whether DH and LandsD have sought legal advice on the “profits/surplus plough-back” requirements in the land grants. If yes, please provide details of the advice**
- (i) Hospital D is erected on LG5, LG6 and LP2 and there is in the vicinity of Hospital D a lot (LP3) which is used as a nursing school. LP2 and LP3 were acquired by the Grantee in the private market and both leases do not

contain the “no distribution of profit” clause. The relevant clauses contained in the respective leases of LG5 and LG6 are reproduced as follows :

LG5

"There shall be no distribution of profit derived from the said hospital. All profits, if any, derived from the said hospital shall be applied to charitable purposes of the grantee with the exception of any evangelical or ecclesiastical purposes."

LG6

"There shall be no distribution of profit derived from the said hospital. All profits, if any, derived from the said hospital shall be directed to the improvement or extension of the Grantee's hospital facilities."

- (ii) DH sought advice from LandsD on the subject and we have taken internal legal advice. The general approach in lease interpretation, as we have been advised, is to look at the relevant terms in each individual case, where appropriate, taking into account also the matrix of surrounding facts of the land grant and/or advice including expert advice in relation to terminology and arrangement, and policy intention on the issues. Subject to the above considerations, we have been advised that each relevant lease condition should apply to the lot (or portions of the lot) in question carrying the particular lease condition and be interpreted accordingly. Therefore one possible treatment for assessing compliance with the “profit/surplus plough-back” requirement is that the profits derived from the hospital (where hospital operation straddles two or more lots with different lease conditions) should be suitably apportioned among the lots (or portions of the lot) in question.
- (iii) DH considers that Hospital D is operating as an integral unit on LG5, LG6 and LP2 and it is not feasible to precisely divide incomes and expenditures of individual hospital services. DH considers that profits apportionment by land areas is the only workable approach and that the nursing school site (LP3) should be excluded in the land area apportionment.
- (iv) As to the distribution of the profits for “*the improvement or extension of the Grantee's hospital facilities*” and “*charitable purposes of the grantee*”, we have been advised that the matrix of facts which would reasonably have been available to the parties prevailing at the time of entering into the contracts leading to the incorporation of the above clauses into the land leases are, amongst other factors, relevant for consideration.

- (v) DH is satisfied that the Grantee's hospital facilities include another hospital of the Grantee and the nursing school (which supports the operation of Hospital D).
- (vi) As the enforcement of the clause is interpretation of the policy intentions and application to the circumstances having regard to the matrix of facts by the policy bureau/department and expert authority, LandsD sees no disagreement to DH's approaches in considering compliance with the above "no distribution of profits" clauses.

(b) whether DH and LandsD have defined the permissible activities and the non-permissible activities of the non-profit-making grantees/hospitals in respect of the surpluses derived from the hospital operations on PTG sites. If yes, please provide details

DH responded to you in letter of 20.1.2015 on this question. We have nothing further to add. DH will continue to scrutinise the accounts and the deployment of any surpluses in compliance with the lease restrictions. LandsD will offer assistance to DH on the lease requirements as necessary.

(c) follow-up actions to be taken by DH and LandsD to address the irregularity case as identified by the Audit Commission in the last paragraph

As per DH's letter to you of 20.1.2015, DH is satisfied that the Grantee did not breach the "no distribution of profit" clauses in the relevant leases. LandsD is not aware of circumstances which should cause us to disagree with this view of DH.

Yours sincerely,



(Ms Rita Lai)
for Director of Lands

c.c. Secretary for Food and Health (Fax no. 2526 3753)
Director of Health (Fax. no. 2893 9613)
Secretary for Financial Services and the Treasury (Fax no.2147 5239)
Director of Audit (Fax no.2583 9063)

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19 January 2015

Mr. Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax : 2543 9197)

Dear Mr. Chu,

**Public Accounts Committee
Consideration of Chapter 2 of the Director of Audit's report No. 61
Management of Roadside Skips**

We refer to your letter of 9 January 2014 addressed to Secretary for the Environment, the Secretary for Development, and the Secretary for Transport and Housing. We have been authorized to reply.

To follow up on the recommendations in the Director of Audit's report No. 61, a Joint Working Group (JWG) led by the Environment Bureau and Environmental Protection Department has been set up in February 2014 with participation of eight relevant bureaux and departments. The JWG has consulted the skip operator trade on the operation matters and has explored related measures with a view to better regulate them.

In response to public complaints against roadside skips, the Hong Kong Police Force (HKPF) and the Lands Department (LandsD) have taken proactive enforcement efforts in response to public complaints against roadside skips. During January – September 2014, there were 889 complaints received by HKPF. Among these

complaints, the scene officers were able to locate roadside skips in 772 cases and advice and/or warning were given by HKPF under the Summary Offences Ordinance (Cap. 228) in 629 cases while over 80% of the skip(s) of these cases were removed by skip operators (usually within hours after complaint was received) and three cases were removed by HKPF. During the same period, LandsD handled 900 complaints in accordance with the Land (Miscellaneous Provisions) Ordinance (Cap. 28). The skips were removed by the skip operators in 99% of the cases, usually within two days of LandsD posting the relevant notice on the skip.

The trade has estimated that there are about 3 500 skips in Hong Kong, of which about 1 500 skips are placed in works sites and storage areas. Roughly about 2 000 skips are placed on roads and in public places across the territory. The JWG has conducted day and night visits to various hotspots of frequent complaints. The skips found on such locations were not actively engaged in waste loading and unloading activities. According to the feedbacks from the trade, these skips were placed there idling for convenience, either because they were close to their operating sites or due to a lack of proper storage areas, especially during night time.

In addition, the JWG has also looked into the 14 traffic accidents since 2010 involving roadside skips, of which four cases occurred in day time between 7:00am to 7:00pm and 10 cases occurred between 7:00pm to 7:00am. The accidents resulted in a total of 23 injuries. Subsequent investigations by HKPF revealed that most cases were relating to driving manner and five drivers were summonsed for careless driving. In all the 14 traffic accidents, the skips concerned were idling and placed at roadside without any associated loading and unloading activities.

Having considered the findings so far, the Secretary for the Environment, the Secretary for Development, and the Secretary for Transport and Housing agree that the relevant Departments would enhance co-operation and proactively explore the following short term measures in order to better address the problems caused by placing of roadside skips:

- (a) to identify suitable sites to be made available to skip operators through tendering on short-term tenancies for storage of “idling” skips and/or to facilitate skips to be placed in suitable commercially managed sites of other uses, with a view to reducing the number of such skips placed on roads or in public places; and
- (b) to enhance enforcement efficiency by engaging term contract service providers to speed up the removal of roadside skips by relevant government departments.

Meanwhile, it is recognised that some institutional measures, for example, regulating the operation of skips through a licence system in the longer term require further consideration. Any regulatory system (irrespective of whether it is to be in the form of a licence system for the skip operators or skips themselves, or both), if implemented, will need to duly cater for skip operations in Hong Kong, to address the public acceptance to the nuisance caused, to ensure fair treatment to all trade operators carrying out loading/unloading activities, and be backed by an effective enforcement mechanism. The Government will consider the need for such, having regard to the effectiveness of the short term measures mentioned above.

The JWG is now working out the implementation details of the short term measures and engaging the trade.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Fong Che Ping', written over a horizontal line.

(Dr. Sherman Fong)
for Director of Environmental Protection

c.c.

Secretary for Development

(fax no. 2151 5303)

Secretary for Transport and Housing

(fax no. 2537 6519)

Secretary for Financial Services and the Treasury

(fax no. 2147 5239)

Director of Audit

(fax no. 2583 9063)

**Allocation and Utilisation of Public Rental Housing Flats
Progress in implementing the Audit's and
Public Accounts Committee's ("PAC's") recommendations**

Audit Report Para. no.	Audit's/PAC's recommendations	Progress as at September 2014
Part 2: Allocation of flats to people in need of public rental housing ("PRH")		
2.31	<p>Management of the Waiting List ("WL") for general applicants</p> <p><i>Transparency and accountability in the Average Waiting Time ("AWT") computation</i></p> <p>(a) to enhance transparency and accountability of the Housing Department's management of the WL for PRH, the Housing Department ("HD") may consider, for example:</p> <p style="margin-left: 40px;">(i) publicising the definition of AWT and the basis of its calculation in the HA's website, pamphlets and brochures; and</p> <p style="margin-left: 40px;">(ii) enhancing the transparency of the flat allocation mechanism to help applicants make informed decisions.</p>	<p>(a) The HD has uploaded the definition and computation method of the AWT onto the Housing Authority ("HA")/HD's website on 29 January 2014 and incorporated information on the AWT into the brochure "Waiting List for Public Rental Housing — Information for Applicants".</p> <p>To enhance transparency of the flat allocation mechanism, the revised "Waiting List for Public Rental Housing — Information for Applicants" and the Application Form incorporating information on AWT were also published for use in April 2014 and August 2014 respectively.</p>

Audit Report Para. no.	Audit's/PAC's recommendations	Progress as at September 2014
2.50	<p>Implementation of the Quota and Points System ("QPS")</p> <p><i>Sustainability of the Quota and Points System</i></p> <p>(a) to conduct a comprehensive review of the QPS, including:</p> <p>(i) examining whether there is room for improvement in the points system of the QPS; and</p> <p>(ii) assessing the effectiveness and sustainability of the QPS in achieving its objectives; and</p> <p><i>Screening out ineligible QPS applicants on the WL</i></p> <p>(b) to consider the need to screen out ineligible QPS applicants on a periodic basis.</p>	<p>(a) and (b)</p> <p>The Long Term Housing Strategy ("LTHS") Consultation Document published by the LTHS Steering Committee has put forward recommendations on the QPS, including allocating more points to those who are above the age of 45, developing a mechanism to regularly review the income and asset of QPS applicants, etc. The three-month public consultation ended on 2 December 2013. Audit's and PAC's recommendations and observations, the views received during the PAC's public hearings, as well as the LTHS Steering Committee's recommendations and view collected during the public consultation, have been referred to the HA for consideration.</p>

Audit Report Para. no.	Audit's/PAC's recommendations	Progress as at September 2014
Part 3: Maximising the rational utilisation of PRH		
3.40	<p>Implementation of the Well-off Tenants Policies</p> <p><i>Review of the Well-off Tenants Policies</i></p> <p>(b) to critically review the Well-off Tenants Policies to see whether the various parameters of the Housing Subsidy Policy and the Policy on Safeguarding Rational Allocation of Public Housing Resources can be fine-tuned for further improvements; and</p> <p>(c) to explore ways to encourage well-off PRH tenants to purchase Home Ownership Scheme flats.</p>	<p>(b) and (c)</p> <p>“Well-off Tenants Policies” is one of the discussion items of the LTHS Steering Committee. The Steering Committee noted that there are divergent views on the policies in the community. The public consultation document on LTHS further invited views on the policies. Views collected during the public consultation, together with Audit’s and PAC’s recommendations as well as views collected during PAC hearings, have been referred to the HA for consideration.</p>
3.62	<p>Under-occupation of PRH flats</p> <p><i>Stepping up efforts to tackle the under-occupation issue</i></p> <p>(a) to step up HD’s efforts in tackling the under-occupation (“UO”) issue, paying particular attention to those long-outstanding UO households.</p>	<p>(a) The HA had reviewed the UO policy in 2013 and endorsed a series of revised measures for implementation starting from October 2013. Under the revised measures, some 26 300 UO households with disabled or elderly members aged 70 or above were excluded from the UO list and some 13 000 UO households with members aged between 60 and 69 were placed at the end of the UO transfer list.</p>

Audit Report Para. no.	Audit's/PAC's recommendations	Progress as at September 2014
		<p>The HA has also lowered the Prioritised Under-occupation ("PUO") threshold for households of all sizes. For example, the threshold of one-person households has been lowered from having a living area of 34m² to 30m². The number of households identified as PUO increased to 7 581. The HD has issued notification to all PUO households informing them of the revised UO measures and are arranging for their transfer to smaller flats by batches.</p> <p>A further review of the UO policy will be conducted in 2016.</p>
Part 5: Way forward		
5.8	<p>Way forward</p> <p>(a) Audit recommends that the audit observations and recommendations in the Audit Report should be taken on board in taking forward the LTHS Review.</p>	<p>(a) The LTHS Steering Committee has published a Consultation Document on the LTHS for Hong Kong for the next ten years. The Steering Committee's recommendations and all of the views collected during the consultation period have been referred to the HA for consideration and implementation.</p>



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日期： 23 January 2015
Date

Clerk
Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
HONG KONG
(Attn.: Mr. Anthony CHU)

Dear Mr. CHU,

**Follow-up to Public Accounts Committee Report No.61
Allocation and utilization of Public Rental Housing Flats**

With reference to your letter dated 9 January 2014 addressed to Secretary for Transport and Housing on the subject issue, I set out the Administration's bilingual response at the **Annex** for your reference, please.

Yours sincerely,

(LEUNG Sai-chi)

for Secretary for Transport and Housing

Encl.

c.c. Secretary for Transport and Housing
Secretary for Financial Services and the Treasury (Fax No. 2147 5239)
Director of Audit (Fax No. 2583 9063)

(a) The latest figures on the number of unoccupied flats and unoccupied flats that have been vacant for more than one year;

Unoccupied public rental housing (PRH) flats are classified into flats which are 'under offer', 'unlettable' flats and 'lettable vacant' flats. The number of these flats changes frequently according to the allocation progress, any figures provided are only snapshot figures indicating the situation at a given point of time. As at end December 2014, there were 2,431 flats which were 'under offer', 2,920 were 'unlettable' flats; and 2,829 were 'lettable vacant' flats. Amongst them, 182 'lettable vacant' flats and 2,371 'unlettable' flats have been vacant for more than one year.

(b) action taken by the Administration to speed up the letting of unoccupied flats, in particular those long vacant flats that have been vacant for more than one year;

The Administration has taken the following measures to speed up the letting of lettable vacant flats -

- (1) Half rent reduction of 8 to 12 months will be offered as an incentive to boost up acceptance rates for flats fallen vacant for more than 12 months;
- (2) Less popular flats including prolonged vacant flats; flats with adverse Environmental Indicators; flats of less popular design (Housing for Senior Citizens and Interim Housing converted flats) and flats in estates with high refusal rates will be included in Express Flat Allocation Scheme (EFAS) exercises to speed up letting. For those flats which have been offered to the applicants but are subsequently refused by them and if such flats also meet the EFAS flat pooling criteria, when EFAS flat pooling is in progress, we will cease their re-letting and immediately include them into the pooling list.

(c) the reasons for the long vacancy period

Out of the 182 ‘lettable vacant’ flats that have become vacant for more than one year, 86 flats (47.2%) were reserved under the Express Flat Allocation Scheme (EFAS) exercise. The whole EFAS exercise takes some 10 months to complete and flats reserved under the exercise will remain “vacant” until they are selected and accepted by the applicants concerned. 38 flats (20.9%) were reserved for government clearance projects while 8 flats (4.4%) were situated in the relatively remote Lung Tin Estate in Tai O. The remaining 50 flats (27.5%) were reserved for various rehousing categories and for operations of other government departments.

As for the 2,371 unlettable flats vacant over one year, 1,916 flats (80.8%) were Housing for Senior Citizens (HSC) Type I and Converted one-person (C1P) flats that still have other occupants, conversion work could only be conducted after the moving out of all remaining tenants. 317 flats (13.3%) were reserved by the Urban Renewal Authority, 132 flats (5.6%) were frozen from letting mainly due to estate clearance projects. The remaining 6 flats (0.3%) were undergoing conversion and major structural repairs that required longer conversion period.

(d) the measures taken to shorten the vacancy period.

In addition to the measures mentioned at (b) above, in view of the unsatisfactory vacancy rate of Tin Lee House, Lung Tin Estate in Tai O, the Housing Authority decided in February 2013 to convert Tin Lee House into Housing Ownership Scheme units for sale. Apart from a unit being retained for the management office and the office of the Owners Corporation, all the remaining 85 units were sold.

To better monitor the reletting of those unlettable flats, Housing Department (HD) has implemented the following measures:

- (i) The interval for Chief Housing Manager/Applications of HD in

issuing memo to Regional Chief Managers for reviewing the position of unlettable flats has been shortened to 1.5-month.

- (ii) The progress of vacant flats refurbishment works is under the monitoring of Senior Works Professional and Works Professional in the Bi-monthly Contract Meeting and Weekly Meeting respectively. To further tighten the monitoring, cases involving long refurbishment period are reported and monitored in an internal committee chaired by Assistant Directors.
- (iii) Starting from mid 2013, HD has been arranging management transfer for all non-elderly tenants of HSC Type I flats to further expedite the flat recovery for conversion to PRH flats.
- (iv) System enhancement was completed in October 2013 to generate batch report for monitoring the conversion progress of HSC Type I and C1P flats.
- (v) For those elderly tenants who are less adapted to new environments living in HSC Type I and C1P units, HD will continue to adopt a pragmatic yet persistent manner in encouraging them to apply for transfer.

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16 January 2015

Mr. Anthony CHU
Clerk, Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road, Central
Hong Kong

Dear Mr. CHU,

Follow-up to Public Accounts Committee Report No. 61
Fire protection and prevention work of the Fire Services Department

Thank you for your letter of 9 January 2015. The response of this Department to the questions raised are set out in the Appendix to facilitate the Committee's consideration of the captioned report.

If you have any questions, please feel free to contact Mr. Robert LAU, Assistant Director (Licensing & Certification) on 2733 7744.

Yours sincerely,

(LAI Man-hin)
Director of Fire Services

Follow-up on PAC Report No. 61
Fire protection and prevention work of the Fire Services Department (FSD)

Para. No.	Audit's Recommendations	Update and Supplementary Information (as at 16 January 2015)
Part 2: Monitoring Fire Service Installations in Buildings		
2.14	<p>Audit has recommended that the Director of Fire Services should:</p> <p>(b) complete updating and verifying the LIFIPS data on FSIs installed in buildings as soon as possible, in order that LIFIPS can be used more effectively for monitoring the proper maintenance of all FSIs installed and highlighting FSIs without annual inspection;</p>	<p>The exercise of updating and verifying all the records of the fire service installations and equipment (FSIs) in buildings (FS21s) in the Integrated Licensing, Fire Safety and Prosecution System (LIFIPS) was completed in March 2014, with a total of about 51,000 records being captured. FSD has also deployed extra resources to input the data on the paper-based Certificates of Fire Service Installations and Equipment (FS251s) into the LIFIPS for more effective monitoring.</p> <p>By matching the annual inspection records of FSI (i.e. FS251s) received with the corresponding building FSI records (i.e. FS21s), those buildings without conducting the annual FSI inspection can be effectively identified for follow-up action. Since the implementation of this measure, the number of FS251s received by FSD has increased from 226,371 in 2013 to 238,514 in 2014, which</p>

Para. No.	Audit's Recommendations	Update and Supplementary Information (as at 16 January 2015)
		<p>proves that the measure has facilitated the effective monitoring of the timely submission of FS251s.</p> <p>To further enhance the efficiency of the monitoring mechanism, a major upgrade of the LIFIPS was completed in October 2014. With the enhanced functionalities, the LIFIPS is able to match the FS251s received against the corresponding FS21s on a daily basis and automatically bring up cases which lack the annual FSI inspection. The enhancement enables FSD to take follow-up actions more efficiently.</p>
Part 4: Monitoring Ventilating Systems		
4.15	<p>Audit has recommended that the Director of Fire Services should:</p> <p>(a) explore the need for requiring the Ventilation Division to conduct prompt risk assessments and inspections when receiving inspection certificates reporting serious defects in ventilating systems; and</p> <p>(b) improve the guidelines for inspecting ventilating systems.</p>	<p>FSD has completed a review on the risk level of defective ventilating systems and the revised internal guidelines have been put into effect since September 2014. FSD has since adopted a risk-based inspection approach which accords higher priority to the inspection of major defects of ventilating systems in buildings and licensed premises. Under the new risk-based approach, inspection officers will conduct inspection within 12 working days for ventilating systems with major defects and within 1 month for</p>

Para. No.	Audit's Recommendations	Update and Supplementary Information (as at 16 January 2015)
		<p>ventilating systems with minor defects. If necessary, enforcement action will be taken accordingly.</p> <p>FSD has handled 17 cases of ventilating systems with major defects since the implementation of the new approach and all inspections were conducted within 12 working days. The new approach has effectively strengthened the monitoring of defective ventilating systems and in turn enhanced the fire safety of buildings and licensed premises. FSD will continue to monitor the effectiveness of the new approach and review if there is room for improvement when opportune.</p>

**Witnesses who appeared before the Committee
(in order of appearance)**

Mr Matthew CHEUNG Kin-chung	Secretary for Labour and Welfare
Mrs Elina CHAN	Principal Assistant Secretary for Labour and Welfare (Welfare) 3
Ms Carol YIP	Director of Social Welfare
Miss Cecilla LI	Assistant Director of Social Welfare (Elderly)
Professor Anthony CHEUNG	Secretary for Transport and Housing
Mr Joseph LAI Yee-tak	Permanent Secretary for Transport and Housing (Transport)
Mrs Sharon YIP LEE Hang-yee	Deputy Secretary for Transport and Housing (Transport)
Mr Norman LO Shung-man	Director-General of Civil Aviation
Mr Simon LI Tin-chui	Deputy Director-General of Civil Aviation
Miss Priscilla LAM Wai-shan	Assistant Director-General of Civil Aviation (Airport Standards)
Mr Raymond LI Kwok-chu	Assistant Director-General of Civil Aviation (Air Traffic Engineering Services)
Mr Richard WU Chi-kwong	Chief Electronics Engineer (Projects) Civil Aviation Department
Mr Ivan CHEUNG Chun-shing	Departmental Secretary Civil Aviation Department
Mr LEUNG Koon-kee	Director of Architectural Services
Ms CHAN Hoi-ming	Project Director/2 Architectural Services Department

Mr David CHAK Wing-pong	Chief Project Manager 201 Architectural Services Department
Mr Alan SIU Yu-bun	Government Property Administrator
Dr KO Wing-man	Secretary for Food and Health
Mr Richard YUEN	Permanent Secretary for Food and Health (Health)
Dr Constance CHAN Hon-yeek	Director of Health
Dr Teresa LI Mun-pik	Assistant Director of Health (Family and Elderly Health Services) Department of Health
Dr Ruby LEE Siu-yin	Consultant Family Medicine (Elderly Health Service) Department of Health
Dr LEUNG Pak-yin	Chief Executive of Hospital Authority
Dr Alexander CHIU	Chief Manager (Integrated Care Programs) Hospital Authority
Dr Derrick AU	Director (Quality & Safety) Hospital Authority

**Introductory Remarks by
Chairman of the Public Accounts Committee,
Hon Abraham SHEK Lai-him, GBS, JP
at the First Public Hearing of the Committee
in respect of the Director of Audit's Report No. 63
on Monday, 8 December 2014**

Good morning, ladies and gentlemen. Welcome to the Public Accounts Committee's public hearing relating to Report No. 63 of the Director of Audit on the results of value for money audits, which was tabled in the Legislative Council on 20 November 2014.

2. The Public Accounts Committee is a standing committee of the Legislative Council. It plays the role of a watchdog over public expenditure through consideration of the reports of the Director of Audit laid before the Council on the Government's accounts and the results of value for money audits of the Government and those organisations which receive funding from the Government. The consideration by the Committee of the Director's reports involves gathering evidence relevant to the facts contained in the Director's reports, so that the Committee may draw conclusions and make recommendations in a constructive spirit and forward-looking manner. I also wish to stress that the objective of the whole exercise is such that the lessons learned from past experience and our comments on the performance of the public officers or other personnel concerned will enable the Government to improve its control over the expenditure of public funds, with due regard to economy, efficiency and effectiveness.

3. The consideration of the Director's reports follows an established process of public hearings where necessary, internal deliberations and publication of the Committee's report. The Committee has an established procedure for ensuring that the parties concerned have a reasonable opportunity to be heard. After the Committee is satisfied that it has ascertained the relevant facts, it will proceed to form its views on those facts, followed by a process of formulating its conclusions and recommendations to be included in its report. In accordance with Rule 72 of the Rules of Procedure of the Legislative Council, the Committee is required to make its report on the Director's report to the Legislative Council within three months of the date at which the Director's report is laid on the Table of the Council. Before then, we will not, as a committee or individually, be making any public comments.

4. Following a preliminary study of Report No. 63, the Committee has decided, in respect of four chapters in the Report, to invite the relevant public officers to appear before the Committee and answer our questions. We have, apart from today's hearing, also set aside tomorrow and 16 December 2014 for public hearings for all four chapters.

5. The public hearing today is on Chapter 1 of Report No. 63 on the subject of "Provision of long-term care services for the elderly". The witnesses are: Mr Matthew CHEUNG Kin-chung (Secretary for Labour and Welfare), Mrs Elina CHAN (Principal Assistant Secretary for Labour and Welfare (Welfare) 3), ~~Ms~~ Carol YIP (Director of Social Welfare) and Miss Cecilla LI (Assistant Director of Social Welfare (Elderly)).

6. I now invite members to ask questions.

**Opening Remark by Secretary for Labour and Welfare at
the Legislative Council Public Accounts Committee's Public Hearing
on the Director of Audit's Report No. 63:
Provision of Long-term Care Services for the Elderly**

Chairman,

I would like to thank the Director of Audit for conducting a review on the Social Welfare Department (SWD)'s provision of long-term care services in the past few months. I would also wish to thank the Public Accounts Committee for selecting this subject for the hearing. Both reflect the community's genuine concern about the challenges arising from the ageing population as well as the development of elderly services.

Like many other economies, Hong Kong is facing an ageing population. The number of elderly people aged 65 or above will increase from around 1.07 million at present to 2.56 million in 2041, representing 32% of our population. Given the rapidly ageing population, the commitment of the whole community to provide care for the elderly will continue to increase in the years ahead.

In view of the challenges posed by the ageing population, our policy priorities are to provide effective services for our senior citizens and map out the long-term plan for the services. For the frail elderly, in line with the policy of promoting "ageing in place as the core, institutional care as back-up", we have allocated substantial resources to provide a wide spectrum of community care services and residential care services with a view to supporting our elderly with various care needs as well as their carers. In parallel, we adopt an innovative approach in introducing pilot projects and exploring the feasibility of new service modes. This aims to promote the diversity of the provision of elderly services with more flexibility and choices to suit the needs of our elderly citizens. The Director of Audit has given a detailed account in his Report of the Government's policies, measures, resources allocation, long-term planning, etc. on elderly care services, and hence I will not recapitulate the details here.

In his Report, the Director of Audit has put forward numerous recommendations on various areas of elderly care services, such as the provision and management of subsidised long-term care services for the elderly. The Labour and Welfare Bureau (LWB) and SWD agree with these recommendations, and our preliminary responses to the recommendations are set out in the Report. We will also follow up the relevant enhancement measures as appropriate. The Chief Executive has tasked the Elderly Commission (EC) to prepare an Elderly Services Programme Plan (Programme Plan) within two years. The EC has set up a working group to follow up relevant work on the Programme Plan, which is expected to be completed in mid-2016. We have forwarded the Audit's Report to the EC for it to take into account as it deems appropriate when formulating the Programme Plan.

I fully appreciate and am grateful to the Public Accounts Committee for its concerns on elderly care, notably the long-term care services for the elderly. My colleagues and I are happy to further supplement in response to Members' questions. Thank you.

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29 December 2014

Clerk to Public Accounts Committee
Legislative Council Secretariat
(Attn: Mr Anthony Chu)
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr Chu,

Consideration of Chapter 1 of the Director of Audit's Report No. 63

Provision of long-term care services for the elderly

I refer to your letter of 11 December 2014 on the captioned subject. Please find attached the information as requested. The English version will follow shortly please. Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Elina Chan', written over a faint circular stamp.

(Mrs Elina Chan)
for Secretary for Labour and Welfare

c.c Director of Social Welfare

Consideration of Chapter 1 of the Director of Audit's Report No. 63

Provision of long-term care services for the elderly Follow-up actions to be taken by the Administration for the public hearing on 8 December 2014

General

- 1. Given that the Chief Executive stated in his election manifesto that he “will streamline and enhance residential care services to shorten waiting time”, what are the Administration’s work or plan in this aspect?**

In face of an ageing population, there has been a rapid increase in the need for long-term care services for the elderly and Hong Kong’s institutionalisation rate is also higher than that of other Asian countries. Alongside the continual growth of the elderly population and life expectancy, demand for subsidised residential care services (RCS) will further increase. On the waitlisting of subsidised RCS places, the waiting time is affected by a combination of factors, for example, the number of applicants, the applicants’ special preferences for elderly homes (including the region, district, specific choice of home, diet, religious background, whether accepting subsidised places provided under Enhanced Bought Place Scheme (EBPS), etc.) and the turnover of places in individual homes.

The Government has been making strenuous effort to increase subsidised RCS places for the elderly through short, medium and long-term measures. In the short run, the Government will purchase places from private residential care homes for the elderly (RCHEs) through EBPS and make better use of space in subvented homes for provision of more subsidised places with elements of a continuum of care. In the medium term, we will build new contract RCHEs to increase the number of subsidised places. In the long run, we will continue to identify suitable sites in close collaboration with concerned government departments, such as the Lands Department, Planning Department, Housing Department and Government Property Agency, for construction / redevelopment of RCHEs through exploring the possibility of reserving land or premises in new or redevelopment projects, public rental housing development

projects, Urban Renewal Authority projects as well as vacant sites.

The Government has provided over 1 600 additional subsidised RCS places from 2012-2014 and has planned to increase about 530 subsidised RCS places and about 100 subsidised day care places through new contract RCHEs from 2014-15 to 2016-17. Besides, the Social Welfare Department (SWD) has earmarked sites in 11 development projects for the construction of new RCHEs for provision of about 1 170 RCS places (including both subsidised and non-subsidised portion) and about 310 subsidised day care places.

The Labour and Welfare Bureau (LWB) has launched a Special Scheme on Privately Owned Sites for Welfare Uses (the Special Scheme) since September 2013 to encourage social welfare organisations to better use their land through in-situ expansion or redevelopment, especially to provide additional facilities for elderly and rehabilitation services. If the proposals submitted by the social welfare organisations could be implemented smoothly, it is estimated that a maximum of around 9 000 additional places for elderly services comprising 7 000 RCS places and 2 000 community care services (CCS) places will be provided in the next five to ten or more years.

Besides, the Government introduced the Pilot Residential Care Services Scheme in Guangdong in June 2014 to provide an additional option for elderly persons who are on the Central Waiting List (CWL) for subsidised care-and-attention (C&A) places to choose to live in the two RCHEs operated by Hong Kong non-governmental organisations (NGOs) in Guangdong.

The Government has tasked the Elderly Commission (EC) to explore the feasibility of introducing a RCS voucher scheme and to submit a report in a year's time. The EC started the work in July 2014 and is expected to complete the exercise in mid-2015. Depending on the outcome of study, the Government has earmarked \$800 million to meet the expenditure for issuing a total of 3 000 RCS vouchers in three phases from 2015-16 to 2017-18.

As announced in his 2014 Policy Address, the Chief Executive has tasked

EC to prepare the Elderly Services Programme Plan (the Programme Plan). In this connection, EC has set up a working group to take forward the task and has engaged consultants who have in-depth understanding of the subject to provide assistance. EC aims to submit its report to the Government in mid-2016. In response to the recommendation of the Director of Audit's Report (the Audit Report), LWB has provided Audit's findings to EC and the consultant team so that the findings could be taken into account in the Scoping Stage where the scope of the Programme Plan will be defined.

Part 2

- 2. What is the range of the estimated administrative costs (in terms of percentage of the project costs) for different schemes of community care services ("CCS") and residential care services ("RCS") launched/to be launched?**

According to the 2014-15 Estimate, the administrative costs involved in the provision of various CCS and RCS account for 0.84% of the annual recurrent expenditure on social welfare services for the elderly.

- 3. What is the latest average waiting time for different services under CCS and RCS (breakdown by those on the Central Waiting List ("CWL") for RCS with/without preferences and by different types of subsidised residential care places)?**
- 11. What is the number of elderly who has rejected RCS places offers each year in the past three years? Please include a breakdown on the number of cases who have rejected the offers for the first time/second time/third time or more, and the number of RCS places offered in that year.**

Subsidised CCS

As at end-September 2014, the average waiting times for application for various types of subsidised CCS in the CWL were as follows:

Subsidised CCS	Waiting time (in months) (Average from the past 3 months) Note¹
Integrated Home Care Services (IHCS) (Frail Cases) / Enhanced Home and Community Care Services (EHCCS)	7
Day Care Centres/Units for the Elderly (DEs/DCUs)	7

Subsidised RCS

As at end-September 2014, there were 24 476 and 6 455 elderly persons waitlisted for subsidised C&A and nursing home (NH) places in the CWL respectively. The waiting time for RCS is affected by a number of factors. At present, the vast majority of elderly applicants have preferences for the homes. These individual preferences include location preferences at the regional / district level or specific homes. Other preferences may also include whether to accept subsidised placement under EBPS, diet, religious background and couple placement. SWD will arrange placement offers to the elderly applicants in accordance with their expressed preferences. For detailed information on their expressed preferences, please refer to the tables below:

Location preferences of applicants waitlisted for **subsidised C&A places** under the CWL:

Location Preference	No. of Applicants	Percentage (%)
Specific home	14 384	58.8
Specific district	7 893	32.2
Specific region	2 051	8.4
No preference	148	0.6
Total :	24 476	100.0

¹ Waiting time captures the time when the cases are put under the CWL to the time when the cases are admitted to CCS. The average waiting time for cases admitted to subsidised CCS in the past three months includes normal and priority placement applications but excludes those with inactive history.

Breakdown of other expressed preferences:

Types of Preference	No. of Applicants	Percentage (%)
(a) Willing to accept subsidised placement under EBPS	1 443	5.9
(b) Diet	15 677	64.0
(c) Religious background	2 063	8.4
(d) Couple placement	425	1.7

Location preferences of applicants who have indicated their willingness to accept subsidised placement in the private homes participating in the EBPS:

Location Preference	No. of applicants	Percentage (%)
Specific home	1 227	85.0
Specific district	168	11.6
Specific region	46	3.2
No preference	2	0.2
Total :	1 443	100.0

Location preferences of applicants waitlisted for subsidised **NH places** under the CWL:

Location Preference	No. of Applicants	Percentage (%)
Specify home	2 712	42.0
Specify district	2 235	34.6
Specify region	1 217	18.9
No preference	291	4.5
Total :	6 455	100.0

Breakdown of other expressed preferences:

Types of Preference	No. of applicants	Percentage (%)
(a) Willing to accept subsidised placement under Nursing Home Place Purchase Scheme	2 252	34.9
(b) Diet	3 703	57.3

Types of Preference	No. of applicants	Percentage (%)
(c) Religious background	286	4.4
(d) Couple placement	13	0.2

Information on Decline of Offers

While SWD arranged 10 438, 11 498 and 10 199 RCS placement offers in 2011, 2012 and 2013 respectively, there were 2 845 (27%), 2 835 (24.7%) and 2 640 (25.9%) applicants who declined the offers with breakdown as follows:

	2011	2012	2013
Refused once	2 412	2 417	2 327
Refused twice	389	403	296
Refused thrice	42	14	17
Refused for 4 times	2	1	0
	2 845	2 835	2 640

In general, the waiting time for RCS is affected by a combination of factors, e.g. the supply of services being applied for, turnover of places in different homes, individual applicants' positions in the waiting list and their personal preferences (including regions, districts, specific homes, diet, religious background and request for couple placement, etc). The vast majority of the applicants have preferences for their homes. SWD will offer them home places in accordance to their personal preferences. Nevertheless, quite a number of these applicants will decline placement offers although they are arranged in accordance with their care needs and personal preferences. As a result, it would prolong the general waiting time for RCS and incur additional workload for the Long Term Care Services Delivery System (LDS) Office to re-allocate the rejected placement offers, making the vacant time of places longer and service utilisation lower. As at end-September 2014, 95.5% of applicants for NH places and 99.4% of applicants for C&A places expressed location preferences. If they do not have such preferences, their service waiting time could be significantly reduced (e.g. the average waiting time for a placement at a private home participating in the EBPS is 7 months whereas the waiting time can be further reduced to 2 months if the

applicants have no personal preference at all).

As at end-September 2014, the average waiting time (Note²) (including the time taken in making offers to applicants according to their personal preferences or time taken in making additional offers upon applicants' declining of offers) for RCS by types of services are as follows:

Subsidised RCS	Applications with location preference (months)	Applications without location preference (months)
Care and attention homes		
Subvented homes and contract homes	34.4	N/A (Note ³)
Private homes participating in the EBPS	7.2	2.2
Overall	18.9	2.2
Nursing Home	32.2	27.9

4. Given that the Administration's elderly policy is to promote ageing in place, what is its plan to enhance CCS?

The Government's elderly care policy is to encourage elderly persons to "age in place" as this is the wish of most elderly persons. In fact, not every elderly person with long-term care needs has to be admitted to RCHE. Given sufficient community care and support services, elderly persons may continue living in their own homes.

² Waiting time captures the time when the cases are put under the CWL to the time when the cases are admitted to RCS. The average waiting time for cases admitted to subsidised RCS in the past three months includes normal and priority placement applications but excludes those with inactive history.

³ As no subvented or contract home has admitted any case without location preference from July to September 2014, no waiting time can be calculated. As at end-September 2014, the latest application date with turn for placement offer to male and female applicants without location preference was April 2013 and August 2013 respectively.

In order to improve CCS, the Government has not only made strenuous efforts to increase CCS places, but also enhanced the service content and adopted new funding mode of service provision. These measures include -

- (1) From 2013-14 to 2016-17, nine new Contract RCHEs/Contract RCHEs with DCUs have commenced/will commence service, providing a total of 130 additional day care places; whereas four new DEs have commenced/will commence service, providing a total of 224 additional day care places. We have also earmarked sites in 11 development projects for the construction of new Contract RCHEs and DEs/DCU, with an estimated number of 310 additional day care places.
- (2) In 2014-15, there will be about 230 additional day care places, of which 60 will extend their service hours for needy elderly persons in the districts.
- (3) The Government has increased the recurrent expenditure in 2014-15. From March 2015 onwards, the major service content of the Pilot Scheme on Home Care Services for Frail Elders (including elder-sitting and on-site carer training) will be integrated with that of EHCCS so as to strengthen the home care services and enhance the support for frail elderly persons living at home, and also provide 1 500 additional places for home care services. The estimated recurrent expenditure is about \$172 million.
- (4) The Pilot Scheme on Community Care Service Voucher for the Elderly (the Scheme) was launched in September 2013, with the provision of 1 200 CCS places. It has attracted different types of service providers into the market (including NGOs and social enterprises), thus further increasing the CCS service volume. We are planning to implement the second phase of the Scheme in 2015-16 with the aim of providing services for more frail elderly.
- (5) Under the Special Scheme on Privately Owned Sites for Welfare Uses launched since September 2013, social welfare organisations have submitted proposals on provision of day care facilities. A maximum of 2 000 additional CCS places will be provided if all the proposals smoothly come to fruition.

5. What is the Administration’s plan to shorten the average waiting time for day care services and home care services under CCS, in particular for the districts with particular high average waiting time (such as NT1 in paragraph 2.14(a) and KLN3 for paragraph 2.13(b))?

The Administration has been keeping a close eye on the service demand and waiting time for day care services and home care services in different districts so as to ensure that needy elderly persons can receive necessary services in a timely manner. Different waiting time for different districts is reflective of a combination of factors, including the increasing population in certain districts, the number of day /home care places available, the turnover of day/home care places and the availability of premises for setting up new DEs/DCUs.

In addition, SWD will review the service demand and waiting time for day care services and home care services in different districts. Where possible, we will flexibly deploy day care places to allow cross-district service provision in newly set up DEs. If deemed necessary, we will also consider re-distributing EHCCS places from team(s) with fewer waiting cases to team(s) with greater service demand through contract variation so as to better utilise the resources and shorten the waiting time in the concerned districts.

In order to shorten the waiting time, the Government has already taken into account the longer waiting time and greater service demand in some of the districts in planning additional day care places (including those which already commenced service and new development projects) in 2014-15 to 2022-23. On the other hand, there will be an additional 1 500 EHCCS places to be provided by NGOs from March 2015 onwards. The Government has also taken into account the longer waiting time and greater service demand in some of the districts in distributing the EHCCS places to different districts. In fact, among these 1 500 additional EHCCS places, over 60% will be allocated to the five districts as mentioned in the Audit Report.

Waiting list-inactive cases

6. What is the background and rationale for classifying elderly cases which have been assessed as “RCS only” or “dual option” but are using CCS as “inactive” cases? What is the number of active cases which have been classified as inactive cases and the number of inactive cases which have opted for RCS each year in the past three

years? (2. 18(a))

7. **Given that these “inactive” elderly can opt at any time for RCS, whether this would have an impact on the planning for resources for RCS places and the waiting time for the applicants on the CWL for RCS? (2. 18(a))**
8. **What are the measures taken by the Administration in order to enhance the transparency of the information on these “inactive” cases? (2. 18(a))**
9. **What are the reasons for not updating the Social Welfare Department (“SWD”) Manual of Procedures to reflect revision in “inactive” status for “RCS only” elderly cases? (2.18(a)(i))**

SWD has implemented the Standardised Care Need Assessment Mechanism for Elderly Services since November 2000. Under the mechanism, accredited assessors have used an internationally recognised assessment tool to ascertain the care needs of the elderly applicants and accordingly match them with appropriate services. Responsible workers will arrange applicants to receive an assessment on their impairment level based on their abilities in looking after themselves, physical functioning, memory, communication, behaviour and emotion, as well as their health condition, environmental risk and ability in coping with daily living, etc., with a view to identifying their long-term care (LTC) needs. According to the assessment results, applicants are matched with LTC services including:

- (i) "RCS Only",
- (ii) "CCS Only" or
- (iii) "Dual Option" (i.e. either RCS or CCS could be the service option).

On 20 October 2003, SWD submitted an information paper to the Legislative Council Panel of Welfare Services on the establishment of a CWL for subsidised LTC services. It was mentioned that to encourage ageing in place, elderly persons assessed to be suitable for either RCS or CCS (the so-called “dual option” cases) should be matched for CCS. Upon admission to CCS, their applications for RCS will be treated as inactive. However, these elderly persons or their carers or responsible workers may seek to re-activate their RCS option at a future point. Once

their applications are re-activated, these elderly persons will be called for admission to RCS when vacancies arise in accordance with their original application dates subject to valid assessment results. In the information paper, SWD also pointed out that for the purpose of service planning, these “inactive” cases on CWL will be separately accounted for so as not to distort the overall demand for LTC services (please refer to Annex 1).

Prior to the implementation of CWL in November 2003, SWD had extensively consulted the stakeholders and considered their views on the operational details of CWL. While the Manual of Procedures on Registration and Allocation of LTC Services (Manual of Procedures) had clearly outlined the handling procedures of inactive cases, the five Standardised Care Need Assessment Management Offices (Elderly Services) [SCNAMO(ES)s] conducted regional sharing sessions to share with the stakeholders on the service arrangement and answer their enquiries.

In 2011, SWD conducted another extensive consultation in reviewing the CWL mechanism. In response to the request from the stakeholders and the elderly persons, elderly persons assessed with RCS only will have their RCS application treated as “inactive” upon their admission to CCS to ensure that their application for RCS could be handled in a timely manner when the need arises in future. This change aligns with that of those with dual options. SWD issued a letter to all the stakeholders on 26 October 2012 to announce the new arrangement while SCNAMO(ES)s again conducted regional sharing sessions to introduce the revised application procedures to the concerned stakeholders.

In response to service development, SWD has regularly communicated with different stakeholders through various channels to collect their views and feedback for areas of improvement, dissemination of new service information and changes to application procedures. The Manual of Procedures has also been updated regularly to reflect changes in application procedures. For the introduction of new arrangements in service application and allocation following the review of CWL mechanism in 2011, including the arrangement for inactive RCS application of applicants with “RCS only” assessment result upon their admission to CCS, SCNAMO(ES)s had conducted 10 regional sharing

****Note by Clerk, PAC: Please see Appendix 16 of this Report for Annex 1.***

sessions for all stakeholders with written notification letters issued on 26 October 2012 and 18 December 2012 respectively to announce the implementation of different new arrangements for RCS applications. Hence, the comment that SWD has not updated the Manual of Procedures is factually incorrect.

To let the public have a better understanding of inactive cases, SWD has provided explanatory notes in SWD Homepage since November 2014 to describe the methodology in excluding cases with inactive history in the calculation of waiting time. SWD will further post clear and comprehensive information on the definition and figures of inactive cases in the first quarter of 2015.

CWL figures over the past three years show that the number of RCS applications which changed from active to inactive status has outnumbered that of RCS applications which changed from inactive to active status. In 2011-12, 2012-13 and 2013-14, the number of cases which changed from active to inactive status were 3 258, 4 107 and 4 979 respectively while the number of RCS applications which changed from inactive status to active status were 2 212, 2 915 and 3 471.

The service waiting time for RCS is affected by a combination of factors, e.g. the supply of services being applied for, the turnover of places in different homes, individual applicants' positions in the waiting list and their personal preferences. SWD will consider various factors and service information of CWL, including the number of inactive applications which have resumed their active status in planning RCS. As observed from the figures of the past three years, the number of RCS applications which changed from active to inactive status has outnumbered that of RCS applications which changed from inactive to active status. SWD will continue to monitor the trend of the movement of inactive cases in reviewing the service demand.

Waiting list

10. Please provide an ageing analysis on the applicants on the CWL for RCS.

In 2011-12, 2012-13 and 2013-14, the breakdown of new applicants for RCS by age groups and nature of services are tabulated as follows:

	2011-12			2012-13			2013-14		
	Nursing Home	C&A Home	Total	Nursing Home	C&A Home	Total	Nursing Home	C&A Home	Total
60-69	227	1 091	1 318	258	1 208	1 466	297	1 248	1 545
70-79	658	3 663	4 321	579	3 801	4 380	616	3 435	4 051
80-89	1 134	6 181	7 315	1 018	6 729	7 747	1121	6 603	7 724
>90	439	1 666	2 105	417	1 925	2 342	433	1 811	2 244
Total:	2 458	12 601	15 059	2 272	13 663	15 935	2 467	13 097	15 564

To summarise, most applicants belonged to the age group of 80-89 which represented 48.6%, 48.6% and 49.6% of all new applicants for RCS in 2011-12, 2012-13 and 2013-14 respectively. Also 14.0%, 14.7% and 14.4% of new applicants were aged 90 and above.

Waiting time

12 What are the reasons for excluding the complicated admission cases from calculating the waiting time when the methodology was revised in December 2013? What are these complicated admission cases? Why were the justifications for such revision and the extent to which the resultant waiting time would be affected not properly documented? (2.18(c))

Complicated cases refer to cases with inactive history, cases with residents already admitted to subsidised homes but in need of alternative placement because of their change in health condition as well as discretionary cases with closed application status but approved to resume active status owing to their special case circumstances. As these

cases would, upon approval, have their application dates traced back to their original registration dates although they have left CWL for some time, they, as compared with those normal cases, might have very long waiting time (for cases receiving CCS), or with very short and extraordinary waiting time (for admitted cases in need of transfer to another type of RCS). It would be inappropriate to make comparison with the service waiting times of other elderly applicants or include them in the calculation of overall waiting time.

As at the end-September 2014, there were 24 476 and 6 455 elderly applicants in CWL for subsidised C&A and NH places. The majority of them have standardised care need assessment result as “Dual Option” (suitable for either RCS or CCS) [17 685 (72.3%) and 2 229 (34.5%) respectively]. With increased provision in CCS, the number of cases with inactive history would keep growing significantly. The proportion of case with inactive history admitted to residential care homes has gradually increased from less than 1% of the total admission cases in 2006-07 to 15.9% in 2012-13. The number of admitted cases with inactive history is expected to rise continuously. While each admitted case has its distinct inactive history, the original methodology of calculation cannot reflect their service waiting time accurately. For example, with the average waiting time for RCS assumed to be 36 months, (I) an applicant had applied for CCS and RCS on 1.2.2010, and (II) then admitted into CCS on 1.6.2010 with his RCS application changed to inactive status on the same day. (III) He reactivated his inactive RCS application on 1.6.2014 and (IV) finally was admitted into RCS on 1.7.2014. On the basis of the original methodology of calculation, the waiting time should be (IV) minus (I), that is, up to 53 months. If 48 months of inactive period, i.e. (III) minus (II), is excluded, the waiting time would come down to 5 months. Both calculation methods did not reflect the actual waiting time. SWD has therefore excluded cases with inactive history and other complicated cases in the calculation of waiting time for RCS since December 2013. SWD agrees that proper documentation should be kept for the said modifications in calculation. SWD will consult the concerned service stakeholders on the methods to be used in calculating the waiting time in the redevelopment of LDS and will keep proper documentation on the changes.

- 13. Why has the processing time for assessment not been taken into account in calculating the waiting time? What are the reasons for different average processing time for a care need assessment for different offices (the shortest 14 days versus the longest 42 days) and the measures to shorten the average processing time? (2.18(d))**

Since 2 January 2013, the date of referral for assessment, i.e. the registration date, has replaced the assessment completion date of the Minimum Data Set-Home Care (MDS-HC) assessment as the LTC date so that time taken in completing an assessment has included the processing time for assessment.

In accordance with the division of responsibility, five SCNAMOs(ES)s will arrange assessments for applicants from NGOs without accredited assessor; and to conduct assessments for elderly applicants residing in private RCHEs. As such, SCNAMOs(ES)s have to handle 70 per cent of the total assessments and may thus take a longer processing time than other service units in completing an assessment. As the respective numbers of elderly population, private RCHEs and NGOs with accredited assessors differ among regions, different SCNAMOs(ES)s will have varying workload and assessment processing time. Individual office with manpower shortage problem owing to prolonged sick leave or departure of Assessment Team members would face further problem in completing assessments. To cope with the increased workload, SWD has created additional posts in the Assessment Team of SCNAMOs(ES)s to strengthen the delivery of assessment service. SWD will consider various measures to further address the problem of over-concentration of assessment workload in SCNAMOs(ES)s, monitor their respective workload continuously and consider providing additional manpower as and when necessary to shorten the processing time for assessment.

Need for reviewing the assessment mechanism to cope with the growing demands

- 14. What are the measures taken to address the low percentage of accredited assessors who are active in assessment work and the over-concentration of the assessment workload on the 36 accredited assessors of the Standardised Care Need Assessment Management Office (Elderly Services)? (2.21(b))**

From November 2000 to September 2014, SWD has trained up a total of 2 786 accredited assessors. Among them, 1 830 are active assessors, including 1 021 SWD staff, 701 from NGOs; and 108 employed by the Hospital Authority (HA). For the remaining accredited assessors, 613 have either retired or resigned and another 343 are currently working in non-casework settings and they will not handle LTC assessment work.

To make up for the loss in manpower owing to natural wastage and posting out of accredited assessors, SWD will organise assessors training courses continuously to train about 160 assessors per year. These accredited assessors will conduct assessments for elderly customers of their own service units. Since October 2014, SWD has provided recurrent subvention to 41 District Elderly Community Centre and 119 Neighbourhood Elderly Centre (NEC) to acquire additional staff to strengthen their support services to the elderly persons living in the community as well as to upgrade 51 Social Centre for the Elderly to the level of NEC. Accredited assessors at elderly centres will conduct assessments for elderly customers to share the workload of SCNAMO(ES)s. To cope with the increased workload, SWD has created additional posts in the Assessment Team of SCNAMO(ES)s to strengthen the delivery of assessment service. SWD will consider various measures to further address the problem of over-concentration of assessment workload in SCNAMO(ES)s, monitor the workload continuously and consider providing additional manpower to shorten the processing time for assessment as and when necessary.

Contract residential care places homes for the elderly

- 15. What is the timetable for the provision of subsidised residential care places by new contract Residential care places homes for the elderly (“RCHEs”) and the number of places to be provided? (2.26(a))**
- 16. What are the details of the new provision for new contract RCHEs on changing the ratio of subsidised to non-subsidised places and whether double subsidy would be resulted if non-subsidised places are converted into subsidised places for these contract RCHEs? (2.26(a))**
- 17. Whether the “6:4” ratio adopted for newly-built contract RCHEs for**

subsidised and non-subsidised places is a policy or the ratio would be adjusted depending on individual RCHEs? If yes, what factors would be considered in setting the ratio? (2.26(a))

Since 2001, SWD has adopted open tender to select contract RCHE operators on the basis of the bids from both NGOs and private companies. Up to now, 24 contract RCHEs are in operation, providing a total of 3 073 residential care places including 1 811 subsidised residential care places, 1 262 non-subsidised residential care places and 272 day care places. Subsidised RCS, non-subsidised RCS and day care services are all subject to contractual monitoring to ensure service quality. It is considered that the non-subsidised RCS provided in these contract RCHEs will provide frail elderly persons in need of RCS with suitable choices outside the public arena.

The Government understands that the capital cost for setting up a contract RCHE is high and that it usually takes several years to set up a contract RCHE. Therefore, the Government has all along been closely monitoring the utilisation rate of both subsidised and non-subsidised residential care places in contract RCHEs. The operators are required to ensure the optimum utilisation of the non-subsidised residential care places through conducting regular promotional activities so that those needy service users can have choices of appropriate and high quality RCS.

For a more flexible and optimal use of contract RCHEs residential care places, upon consulting the Department of Justice (DoJ), SWD will add a new provision in all new contracts for contract RCHEs to allow the Government to reserve the right to change the ratio of subsidised and non-subsidised residential care places during the contract period. The additional provision is expected to be put in place in the first quarter of 2015. The original contract is on a fixed-contract-sum basis, while operators are selected based on their proposed service volume and quality of proposals. Therefore, the Government has not been providing any contract sum for non-subsidised residential care places. In converting non-subsidised residential care places into subsidised one, the Government has to pay additional contract sum at the same rate as calculated for other subsidised residential care places. In short, the Government will not double-pay any residential care places.

From 2013-14 to 2016-17, a total of 9 new contract RCHEs/ RCHEs with DCUs will have been in operation/will be operating. They will provide a total of 650 subsidised residential care places, 380 non-subsidised residential care places and 130 day care places. SWD has earmarked sites

in 11 development projects for the construction of new contract RCHEs, contract RCHEs with DCUs and DEs. It is estimated that from 2017-18 to 2022-23, there will be provision of 700 subsidised residential care places, 470 non-subsidised residential care places and 310 day care places.

When planning for new contract RCHEs, a 6:4 ratio of subsidised to non-subsidised residential care places is adopted as a general practice. SWD will, where appropriate, take into account the characteristics of the socio-economic condition of the districts where the RCHEs are located and the availability of other non-subsidised residential care places in the vicinity when determining the number of subsidised and non-subsidised places in individual contract RCHEs. Hence, among the existing 24 contract RCHEs, 5 are with a planning ratio higher than 6:4 of subsidised to non-subsidised residential care places and 9 are with a planning ratio lower than 6:4 of subsidised to non-subsidised residential care places. As a result, not all contract RCHEs have the 6:4 ratio of subsidised to non-subsidised places.

Purchase and allocation of Enhanced Bought Place Scheme places

18. What is the updated figure on the vacant Enhanced Bought Place Scheme places purchased by the Administration and how the Administration would make better use of these vacant places? (2.30 and 4.18)

SWD has implemented a place reduction mechanism since April 2012 with a view to encouraging RCHEs participating in EBPS to continuously improve their service and optimise the use of EBPS places. Homes unable to achieve an average enrolment rate of 92% during the service agreement period of two years are subject to a reduction in the number of places purchased under the renewed service agreement.

Under the service agreement in 2014-2016, SWD has already reduced the number of places purchased in 25 EBPS homes. To encourage these homes to go for continuous improvement, SWD has, at the same time, implemented a place recovery mechanism under which SWD will re-purchase the reduced places should these homes reach designated enrolment rates in the new service agreement period. SWD will continue to implement the place reduction mechanism in 2014-2016 and closely monitor the enrolment position of all the existing EBPS homes.

To better utilise the casual vacancies in the RCHEs, all private homes participating in EBPS provide residential respite service by using the casual vacancies of subsidised places with effect from March 2012. The service serves the objective of providing temporary relief for family members or relatives who are the main carers of the elderly persons. Between April and September 2014, a total of 260 cases received the service in the private homes participating in EBPS. SWD will continue to promote the residential respite service available in the private homes participating in EBPS.

As at end-November 2014, there were a total of 142 private homes participating in EBPS which provided 7 787 subsidised places. The average enrolment was about 95.2% and the vacant places stood at 375, having taken into account the regular turnover of places.

Allocation, matching and admission of RCS places

19. What are the estimated cost incurred due to the inefficiency and wastage in the allocation of, and admission to, subsidised RCS places each year in the past three years and the measures to address the inefficiency and wastage? (2.34)

According to the "Funding and Service Agreement", all subvented C&A homes, contract homes and NHs need to achieve an occupancy rate of 95%. In 2011-12, 2012-13 and 2013-14, the average occupancy rate of subvented C&A homes, contract homes and NHs were 97.5%, 97.4% and 97.5% respectively. Taking into account the fact that the average turnover rate of places at the above homes in the past three years were 25.7%, 25.6% and 28% respectively, SWD considers that the vacant period of the above places during service matching, reporting of vacancies and arrangement for admissions was within reasonable limits. However, in response to the recommendations of the Audit Commission, SWD has issued a letter to residential care homes reminding them to observe the time frames stipulated in the Manual of Procedures in reporting discharge, including temporary discharge of elderly residents. An acknowledgement mechanism will be put in place in LDS Office to ensure faultless receipt of report from homes. SWD will keep

consulting all service stakeholders with a view to identifying areas of improvement in service registration, allocation and report of vacancies for better and efficient use of resources.

Management of agency quota places

- 20. Out of the 74 subvented RCHEs with 1 812 agency quota (“AQ”) places, what is the respective number of RCHEs and number of AQ places with the AQ arrangement (i) stipulated as a private treaty grant (“PTG”) condition and (ii) agreed in correspondence between SWD and the non-governmental organisations (“NGOs”)? How does the condition/agreement affect SWD in taking back the AQ places for allocating them to the applicants on the CWL? Please provide the relevant extract of the PTG condition and correspondence on the agreement. (2.37 to 2.40)**

Since one RCHE providing both home-for-the-aged (H/A) and C&A places started conversion in October 2014, its 7 home-for-the-aged AQ places were cancelled. In this regard, there is only a total of 1 805 AQ places at present.

According to the available records, 38 out of the 74 subvented RCHEs with AQ places are established in the sites under PTG, involving a total of 1 290 AQ places. Amongst these homes, 23 RCHEs involving 805 AQ places are with PTGs specifying the capped percentage of elderly persons to be nominated by the Director of Social Welfare. There are other 36 RCHEs located at public rental housings sites, government sites and non-PTG sites. Through agreements with the respective NGOs concerned, they now hold a total of 515 AQ places.

The conditions in PTGs and the agreements in the correspondence with the NGOs have laid down the foundation for the follow-up of the AQ arrangement between the NGOs and the Government. In this regard, SWD will seek further legal advice regarding the obligations and responsibilities of SWD and the concerned NGOs in managing the AQ places.

The relevant extracts of the PTG condition and correspondence on the agreement are set out at Annexes 2 and 3 respectively.

****Note by Clerk, PAC: Annexes 2 and 3 not attached.***

21. What has SWD done to address AQ places since 1995? What is the number of AQ places returned from the NGOs operating the subvented RCHEs? (2.37 to 2.40)

As regards AQ places, SWD's management and arrangements since 1995 are as follows -

(1) Cancellation of AQ places in new RCHE projects

In early days, RCHEs were either established or operated by NGOs largely with their own funds. Admission and discharge of cases were solely managed by the NGOs operating these homes. In other words, all the places were AQ. Around the 1970s, SWD started to provide subsidised places. Through agreements between SWD and the NGOs, NGOs reserved some places for admitting elderly persons on their own.

The Administration informed the Finance Committee in March 1995 that admission criteria would be made clear for the subvented RCHEs and that the operating NGOs would have no discretion to admit elderly persons not on the CWL. In this regard, the Administration has ceased granting AQ for subvented RCHEs planned after 1995. The AQ places in the six NHs planned before 1995 would be phased out and returned to SWD upon natural wastage of residents occupying these places. As at the end of November 2014, only one AQ place of this type was still in use.

(2) Instructions / Guidelines to the concerned NGOs

In May 2001, SWD issued a letter to NGOs operating subvented RCHEs appealing for their support to adopt the Standardised Care Need Assessment Mechanism (Elderly Service) for admission of elderly persons to AQ places. Moreover, SWD took the opportunity to draw their attention to comply with the Funding and Services Agreement and Service Quality Standards in administering AQ places. They were also required to develop a clear policy of service entry and exit for the reference of the service users, including those admitted through AQ. They were advised to ensure equity, fairness and transparency in handling AQ matters in relation to waitlisting,

assessment and admission.

The Independent Commission Against Corruption (ICAC) conducted an assignment study in late 2004 and early 2005. A report was issued with a series of recommendations in mid-2005. They facilitated the management and staff of the NGOs in handling the applications and allocations of AQ places with a view to ensuring a fair, objective and properly monitored mechanism. In response to these recommendations, SWD issued a set of “Guidelines on Management of Allocation of Places under Agency Quota in Residential Care Homes for the Elderly” for NGO’s reference and implementation when allocating AQ places. SWD also held two briefing sessions for the concerned NGOs to introduce the Guidelines.

SWD, at the same time, requested the concerned NGOs to adopt the objective and comprehensive Standardised Care Need Assessment, i.e. MDS-HC, in processing applications for admission to AQ places no later than 1 January 2007. The concerned NGOs were also required to draw up their operation manuals for the management of the allocation of AQ places. Effective since April 2008, each NGO has been required to submit yearly a standard agency-based “Self-assessment Form” to SWD to confirm compliance with its operational manual for allocation of AQ places in the preceding financial year and state the action plan to be taken for any non-compliance and specify the timeframe for completing the actions.

(3) Handling of early cases with high percentage of AQ places

The first RCHE in public rental housing with the project initiated by the then Director of Housing and subsidised by the Government was established in 1968. A Management Committee was set up to manage the RCHE, including waiting list and admission. The Committee was subsequently dissolved, and the responsibilities of administering and managing the RCHE were transferred to an NGO. Another RCHE of the same NGO, which commenced operation in 1981, had a similar background and was managed in the same

manner.

The percentages of AQ places for these two RCHEs were 96% and 89% respectively. Through SWD's informal consultation, the NGO eventually returned its 242 AQ places of these two RCHEs to SWD in May 2002 for subsequent allocation to the elderly persons in CWL.

(4) Cessation of H/A and self-care (S/C) AQ places

With the phasing out of H/A and S/C hostel places in the conversion exercise starting from 2005, the AQs accorded for these places no longer existed once the participating RCHEs previously holding these places were recognised to begin providing LTC places.

Before the conversion, there were a total of 1 329 H/A and S/C AQ places. Except for one RCHE with 13 H/A AQ places which have not yet commenced conversion, the remaining 1 316 AQ places had ceased. As at end-November 2014, the distribution of the yearly number of AQ places ceased is as follows –

Year	Number of AQ places ceased
2005-06	398
2006-07	401
2007-08	302
2008-09	99
2009-10	35
2010-11	26
2011-12	28
2012-13	0
2013-14	20
2014-15	7
Total	1 316

(5) Encourage voluntary return of AQ places

Upon the conversion exercise, NGOs were encouraged to return all or some of their C&A AQ places to SWD for allocation to elderly

persons in CWL. An NGO returned a total of 17 C&A AQ places of its two RCHEs in December 2006 and July 2007 respectively.

Overall speaking, a total of 1 575 AQ places (i.e. 242 + 1 316 + 17) have been returned to SWD since 1995.

22. What follow-up actions has SWD taken to address the 193 vacant AQ places so that they could be allocated to applicants on the CWL? What factors SWD will consider in requesting NGOs to return the vacant AQ places to SWD for allocating the places to applicants on the CWL? (2.49)

SWD will keep on liaising with the concerned NGOs and service units for deploying their unfilled AQ places to the central waiting list as soon as possible. SWD will also closely monitor the utilisation of AQ places and critically review the possibility of clawing back AQ places for central allocation under CWL. Besides, SWD will seek further legal advice regarding the obligations and responsibilities of the NGOs and SWD in managing AQ places.

23. The Administration to provide:

- (i) The report of the assignment review of the Independent Commission Against Corruption conducted in June 2005 on the AQ places; (2.41)**
- (ii) the guidelines issued by SWD in June 2006 for NGOs with AQ places; (2.41) and**
- (iii) the legal advices on whether the Administration has the obligation to grant or continue to grant subvention for the AQ places and whether taking back the subvention for the AQ places would constitute a breach of the PTG or the AQ commitment as agreed with NGOs in correspondence. (2.40)**

The ICAC's report on "Allocation of Places in Residential Care Homes for the Elderly under Agency Quota" and the "Guidelines on Management of Allocation of Places under Agency Quota in Residential Care Homes for the Elderly" issued by SWD are set out at Annexes 4 and

***Note by Clerk, PAC: Please see Appendix 17 of this Report for Annex 4.**

5 respectively.

SWD sought legal advice of DoJ on two occasions in 2001 and 2004 respectively regarding the allocation of AQ places. The gist is set out below -

In 2001, SWD informed DoJ about the historical background and arrangement of the AQ places, and sought its legal advice on the measures to abolish the AQ places being considered by the Department. DoJ advised that it was difficult to see how the non-governmental organisations (NGOs) could be made to return the AQ places to SWD. While SWD might achieve this by withdrawing subvention for those places which were not returned, the special condition under the Private Treaty Grant (PTG) would seem to indicate that there was an agreement between the NGO grantees and the Government whereby in consideration of the grantees running the RCHEs and their contribution to capital costs, they were allocated 20% of the places for admission as they saw fit. In the absence of any justification for taking back the AQ places, it was likely that the court would, taking into consideration the express condition in the land grant, rule that it was unreasonable for the withdrawal of subvention on the sole basis of the NGOs' refusal to return the AQ places to SWD.

In 2004, for the 75 subvented RCHEs providing H/A and S/C places, SWD informed DoJ that those places would be converted into C&A places to provide a continuum of care by phases. Since the provision of H/A and S/C places would be phased out under the conversion programme, SWD considered it unreasonable for the NGOs to continue to retain the AQ for H/A and S/C places previously accorded to them before the conversion. SWD therefore sought legal advice on the measures being considered to abolish the AQ places. DoJ considered then that SWD had no obligation under the PTG to grant or continue to grant subvention for the AQ places. Taking back the subvention for the AQ places would not constitute a breach of the PTG.

However, the above legal advice was sought in 2004 against the background of the H/A and S/C places being phased out owing to the conversion programme. Currently, the AQs concerned had ceased to exist upon the conversion of the H/A and S/C places.

As mentioned in Question 22 above, SWD will seek further legal advice regarding the obligations and responsibilities of the NGOs and SWD in managing AQ places.

**Note by Clerk, PAC: Please see Appendix 18 of this Report for Annex 5.*

Subsidised infirmary unit places

- 24. What are the SWD's measures to address 62 vacant infirmary unit ("IU") places which had, on average, been vacant for at least five years to ensure a gainful use of these places? (2.54)**
- 25. Whether SWD would consider allocating vacant IU places to those 1 290 applicants awaiting RCS places on CWL assessed as in need of care at "Beyond Nursing home"? (2.55)**

Since 1986, SWD has established the IUs in some subvented C&A homes. IUs are an integral part of the homes with provision of additional nursing staff. As a stop-gap measure, they maintain and support frail elderly persons already admitted to subsidised C&A places while waiting for the infirmary service of HA so that they may remain in these homes for appropriate care until infirmary service under HA is available. Currently, 19 subvented C&A homes of 15 NGOs provide a total of 580 IU places.

SWD issued letters to all subvented RCHEs and private homes participating in EBPS in April 2014 to promote the service of IUs. SWD will continue with its promotional efforts on a regular basis.

To better interface with the mechanism of application for IU and Infirmary Care Supplement (ICS) (**Note**⁴), and to optimise the utilisation of IU places, SWD, when inviting applications for 2015-16 ICS in November 2014, has requested the concerned RCHEs to introduce IU service to the newly assessed eligible residents and refer interested residents to the service prior to allocation of ICS to the RCHEs taking care of the elderly persons concerned.

Part 3

Admission to services

- 26. Please provide a breakdown by reasons of cases not timely admitted**

⁴ ICS was introduced in 1996 to enhance support in subvented RCHEs (later including the private RCHEs participating in EBPS). The RCHEs made use of the ICS for employing qualified staff to enhance the care of the needy residents of the subsidised places. The eligibility of ICS for the elderly persons is to be confirmed by the CGATs of the Hospital Authority.

to CCS day care services. What are the measures taken by SWD in order to ensure earlier admission of new cases to fill up the vacant day care places? (3.10)

Of the cases that failed to comply with the timeframe for admission as set out in the “Manual of Procedures”, most of them were due to the service providers’ inability to proceed with the intake process. The reasons included difficulty in contacting the elderly persons and/or their relatives (e.g. relatives were busy or away from Hong Kong), elderly persons were sick or hospitalised, etc. Besides, some relatives might need more time to persuade the elderly persons, particularly those suffering from dementia, for admission to day care services. On the part of service providers, some cases needed more time in arranging transport or volunteers to escort the elderly persons to DEs, or in arranging full-time services according to the needs of the elderly persons.

As shown in para. 3.10 of the Audit Report, among the 1 608 cases admitted to day care services from July 2013 to June 2014, 23 cases took the longest time of over 60 days after SWD’s placement referral. As at 30 June 2014, some 148 admissions to day care services were still outstanding, among which six cases took more than 60 days after SWD’s placement referral.

Our record showed that the reasons for these 23 and 6 cases requiring longer time for admission are as follows:

	Reason	<u>23 cases</u> requiring more than 60 days for admission from July 2013 to June 2014 (Note⁵)	<u>6 cases</u> taking more than 60 days and still pending admission as at 30 June 2014 (Note⁵)
(a)	Difficult to contact the elderly persons and/or relatives	9	2
(b)	Elderly persons were away from Hong Kong, sick or hospitalised	9	2

⁵ Some cases have more than one reason and so the total number does not equals to 23 or 6.

	Reason	<u>23 cases</u> requiring more than 60 days for admission from July 2013 to June 2014 (Note⁵)	<u>6 cases</u> taking more than 60 days and still pending admission as at 30 June 2014 (Note⁵)
(c)	More time required in persuading the elderly persons for using the services	2	1
(d)	Service providers needed more time to arrange transport/escort service by volunteers, or could not arrange full-time services	4	2
(e)	Elderly person or relatives requesting admission at a later date	2	2
(f)	Others (e.g. relatives unable to submit physical examination reports, home removal)	4	1

SWD has issued a letter to all CSS service providers in December 2014 urging them to comply with the Manual of Procedures in reporting in a timely manner the result of service admission. In addition, SWD has implemented the following measures to enhance communication with CCS service providers:

- (1) If no reply is received within 7 working days after the issue date of the reminder, SWD will re-issue the reminder to urge the service providers to return the admission result as soon as possible; and
- (2) The reporting form is revised so that service providers are obliged to provide reason(s) if the scheduled admission date is more than 7 working days from the date of the SWD's placement referral.

27. What measures have been taken by SWD in enhancing communication with the service operators of CCS and RCS?

The Manual of Procedures has clearly set out the arrangements in handling application, small pool operation and discharge from RCS and

CCS. The arrangements are summarised as follows:

- (1) after receiving the confirmed assessment result from SCNAMO(ES)s, referring workers should make applications for the recommended RCS and/or CCS within one month for the applicants. LDS Office / SCNAMO(ES)s will then register the applications in CWL;
- (2) when applicants are due for admission to small pools, LDS Office / SCNAMO(ES)s will inform referring workers who are required to confirm applicants' acceptance of offer **within 6 weeks** from the date of offer of placement. If the applicant accepts the offer, the referring worker should submit LDS Forms on "Reply to Offer of RCS / CCS Placement", "Consent for admission to RCS / CCS" and enclose a valid MDS-HC assessment result to LDS Office or SCNAMO(ES). If referring workers fail to submit the required documents, LDS Office or SCNAMO(ES)s will not include the applicants in the list of small pools of any services nor refer the applications to the service units to fill the vacant placements;
- (3) the arrangement from admission to services to discharge of RCS and CCS services are as follows:

(i) RCS

When a home reports a vacancy, LDS Office will refer an applicant to the home for admission arrangement. Service provider is required to inform LDS Office **within 3 weeks** the admission or the scheduled admission date of the applicant.

Service provider should inform LDS Office to discharge an elderly resident on a temporary basis when the elderly resident has been hospitalised for 2 or more months; or the elderly resident is away from Hong Kong for more than one month but has no definite return date so that LDS Office can refer other applicants in CWL for admission. When the resident is ready for discharge from hospital or returns to Hong Kong, the service provider will make a request to LDS Office for the resident's re-admission to the Home. When a service user has been discharged from RCS, the service provider should inform LDS Office **within 2 working**

days after discharge.

(ii) CCS

When vacancies are available, SCNAMO(ES)s will forward the relevant documents to service providers. A copy of the referral will also be sent to RWs to keep updated of the progress. RWs should take appropriate follow-up actions to facilitate service admissions. The service providers are required to admit the applicants and develop initial care plans as soon as possible, normally **within 7 working days**. They should notify the applicants and RWs about the dates of admission direct and inform SCNAMO(ES)s concerned of the result with a copy to RWs.

If no reply is received **within 7 working days** after the date of the referral, SCNAMO(ES)s concerned will issue a reminder requesting service providers to return the result of admission within one week. If the applicants cannot be contacted **within 14 working days** after the referral is issued, the service providers should liaise with RWs for clarifying the applicants' condition.

Still failing in admission, the service providers should return the relevant documents of the case together with the result of admission to SCNAMO(ES)s concerned, with a copy of the result to RWs specifying the reasons. SCNAMO(ES)s concerned will then suspend the case for a period of up to 3 months automatically. RWs should closely monitor the service needs of the applicants and request the SCNAMO(ES)s concerned to resume handling the applications once the applicants' needs for service are confirmed. If no further information is received from RWs within the 3-month suspension period, the suspended applications will be closed.

On the other hand, service providers should inform SCNAMO(ES)s concerned of the discharge from CCS **within 2 working days** after discharge of the service users.

SWD has been actively considering measures to improve the service allocation, matching and admission arrangement, as well as to fine-tune the workflow with a view to reducing lead time, such as putting in place a check-and-balance mechanism for more effective monitoring:

(1) RCS

SWD has issued a letter to residential care homes in December 2014, reminding them to observe the time frames stipulated in the Manual of Procedures in reporting discharge, including temporary discharge of elderly residents. An acknowledgement mechanism will be put in place in LDS Office to ensure that when service provider reports discharge, including temporary discharge, of residents to LDS Office within 2 working days through facsimile, LDS Office will stamp the date of receipt on the notification form and send the form back to the service provider by facsimile for record. If service provider fails to receive acknowledgement from LDS Office within three working days, service provider would contact LDS Office for clarification.

(2) CCS

SWD has issued a letter to all CSS service providers in December 2014 urging them to comply with the Manual of Procedures in reporting admission/discharge of cases timely. Besides, in order to enhance communication with CCS service providers, SWD has implemented some measures including re-issuing the reminder to urge the service providers to return the admission result as soon as possible if no reply is received within 7 working days after the issue date of the reminder; revision of the reporting form so that service providers are obliged to provide reason(s) if the scheduled admission date is more than 7 working days from the date of the SWD referral; upon receipt of the discharge notification from the service providers of DEs/DCUs, SWD will stamp the date of receipt and instantly send the notification to the service providers by facsimile for record purpose, and the service providers should phone SWD to enquire if such acknowledgement is not received in three working days.

SWD has started the redevelopment of LDS in November 2014. The new system will provide a tracing and record system to monitor the forms

or documents submission, accept e-forms in data transmission and set up a monitoring system to ensure compliance with procedures and time frame requirements outlined in the Manual of Procedures.

Need for a more strategic approach to implement CCS

- 28. Whether the Administration plans to conduct a strategic review on the Enhanced Home and Community Care Services, Integrated Home Care Services and the Pilot Scheme on Home Care Services for Frail Elders and integrate these schemes with a view to providing the elderly with better and integrated CCS and to achieving a better value-for-money for CCS? If yes, please provide details. (3.26 to 3.27)**

The different schemes currently providing CCS, including the Pilot Scheme on Home Care Services for Frail Elders (Pilot Scheme), IHCS and EHCCS, though with different background and funding modes, are similar in their target users and service content. SWD will actively explore the possibility of integration of CCS so as to better utilise the resources and maximise their functions.

In the first place, upon the expiry of the Pilot Scheme by end-February 2015, its major service content (including elder sitting and on-site carer training) will be integrated with that of EHCCS so as to further enhance the support and care for frail elderly persons living at home.

As the existing 24 EHCCS contracts and the 10 new EHCCS contracts will expire by end-February 2017 and end-February 2018 respectively, SWD will continue to examine the integration of IHCS and EHCCS and will come up with a proposal before the expiry of EHCCS contracts. Given that the development of the two schemes are different, with IHCS covering both ordinary cases and frail cases whereas EHCCS only covers frail cases, we have to examine carefully the care needs of those non-frail cases when planning for service integration. Hence, careful deliberation is required in integrating IHCS and EHCCS.

Besides, the Programme Plan will conduct projection for the demand and facilities required for all subsidised elderly services (including CCS) till 2030.

Part 4

Service standards and Quality of RCHEs in the private sector

- 29. Please provide a breakdown by RCHEs of the 284 warning letters issued against RCHEs in the private sector in 2013-2014. (4.11)**
- 30. What are the measures to address the manpower shortage problem facing RCHEs in the private sector? (4.14)**

Relevant bureaux and departments would work closely to address the manpower shortage problem for RCHEs in both the private and public sector. In this regard, the Government has adopted various measures to tackle the problem, including the following:

- (1) the Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development chaired by the Secretary for Food and Health is conducting a strategic review of healthcare manpower planning and professional development in Hong Kong;
- (2) with the support of the University Grants Committee, the student intakes for occupational therapy, physiotherapy and nursing programme have been substantially increased in the 2012-15 triennium;
- (3) a “first-hire-then-train” pilot scheme under the Lotteries Fund was launched by SWD in 2013 to recruit young persons to provide care services at RCHEs while receiving on-the-job training, with subsidies from the Government to pursue a two-year part-time diploma course;
- (4) SWD will launch a project named “Navigation Scheme for Young Persons in Care Services”, providing an additional 1 000 places in phases from 2015-16 ;
- (5) SWD will continue with the Enrolled Nurse Training Programme for the Welfare Sector which seeks to provide over 900 places in the coming years. The training fee is fully sponsored by SWD and all

trainees have to sign an undertaking to work for the welfare sector for at least two years after satisfactory completion of the training;

- (6) the Training Sponsorship Scheme was launched through funding support for the NGOs so that they could sponsor students enrolled in a two-year entry level Master in Occupational Therapy/Master in Physiotherapy programme. These students have to undertake serving the sponsoring NGOs for no less than two consecutive years immediately after graduation; and
- (7) provide a clearer career prospect in the elderly care service industry so as to attract more newcomers to join the industry which in turn will increase the long-term supply of various types of care staff. To this end, the Education Bureau has assisted the elderly service industry to set up an Industry Training Advisory Committee (ITAC) in 2012 to implement Qualifications Framework (QF). QF will allow the care staff of the industry to set goals and directions for obtaining quality-assured qualifications. ITAC has commissioned the Vocational Training Council to draw up the Specifications of Competency Standards (SCS) for the elderly care service industry. Upon industry-wide consultation in June 2014, the first edition of the SCS (Chinese version) has been confirmed and uploaded on QF website with effect from 5 December 2014 for use by various sectors. Training providers, in particular, are encouraged to develop SCS-based courses and provide articulation ladders where necessary. ITAC will build on the SCS to establish a Recognition of Prior Learning mechanism applicable to the elderly care service industry. With QF in place, we can map out a clear career pathway to attract more newcomers, young persons in particular, to join the industry.

31. What are the measures to enhance the service standards and quality of RCHEs in the private sector?

In collaboration with the Department of Health (DH) and HA, SWD organises training workshops to enhance the caring skills and knowledge of RCHE staff. From January 2008 to September 2014, 10 678 and 11 876 staff attended respectively the 37 enhanced RCHE training and the 73 infection control workshops/sharing sessions. The Visiting Health

Teams (VHTs) of DH also provides on-site training at RCHEs for their staff. From October 2008 to September 2014, VHTs arranged a total of 43 491 training sessions, involving 412 854 attendants of RCHE staff. VHTs also collaborate with SWD to provide talks, workshops and training programmes.

In addition, various training institutes, like the Hong Kong Association of Gerontology, Hong Kong Red Cross, Hong Kong St. John Ambulance, Asia-Pacific Institute of Ageing Studies of Lingnan University, Sheung Kung Hui Welfare Council, Yan Oi Tong Limited and so on also provide courses for RCHE staff. Training topics include care for residents with dementia, caring and communication skills in RCHE. To enhance the caring capacity and service quality of RCHEs, SWD also provides guidelines in the major areas of RCHE care for reference of RCHE staff.

Inspections of RCHEs

- 32. Please provide details of the penalty for 46 offences of the 35 RCHEs successfully prosecuted from 2009-2010 to 2013-2014. (4.32)**
Please provide a breakdown by RCHEs of the 284 warning letters issued against RCHEs in the private sector in 2013-2014. (4.11)

The Licensing Office of Residential Care Homes for the Elderly (LORCHE) of SWD monitors the operation of RCHEs through surprise inspections, and has adopted a risk-based approach in conducting inspections, i.e. the frequency of inspection would be adjusted based on the performance and risk level of individual RCHEs to render closer monitoring of RCHEs with high risk. Apart from conducting routine inspections, upon receiving a complaint, LORCHE will immediately conduct surprise inspection and investigation. If non-compliance is detected, LORCHE will request the RCHE concerned to make rectifications. Depending on the severity of the non-compliance, LORCHE will issue to the RCHE concerned advisory or warning letter or direction under the Residential Care Homes (Elderly Persons) Ordinance to request it to carry out remedial measures, and will arrange follow-up surprise inspections to monitor the rectification progress of the RCHE to safeguard the welfare of the elderly residents.

In 2013-14, there were 748 RCHEs in Hong Kong, among which 424 were private RCHEs which had not participated in the EBPS. In 2013-14, 351 warning letters were issued by LORCHE. Of these, 284 warning letters were issued against 192 private RCHEs above, of which

127 private RCHEs received 1 warning letter; 45 private RCHEs received 2 warning letters; 15 private RCHEs received 3 warning letters; and 5 private RCHEs received 4 to 6 warning letters. Operational experience shows that most RCHEs having received advisory or warning letters will make related improvement or remedial measures. Only a small proportion of RCHEs have continued not to make the necessary rectification.

For RCHEs with continued non-compliance, LORCHE will take prosecution action as appropriate pursuant to the Residential Care Homes (Elderly Persons) Ordinance or the Residential Care Homes (Elderly Persons) Regulation. For offences successfully prosecuted under the Residential Care Homes (Elderly Persons) Ordinance or the Residential Care Homes (Elderly Persons) Regulation, the maximum penalty is a fine at level 6 (currently, a fine at level 6 is from \$50,001 to \$100,000) and imprisonment for 2 years and a fine of \$10,000 for each day during which the offence continues. From 2009-10 to 2013-14, 35 RCHEs had been successfully prosecuted, involving 46 offences against the Residential Care Homes (Elderly Persons) Ordinance and the Residential Care Homes (Elderly Persons) Regulation, and the penalty imposed by the court for each offence was respectively \$1,000 to \$6,000 for 40 offences and \$6,001 to \$12,000 for 6 offences.

Granting of sites by private treaty

- 33. Referring to Case 3 under paragraph 4.25, please provide details of the factors when considering granting the private treaty at nominal premium for operating the non-profit-making RCHE and whether the feasibility of the RCHE has been considered. Whether the Administration would consider buying places at the RCHE and nominating persons for admission as subsidised places to address the needs of the applicants on the CWL?**

The site relating to Case 3 was granted to NGO A by way of PTG in December 1975 for operating a non-profit-making RCHE. NGO A later planned to re-develop the RCHE but eventually decided not to proceed with the redevelopment and surrender the site to the Government.

At that time, NGO B was operating a non-profit-making RCHE in an adjacent site with good service record. NGO B, after learning the intention of NGO A to drop the redevelopment plan and surrender the site to the Government, applied to secure the site by way of PTG at nominal

premium to operate a non-profit-making RCHE thereon. The then Health, Welfare and Food Bureau supported the application on the conditions that NGO B was able to build and operate the RCHE with its own resources, without any capital or recurrent provision from the Government and that the site could not be used for other purpose. The Planning Department had no objection to the PTG application as far as the site would be kept in its original use, i.e. RCHE. The site was eventually granted to NGO B by way of PTG for operating a self-financing non-profit-making RCHE, which commenced service in August 2007. According to its Licence of Residential Care Home for the Elderly, the maximum number of persons that the RCHE is capable of accommodating is 88.

Currently, non-subsidised RCHE can, with due considerations on the service need, manpower arrangement and other operational concerns, decide on an operational capacity within the licensing capacity. As the concerned RCHE is located at a remote area with no direct public transport available, it has difficulty in recruiting enough manpower or admit more elderly persons. On the other hand, the places provided by the RCHE are non-subsidised ones which can provide a suitable option apart from the public subsidised service for frail elderly persons with residential care need. SWD has no plan to purchase residential care place from the concerned RCHE at the current stage.

Part 5

Special Scheme On Privately Owned Sites for Welfare Uses

34. Please provide details of new RCS and CCS places that can be made available under the Special Scheme on Privately Owned Sites for Welfare Uses, including the estimated timeframe. (5.6)

If the proposals submitted by the social welfare organisations under the Special Scheme⁴ are technically feasible and could come to fruition smoothly, there would be an additional provision of elderly service places in the coming five to ten or more years. This should effectively ease the pressure on service demand and shorten the waiting time. Based on the

⁴ Under the Special Scheme, we have received preliminary proposals from about 40 social welfare organisations involving about 60 projects covering welfare services for, inter alia, the elderly and persons with disabilities.

rough estimation of the applicant organisations under the Scheme, there were preliminarily 33 RCHEs providing about 7 000 places and 38 DEs/DCUs providing about 2 000 places.

The preliminary proposals received are at different planning stages. The feasibility of implementing the proposed projects will depend on various factors, including the site's location and its surrounding environment, communal facilities and transport facilities, the requirements prescribed in the land lease conditions and restrictions stipulated in the outline zoning plan on use and development intensity, the feedback received from local consultations, the distribution of existing services as well as the demand and supply of the proposed services, etc. Depending on the time taken to complete the necessary development and planning procedures (e.g. outline zoning plan amendment, planning permission, lease modification, etc.), it may take several years or even longer to implement these projects. Nonetheless, we will monitor the implementation of each project and provide all necessary assistance to realise these projects, in order to shorten the waiting time of the elderly persons for service.

Long-term care services delivery system (“LDS”)

35. Please provide information captured by the existing LDS and the new features and areas of improvement in the newly developed LDS and the timeframe of the redevelopment project. (5.3(i) and 5.9))

The existing LDS captures information for processing and matching of applicants to LTC services including the applicants' personal particulars (such as date of birth and residential address), information of referring offices and service providers (such as capacity and religious background), service application details (such as location and diet preference), results of assessment (such as level of impairment and recommended service types), information of application processing (such as status and stage of process), small pool lists and matching lists. There are currently 96 SWD services units and 988 NGOs or HA units as referring offices and/or service providers. Residential homes/service providers as well as referring offices of NGOs and HA submit documents via facsimile to LDS Office and SCNAMO(ES)s for processing of applications. The staff in LDS Office and SCNAMO(ES)s need to input the information into LDS manually.

SWD has started the redevelopment of LDS in November 2014 to replace hardware and software to safeguard the smooth operation of the system, improve system security and data protection, and enhance its usability, operation efficiency and service level of CWL. The new system will provide a tracing and record system to monitor the forms or documents submission, accept e-forms in data transmission and set up a monitoring mechanism to ensure compliance with procedures and time frame requirements outlined in the Manual of Procedures.

The new system will come into service in the first quarter of 2017 and provide the following functions:

- (1) to provide a web-based platform to allow e-form transmission from 988 NGO referring offices and service providers for service application and allocation;
- (2) to allow accredited assessors to submit assessment results in electronic form to respective SCNAMO(ES)s for quality check;
- (3) to minimise manual labour and human errors by strengthening data validation, enhancing security over paper form, keeping proper track and record of form submission and reduce use of paper;
- (4) to allow online enquiry of the status of applications and enhance the statistics report functions. The new system will provide usable management information for planning and monitoring purposes; and
- (5) to enhance workflow control and bring up notifications to minimise human errors and to strengthen compliance with requirements in accordance with the Manual of Procedures and business rules.

**Labour and Welfare Bureau
Social Welfare Department**

December 2014

**For information
on 20 October 2003**

Paper No. CB(2)2752/02-03(01) (Revised)

LEGISLATIVE COUNCIL PANEL ON WELFARE SERVICES

Central Waiting List for Subsidized Long Term Care Services for the Elderly

PURPOSE

An information paper on the central waiting list (CWL) for subsidized long term care (LTC) services was submitted to Members for the meeting on 7 July 2003. This paper briefs Members on the latest position and sets out the consultation process and modifications made to the operational details in response to views and concerns expressed by the elderly services sector, including service providers, frontline workers and service users.

OBJECTIVES OF CWL

2. The primary aim of CWL is to provide a single entry point for admission to subsidized LTC services, including both community and residential care services. This will remove the need for elders to approach different service units to apply and waitlist for different services as in existing practice and ensure more timely matching of available services to elders in need. More specifically, CWL can achieve the following:

- (a) streamlining the application process – applicants need only apply to a single point for various types of subsidized LTC services, and the appropriate services will be arranged according to the care need assessment results;

- (b) better co-ordination in service allocation and more timely provision of available services – assessment will be conducted for elders at the time when they apply for LTC services¹. Those assessed to have care needs (i.e. impairment level at moderate or above) will be registered in CWL and provided with or waitlisted for the appropriate services as applicable. Elders assessed to have no care needs (i.e. no or low impairment level) will be referred to other district-based support services as necessary;
- (c) more effective utilization and management of resources – available services will be targeted to meet elders’ identified needs. Through the process, elders assessed to have LTC needs will be allocated the matched community or residential services when available while elders with no LTC needs but would benefit from community support will be referred to the community services for follow-up. This rationalisation will facilitate service planning and resource management; and
- (d) encouraging aging in place – applicants who wish to stay at home will be given the choice of community care service, even if matched to any residential care service.

CONSULTATIONS

3. The initiative to establish a single entry point for all home and community and residential care services was included in the 2001 Policy Objective on Care for Elders. The then target was to enhance the computer system to facilitate centralized registration of both residential and community care services in 2002-03. The Social Welfare Department (SWD) has actively engaged the elderly services sector in discussions concerning the implementation of CWL. The Elderly Commission gave its support to the implementation of CWL at its meeting on 23 June 2003.

¹ This arrangement does not apply to applicants already on existing waiting lists for residential and community care services prior to implementation of CWL. In line with current practice, these applicants will undergo assessment when they are called for admission to the services which they waitlist for, and the appropriate services arranged in accordance with the assessment results.

4. On 4 July 2003, SWD conducted a briefing for the service providers of elderly services on the background and general features of CWL. Thereafter, there were intensive discussions on the implementation details with the Working Group on Standardized Care Need Assessment Mechanism for Elderly Services. The Steering Committee on the Implementation of Standardized Care Need Assessment Mechanism for Elderly Services also discussed the subject in August 2003. We also had sharing sessions with other concerned parties including the Association for the Rights of the Elderly.

5. On 3 and 4 September, SWD conducted two briefings for frontline case workers and service providers on the implementation details of CWL. A draft Manual of Procedures was also distributed during these two sessions for the advance information of the elderly services sector. Staff of SWD also met with frontline workers and elders on a number of occasions in October 2003 to discuss and clarify their concerns and misconceptions about the CWL.

ACTIONS TAKEN IN RESPONSE TO VIEWS AND CONCERNS EXPRESSED

6. SWD has carefully considered and taken into account the views and concerns expressed during the consultation process in finalizing the CWL system and the operational procedures. With a view to addressing elders' anxiety, we have ameliorated the CWL process with the following refinements :

- (a) in order to provide some early support to elders assessed to require residential care services **only** (the so-called "sole option" cases) and to give them a choice to continue living in the community, community care services, for example, enhanced home and community care services, will be arranged for elders either in place of or while they are awaiting admission to residential care services. For elders who choose to receive community care services as a temporary aid, their names will continue to be placed on the CWL and they will be

called for admission to homes when vacancies in their preferred locations/homes arise in accordance with their original application dates; and

- (b) for elders assessed to be suitable for either residential or community care services (the so-called “dual option” cases), we believe that to encourage ageing in place and having regard to the current supply of community services, the elders should be matched for community care services. Upon admission to community care services, their applications for residential care services will be treated as inactive. However, these elders or their carers or case workers may seek to re-activate their residential service option at a future point. Once re-activated, these elders will be called for admission to residential care services when vacancies arise in accordance with their original application dates subject to valid assessment results. For the purpose of service planning, these “inactive” cases on the CWL will be separately accounted for so as not to distort the overall demand for LTC services. On the other hand, if elders assessed for “dual option” decline to be admitted to community services, they will be treated as a normal and active case on the CWL.

7. Concerns were also expressed during the consultations on two other detailed practices planned for implementation in subvented NGO homes in the context of CWL, namely the doing away of a compulsory requirement of medical examination of the elders prior to admission and the introduction of temporary discharge arrangement. The sector’s concerns and the Administration’s response are detailed below. It should be noted that the two proposed measures are nothing new; they have been applied to bought place scheme (BPS) and enhanced bought place scheme (EBPS) homes and/or new contract homes arranged through competitive bidding. Both are aiming at improving users’ accessibility to services.

8. On the issue of pre-admission medical examination, SWD has received clear advice from the Department of Health and the Hospital Authority that such medical examination is not an effective measure in

preventing the spread of infectious diseases. Retention of the current mandatory requirement that applicants have to undergo a pre-admission medical examination including chest x-ray for admission to a subvented home unnecessarily delays the procedure of admission, causes anxiety to elders and their families and is inconsistent with the practice adopted in other government subsidized residential care places. While consensus has been reached with the sector that items relating to laboratory tests could be removed, some insist on continuing with the X-ray examination prior to admission. It is now agreed that while medical check-up would no longer be a pre-requisite requirement for elders' admission to subvented homes, home operators in their discretion may ask elders to undergo medical check-up before admission based on the health conditions of the elders.

9. There are occasions that elders admitted into subsidised residential care places subsequently leave the home or the territory or are hospitalised for prolonged periods, resulting in such places being allocated but not used. To ensure optimal use of resources, SWD will extend the temporary discharge arrangement currently practised by BPS/EBPS homes to subvented NGO homes. Under this arrangement, residential care home for the elderly (RCHE) residents who have received hospital treatment for a continuous period of two months **and** without a definite date of discharge in the foreseeable future, and those RCHE residents who have been away from Hong Kong for a continuous period of one month **and** without a definite date of return in the near future will be temporarily discharged from the RCHE. The purpose of this arrangement is to optimize the use of vacancies subsidized by the government to benefit elders still awaiting residential placement. In extending this arrangement to all RCHEs, we will continue to ensure that elders temporarily discharged will be accorded priority for readmission to their original RCHEs once vacancies are available and that the RCHE operators will take into account the circumstances of each case and exercise flexibility where appropriate to assist the elders upon discharge from hospital or return to Hong Kong.

10. To cope with an increasing demand for assessment, SWD has deployed and trained a total of 16 nurses from closed/hived off service units as accredited assessors. SWD is at the final stage of upgrading its

computer system and preparation of the Manual of Procedures for implementation of the CWL in November 2003. SWD will continue to conduct detailed briefings to make sure all frontline workers serving elders are well aware of the CWL procedures.

ADVICE SOUGHT

11. Members are invited to note the progress made in establishing the CWL.

**Social Welfare Department
October 2003**

Part I - The Assignment

Origin

To meet the needs of elderly people for residential care services, the Social Welfare Department (社會福利署, SWD) provides an annual subvention of \$1.56 billion to 42 non-governmental organisations (非政府機構, NGOs) for operating 129 residential care homes (安老院舍, RCHs). While the subvented RCH places are mainly filled by elders referred by SWD through a central waiting list (中央輪候冊, CWL), all but two NGOs are allowed to allocate about 20% of their RCH places at their discretion (known as the “agency quota”, 機構配額), provided that the applicants meet certain criteria. To ensure the fair and objective allocation of the “agency quota” places, the SWD Corruption Prevention Group agreed that NGOs’ procedures should be examined to ensure that sufficient safeguards against abuse are in place.

Scope

2. The study examines NGOs’ procedures and practices for allocating the “agency quota” places in RCHs, covering the setting of admission criteria, processing of applications; maintenance of waiting lists and allocation of vacant places. It also examines SWD’s procedures for monitoring NGOs’ compliance with the department’s requirements on the administration of “agency quota” places. It excludes the administration of the CWL (para. 1) which will be the subject of a separate study.

Related Studies

3. The Assignment Report No. 96/1999: “Licensing of Residential Care Homes for the Elderly” is relevant to this study.

Acknowledgement

4. The assistance rendered by staff of SWD and the nine NGOs randomly selected for detailed examination is gratefully acknowledged. *Appendix 1* lists the persons consulted.

Part II - Background

Subvented Residential Care Service for the Elderly

5. SWD-subvented RCHs are divided into four types, viz. self-care hostel (長者宿舍), home for the aged (安老院), care-and-attention home (護理安老院) and nursing home (護養院), providing different levels of residential care services (*Appendix 2*). Since November 2000, to be eligible for admission to these RCH under the CWL, an elderly person has to be aged 65 or above¹ and has a proven need for the respective residential care services based on the Standardised Care Need Assessment Mechanism for Elderly Services² (SCNAM(ES)) administered by SWD. After admission, he has to pay a monthly fee ranging from \$502 to \$1,994, depending on the type of RCH he is admitted to.

6. All subvented RCHs, like the private or NGO self-financed RCHs, are subject to the licensing requirements under the Residential Care Homes (Elderly Persons) Ordinance (para. 3). For these RCH places, the monthly Government subvention ranges from about \$1,400 to \$11,200 per place and SWD requires the NGOs to meet, among other things, a set of funding and service conditions (e.g. eligibility criteria, enrolment rate, staffing requirements).

Agency Quota

7. Before SWD took on the funding responsibility for the RCHs

¹ Persons aged between 60 and 64 may apply if they have proven needs on health and social grounds. For admission to self-care hostels and homes for the aged, the elderly should also have a household income not exceeding the financial criteria for normal applications for public housing (e.g. a monthly income of \$6,600 for Housing Authority's Single Elderly Person Priority Scheme).

² SCNAM(ES), through a detailed assessment of elders' care needs in terms of impairment level, mental conditions, family and social support, etc., determines the long term care services required by individual elders.

in about 1970s, RCHs were mainly operated with the NGOs' own resources. Since then, all subvented RCH places have been filled by residents referred by SWD under the central waiting list mechanism, except for 114 RCHs operated by 40 NGOs which, for historical reasons, have been given the "agency quota" for allocating some of their subvented RCH places to their own applicants. Since 1995, SWD has ceased granting "agency quota" to NGOs for new subvented RCHs planned thereafter³. At present, there are 20,146 subvented RCH places, of which 3,165 (15.7%) are "agency quota" places.

8. The "agency quota", ranging from 1% to 30% of an RCH's total capacity, is either stipulated in the land grants to the NGOs specifying the land use (in the cases of purpose-built RCHs) or SWD letters recommending the NGOs to the Housing Authority for tenancy to operate an RCH.

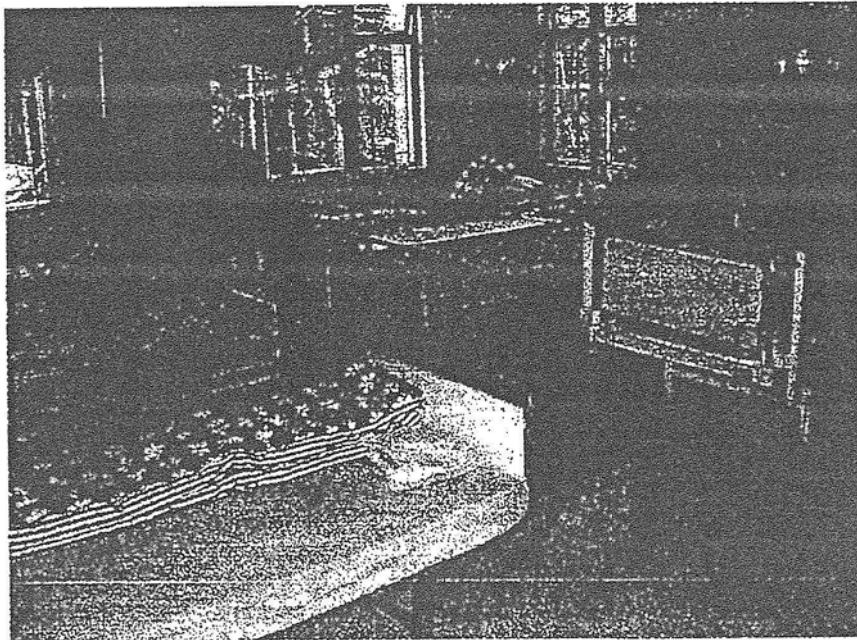


Photo 1 - A typical bedroom of a care-and-attention home.

³ As a transitional arrangement, six nursing homes planned before 1995 were given one-off quota which have to be returned to SWD after the quota users have left the service.

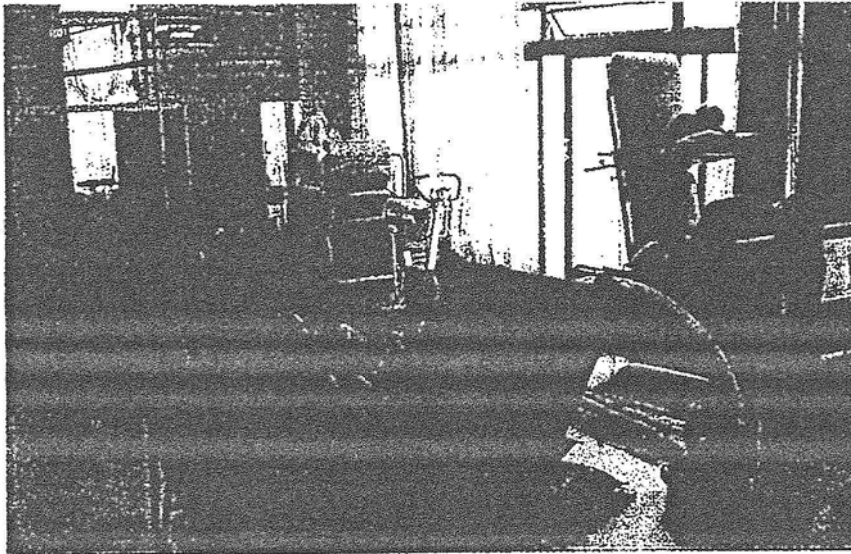


Photo 2 - Physiotherapy facilities of an RCH.

Organisations

Social Welfare Department

9. SWD is organised into 11 Branches, each headed by an Assistant Director/Principal Executive Officer or equivalent, of which the Elderly Branch and the Subventions Branch are relevant to this study. The Residential Care Services Section of the Elderly Branch, headed by a Chief Social Work Officer, is responsible for the overall coordination of residential services for the elderly, such as collaborating with the NGOs on the smooth operation of the RCHs and making plans on new RCHs. The Subventions Branch is responsible for monitoring NGO's compliance with the essential service requirements, output standards and service quality standards (服務質素標準) as stipulated in the Funding and Service Agreements (para. 11). The organisation chart of the Social Welfare Department is at *Appendix 3*.

NGOs Visited

10. All NGOs visited (which are non-profit making bodies such as charitable or religious organisations) are governed by a board of directors, with some having a dedicated committee overseeing the management of its RCH(s). While some NGOs have a central office directly supervising the work of individual RCHs, some RCHs report directly to the NGO's board, the management committee or a designated director. In line with SWD's staffing requirement, an RCH is usually headed by a Superintendent (院長, mostly a registered social worker) who is assisted by a qualified nurse and a number of other support staff (e.g. care workers, physiotherapist and welfare workers).

Instructions

11. Under the Funding and Service Agreement signed annually between SWD and NGOs, the RCHs are required to admit residents according to laid down eligibility criteria (para. 5) and to meet essential service requirements (e.g. staffing requirement) and service quality standards (detailed in paragraph 14). In accordance with these requirements, all NGOs have put in place internal policies and procedures for the operations of their RCHs and a self-assessment mechanism for the RCHs' performance and service quality.

12. Some NGOs have also issued a code of conduct setting out in broad terms the major ethical standards (e.g. acceptance of advantage, conflict of interest) required of their staff. *However, these codes do not specifically remind staff to avoid and declare conflict of interest arising from the administration of "agency quota" places.*

Statistics

13. The number of applications processed, the number of waitlisting

RESTRICTED (ADMINISTRATION) 内部文件 (行政)

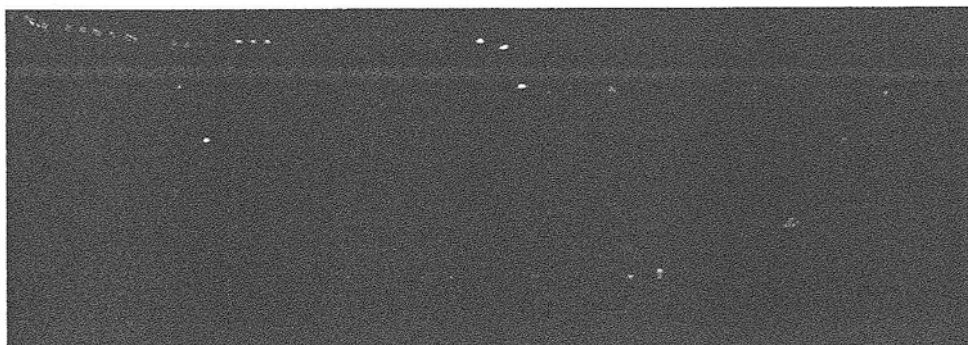
applicants and the waiting time for placement offers for “agency quota” places in 2004 for the nine NGOs visited are tabulated below:

NGO	RCHs with Agency Quota	No. of Agency Quota	No. of Applications in 2004				No. on Waiting List	Waiting Time of Latest Placement (Months) ⁴
			Received	Admitted	Rejected	Withdrawn ⁵		
██████████	21	656	931	103	8	660	3236	59
██████████	8	257	87	46	0	17	53	0
██████████	7	198	15	11	2	2	0	2
██████████	7	185	30	29	1	3	62	36
██████████	7	168	180	22	2	68	483	106
██████████	4	130	34	16	0	5	20	11
██████████	2	67	22	8	1	4	6	3
██████████	1	32	15	3	0	4	26	5
██████████	1	32	5	4	0	2	1	2

Abbreviation: ██████████
 ██████████
 ██████████

⁴ For reference purposes, between December 2004 and February 2005, applicants on the CWL had an average waiting time of 30 months for home-for-the-aged places and care-and-attention places and 38 months for nursing home places. There are no applicants waiting for self-care hostel places, for which new applications have ceased to be accepted since January 2003.

⁵ The high withdrawal rate of some NGOs (e.g. ██████████) is mainly because of the long waiting time. When an applicant is due for placement, he/she may have already been admitted to another RCH and, hence, is no longer interested in the offer.



Part III - System Under Study

Service Quality Standards

14. In operating an RCH with or without “agency quota” places, the NGOs are required to meet 16 Service Quality Standards, with the following relevant to this study:

- (a) keeping up-to-date information about the RCH’s purpose, objectives, target user groups and admission mechanism and making the information publicly available;
- (b) adopting a non-discriminatory admission policy, with clearly identified target user groups and criteria for determining priority for admission;
- (c) maintaining accurate and up-to-date records of service operations and activities;
- (d) implementing policy and procedures for handling complaints and making them accessible to service users; and
- (e) regularly reviewing and evaluating the RCH’s own performance.

Admission Criteria

15. Except for one NGO which opens its “agency quota” to members of the public, all other NGOs visited limit their “agency quota” to:

- (a) nominations by directors;
- (b) members of the church or clan operating the RCH and their family members;

- (c) retired staff or serving staff's parents/grand-parents; or
- (d) existing service users (e.g. clients of the NGO's neighbourhood elderly centres).

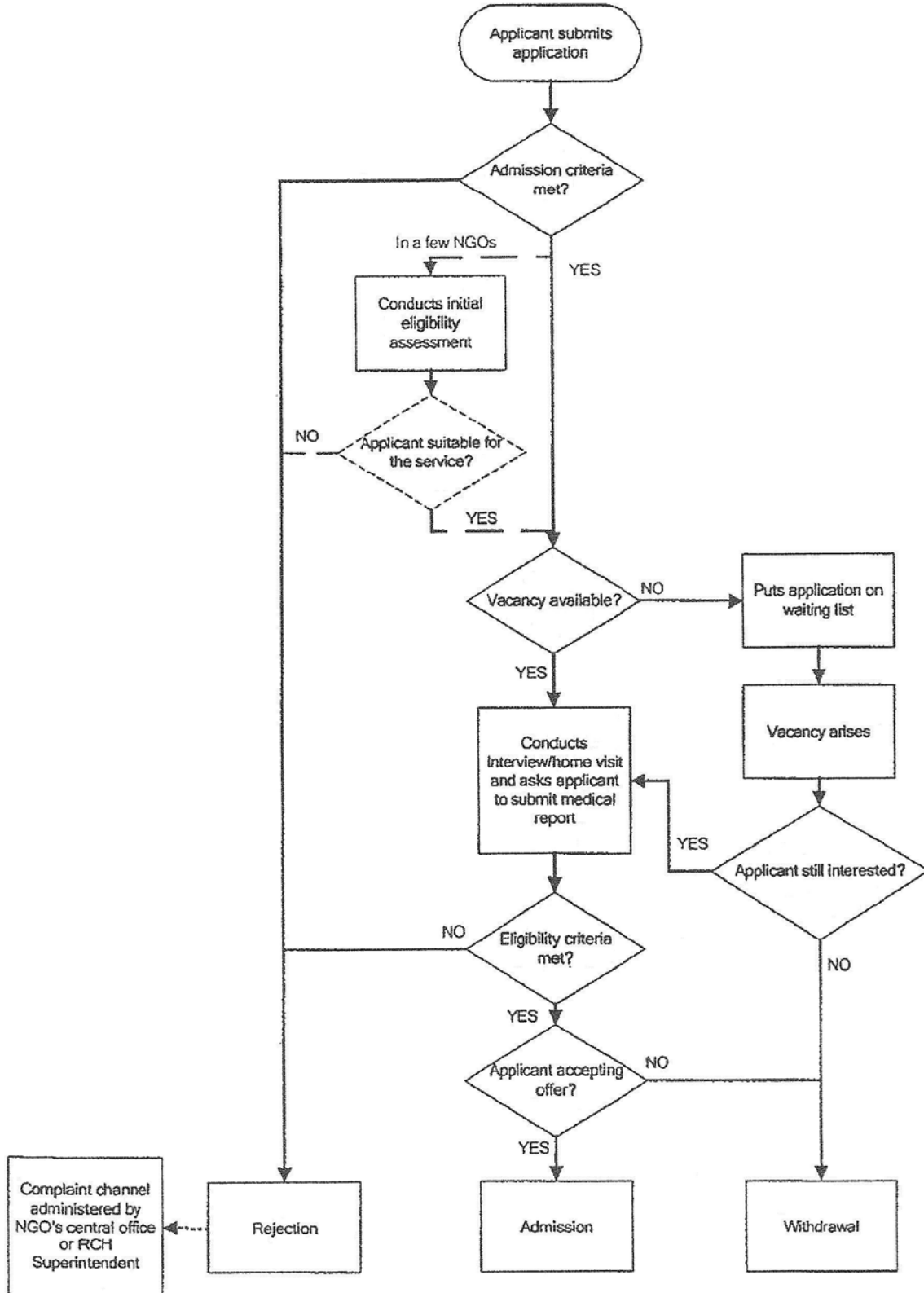
On top of the above criteria, the NGOs also subject applicants to assessment according to basic eligibility criteria adopted by SWD's CWL system, except the SCNAM(ES) test which assesses an applicant's care needs, taking into account his impairment level, mental conditions, family/social support, etc. (para. 5).

16. While the majority of NGOs have made known their admission criteria to the relevant parties (e.g. NGO directors, church pastors, staff of the NGO's elderly services units), *some NGOs have not properly announced the details to all potential service users. In some NGOs, the staff members are allowed to recommend elders in need of the service through their contacts to a director for his nomination. Although there were allegations that some elders recommended for the "agency quota" places were relatives of the NGO staff responsible for the matters, and most NGOs require staff to declare conflicts of interest (para. 12), these NGOs have not received any declaration of conflict of interest from staff in relation to the administration of "agency quota".*

Application Processing

17. The NGOs' procedures for processing applications for "agency quota" places are summarised in the following flow chart:

Figure 1 - NGOs' Procedures for Processing Applications for "Agency Quota" Places



Receipt of Applications

18. All NGOs have devised a standard application form (sample at *Appendix 4*), with notes on the admission criteria and application procedures, for use by potential service users. Some NGOs with more than one RCH allow the applicants to select one or more RCHs of their preference⁶. Upon receipt of an application, a clerk in the NGO's central office or the RCH concerned checks the completeness of the form (e.g. whether it has the referring director's signature) and supporting documents (e.g. the certificate of church membership) to confirm the applicant's eligibility. In view of the possible changes of an applicant's health conditions during his waiting period, most NGOs do not assess his health conditions until he is due for a placement offer.

Assessment of Applicants' Eligibility

19. Before admitting an applicant, most NGOs assess his/her impairment level, family support, etc. to ensure that he/she is eligible for admission to a particular RCH according to his care needs (para. 5). Instead of using the SCNAM(ES) test, the assessment is usually conducted by the RCH Superintendent together with a nurse/physiotherapist through an interview/home visit, using a standard assessment form. At the same time, the applicant is also required to submit a medical report prepared by his/her doctor. *However, some NGOs do not conduct any assessment of the applicant's care needs, with a few only relying on the medical report submitted.*

Allocation of Places

20. Varying among NGOs, an application may be approved by the RCH Superintendent, the central office or the board/RCH management committee. *For NGOs which delegate the approving authority to the RCHs, the directors/central office usually do not have regular supervision over the*

⁶ Applicants for a NGO's "agency quota" may also apply for RCH places under the CWL or, if eligible, the "agency quota" places of other NGOs.

RCH's process to ensure their compliance with the laid down admission criteria and application processing procedures. Since the RCHs are required to have a 95% enrolment rate under the output standards stipulated in the Funding and Service Agreement (para. 11), if an RCH has some unused "agency quota" places, it usually loans a few to SWD for admission of applicants under the CWL system.

Waitlisting of Applicants

21. If there is no vacant "agency quota" place available at the time of application, the NGO staff put an applicant at the end of an overall waiting list (or waiting lists of individual RCHs if the applicant is allowed to select one or more preferred RCHs) to wait for his turn of offer. In exceptional circumstances, an applicant with an urgent need for residential care services is given priority and put at the top of the waiting list. *Despite the potential risk of favouritism in approving priority placements, most NGOs have not laid down the criteria for according priority to urgent cases.*

22. When an "agency quota" vacancy arises, the clerk calls the applicant at the top of the list to see whether he/she is still interested in the place. Since some NGOs allow applicants to reject up to three offers, an applicant may decline one or two offers for places in less preferred RCHs. For NGOs with a long waiting time (para. 13), an applicant may have been admitted to another RCH and, hence, withdraws the application when his/her turn is due. *If so, the NGO staff may casually mark these declinations/withdrawals on the waiting list. Moreover, although in some NGOs the applicants need to wait for as long as nine years for their turns, the NGOs usually do not regularly update the applicants of their positions on the waiting list.*

Complaint Channel

23. All NGOs have established a complaint mechanism for applicants/service users. So far, all NGOs visited have not received any

complaint concerning the allocation of the “agency quota”. SWD also has publicised an enquiry hotline for all types of services and a dedicated e-mail address for public feedback/enquiries concerning residential care services for the elderly⁷.

Management Monitoring

24. *Although some RCHs submit regular reports to their board/RCH management committee for information, the reports do not necessarily include information on the position of “agency quota” places (e.g. number of applications received/rejected/waitlisting, priority placement).*

SWD’s Monitoring

25. To monitor NGOs’ compliance with the output standards, essential service requirements and services quality standards (paras. 11 & 14), SWD requires NGOs to submit quarterly statistical reports, and to conduct annual self-assessment (自我評估) and report to SWD the assessment result and, if necessary, the action plan to rectify the non-compliant areas. The Subventions Branch of SWD also conducts review visits in selected service units of each NGO at least once every three years as well as on-site assessments of service units with identified problem areas. *However, the NGOs are not specifically required to include the admission procedures for “agency quota” places in their self-assessment report.*

⁷ SWD has so far received two complaints concerning “agency quota”, alleging unauthorised changes to admission criteria and improper handling of an application respectively. Both were found unsubstantiated after SWD’s investigation.

Part IV - Conclusion and Recommendations

General

26. The Social Welfare Department (社會福利署, SWD) provides an annual subvention totalling \$1.56 billion⁸ to non-governmental organisations (非政府機構, NGOs) to operate subvented residential care homes (安老院舍, RCHs) for elderly people aged 65 or above with different care needs (para. 5). While the majority of elderly people admitted to the subvented RCH places are from the Central Waiting List (中央輪候冊, CWL) administered by SWD on a first-come-first-served and confirmed care needs basis, there are 114 RCHs operated by 40 NGOs which, for historical reasons, have about 20% of their subvented places for admitting residents at their own discretion (known as “agency quota”). At present, there are 20,146 subvented RCH places, of which 3,165 are “agency quota” places. These “agency quota” places are usually filled by persons nominated by the NGOs’ directors, their associates (e.g. church members)/retired staff, or their existing clients (para. 15) so long as they meet the laid down eligibility criteria (paras. 5 and 15). In most NGOs, the applicants only need to wait a few months for a placement, while some NGOs which open up their “agency quota” places to members of the public may have a waiting time of as long as nine years (para. 13).⁹

Conclusion

27. The study observes that there are risks in the admission procedures for “agency quota” places, as most NGOs, as opposed to SWD, do not have a comprehensive tool to objectively assess the applicants’ care needs to ensure they are eligible for admission to the appropriate type of RCHs

⁸ While all RCH residents are required to pay a monthly fee ranging from \$502 to \$1994, depending on the RCH type, the RCHs also receive a monthly government subvention at the tune of \$1,400 and \$11,200.

⁹ By comparison, in early 2005, applicants on the CWL have an average waiting time of 30 to 38 months, depending on the type of RCH.

(para. 5). As such, there are opportunities for unscrupulous NGO staff to manipulate the assessment result in favour of ineligible applicants. There are also concerns about abuse in making priority placements and manipulation of the waiting list. While all RCHs have put in place some procedures and control measures, there are still insufficient instructions for staff on the administration of the “agency quota” places, including the admission criteria, granting of priority placements and maintenance of the waiting list. In a few NGOs, individual RCHs are given full discretion in application processing, with little or no supervision by the board of directors or the central office, thus compounding the risk of abuse. The following recommendations are made to address the weaknesses identified.

Admission Criteria

28. Some NGOs have not set out clearly their own admission criteria for the “agency quota” places nor publicised them for the information of the potential service users (para. 16). To avoid confusion and enhance fairness, it is *recommended* that SWD should require NGOs to lay down clear admission criteria and make them known to all relevant parties.

Assessment Tools

29. The NGOs are required under the Funding and Service Agreement with SWD to allocate the “agency quota” places to the elderly who meet the eligibility criteria for the respective types of RCH (para. 5). However, most NGOs do not have a tool for the objective and comprehensive assessment of applicants, thus increasing the risk of admitting ineligible applicants by compromised NGO staff (para. 19). To ensure that these limited subvented RCH places are allocated to users with appropriate care needs, it is *recommended* that SWD should require all NGOs to implement an objective assessment procedure, preferably with a marking scheme, for the admission assessment. Alternatively, they may consider adopting SWD’s Standardised Care Need Assessment Mechanism (Elderly Services) (para. 5),

with their own accredited assessors or through the Standardised Care Need Assessment Management Offices (Elderly Services) of SWD.

Priority Admission

30. Sometimes NGOs may give placement priority to certain applicants on the waiting list for various reasons (e.g. serious physical impairment but without family support). However, many NGOs do not have a set of clear criteria for priority admission. To ensure fairness and increase transparency, it is *recommended* that SWD should require NGOs to draw up guidelines for processing priority admission cases to enable consistent application by the processing staff and the approving authorities.

Waiting List

31. For NGOs which have a large pool of potential users (e.g. members of the public or existing users of elderly services), the demand for their “agency quota” places is great, and an applicant may have to wait as long as nine years for his turn of offer (para. 13). To enhance transparency, it is *recommended* that SWD should require NGOs to announce the latest turn of placement offered, e.g. through the NGOs’ website.

Withdrawal Records

32. Sometimes an applicant may decline an offer or withdraw the application when his/her turn is due. At present, some RCH staff members only make a casual record on the waiting list and then approach the next applicant down the list (para. 22). To prevent any compromised staff from manipulating the waiting list by advancing the order of applicants whose turn is not yet due, it is *recommended* that SWD should require NGOs to maintain proper records of all withdrawal cases (e.g. requiring the withdrawing applicant or his representative to submit a written confirmation) and subject

them to regular supervisory checks.

Ethical Requirements

33. While most NGOs have laid down the ethical standards (such as acceptance of advantage and conflict of interest) required of their staff in relation to their duties, they are not specifically reminded of the need to avoid conflict of interest in the administration of the “agency quota” (para. 12), despite the possibility that they may recommend their own relatives or close friends for the “agency quota” places. To raise staff’s awareness, it is *recommended* that SWD should require NGOs to provide staff with relevant work-related examples of conflict of interest (e.g. a staff member involved in assessing the eligibility of an applicant who is his relative) and to remind them to avoid and declare when such arise.

Management Information

34. At present, some RCHs do not submit information about the “agency quota” places to their board/RCH management committee (para. 24). To facilitate monitoring by NGO’s board/management committee, it is *recommended* that SWD should require RCHs to provide regular reports for information of the board/RCH management committee, incorporating essential information such as the number of applications received, details of cases admitted/rejected, priority admission, etc.

Internal Monitoring

35. To ensure that NGOs, in particular those delegating the administration of the “agency quota” to RCHs (para. 20), allocate the subvented RCH places under the “agency quota” in a fair and objective manner, it is *recommended* that SWD should consider requiring all NGOs to draw up an operational manual for the allocation of these places,

incorporating the recommendations made in this report. It is further *recommended* that SWD should require NGOs to conduct annual self-assessment on their compliance with the laid down instructions and procedures, preferably by an independent team/officer who is not involved in the day-to-day administration of “agency quota”, with a copy sent to SWD for monitoring purposes.

List of Persons Consulted

Social Welfare Department

Elderly Branch

[REDACTED]

Subventions Branch

[REDACTED]

Non-Governmental Organisations

[REDACTED]

[REDACTED]	
[REDACTED]	[REDACTED]

[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

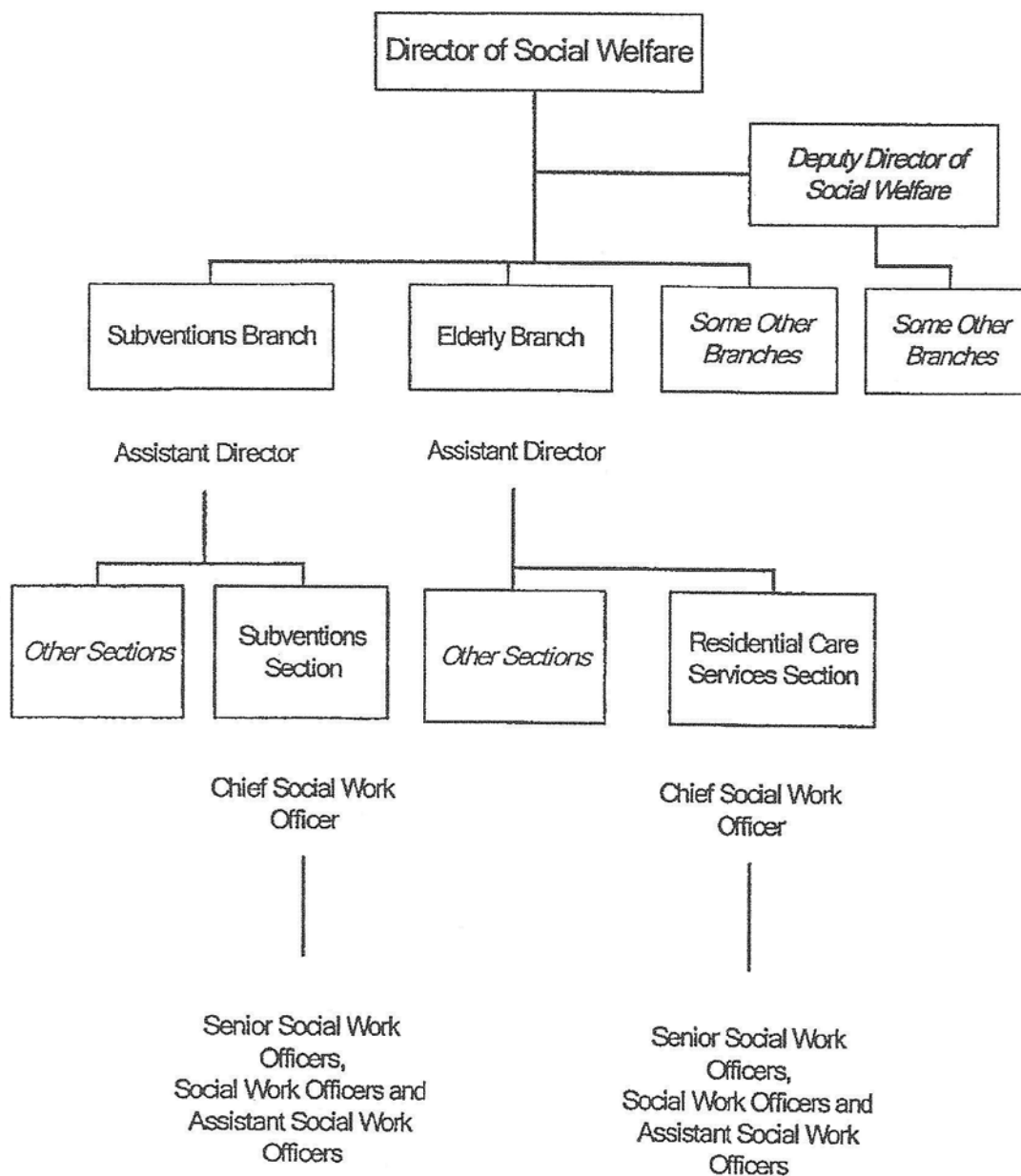
Subvented Residential Care Services for the Elderly

Type and Services Provided	Eligibility Criteria on Care Needs ¹	Monthly Fee
Self-care Hostel (長者宿舍) - communal living accommodation and organised programmes	(a) having housing or social need and unable to live independently; and (b) capable of managing personal hygiene and activities of daily living.	\$502
Home for the Aged (安老院) - residential care, meals and a limited degree of assistance in activities of daily living	(a) capable of managing personal hygiene and laundry of personal clothing; and (b) experiencing difficulties in managing other activities of daily living such as cooking, cleaning, going to markets and doing heavy laundry.	\$1,429 or 1,506 ²
Care and Attention Home (護理安老院) - residential care, meals, personal care and limited nursing care	(a) in poor health or suffering from functional disabilities and requiring assistance in personal care and daily living activities; and (b) without family members to provide the necessary assistance or causing great stress to the family while providing care.	\$1,605 or 1,813 ²
Nursing Home (護養院) - residential care, meals, personal care, regular basic medical and nursing care and social support	(a) in stable medical condition yet requiring regular basic medical and nursing care and/or assistance in moving around; and (b) with no persistent tendency to violence, self-destruction or disruptive behaviour.	\$1,994

¹ In addition, the applicants should also be aged 65 or above (or between 60 and 64 with a proven need for residential care service) and assessed to be mentally suitable for communal living. For self-care hostels and homes for the aged, the applicants should have a household income not exceeding the financial criteria for normal application for public housing. From 2005-06, self-care hostel and home for the aged places will gradually be phased out and converted to care-and-attention places providing continuum of care.

² A higher rate is charged from Disability Allowance recipients.

Organisation Chart of Social Welfare Department



RESTRICTED (ADMINISTRATION) 內部文件(行政)

Appendix 2.15

REDS Form S6
(Revised 4/2001)

Appendix 4
(Para. 18)

入住安老院舍申請表 Application for Admission to Residential Care Home for the Elderly

Referred by: _____

Sign by: _____

For Official Use Only

Date of Offering : _____ Date of Application : _____
Home Specific : _____ Priority Case : _____

第一部: 申請表格 Part I : APPLICATION FORM

(甲) 所申請院舍的類別

(A) Type of Institution Applied:

自我照顧宿舍
Self-care Hostel

安老院
Home for the Aged

護理安老院
Care-and-attention Home

護養院
Nursing Home

(乙) 申請輪候編號

(B) REDS Application No.:

(丙) 申請人資料

(C) Particulars of applicant:

申請人姓名
Name of Applicant : _____ (

性別: 男/女
) Sex: M/F

地址

Address: _____

電話

Tel. No.: _____

通訊地址電話

Correspondent Address if different : _____

出生日期

Date of Birth : _____

婚姻狀況

Marital Status : _____

籍貫

Native Place : _____

所操方言

Dialect Used : _____

身份証號碼

HKJD No. : _____

抵港日期

Year arrived in H.K. : _____

宗教/教會

Religion/Church : _____

加入教會日期

Date of admission to Church : _____

教育程度

Education Standard : _____

(丁) 諮詢者/保證人

(D) Sponsor/Referee:

諮詢者/保證人姓名：先生/太太/小姐

Sponsor/Referee Name: Mr/Mrs/Miss _____

地址

Address: _____

電話

Tel. No.: _____

身份証號碼

HKID No.: _____

職業

Occupation: _____

與申請人關係

Relationship with Applicant: _____

(戊) 申請人同意書

(E) Applicant's Written Consent:

本人同意將所附資料,包括體格檢驗結果及本人之個案紀錄,提供予有關機構,以便審核本人之入住安老院舍申請。

I consent to release the attached data, medical and social, to the appropriate authority for consideration of my application for admission into residential care service for the elderly.



申請人照片
Applicant's
Photograph

申請人姓名

Name of Applicant: _____

簽署

Signed: _____

日期

Date: _____

見證人

Witness: _____

RESTRICTED (ADMINISTRATION) 内部文件 (行政)

Appendix 2.15

Part II : CASE SUMMARY

(A) PARTICULARS OF FAMILY MEMBERS OR CLOSE RELATIVES

Name	Sex	Age	Occupation	Relationship with applicant	If not living with applicant, give address & Tel. no.

FOR EMERGENCY CONTACT

Name : _____ Relationship: _____ Tel. No.: _____

Address : _____

Name : _____ Relationship: _____ Tel. No.: _____

Address : _____

(B) FINANCIAL STATUS & INCOME (please ✓ appropriate items)

- On CSSA Amount : _____
- On Disability Allowance Amount : _____
- On Old Age Allowance Amount : _____
- On Pension Amount : _____
- Contribution from family member / relatives Amount : _____
- Income from savings / rent Amount : _____
- Others (specify) _____ Amount : _____

Total amount received per month : _____

Name of Social Security Field Unit : _____

CSSA/SNA No. : _____ Tel. No. : _____

If the applicant is admitted, home fee will be paid by :

- Social Welfare Department Amount : _____
- Family / Relative Amount : _____
- Applicant Amount : _____
- Others (Specify) Amount : _____

RESTRICTED (ADMINISTRATION) 内部文件 (行政)

Appendix 2.15

(C) BRIEF SOCIAL HISTORY

(D) REASONS OF APPLICATION & SOCIAL WORKER'S RECOMMENDATION

(E) REFERRING AGENCY Director / Donor

Referring Director / Donor
Name of Responsible Office: _____

Address: _____

Reference No. : _____

Responsible Worker

Name : _____

Rank : _____

Signature : _____

Tel. No. : _____

Date : _____

Countersigning Officer

Name : _____

Rank : _____

Signature : _____

Tel. No. : _____

Date : _____

Guidelines on Management of Allocation of Places under Agency Quota in Residential Care Homes for the Elderly

Background

A number of subvented residential care homes for the elderly (RCHEs) operated by non-governmental organisations (NGOs) are currently operating subsidised places under “agency quota” to which elders are admitted at the discretion of the NGOs concerned. The Independent Commission Against Corruption (ICAC) conducted a study in 2004-05 to examine the procedures and practices of NGOs relating to the allocation of RCHE places under agency quota, with a view to ensuring that a fair and objective mechanism on the allocation of these places is in place. The study covers the admission criteria, the processing of applications, the maintenance of waiting lists and the allocation of vacant places. It also examines the procedures of the Social Welfare Department (SWD) for monitoring NGOs’ compliance with the SWD’s requirements on the admission of places under agency quota. The ICAC observes that while RCHEs have put in place some procedures and control measures, there is still room for improvement to ensure that sufficient safeguards against abuse are in place.

2. To ensure fairness and transparency of the procedures for the allocation of places under agency quota, the ICAC made a number of recommendations on some specific areas. This set of guidelines incorporates the ICAC recommendations and sets out the principles and procedures on the management of allocation of places under agency quota in RCHEs.

Operational Manual for Allocation of Agency Quota in RCHEs

3. NGOs that offer places under agency quota in RCHEs are required to draw up an operational manual for the allocation of these places. The manual should include the following areas which are elaborated in the ensuing paragraphs -

- (A) Application procedures and admission criteria;
- (B) Criteria for priority admission;
- (C) Standardised care need assessment for admission;
- (D) Waitlisting mechanism;
- (E) Withdrawal records;
- (F) Ethical requirements;
- (G) Information for management; and
- (H) Monitoring mechanism.

(A) Application Procedures and Admission Criteria

4. While the application procedures for admission to the residential care places to be filled by applicants from the Central Waiting List (CWL) administered by SWD are laid down in the Manual of Procedures on Registration and Allocation of Long Term Care Services issued by SWD, it is recommended that NGOs lay down clearly the application procedures and criteria for admission to RCHE places under their agency quota. Each NGO may set the admission criteria with reference to its mission, vision, values and service strategies. While some NGOs may open up their agency quota places to elders of the public, some may lay down specific criteria as set out in the following examples –

- (a) cases referred by directors or donors;
- (b) family members or relatives of staff;
- (c) members of service units of the agency; and
- (d) elders with the same religion of the agency, etc.

5. NGOs should also spell out the requirements on age, gender and religious background (if any) of applicants for admission to the RCHE places under agency quota with a view to facilitating potential service users to make informed choices in making applications. Eligibility criteria listed in the Funding and Service Agreement for the

RCHE concerned may serve as a reference. Applicants should also be informed of the arrangements necessary for the making of an application, say whether a referring caseworker is required, whether self-approach is acceptable, etc.

6. The application procedures and admission criteria should be made known to potential service users and all other relevant parties through various means like service pamphlet, notice, website, etc.

(B) Criteria for Priority Admission

7. Priority placement is a measure to meet the urgent need of applicants for residential care services. Some NGOs may, for various reasons, accord priority to needy elders for admission to places under agency quota. To ensure fairness and increase transparency, NGOs are advised to draw up clear procedures and workflow for processing applications for priority admission to enable consistency in processing these applications by the staff concerned and the approving authority.

8. In drawing up the criteria for priority admission, NGOs may consider factors and situations under which priority placement will be justified. The workflow for priority admission should also include the level of recommending personnel and the level of staff or the board responsible for endorsing the applications for priority placement. NGOs may make reference to the relevant chapter of the Manual of Procedures on Registration and Allocation of Long Term Care Services issued by SWD.

(C) Standardised Care Need Assessment for Admission

9. As RCHE places under agency quota are subsidised places, it is recommended that NGOs adopt the objective and comprehensive Standardised Care Need Assessment, i.e. the MDS-HC assessment, in processing applications for admission to agency quota places with a view to ensuring that Government resources are deployed to serve the targeted users. This applies in particular to the care and attention places under

agency quota, having regard to the fact that self-care hostel and home for the aged places are to be phased out for conversion into care and attention places to provide a continuum of care and that agency quota places in nursing homes are to be phased out through natural wastage.

10. Same as the practice with the allocation of subsidised residential care places for applicants from the CWL, admission to residential care services under agency quota should follow the outcome of the Standardised Care Need Assessment. Only elders confirmed to have the impairment level suitable for admission to the RCHE concerned should be admitted to the places under agency quota. Under normal circumstances, elders with a lower impairment level should not occupy subsidised places under agency quota. This requirement should form part of the admission criteria made known to the public so that applicants are well informed of the requirement to undergo MDS-HC assessment to establish the care need for the services. NGOs should make reference to SWD's Guide for the arrangement of standardised care need assessment for admission to the agency quota places.

(D) Waitlisting Mechanism

11. NGOs are advised to set up a waitlisting mechanism to manage the applications and to set out the principles and procedures in processing these applications, especially when the demand for residential care places under agency quota is great. There should be a proper record system keeping in good order an accurate and updated list of applicants waiting for admission to agency quota places. In situations where an elder indicates preference of more than one RCHE under the same NGO, the applicants should be clearly informed of the options, the procedures to change their preference and the consequence of declining offer(s).

12. To increase the transparency of the waiting list for agency quota places so that applicants and potential applicants may estimate the position of their applications, NGOs are advised to make public the latest turn of placement offered from the waiting list on a regular basis through, for example, notice board or NGO website.

(E) Withdrawal Records

13. Sometimes an applicant may decline an offer when his/her turn is due or withdraw the application when he/she is still on the waiting list. To prevent manipulation of the waiting list by advancing any applicant whose turn is not yet due or who has a comparatively later application date, NGOs are advised to maintain proper records of all withdrawal cases, including cases being called for admission and those on the waiting list.

14. It is recommended that applicants withdrawing their applications or their representatives should be required to submit a written confirmation or to sign a relevant withdrawal form for record purpose. This practice helps minimise future disputes on withdrawal of applications. Withdrawal records should be subject to regular supervisory check.

(F) Ethical Requirements

15. NGOs are advised to lay down ethical standards and develop a practice to remind their staff to avoid conflict of interest specifically in the administration of agency quota cases.

16. To raise staff's awareness, NGOs are encouraged to provide staff with relevant work-related examples of conflict of interest. Some proposed illustrations are as follows –

- (a) an applicant of normal admission or priority admission to the service being a family member, relative or friend of the NGO staff who is either administering, processing or assessing the application;
- (b) an applicant's family member offering gifts to the NGO staff responsible for processing the application whilst requesting the latter to exercise discretion in speeding up allocation of a

place for the applicant;

- (c) an applicant's family member offering service discount from his self-owned company to the NGO staff responsible for processing the application when requesting priority placement for the applicant; and
- (d) a member of the priority placement approving board being a family member, relative or friend of the applicant of priority placement or his/her family members, etc.

17. NGOs should provide guidelines and procedures for staff and relevant personnel taking part in the administration of agency quota places to avoid as far as possible falling into situations leading to a conflict of interest; and if necessary to declare conflict of interest in the first instance so that proper arrangements can be made to protect them from possible ethical accusations.

(G) Information for Management

18. To enhance internal monitoring of the management of allocation of agency quota places, RCHEs concerned are advised to provide regular reports on the subject for information of their agencies' boards or management committees concerned.

19. The regular reports should incorporate essential information such as the number of applications received, details of the cases admitted under normal or priority admission and of rejected cases, the waitlisting situation, etc. The NGO's board or management committee should indicate that they have examined the reports, and give their comments, if any, for follow-up actions and record purpose.

(H) Monitoring Mechanism

20. To ensure that NGOs are implementing the policies, procedures and practices as set out in their operational manual for

allocation of agency quota places, NGOs should conduct annual self-assessment on their compliance with the laid down instructions and procedures, preferably by an independent team/officer, which should be copied to SWD for monitoring purpose.

*Elderly Branch
Social Welfare Department
June 2006*

Opening Remarks
by Secretary for Food and Health
at the Public Accounts Committee hearing on 16 December 2014
in response to the Director of Audit's Report No. 63 :
Chapter 2 – Provision of Health Services for the Elderly

Chairman and Members,

First of all, I would like to thank the Director of Audit and his colleagues for conducting a comprehensive and thorough value-for-money audit on the elderly healthcare services provided by the Department of Health (DH) and the Hospital Authority (HA), and putting forward many valuable opinions and recommendations in this regard. We agree with the recommendations made in the report. The DH and the HA will also, taking into account audit recommendations, actively follow up on issues requiring attention and promptly adopt relevant improvement measures mentioned in our response, so as to further enhance the healthcare services for the elderly.

Before responding to the questions and comments of the Public Accounts Committee, I would like to reiterate that the Government will enhance elderly healthcare services in a bid to tackle the challenges presented by our ageing population.

In the middle of this year, the HA launched the General Outpatient Clinic Public-Private Partnership Programme which was first piloted in Kwun Tong, Wong Tai Sin and Tuen Mun districts. Under this programme, hypertensive patients who are in stable clinical condition and habitually attend the HA's general out-patient clinics may choose to receive treatment from the participating private doctors in the districts. Depending on the feedback of the patients and the participating private doctors, the Administration will consider extending the programme to other districts progressively over the coming years. Apart from relieving the pressure on the HA's out-patient services, this programme helps promote the family doctor concept and provides more appropriate primary care services, including preventive care services, for the elderly.

As for the concerns mentioned in the report, the DH will actively follow up on the review of the services of elderly health centres, enhance the service effectiveness of the modus operandi for the provision of health promotion activities by the visiting health teams, and improve the administration of the Elderly Health Care Voucher Scheme, etc. The HA will also make every effort to shorten the waiting time for specialist out-patient services, optimise the appointment scheduling arrangements, extend the cross-cluster referral arrangements and provide community geriatric assessment team service at more residential care homes for the elderly.

Later, the Director of Health and the Chief Executive of the HA will give a detailed account of the service improvements and relevant measures in response to the recommendations made in the report. Thank you, Chairman.

- End -

Public Accounts Committee Meeting on 16 December 2014
Chapter 2 of the Report Number 63 of the Director of Audit
“Provision of health services for the elderly”
Remarks by the Director of Health

Chairman and Members of the Committee,

First of all, thank you Chairman for letting me respond in brief to the parts related to elderly health services provided by the Department of Health as mentioned in Report Number 63 of the Director of Audit. I would also like to take this opportunity to briefly introduce our follow-up work in response to the Audit’s recommendations.

Elderly health services provided by the Department of Health

In line with the Government’s policy on primary healthcare services for the elderly, the Department of Health provides a wide variety of health services for the elderly, including:

- (1) the establishment of 18 Elderly Health Centres (EHCs), one in each district of Hong Kong, to provide comprehensive primary care services for the elderly aged 65 or above, with an aim to improve their self-care ability, encourage healthy living and strengthen family and carer support in taking care of the elderly so as to minimize their illness and disability;
- (2) through 18 Visiting Health Teams (VHTs), reach out into the community to conduct health promotion activities for the elderly, as well as providing training to carers, including the staff of residential care homes for the elderly, to update their health knowledge and skills in caring for the elderly;
- (3) through initiatives including the Elderly Health Care Voucher Scheme (EHCVS) to promote primary care and facilitate the elderly in choosing suitable family doctors to provide them with one-stop health services;
- (4) collaboration with nine non-governmental organizations (NGOs) since July 2013 to provide subsidised health assessment to 10 000

elderly aged 70 or above so as to enhance the preventive healthcare services for the elderly and help encourage NGOs to provide similar services in the community.

Review and follow-up work

With an ageing population, it is expected that the demand for primary healthcare services for the elderly will continue to grow. We will take into account the Audit's recommendations and review the EHCs' capacity and strategic directions with a view to reducing the waiting time for new enrollments and their first health assessment. Besides, the review will also take into account the experience gained from the implementation of the Elderly Health Assessment Pilot Programme. We also undertake to review the reasons for the variations in waiting time of allied health counseling services in different EHCs and the reasons for no-show, so as to implement relevant improvement measures.

Furthermore, we shall review the mode of operation of the VHTs in conducting health promotion activities with a view to introducing service improvements. We will also conduct a comprehensive review of the EHCVS in mid-2015 and continue to encourage participation of the elderly and the healthcare service providers as well as strengthen monitoring measures.

Chairman and Members of the Committee, we shall fully cooperate with the Public Accounts Committee's work, critically consider the Audit's recommendations and review results, and endeavour to enhance the elderly services provided by the Department of Health.

Thank you.

**Public Accounts Committee
16th December 2014**

**Director of Audit Report No. 63 (Chapter 2)
Provision of Health Services for the Elderly**

Remarks by Chief Executive, Hospital Authority

Chairman, Members,

In relation to the recommendations made in the Audit Commission (Audit) report on the Provision of Health Services for the Elderly by the Hospital Authority (HA), I would like to state below HA's responses and improvement measures.

2. HA is committed to providing quality health services to the people of Hong Kong (including the elderly). We understand the concerns of Audit and the public on the waiting time at the specialist outpatient clinics (SOPCs). In the light of the audit recommendations, HA will consider taking further measures to improve the waiting time at our SOPCs.

Specialist Outpatient Service Waiting Time Management

3. First, HA will continue to implement and enhance various measures to improve the waiting time at SOPCs, including -

- Enhancing Public Primary Care Service – HA has all along been committed to enhancing public primary care services. Patients with stable and less complex conditions can be treated at the Family Medicine and general outpatient clinics, thereby alleviating the pressure of SOPCs;
- Enhancing Manpower – HA has enhanced the manpower at SOPCs through the employment of part time doctors. Some hospital clusters have also adopted special honorarium as a temporary measure to further increase its SOPC capacity; and

- Public-Private Partnership (PPP) – HA will explore the possibility of launching PPP projects on SOPC services for those specialties with higher demand but of a non-acute nature, especially when there is manpower shortage in the public sector.

Specialist Outpatient Clinics Waiting Time Information

4. With a view to enhancing transparency, HA has uploaded the SOPC waiting time for five of the eight major specialties on HA's website. HA plans to upload the SOPC waiting time for the remaining three major specialties in 2015. Moreover, HA will display comprehensive, consistent and update-to-date waiting time information in SOPCs to facilitate patients' understanding of the waiting time situation in HA and their making of informed decisions in treatment choices and plans.

Piloting Cross-cluster Referral Arrangement

5. Since 2012, HA has piloted a cross-cluster referral arrangement to address SOPC waiting time disparity among clusters. According to the arrangement, suitable patients triaged under the routine category are given options to receive SOPC consultation at clusters with shorter waiting time. There are currently three specialties adopting the cross-cluster referral arrangement, namely Ear, Nose and Throat; Gynaecology and Ophthalmology. Patients joined this arrangement with various reasons, including the convenience of traveling across clusters, degree of waiting time disparity and personal preference. HA will consider extending the cross-cluster referral arrangement to other specialties when appropriate.

Booking Arrangement of SOPC Appointment

6. In order to provide service to more patients in SOPCs, when setting the number of SOP sessions available for booking, HA will make reference to previous utilization data, seasonal demand and manpower situation. HA adopts an over-booking mechanism which help filling up the cancelled and defaulted appointments so as to fully utilize the service capacity. HA will improve and coordinate the appointment scheduling of SOPC cases and enhance the booking arrangement.

Community Geriatric Assessment Service (CGAS)

7. HA has in recent years extended the Community Geriatric Assessment Service (CGAS) to cover more Residential Care Homes for the Elderly (RCHEs). As of March 2014, HA has provided CGAS to 638 (around 89%) RCHEs in Hong Kong. HA will continue to review its service model and provision as appropriate with a view to maintaining and enhancing the quality of healthcare services for elderly residing in RCHEs, including the provision of CGAS to more RCHEs as appropriate.

Conclusion

8. In all, HA appreciates the effort of Audit in conducting a thorough review on the provision of elderly services. HA has accepted and will follow up with Audit's recommendations to further improve its elderly healthcare services.



中華人民共和國香港特別行政區政府總部食物及衛生局
Food and Health Bureau, Government Secretariat
The Government of the Hong Kong Special Administrative Region
The People's Republic of China

Your ref.: CB4/PAC/R63

Tel.: 3509 8913

Fax: 2840 0467

24 December 2014

Mr Anthony CHU
Clerk, Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

By Fax : 2543 9197

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 2 of the Director of Audit's Report No. 63
Provision of health services for the elderly

I refer to your letter dated 17 December 2014 addressed to the Secretary for Food and Health regarding the captioned matter. Our responses to members' enquiries are set out at the Annex, please.

Yours sincerely,

(Wendy AU)
for Secretary for Food and Health

Encl.

- c.c. Secretary for Financial Services and the Treasury (Fax : 2147 5239)
Director of Audit (Fax : 2583 9063)
Director of Health
Chief Executive of Hospital Authority

Public Accounts Committee (PAC)
Consideration of Chapter 2 of the Director of Audit's Report No. 63
Provision of health services for the elderly

The Administration's Response to the PAC's Enquiries

Elderly Health Assessment of the Department of Health

- (a) The Department of Health ("DH") will review and monitor regularly the workload of each Elderly Health Centre ("EHC") with a view to implementing measures to enhance service efficiency and shorten the waiting time for first-time health assessments. These measures include –
- Monitoring the curative treatment attendance at EHCs and adding extra time slots for health assessments at those centres with lower attendance for treatment. Currently, nine EHCs have already employed this measure.
 - Reviewing the justifications for the provision of curative treatments and exploring the feasibility of setting a quota for curative services each day, so that more time slots can be allocated for conducting health assessments.
 - Reviewing the mix of first-time and subsequent health assessments in all EHCs to reduce the disparity among them and to shorten the waiting time for first-time health assessments.
 - Displaying updated list of median waiting times for all EHCs on the Elderly Health Service ("EHS") website (www.elderly.gov.hk) and at EHCs to increase transparency and facilitate elders to choose enrolling at those Centres with relatively shorter waiting time.
- (b) By the end of 2013, the EHCs with the largest number of elders on the waiting list are Wan Chai EHC (1 760) and Lek Yuen EHC (1 426). The first additional clinical team will be posted to Lek Yuen EHC and the second to Wan Chai EHC. The Department will monitor the statistics of all 18 EHCs closely and flexibly deploy the manpower

having regard to the waiting list and physical environment (where space is available in the EHC for accommodating an additional team). It is estimated that each clinical team will be able to conduct 2 125 health assessments every year. Besides the number of first-time health assessments that can be conducted by the additional clinical teams, the waiting time is affected by many other factors including the rate of increase of elders seeking to enroll as new members, the renewal rate of existing members, the number of members seeking curative treatments, and the implementation of other enhancement measures mentioned in (a). It is therefore not possible to give a projection on the reduction in waiting time at this stage. Nevertheless, DH will closely monitor the waiting time as improvement measures are being implemented.

- (c) DH conducted a review on the demand for health assessment service in 2002, which concluded that the orientation of EHCs should be changed from mere service provision to that of benchmarking and health monitoring (please see (d) below for details). A second review was conducted in 2007 and new measures to shorten the waiting time for EHC membership were implemented. These included the adoption of a simplified questionnaire for health assessment and streamlined procedures of health assessment for existing members, such that additional manpower and resources could be allocated to meet the needs of elders on the waiting list. To narrow the gap in waiting time between different EHCs, each EHC now provides information on those EHCs with shorter waiting time for enrolment as members. Individual elders may choose to apply for membership at these EHCs.

To address the needs of various target groups in the community, the Administration is planning the establishment of locally based community health centres in the districts. They aim to enhance health promotion activities, strengthen clinical services, improve co-ordination and continuity of care through enhancing allied health and multi-disciplinary services. A number of factors are taken into account in considering the priority of different districts, including size and demographic characteristics of target population and health workforce of the district.

- (d) The heavily subsidised primary healthcare services, together with a rapidly ageing population, have created a huge demand for EHCs' services, and EHCs alone cannot meet the healthcare needs of all elders. In fact, upon the recommendation of a review of the EHS in 2002, the orientation of EHC services has changed from one of mere service provision to that of health information collation, benchmarking for the purpose of public health surveillance and quality assurance, and training. The EHCs serve as sentinel points in the 18 districts to collect important health information on the health status of the elderly, for the surveillance of health problems among them and the monitoring of change over time. Over the years, numerous epidemiological studies have been conducted to inform important public health actions. For instance, the cohort study conducted in collaboration with the School of Public Health of the University of Hong Kong since 2002 has accumulated health data on 120 000 clients of EHCs and has so far generated over 30 articles published in peer-reviewed journals.

Notwithstanding the above, we note the concerns about the long waiting time for first-time health assessments and will review the strategic directions of EHCs in light of the experience gained through new models of service provision including the Elderly Health Care Voucher Scheme (“EHCVS”) and the Elderly Health Assessment Pilot Programme (“EHAPP”).

- (e) In the Hong Kong Reference Framework for Preventive Care for Older Adults in Primary Care Settings, independent elders with no known chronic diseases are recommended to have health assessment every one to three years, and those who also have chronic diseases or risk factors are recommended to be assessed at more frequent intervals e.g. on a yearly basis. In 2013, 96% of EHC members had chronic diseases, with 9%, 17%, 22% and 48% having one, two, three, and four or more chronic diseases respectively. EHCs, as model for continuous and comprehensive care for the elderly, have complied with this evidence-based recommendation. The only way to reduce the waiting time substantially is to expand the capacity of EHCs but it is difficult to set a meaningful target without a firm commitment of additional resources and in light of the current severe shortage of healthcare manpower especially doctors.

- (f) For audit recommendation in paragraph 2.18(a) - please see the response to (d) above. A comprehensive review of the EHCVS will be conducted in mid-2015 and an evaluation of the EHAPP will be completed by the end of 2015. We will make reference to the results of these studies when reviewing the strategic directions of EHCs.

For audit recommendation in paragraph 2.18(b) – We will explore the feasibility of setting a performance pledge in 2016 after the two additional clinical teams have been established and the experience of their operation has been reviewed.

For audit recommendation in paragraph 2.18(c) – Please see responses to (a) and (b) above.

For audit recommendation in paragraph 2.18(d) – We are monitoring the waiting list of elderly awaiting membership enrolment and first-time health assessment in each EHC on a regular basis.

- (g) DH has all along been working closely with the non-governmental organizations (“NGOs”) in promoting the EHAPP to eligible elders. The NGOs have conducted various publicity activities through their community network, including collaboration with other NGOs in providing services for the elderly, sending promotion letters and leaflets, conducting home visits and invitation calls to elders, conducting health talks in community centres, setting up promotional booths at public housing estates, and promotion through websites, television and radio programmes, newspapers and street banners.

DH has also mounted publicity on the programme through the Department’s website, District Elderly Community Centres, Neighbourhood Elderly Centres, Social Centres for the Elderly, and General Outpatient Clinics of the Hospital Authority. Besides, the EHAPP has been actively promoted to elders on the waiting list of EHCs and those in various social centres through introductory talks given by the Visiting Health Teams of EHS. To further enhance the publicity, DH has recently publicized the EHAPP through Residential Care Homes for the Elderly, newsletter for the elderly published by

NGOs and radio programme.

Given the enhanced promotional activities, the number of elders registered with the EHAPP has steadily increased. As of 8 December 2014, over 5 000 elderly have joined the programme. We will continue to work with the participating NGOs and other stakeholders to publicize the programme.

Administration of Department of Health's Elderly Health Care Voucher Scheme

- (h) The unspent fund under the EHCVS would not be allocated to DH for other purposes and would remain in the General Revenue Account. The estimated and actual expenditures of the EHCVS since the Scheme was launched in 2009 are as follows -

Financial Year	Estimated Expenditure (\$ in million) (a)	Actual Expenditure (\$ in million) (b)	Difference (\$ in million) (a) - (b)
2008-09 (Jan-Mar 2009 only)	27.6	6.6	21.0
2009-10	165.8	49.0	116.8
2010-11	168.6	72.0	96.6
2011-12	365.7	104.1	261.6
2012-13	298.0	196.0	102.0
2013-14	507.0	341.0	166.0
Total :	1,532.7	768.7	764.0

- (i) In 2014, we implemented several enhancements to the EHCVS, including converting the EHCVS from a pilot project into a regular programme; doubling the annual voucher amount for each eligible elder from \$1,000 to \$2,000; and changing the face value of each voucher from \$50 to \$1. These measures are aimed to encourage more private healthcare service providers to participate in the EHCVS.

On publicity front, we plan to launch another round of promotional activities in 2015, which will include television and radio announcements of public interest (API) and appealing to the professional bodies again to solicit their assistance in publicizing the EHCVS to their fellow members and to encourage their participation in the EHCVS. We will also consider promoting the EHCVS through other popular media such as free newspapers. We will solicit the support from professional bodies to issue articles in their newsletters (such as the Chinese Medicine Council of Hong Kong) to encourage more private healthcare service providers, in particular Chinese Medicine Practitioners, to join the EHCVS.

We will undertake a comprehensive review of the EHCVS in mid-2015 and will take the opportunity to gauge the views of private healthcare providers and consider further measures to encourage them to join the EHCVS.

Hospital Authority's Provision of Specialist Outpatient Service to Elderly Patients

- (j) The classification of specialty and subspecialty services in the Hospital Authority (HA) is generally based on that of the Hong Kong Academy of Medicine and respective Colleges.

In HA, the development of services for patients is based on healthcare needs instead of the mere factor of age of the patients. Building on this principle, HA provides care for elderly patients through different specialties and subspecialties having regard to the clinical conditions of individual patients (e.g. Geriatrics in outreach services to elderly homes, Psychogeriatrics in dementia care, Orthopaedics in joint replacement programmes, Ophthalmology in cataract services).

As our population ages, there will be an increasing proportion of elderly patients. Many of these patients will have multiple medical conditions and functional disabilities requiring treatment from various other specialties and subspecialties in addition to Internal Medicine or

Geriatrics. To better coordinate the care for the elderly, HA has established systems to provide platforms for joint input of relevant professionals. HA will integrate Geriatricians' inputs with the respective specialty care in treating an elderly patient whenever necessary to ensure the provision of appropriate and comprehensive services to the patients.

All in all, HA considers that elderly patients are better served under the current arrangement where the most suitable specialty would take the lead in providing care, while inputs from other specialties will be drawn in as appropriate, for the patients under a particular medical situation. Given the responsibility of our public healthcare system to serve both elderly and non-elderly, HA's current arrangement of focusing on integration in providing services is cost-effective from the overall perspective of serving the healthcare needs of the entire community.

Food and Health Bureau
Department of Health
Hospital Authority

December 2014



中華人民共和國香港特別行政區政府總部食物及衛生局
Food and Health Bureau, Government Secretariat
The Government of the Hong Kong Special Administrative Region
The People's Republic of China

Our ref.: L/M to FH CR 1/2191/14
Your ref.: CB4/PAC/R63

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14 January 2015

Mr Anthony Chu
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1 Legislative Council Road
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Hong Kong
[Fax: 2543 9197;
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Dear Mr Chu,

**Supplementary Information for PAC
on Provision of Health Services for the Elderly by HA**

Thank you for your letter of 6 January 2015. I attach a bilingual note as requested please.

Yours sincerely,

(Patrick Lee)

for Secretary for Food and Health

cc: Chief Executive, HA (Attn: Ms Emily Chan, Fax: 2895 0937)

**Supplementary Information from the Hospital Authority
to the Public Accounts Committee's
Consideration of Chapter 2 of the Director of Audit's Report No. 63,
Provision of Health Services for the Elderly**

This note provides supplementary information on the Hospital Authority (HA)'s provision of health services for the elderly following the Public Accounts Committee Meeting on the Director of Audit's Report on the subject on 5 January 2015.

(a) - (c) Lengthening of the Specialist Outpatient Clinic (SOPC) Waiting Time, Improvement Measures and Appointment System

2. The Specialist Outpatient Clinic (SOPC) services of HA face a demand and supply imbalance. Due to ageing population and increasing prevalence of chronic diseases, the demand for SOPC services has been on the rise. The increase in new case booking outpaced the new case clearance rate despite enhancement in service capacity such as hiring additional part-time doctors and increasing the SOPC quota. As a result, the waiting time for patients, in particular those with less severe and non-urgent conditions, have lengthened over years.

3. In particular, the public healthcare sector is experiencing manpower shortage in recent years. The number of medical graduates had reduced from 310 a year in 2007, to 280 in 2010, and further down to 250 in 2011. The unmatched replenishment made it difficult for HA to cope with the escalating demand, and affected the waiting time performances of its SOPC services.

4. In the wake of an ageing population, the lengthening in waiting time is more serious in selected specialties which have a higher proportion of elderly patients (e.g. Medicine, Orthopaedics & Traumatology and Psychiatry).

5. Despite the constraints mentioned above, HA has worked hard to enhance supply for such service through increasing SOPC quota. As a result, the attendance of SOPC at HA reached 7,040,883 in 2013-14, increasing from 6,885,455 in 2012-13 and 6,731,155 in 2011-12. HA has also been undertaking a number of measures to address the problem of lengthening waiting time, including optimizing the scheduling arrangements. More details of measures to enhance service capacity and improve scheduling arrangements

are set out in our response to *Recommendation 5.13* and *Recommendation 5.22* in section (f) of this note respectively.

(d) Cross Cluster Referral Arrangement

6. HA has enhanced cross-cluster collaboration by establishing a centrally coordinated mechanism to facilitate pairing-up patients in clusters of longer waiting time with clusters of shorter waiting time. Patients with appropriate clinical conditions waiting in a suitable specialty of a cluster will be invited to attend to the SOPC in another cluster with shorter waiting time. So far, the cross-cluster collaboration is being implemented in the specialties of ENT, Gynaecology, and Ophthalmology. It should be noted that not all specialties are suitable for cross-cluster arrangement. While specialties with majority of patients having no impaired mobility and short expected treatment period are good candidates for the referral, specialties having more patients who are mobility impaired or require long term follow-up or community support are not. On the other hand, patients with less severe and non-urgent conditions may also choose to wait for their first consultation in the cluster close to their residence and thus have little incentive to receive service in another cluster. HA's future arrangement for cross-cluster referral is set out in our response to *Recommendation 5.35* in section (f) of this note.

(e) Specialty Service for Elderly

7. HA has been taking holistic measures to address the medical needs of elderly patients. Services provided by HA for elderly patients on need basis are not confined to specialist service but also include :

- (i) Hospital-based services (including acute, extended care and infirmary care) in 42 public hospitals and institutions;
- (ii) Consultation, treatment and investigations in 73 General Outpatient Clinics (GOPCs). Some hospitals also provide sub-specialised clinics such as memory, fall, dementia and continence clinics;
- (iii) Multi-disciplinary assessment, treatment and rehabilitation in geriatric day hospitals; and
- (iv) Outreach services including Community Geriatric Assessment Team (CGAT) Service, Community Nursing Service, Community Psychiatric and Psycho-geriatric Service, and Community Allied

Health Service.

8. HA has also adopted a system approach to implement integrated measures across the care continuum for elderly patients at high risk of hospital readmission. Measures include comprehensive needs assessment for early formulation of individualised care plan and discharge plan as well as provision of post-discharge support services at the right place and right time on need basis.

9. In response to the ageing population and the need to manage service demand, HA has published the HA Strategic Service Framework for the Elderly Patients in 2012. The Framework has placed emphasis on the need to reduce avoidable hospitalisation and set the directions and strategies that HA will embark on to manage these challenges over the next five years and beyond.

10. Specifically for specialist services, enhancement measures implemented by HA are summarized in paragraphs 14 to 22 below. As regards the idea of setting-up of a specialty or special unit for elderly patients, it should be noted that the classification of specialty and subspecialty services in HA is generally based on that of the Hong Kong Academy of Medicine and respective Colleges.

11. In HA, the development of services for patients is based on healthcare needs instead of the mere factor of age of the patients. Building on this principle, HA provides care for elderly patients through different specialties and subspecialties having regard to the clinical conditions of individual patients (e.g. Geriatrics in outreach services to elderly homes, Psychogeriatrics in dementia care, Orthopaedics in joint replacement programmes, Ophthalmology in cataract services).

12. As our population ages, there will be an increasing proportion of elderly patients. Many of these patients will have multiple medical conditions and functional disabilities requiring treatment from various other specialties and subspecialties in addition to Internal Medicine or Geriatrics. To better coordinate the care for the elderly, HA has established systems to provide platforms for joint input of relevant professionals. HA will integrate Geriatricians' inputs with the respective specialty care in treating an elderly patient whenever necessary to ensure the provision of appropriate and comprehensive services to the patients.

13. All in all, elderly patients are better served under the current arrangement where the most suitable specialty would take the lead in providing

care, while inputs from other specialties will be drawn in as appropriate, for the patients under a particular medical situation. Given the responsibility of our public healthcare system to serve both elderly and non-elderly, HA's current arrangement of focusing on integration in providing services is cost-effective from the overall perspective of serving the healthcare needs of the entire community.

(f) Implementation of Audit Recommendations

Recommendation 5.13

14. In recent years, HA has been implementing a series of measures in managing SOPC waiting time. Details of the measures are provided in the following paragraphs.

(i) Triage and Prioritization

15. HA has implemented the triage system for all new SOPC referrals to ensure patients with urgent conditions requiring early intervention are treated with priority. Under the current triage system, referrals of new patients are usually first screened by a nurse and then by a specialist doctor of the relevant specialty for classification into priority 1 (urgent), priority 2 (semi-urgent) and routine categories. HA's targets are to maintain the median waiting time for cases in priority 1 and 2 categories within two weeks and eight weeks respectively. HA insofar has been able to keep the median waiting time of priority 1 and priority 2 cases within this pledge. HA will continue to implement the triage system which is effective in ensuring that the most needy cases will be treatment timely.

(ii) Enhancing Public Primary Care Service

16. HA is committed to enhancing public primary care services. Patients with stable and less complex conditions can be managed at the Family Medicine and general outpatient clinics, thereby reducing the service demand at SOPC level. HA will continue to promote primary care so that Family Medicine Specialist Clinics (FMSCs) and GOPCs will play a gatekeeping role thereby help alleviating pressure on SOPC waiting time.

(iii) Enhancing Manpower

17. In 2013-14, HA engaged some 300 part-time doctors as well as “limited registration” doctors to improve the manpower strength. HA also paid around \$70 million as special honorarium to increase the service capacity, including that of the SOPCs, within the HA. HA will continue to engage part-time doctors in future.

18. We also expect that the medical manpower shortage problem will improve when the number of medical graduates starts to go up to 320 in 2015 and to 420 in 2018.

(iv) Enhancing Transparency of Waiting Time and Facilitating Patients’ Choice on Cross-cluster Consultations

19. HA recognizes the importance to enhance transparency in SOPC waiting time. Since April 2013, HA has uploaded the SOPC waiting time for five of the eight major specialties on HA’s website (namely ENT, Gynaecology, Ophthalmology, Orthopaedics & Traumatology, and Paediatrics). HA will upload the SOPC waiting time for the remaining three major specialties (namely Medicine, Psychiatry and Surgery) in the first half of 2015. Moreover, HA will display comprehensive, standardized and updated waiting time information in SOPCs in the first half of 2015. The information will facilitate patients’ understanding of the waiting time situation in HA and assist them to make informed decisions in treatment choices and plans.

20. While patients may book medical appointments at SOPCs of their choices, HA will take due account of individual patients’ clinical condition and nature of service required in arranging appointment for SOPC services. For example, for patients who require community support and frequent follow-up treatments, staff of the HA may recommend and arrange the patients to seek medical care at SOPCs close to their residence to provide greater convenience to the patients as well as to encourage compliance with treatment plan.

(v) Public-Private Partnership (PPP)

21. The pilot public-private partnership (PPP) projects (e.g. the Cataract Surgeries Programme) have proved to be effective in alleviating the pressure of the public healthcare sector and providing more choices to patients. HA will explore the possibility of launching PPP projects to SOPC services with higher demand but of a non-acute nature, especially during the period of manpower shortage in the public sector.

(vi) Annual Plan Programs Implemented to Manage SOPC Waiting Time

22. HA has implemented a number of programs in 2013-14 and 2014-15 to increase the capacity to handle SOPC cases and manage waiting time, with details as follows –

Year	Cluster	Program Objectives
2013-14	KEC, KWC, NTEC & NTWC	Implement Clear Backlog Project - Manage a total of 4 820 new cases for 2013-14 on the SOPC waiting lists in KEC, KWC, NTEC and NTWC
	KEC	Manage KEC surgical new case unmet demand with special new case clinic and subsequent services, covering 4000 new cases per year
	KWC	Improve the management of SOPC waiting lists by conducting additional doctor sessions and triaging suitable cases to FMSC, covering a total of 780 new cases per year
	NTEC	Improve the management of SOPC waiting lists by conducting additional doctor sessions and expanding the eye specialist clinic capacity to manage a combined total of 4 000 new cases per year
2014-15	KEC	Use special honorarium scheme to alleviate SOPC backlog to manage 1 000 additional SOP new cases (including Specialty of Medicine, Orthopaedics & Traumatology and Eye) for the year 2014-15
	KEC	Pilot a SOPC Queue Management Centre at United Christian Hospital to improve the SOP quota management
	KWC	Enhance FMSC services by managing additional 3 670 FMSC new cases and 5 500 FMSC follow-up cases in 2014-15

23. HA is working on similar programmes for 2015-16 to address the SOPC waiting time issues in various pressure areas.

Recommendation 5.22

24. HA will conduct a comprehensive review of appointment scheduling practices of SOPCs in 2015. Reference will be made to the good

practices achieving optimal utilization of service capacity such as timely filling up of cancelled and defaulted appointments. Other good practice for clearing backlog of Routine cases, including engagement of Family Medicine Specialists to attend Routine cases and transferring Routine Residential Care Homes for the Elderly (RCHE) cases to the Community Geriatric Assessment Team (CGAT), will be shared among clusters.

25. HA implemented a pilot SOPC Phone Enquiry System in the Queen Elizabeth Hospital (QEH) in Kowloon Central cluster in September 2011. Apart from answering SOPC enquires and other related functions, this system facilitates patients in giving advance notice to SOPC of their intention to cancel or reschedule their appointments. As hospital can fully utilize the released quotas to arrange appointments for other patients, the number of default cases can be reduced. In view of the positive results of the system in improving utilization of SOPC appointment slots, HA plans to extend the QEH pilot program to the other six clusters in 2015-16.

26. HA will publish a SOPC Operation Manual to align different practices in SOPCs within HA. The target is to have the SOPC Operation Manual ready in 2015-16.

Recommendation 5.27

27. HA has in recent years extended its service coverage of the CGATs to RCHE residents. Currently, the overall coverage of RCHEs by CGATs is around 89%. HA will continue to monitor the needs as and when required, and through the annual planning exercise in 2016-17 and forthcoming years, to meet the needs for CGAT service in areas where there are expansion of RCHEs.

Recommendation 5.35

28. Using the existing platforms involving both frontline clinicians and executive management, HA will continue to review and monitor the disparity of waiting time in different clusters and extend the cross-cluster referral arrangement in appropriate clinical context having regard to the criteria as explained in paragraph 6.

29. To allow more patients to benefit from cross-cluster referral arrangement according to patients' preferences, HA has reminded frontline staff to offer patients from long wait clusters the options to book medical appointments at SOPCs with shorter waiting time. HA will produce a poster on procedures and practice on booking of first appointment at SOPC for the

information of both the public and staff. The poster will be ready in the first half of 2015.

Recommendation 5.41

30. As indicated in paragraph 19, HA has already uploaded the SOPC waiting time for five of the eight major specialties on HA's website (namely ENT, Gynaecology, Ophthalmology, Orthopaedics & Traumatology, and Paediatrics). HA will upload the SOPC waiting time for the remaining three major specialties (namely Medicine, Psychiatry and Surgery) in the first half of 2015. Moreover, HA will display comprehensive, standardized and updated waiting time information in SOPCs in first half of 2015.

**Food and Health Bureau
Hospital Authority
January 2015**

**Chronology of key events of the
new Civil Aviation Department (CAD) headquarters project**

In Oct 2007, the Property Vetting Committee approved the schedule of accommodation

(Audit Report – AR para. 1.5)



In Jan 2008, the CAD obtained the Legislative Council Finance Committee's approval of \$1,997 million to construct a new CAD headquarters with net operational floor area of 22,775 m²

(AR para. 1.6)



In May 2009, the Architectural Services Department awarded a design-and-build contract for the construction of the new CAD headquarters

(AR para. 1.8)



In Jun 2012, the new CAD headquarters was handed over to the CAD

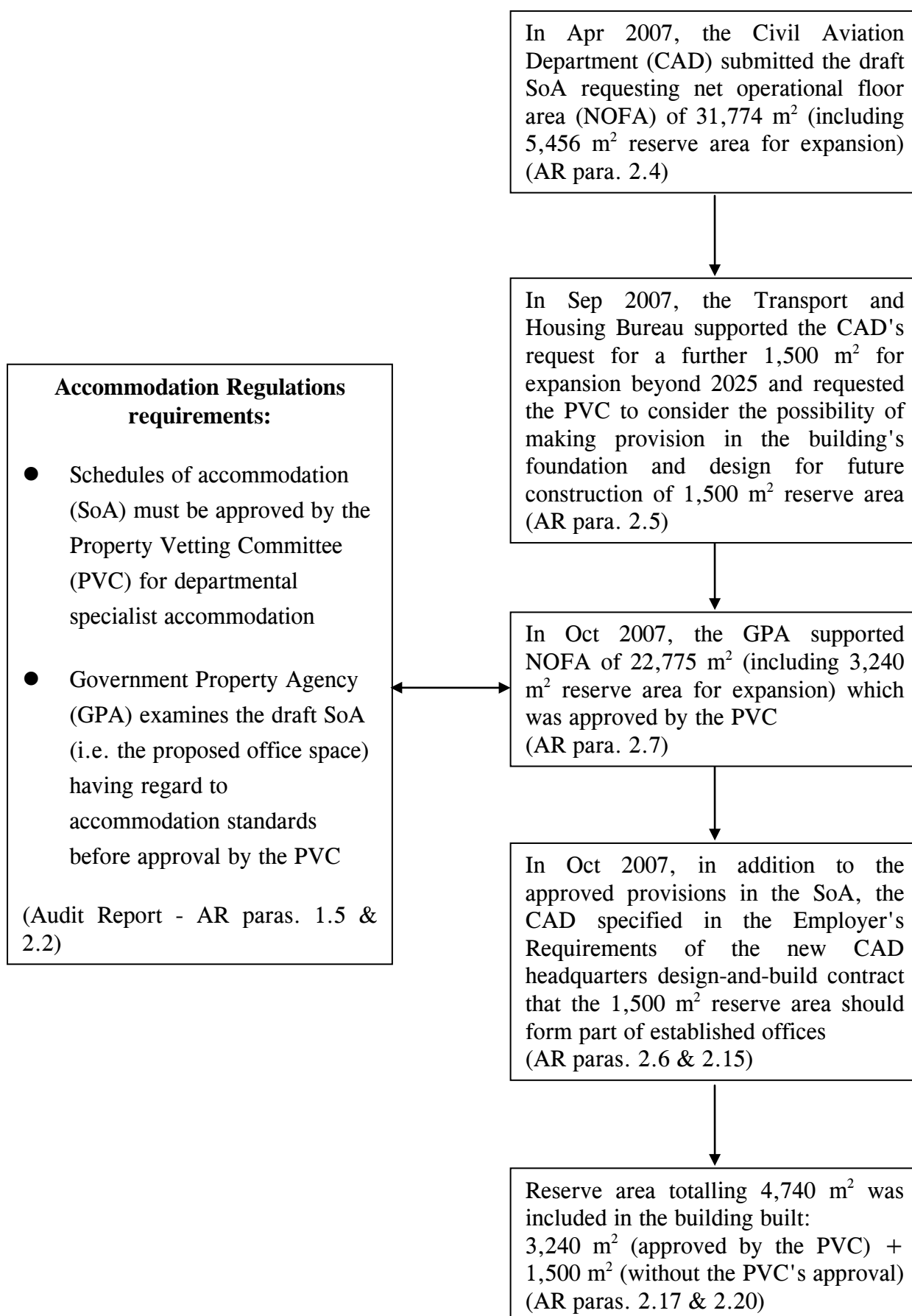
(AR para. 1.9)



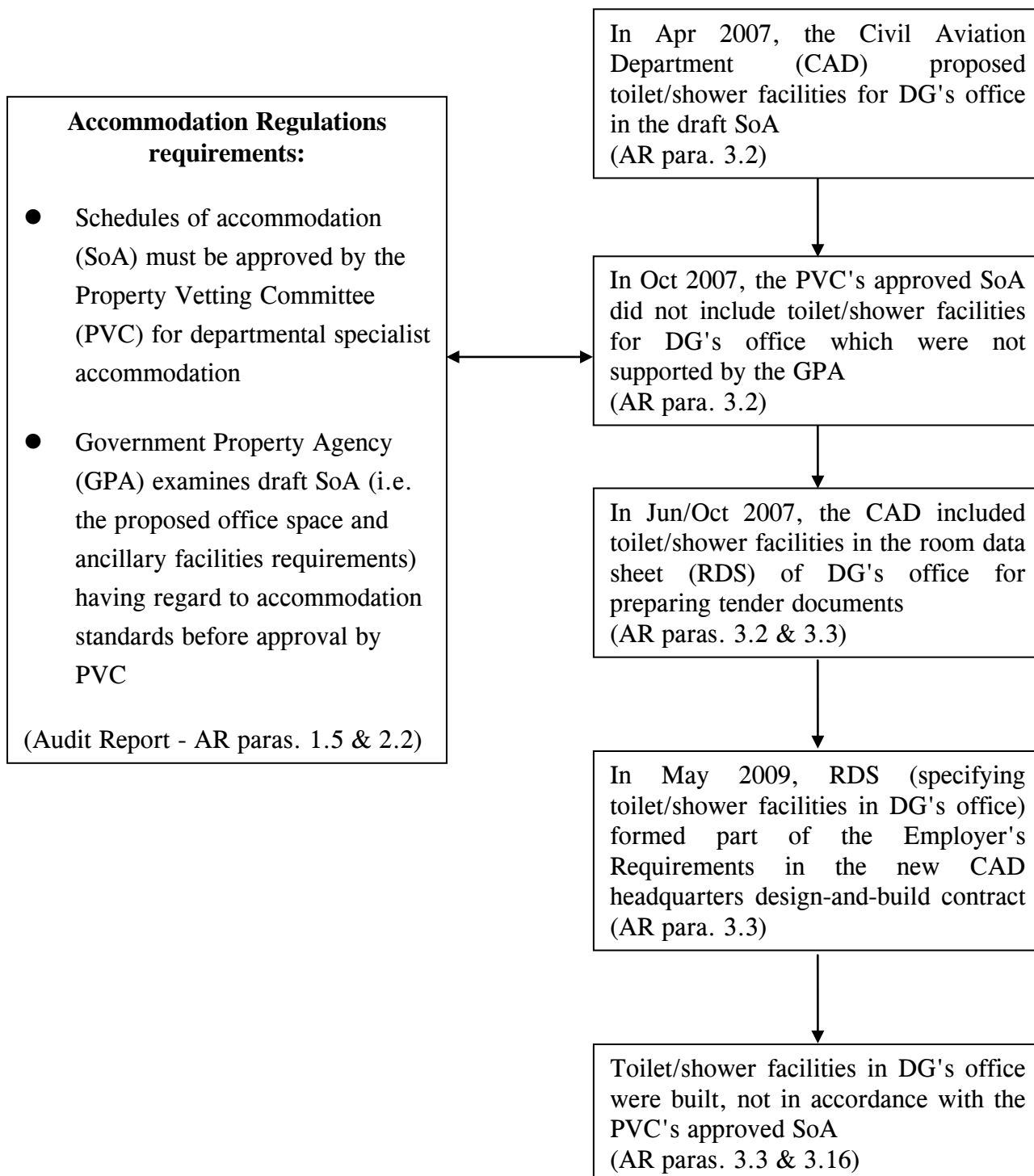
In Dec 2012, with the exception of the Air Traffic Management Division, all other functional divisions were relocated to the new CAD headquarters in phases

(AR para. 1.9)

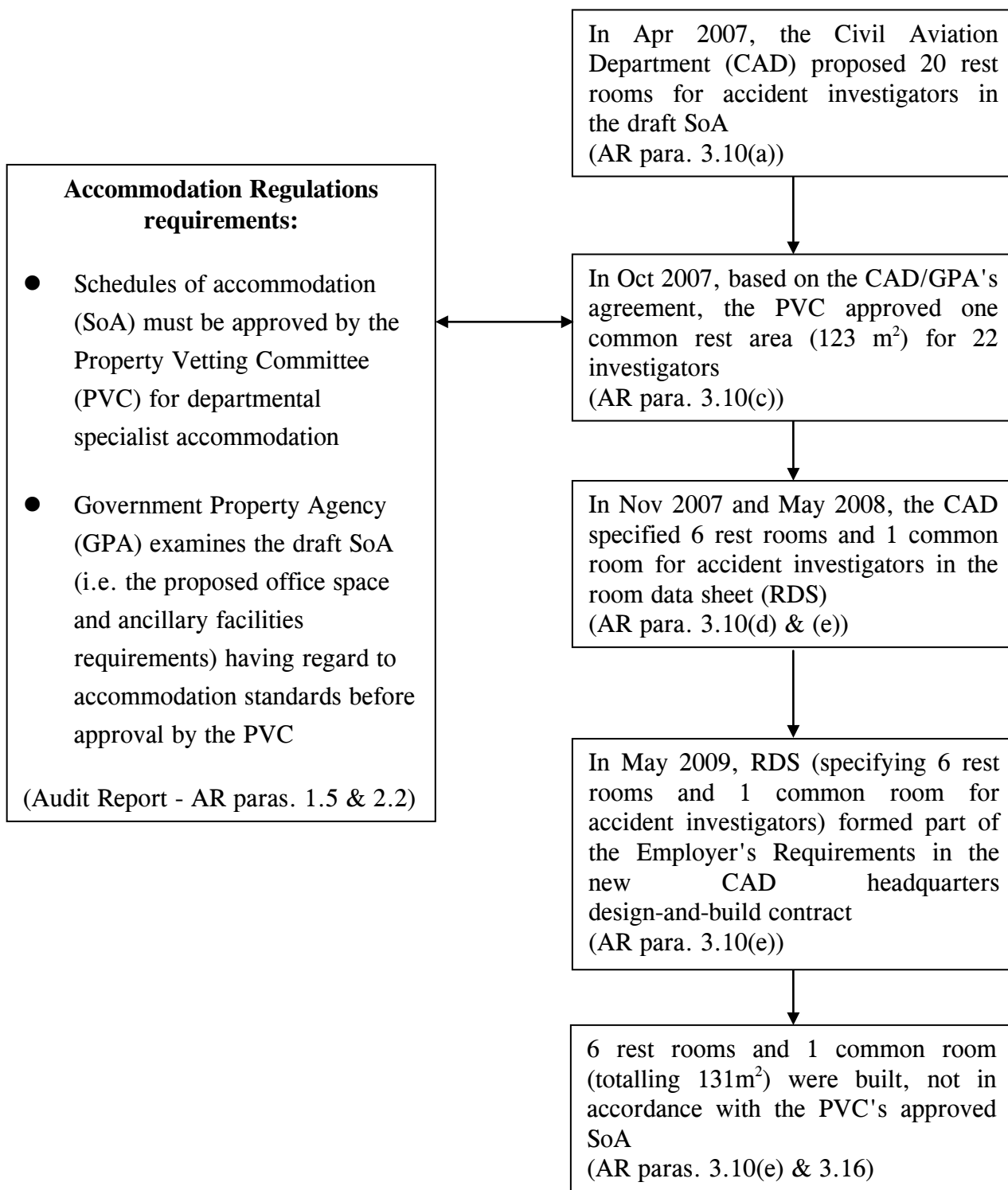
Provision of 1,500 m² reserve space for future expansion



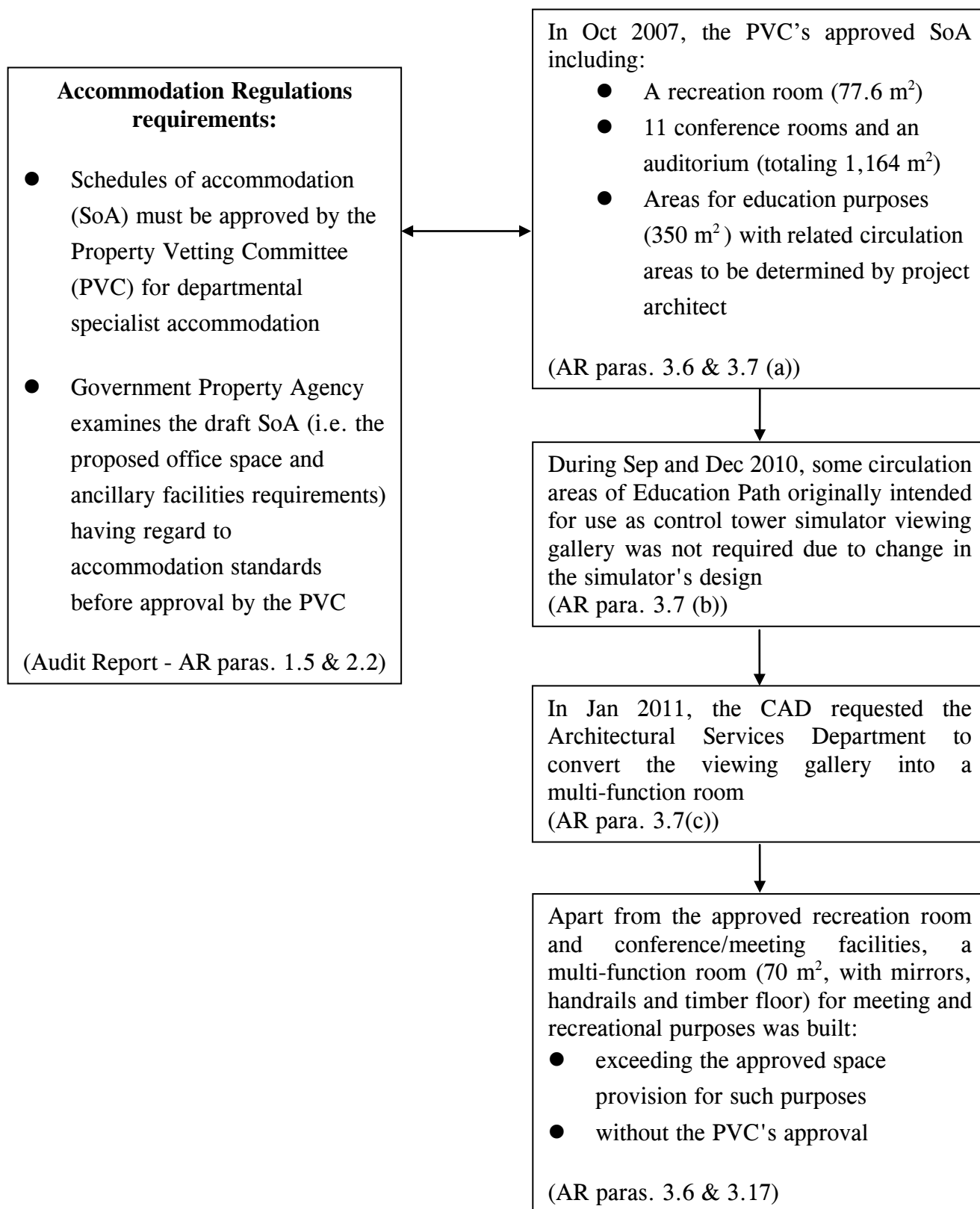
**Provision of toilet/shower facilities
in the Director-General of Civil Aviation (DG)'s office**



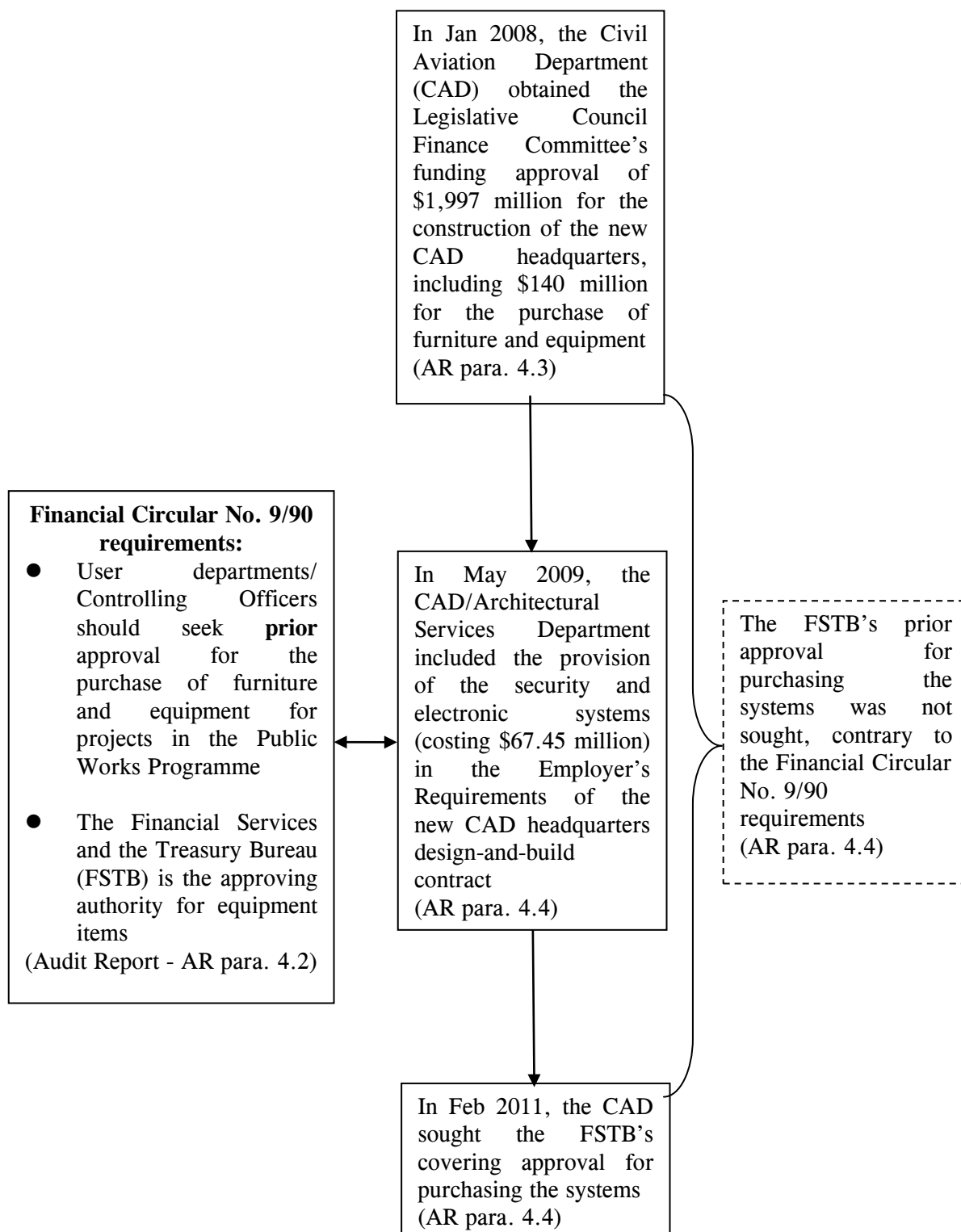
Provision of rest rooms for accident investigators



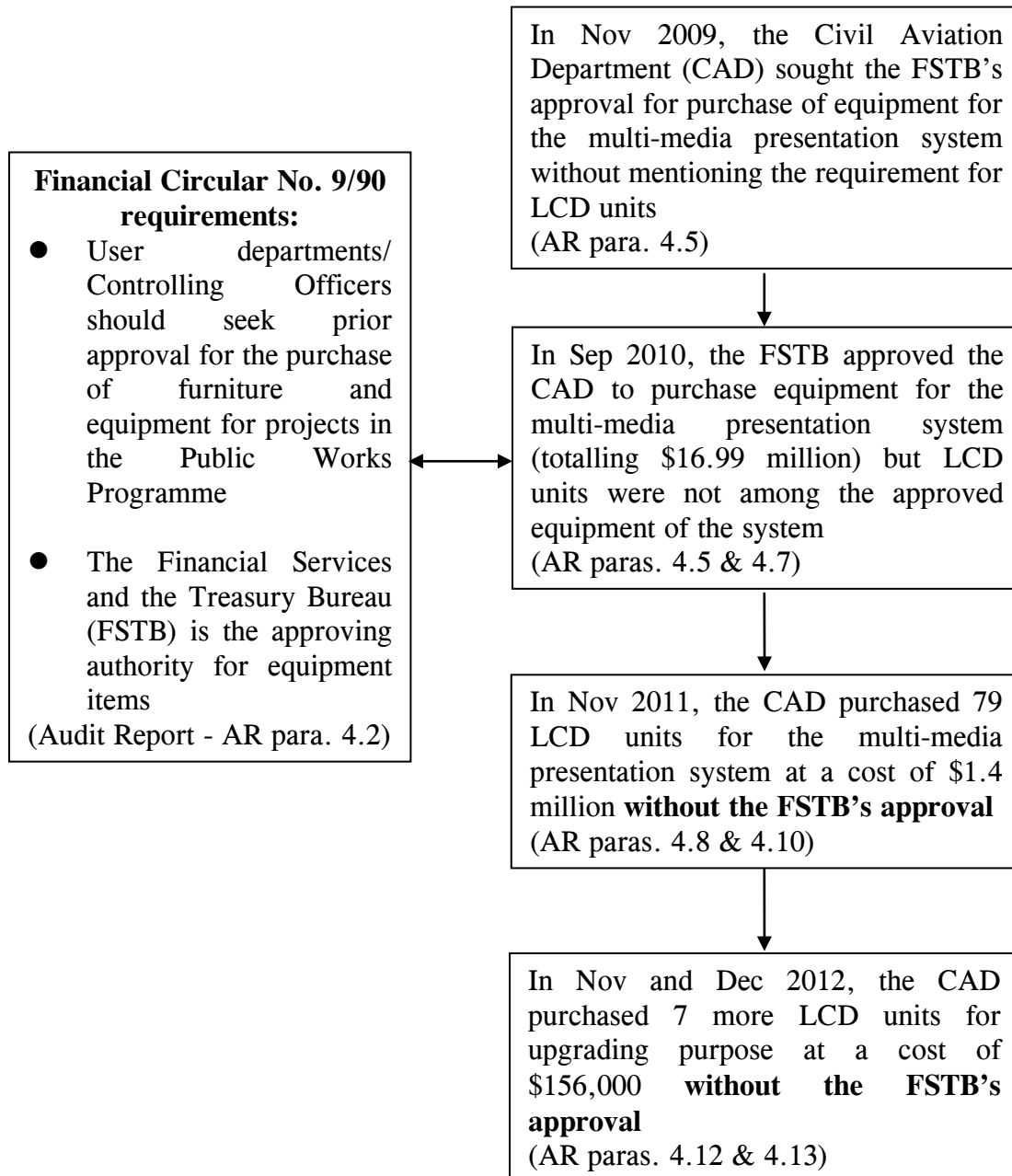
Provision of multi-function room



Purchase of security and electronic systems



**Purchase of liquid crystal display (LCD) units
under the multi-media presentation system**



(Translation)

**Opening Remarks by the Secretary for Transport and Housing at the
Public Hearing of the Public Accounts Committee of the Legislative Council
on 9 December 2014**

Mr. President,

First of all, I would like to thank the Audit Commission for conducting a thorough review and making important recommendations on the new Civil Aviation Department (CAD) headquarters and the administration of the air traffic control and related services. I would also like to thank the Public Accounts Committee of the Legislative Council (LegCo) for giving the Government an opportunity to further explain the situation. The Government has accepted all of the recommendations made by the Director of Audit, and is following them up proactively.

I would begin by giving an account of the major issues mentioned in Chapters 3 and 4 of the Report No. 63, and would then invite, via Mr. President, the Director-General of Civil Aviation and other departmental colleagues to respond.

Given the robust growth in our air traffic brought about by the rapid development of the Hong Kong International Airport (HKIA) and the regional aviation industry, we have to enhance the handling capacity of the CAD in providing air traffic control (ATC) and other aviation-related services with a view to ensuring aviation safety and efficiency. From aviation policy perspective, the Transport and Housing Bureau (THB) supported the CAD to develop a new headquarters on the Airport Island and replace its ATC system, and therefore submitted the two proposals separately to the LegCo in 2007, and obtained funding approvals from the Finance Committee (FC).

The two projects have been funded by the Capital Works Reserve Fund (CWRF). There are established procedures and guidelines in regard to the conduct of CWRF projects, which set out the duties of the relevant bureaux and departments.

As a policy bureau, the role of THB is to consider the relevant proposals made by departments under its purview taking into account our policy objectives, and to examine whether such proposals are in line with our policy direction. As I have

just mentioned, the development of the new CAD headquarters and replacement of the ATC system would help enhance the overall operational efficiency of the CAD and its handling capacity, and strengthen Hong Kong's status as an international and regional aviation hub. Therefore, the THB has given policy support to both projects.

The CAD is the user department of the new Government building and hence the client department for this CWRP project. Having obtained policy support from the THB, the CAD was responsible for defining the project scope and carrying out necessary public consultation for the project. The Architectural Services Department (ArchSD) was the project director and responsible for overseeing the quality, progress and expenditure of the project. The Director of Architectural Services was also the Controlling Officer for this project. The two departments had to work closely together to implement the project, ensuring that the project cost would not exceed the project estimate approved by the FC, and that the project scope should comply fully with the one approved by the FC.

Regarding the project for the new CAD headquarters, the Director of Audit noted that there were certain deviations from the approved project scope, and also incidents of non-compliance with the relevant regulations and circulars. As agreed by the Director of Audit in paragraph 6.2 of Chapter 3 of his report, the new CAD headquarters project was both a complex and time-critical project. On one hand, it had to cater for the specialised requirements of a modern ATC system and reserve sufficient spaces for future expansion of services. On the other hand, it had to be completed under a tight schedule. Of course, the complexity and tight schedule of the project were not excuses for the various issues pointed out in the Director of Audit's report.

As the Secretary, I am very concerned about the deviations from established procedures and requirements, and have requested the Director-General of Civil Aviation to proactively follow up the recommendations made in the Director of Audit's report, including formulating relevant internal guidelines, informing CAD staff of the audit findings and lessons learnt, and reinforcing the culture of "compliance" with the related procedures and systems. In addition, the THB has also requested the Director-General of Civil Aviation to submit a detailed report on the issues pointed out in the Director of Audit's report together with their sequence of events for necessary follow-up.

As regards the delay in the replacement of the ATC system, I have to point out that enhancing aviation safety and ATC efficiency is the prime objective of the replacement of the system. The ATC system is a major and highly complex integrated system. Prior to its commissioning, the system has to go through comprehensive testing to ensure that it operates smoothly, safely and stably that can fully comply with the latest international requirements and meet the safety standards stipulated by the CAD, which must not be compromised. The project for the ATC system is not an ordinary project of equipment replacement. The overseeing of the tendering and installation work should meet the highest international aviation standards, with a view to ensuring the system can cope with the latest development in aviation technology, and that it could operate in a safe and reliable manner.

We understand the public are concerned about the replacement of the ATC system, in particular how the delay in commissioning the new system would affect the ATC operation, the operational reliability of the existing ATC system, etc, which have been pointed out in the audit report. The CAD has accepted the various improvement recommendations made by the Director of Audit, and will continue to urge the contractor of the ATC system to expedite action in rectifying the outstanding problems in the new system and monitor the remaining contract work more closely in order to minimise further delay of the project.

Moreover, the CAD will closely monitor the operation of the existing ATC system, and has already phased in various protective measures to ensure that prior to the commissioning of the new system, safe and reliable operation of the existing system could be maintained.

Mr. President, I have attached great importance to the criticism given by the Director of Audit. Although the new CAD headquarters has largely addressed the various operational needs of the CAD, and complies with international aviation standards, and that the whole project has been completed within the contract period and approved project estimate, there are irregularities on the implementation of the project by CAD, and a review is needed. Upon receipt of the detailed report from the Director-General of Civil Aviation, we will look into the details of events in depth and their sequence to see if there is any room for procedural improvements apart from those recommended in the audit report. If there is any misconduct of staff, we will follow up in accordance with established procedures and take appropriate administrative or disciplinary action where necessary.

As regards the replacement of the ATC system, I have asked the Director-General of Civil Aviation to expedite actions to ensure timely completion of the project while ensuring the safe and stable operation of the system.

Mr. President, may I let the Director-General of Civil Aviation and the Director of Architectural Services give initial response and supplement respectively. We will then answer questions raised by Members of this Committee.

Ends/

**Public Accounts Committee
Public Hearing on
Report No. 63 of the Director of Audit
Chapter 3 & Chapter 4**

Opening Remarks by the Director-General of Civil Aviation

We accept the Audit Commission's recommendations and appreciate the comments and views made in its audit report. In response to the recommendations raised by the Audit Commission, we have taken effective measures immediately and have strengthened internal controls, with a view to complying with all relevant government regulations and guidelines.

Before I answer Honourable PAC Members' questions on various parts in the report related to the Civil Aviation Department (CAD), I would like to take this opportunity to express that CAD colleagues understand the need to comply with government regulations and approval procedures. As far as the new CAD Headquarters (HQ) project is concerned, the provision of furniture and equipment, and the planning of office accommodation requirements are all based on the department's operational needs. For CAD colleagues, the new CAD HQ is an unprecedented building project. Although the whole project was completed as scheduled and was within the approved budget, I do admit that our colleagues lacked adequate experience to manage this kind of special project well. The non-compliances mentioned in the audit report are mainly due to our staff's inadequacies in following the approval procedures and in communication. Being the head of the department, I assume supervisory accountability for these inadequacies.

On the administration of the air traffic control and related services, the audit report has revealed room for improvement in the management of major procurement projects, in conducting cost-benefit analyses, in following up on overdue en-route navigation charges and in the management of the mandatory occurrence reporting database. Taking heed of the lesson learnt, CAD has revised its internal guidelines and taken enhancement measures to improve management effectiveness.

Now, I would like to outline the corrective actions we have taken in response to the various aspects covered by the audit report, and brief the committee on the latest developments.

Chapter 3 – the New CAD HQ

Part 2: Provision of Reserve Space for Future Expansion

We admit that our handling of the 1 500 m² of expansion space reflected our inadequacies in understanding. Communication between departments should be improved, and we should provide the Legislative Council with more comprehensive and updated information. We have updated our project procedures handbook and have promulgated improvement measures to all our project officers. We are liaising with the Civil Service Training and Development Institute to provide relevant training to our colleagues involved in the handling of projects.

Members may have noted that, as reported in paragraph 2.22 of the audit report, the Property Vetting Committee (PVC) had approved, in October 2014, our request to use 926 m² of the 1 500 m² of the reserved area for accommodating 119 additional staff members who had joined CAD after 2007. This reflected that, in terms of operational requirements, there was a need for CAD to reserve space for future expansion at the time of the construction of our new HQ. At that time, both CAD and the Architectural Services Department considered that the reserved space could be built and this arrangement would be pragmatic and more cost-effective.

For the remaining 574 m², we have sought assistance from the Government Property Agency (GPA) so that other government departments could make interim uses of this space before CAD would confirm its long-term use. We would work closely with GPA on this matter.

Part 3: Control over Deviations from Approved Schedule of Accommodation

The Audit Commission has pointed out that three of the facilities in our new HQ were not built in accordance with the approved schedule of accommodation, namely the toilet/shower facilities in the Director-General of Civil Aviation's office, the multi-function room and the rest rooms for accident investigators.

When CAD received media enquiries regarding these facilities last year, we took the initiative to re-examine the approved schedule of accommodation and found that the three items mentioned above were not in compliance with the approved schedule. In December 2013, with the consent of GPA, we turned the toilet/shower facilities in the Director-General (DG)'s office into a departmental store room and permanently blocked the door leading to the DG's office,

dismantled the handrail in the multi-function room, and permanently covered the wall mirror.

As to the rest rooms for accident investigator, we are seeking the views of GPA and the Financial Services and the Treasury Bureau (FSTB) to use that space as a common rest area as originally approved by the PVC in a cost-effective manner.

Part 4: Provision of Furniture and Equipment

We have conducted an overall review of the operational needs for all the LCD units purchased under the multi-media presentation system, with a view to maximising their usage as far as practicable. We have also sought FSTB's covering approval. Upon obtaining FSTB's approval, we will consult the Government Logistics Department on proper ways to redeploy surplus LCD units to other bureaux/departments.

Chapter 4 – Administration of the Air Traffic Control and Related Services

I now move on to provide further information in respect of Chapter 4 – Administration of the Air Traffic Control and Related Services.

Part 2: Management of the New Air Traffic Control Project

We accept the Audit Commission's views and comments, but at the same time we would like to make it clear that there was no cost overrun. Aviation safety is our topmost priority. The new air traffic control (ATC) system must meet stringent ATC requirements before commissioning. We would continue to urge the system contractor to expedite actions on rectifying the outstanding deficiencies/observations in the new system and would closely monitor the remaining contract work to ensure minimum project delay.

On the ageing of the existing ATC system, we have implemented appropriate measures and have stepped up maintenance efforts to keep it in smooth operation until the new ATC system is available.

Part 3: Management of the Precision Runway Monitor Project

In managing major equipment projects in the future, we will strengthen project appraisal to ensure full evaluation of uncertainties and risks impacting on project viability. The main objective of this project, which was implemented

almost 20 years ago, was to enable higher runway capacity for the new airport's two runways. Before the precision runway monitor radar could achieve its anticipated objective, CAD had achieved it by continuously optimising ATC procedures, flight operations and meteorological conditions for approaches. During the 16 years from the commissioning of the new airport back in 1998 to the present, runway capacity has been increased to 66 movements per hour from 31 movements per hour. In 2015, it will further be increased to 68 movements per hour, exceeding the maximum capacity of 63 movements per hour for the dual runways estimated in the 1994 Airspace Design Study.

Conclusion

To follow up on the recommendations in Chapter 3 & Chapter 4 in Report No. 63 of the Director of Audit, I, as the head of CAD, will personally supervise and take effective improvement measures, and also strengthen internal management, to ensure compliance with relevant government regulations and guidelines. The Secretary for Transport and Housing has instructed CAD to actively take forward the recommendations put forward by the Audit Commission. In this connection, I will closely liaise with relevant bureaux and departments, and carry out the required improvement measures.

Thank you, Mr Chairman and all Honourable Members.

Opening Remarks for PAC on 9 December 2014 by DArchS
(Updated on 8.12.2014)

Chairman,

1. Architectural Services Department (ArchSD)'s role was project management. At the early stage of the project, the department was responsible for the technical feasibility study, assisted the user department in determining their requirements, prepared tender documents and involved in application of funding, etc. After signing of the construction contract, the ArchSD monitored the quality, progress and expenditure of the project.
2. The ArchSD agreed with all the recommendations in Audit Report No. 63 of the Director of Audit.
3. On improvement initiatives, the ArchSD will continue to maintain its continuous improvement objective. From May to July 2014, we already implemented the following three improvement initiatives :
 - The Chairman of the Project Vetting Committee (PVC) had already issued a memo reminding Heads of Department to submit schedules of accommodation to the PVC for approval in a timely manner;
 - The ArchSD implemented an electronic-room data sheet information system since May 2014, using information technology to more effectively collect and review the accommodation requirements of user departments. The system can check whether the accommodation requirements and the approved schedules of accommodation are consistent. We will keep under review the effectiveness of the system;
 - We have already amended the ArchSD Project Administration Handbook, adding more check points at different stages of the project to remind colleagues responsible for project management to timely follow up and ensure the work scope is based on the approved schedules of accommodation.
4. The ArchSD will actively follow up the suggestions from the Public Accounts Committee (PAC) and the Audit Commission. On internal training, we will prepare After Action Review and arrange experience sharing session. We will disseminate the experience gained in this audit to colleagues responsible for project management through the departmental knowledge management system and training courses.
5. Chairman, my ArchSD colleagues and I are happy to answer the questions from you and other PAC Members.



ARCHITECTURAL SERVICES DEPARTMENT 建築署

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19 December 2014

Mr Anthony CHU
 Clerk to the Public Accounts Committee
 Legislative Council
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 63
New Civil Aviation Department Headquarters

Thank you for your letter dated 12 December 2014 requesting additional information to facilitate consideration by the Public Accounts Committee (PAC). Please find the requested information below:

- (a) The cost of building the extra 1,500 m² area for future expansion in the new Civil Aviation Department (CAD) headquarters

The 1,500 m² area is required for future expansion to suit CAD's operational requirement. Usage of part of this area (926 m²) has already been approved by the Property Vetting Committee (PVC) on 24 October 2014 (para. 2.22 of Audit Report).

The exact cost of building the 1,500 m² in net operational floor area (NOFA) for future expansion in the new CAD headquarters could not be separately retrieved from the design and build contract. As an estimate making reference to the prices in the contract, the cost was about \$51.7M.

If the 1,500 m² future expansion area were to be built after commissioning, the addition and alteration works to be carried out would have significant impact to the continuous and uninterrupted operation of the CAD especially the ATC facilities, including excessive vibration, dust and noise nuisance; longer construction period due to restricted working hours, material delivery access and works areas. These factors would increase the construction difficulties and hence substantially escalate the construction cost.

- (b) Whether the 65,000 m² construction floor area of the CAD headquarters includes the extra future expansion area of 1,500 m²? If yes, please explain why this is so despite that the 22,775 m² net operational floor area does not include this extra future expansion area

The 65,000 m² construction floor area (CFA) of the CAD headquarters has included the 1,500 m² future expansion area. The inclusion of the 1,500 m² future expansion area in the CFA of 65,000 m² was based on the understanding of both the CAD and the Architectural Services Department (ArchSD) that it had been approved via GPA's memo dated 3 October 2007 to CAD which stated "*no objection to include in the SoA the expansion requirements based on CAD's operational plan for this project*" (para. 2.6(b) of Audit Report).

- (c) The cost of building the six rest rooms each with individual toilet for accident investigators in the new CAD headquarters

The exact cost of building the six rest rooms each with individual toilet for accident investigators in the CAD headquarters could not be separately retrieved from the design and build contract. As an estimate making reference to the prices in the contract, since the building of the six rest rooms involved an additional floor area of 8 m² and more sanitary fittings and partitions etc., the additional cost over one common rest area as approved by the PVC was about \$0.21M.

- (d) The cost of building the toilet/shower facilities in the Director-General of Civil Aviation's Office as well as the cost of converting these facilities into a store room

The exact cost of building the toilet/shower facilities in the Director-General of Civil Aviation's Office could not be separately retrieved from the design and build contract. As an estimate making reference to the prices in the contract, the additional cost of building the toilet/shower facilities was about \$0.16M. The cost of converting the toilet/shower facilities into a store room was \$4,200.

- (e) reasons why the Architectural Services Department did not confirm with CAD on whether the Government Property Agency's acceptance had been secured, before incorporating the provision of the toilet/shower facilities in the Director-General of Civil Aviation's office and the rest rooms for accident investigators in the tender documents (paragraphs 3.5 and 3.11 of Chapter 3 refer)

When the PVC's approval for the schedules of accommodation was given on 22 October 2007, the ArchSD noted that the toilet/shower facilities in the DGCA's office and the individual rest rooms for accident investigators had not yet been approved. The provision was made on the understanding that the CAD would further pursue with GPA the toilet/shower facilities and the individual rest rooms for accident investigators and would align the room data sheets and the approved schedule of accommodation afterwards. Including such requirement in the tender documents would enable advanced planning of the associated water carrying services to be incorporated in the building main design and can also avoid subsequent claims from the contractor for major additional variation works.

- (f) sizes of the Director-General of Civil Aviation's office and the five Assistant Director-General of Civil Aviation's offices

The as-built sizes of the various offices in NOFA as compared to those approved by the PVC are as follows:

	Offices	As-built NOFA (m ²)	Approved NOFA (m ²)
i	Director-General of Civil Aviation	52.57	51
ii	Assistant Director-General (Air Traffic Management)	44.58 (including 20.78 for space entitlement and 23.8 for situation room & specialized equipment)	45 (including 20.2 for space entitlement and 24.8 for situation room & specialized equipment)
iii	Assistant Director-General (Air Traffic Engineering Services)	21.04	20.2
iv	Assistant Director-General (Airport Standards)	20.78	20.2
v	Assistant Director-General (Flight Standards)	20.66	20.2
vi	Assistant Director-General (Air Services and Safety Management)	21.04	20.2

Under Government Accommodation Regulations 312, if the area of an individual item does not vary by more than 10% from the area agreed by the PVC, a resubmission to the PVC is not required.

_____ We would like to take the opportunity to attach copy of the English version of the “Opening Statement” made by the Director of Architectural Services at the public hearing on 9 December 2014 as requested.

Yours sincerely,



(Edward TSE)

for Director of Architectural Services

Encl.

c.c. Secretary for Transport and Housing (fax no. 2523 9187)
Director-General of Civil Aviation (fax no. 2910 6384)
Government Property Administrator (fax no. 2583 9758)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

***Note by Clerk, PAC:** *Please see Appendix 27 of this Report for the Opening Statement.*

MEMO

<i>From</i>	Government Property Administrator	<i>To</i>	Director-General of Civil Aviation
<i>Ref.</i>	(46) in MS/SPB/6870/5/6 Pt.2	<i>(Attn.:</i>	Miss Priscilla LAM
<i>Tel. No.</i>	2594 7665	<i>Your ref.</i>	WKS/146
<i>Fax No.</i>	2877 7607	<i>Fax No.</i>	2326 3654
<i>Email</i>	Wilson Y CHAN/GPA/HKSARG	<i>Dated</i>	6.9.2007
<i>Date</i>	3 October 2007		

**Schedule of Accommodation (SoA)
3075KA New Civil Aviation Department Headquarters**

Civil Aviation Department (CAD)

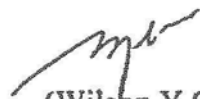
This Agency has finished vetting the proposed SoA submitted by you in April 2007.

2. The vetted space requirement for all operational divisions to be relocated is 22 774.4m² (Say 22 775m²) Net Operational Floor Area (NOFA). Detailed information can be found in attached Annex A.

3. For the vetted space requirement, we would like point out the following issues -

- (a). We understand that the operation of the existing Control Tower and its supporting facilities will not be affected by CAD's relocation exercise for all divisions. All other facilities at the Control Tower will be moved to the new CAD Headquarters. You advised that about 4 240m² area in the existing Air Traffic Control Complex (ATCX) and Backup ATCX would be vacated on commissioning of the new CAD HQs Building. Notwithstanding, you advised in our meeting on 21 September 2007 that the ATCX and Backup ATCX are located in the restricted zone of the airport and therefore have practical difficulties in identifying suitable use of the area. We are of the view that CAD should endeavour to put the vacated area to gainful use as far as possible when planning the new CAD Building. You have confirmed in the meeting that CAD would review and liaise with other potential users to see if they can make use of the spaces vacated at the time of commissioning of the new building. We would be grateful if you would keep this Agency posted on your action in identifying suitable users;
- (b). We understand that you have requested for additional staff in the 2007 RAE and CAD is now in close liaison with the centre regarding the approval. While we have no objection to include requirements for these staff in the project at this stage, we must emphasize that the provision of the space concerned is subject to the successful creation of the new posts;

- (c). CAD should make sure that control system will be installed so that air-conditioning could be suspended when facilities are not in operation (those not 24-hour operation) or not in active use (those reserved for testing and expansion requirements) in order to contain the recurrent costs;
- (d). Provision of cellular offices for staff has been indicated in the column "Cellular Office" in the SoA table. Please follow this in designing the building. Actual layout will be subject to the advice of project architect;
- (e). We note from the Transport and Housing Bureau (THB)'s memo of 21.9.2007 that it supports CAD's proposal to reserve sufficient space for future expansion to meet the demand of the aviation industry. Moreover, THB also advised that members of the LegCo Panel on Economic Services generally supported the project and urged that sufficient space be provided to cater for future expansion. We therefore have no objection to include in the SoA the expansion requirements based on CAD's operational plan for this project. Notwithstanding, please be reminded that you have the responsibility to put these spaces in optimal use by your department in accordance with your actual requirements. Any space that is not in active use should be made available to other users (e.g. other departments) with a view to maximizing the utilization of available spaces. We would be appreciated if you would review the situation regularly and keep relevant party informed for necessary action; and
- (f). Please note that we support the provision of an auditorium and conference rooms in the captioned project based on your cost-benefit analysis at Annex B on the understanding that this would result in recurrent savings in renting venue for conferences and meetings/seminars and set up costs, etc. By copy of this memo, SFST is requested to note the potential savings after the commissioning of the new CAD Headquarters.
4. In respect of site utilization of the new CAD HQs Building site, comments from Site Utilization Division (SUD) of this Agency will be issued once available.
5. If you have any question, please let me know.



(Wilson Y CHAN)

For Government Property Administrator

c.c.

External

Chairman, PVC (Attn.: Mr. Lawrence LAI
SFST (Attn.: Mr. Leo YIM
S for Transport and Housing (Attn. Mr. Francis CHENG
D Arch S (Attn.: Mr. Michael CHONG
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Fax: 2804 6805)

Internal

Mr. C M LAM, S(AD)O&SD

Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters

Date: 2 Oct., 2007

Item No.	Description	Area Supported (m2)	No. of Rooms	Remarks / Special Requirements	GPA's Remark (as at 2.10.2007)
	<u>Summary</u>			As the Headquarters building represents the leading centre of aviation in Hong Kong, the building must be designed and constructed to high quality standards with hi-tech and efficient building components. The design must also blend in with the airport environment and neighbor buildings. It is expected that the design, use of material and construction workmanship should match with the Dragonair / CNAC (Group) Building or the Airport World Trade Centre.	(i) We will not comment on the design, materials used and the fitting-out works for the building. They are subject to project architect's professional advice;
1.	Air Traffic Management Division (ATMD)	860.3	41		(ii) F&E requirements will not be vetted at this stage. Please note that prior approval should be obtained before procuring the required F&E;
2.	Air Traffic Control Centre and Associated Facilities (ATCC)	5,352.4	31	(i) Sound insulation from external shall be provided to the whole complex to mitigate the aircraft and vehicle noise.	(iii) Security level and security system installations for the building are subject to the advice/approval of project architect and other relevant authorities (e.g. Security Bureau).
3.	ATMD Ancillary Facilities	1,481.5	28	(ii) Public address system shall be provided throughout the operational areas.	
4.	Engineering and System Division (E&SD)	4,001.9	46	(iii) Security system shall be provided throughout the whole complex, higher security will be required for the ATCC and associated facilities.	
5.	Air Traffic Control Equipment Rooms	4,700.0	31	(iv) 150mm raised floor shall be provided to all offices, operational areas and equipment rooms except otherwise indicated.	
6.	E&SD Ancillary Facilities	577.5	15	(v) areas specified with 24-hr air-conditioning provision require full loading redundant back-up provision for the essential power supply and the air-conditioning system	
7.	Airport Standards Division (APSD)	547.7	26	(vi) This schedule covers only net operational floor area required and excludes the following areas, which will be determined by the project architect to satisfy the design requirements:-	
8.	Flight Standards and Airworthiness Division (FSAD)	1,267.2	65	(a) internal circulation areas, including passenger & goods lifts, escalators, circulation and fire escape staircases, corridors, lift lobbies, circulation areas for cellular offices, etc.	
9.	Air Services Division (ASD)	462.5	22	(b) the circulation linking the auditorium, lecture rooms, training rooms, tour presentation room, visitor lounge, the large conference room, canteen, simulators and the ATCC viewing gallery will be used for educational for convention or tour presentation. These areas must have the capacity to handle the tour or convention group movements.	
10.	Administration Division (AD)	406.1	17		
11.	Finance Division (FD)	666.1	19		
12.	Shared Ancillary Facilities	1,750.7	36	(c) building services plant rooms and accommodations, such as switch rooms, meter rooms, air-conditioning plant room, AHU rooms, FM200 rooms, store room for building maintenance equipment / mobile platforms, D.G. stores etc.	
13.	Aircraft Accident Investigation Facilities	700.5	20	(d) toilets and pantries on each floor, building wings or in separate security zone on the same floor	
				(e) duct and cable space for ATC equipment, vertical trunking and cable distribution space for IT system	
	Grand Total Net Operational Floor Area Required	22,774.4	397	(f) general loading/unloading bays and special loading/unloading & equipment delivery access for ATC systems	
		Sav (22,775)		(g) If the area requirement stated in this schedule does not fulfill the requirements of the statutory regulations for the proposed capacity of the intended use, the requirements of the statutory regulations shall take precedent.	
	Total car, van, & maintenance vehicle parking spaces	178			

Date: 2 Oct., 2007

Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters

Item No.	Description (New post/requirement on Day 1 marked with '(*)' (Future expansion marked with '#')	No of Persons/Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remark (as at 2.10.2007)	Remarks / Special Requirements / Justifications
1. Air Traffic Management Division								
1.1	ADG(ATM)	1	45.0	1	Yes	Yes	Space entitlement = 20.2m ² Situation Room = 15m ² Specialized equipment for displaying air traffic control information = 9.8m ²	
1.2	CATCO	3	60.6	3	Yes	Yes		
1.2a	CATCO*	1	20.2	1	Yes	Yes		Approved in 2006 RAE
1.2b	CATCO#							deleted
1.3	ATCO I	12	120.0	12	Yes	Yes		
1.3a	ATCO I *	4	40.0	4	Yes	Yes		Approved in 2006 RAE
1.3b	ATCO I #							deleted
1.4a	SOO*	2	20.0	2	Yes	Yes		Submitted in 2007 RAE
1.5	SOO (NCSC)	1	10.0	1	Yes	Yes	CAD has confirmed that there is continuous requirement after commissioning of the CAD new HQs Building	This will be retained until being converted into civil service post
1.6	SEE	1	10.0	1	Yes	Yes		
1.7	ATCO II	12	92.4	2	No	Yes		
1.7a	ATCO II *	6	46.2	1	No	Yes		Approved in 2006 RAE
1.7b	ATCO II #							deleted
1.8a	OO*	8	61.6	2	No	Yes		Submitted in 2007 RAE
1.9	OO (NCSC)	3	23.1	1	No	Yes	CAD has confirmed that there is continuous requirement after commissioning of the CAD new HQs Building	These will be retained until being converted into civil service posts
1.10	EE (NCSC)	1	7.7					This will be retained until being converted into civil service post
1.11	SATFSO	10	58.0	3	No	Yes		
	TU							
1.12	Instructor Room	10	77.0	1	No	Yes		
	TELS							
1.13	CACS	1	8.9	1	No	Yes		
1.14	SACS	3	24.3		No	Yes		
1.15	ACS	5	29.0		No	Yes		
	GR							
1.18	EO I	1	7.0	1	No	Yes		
1.19	CO	1	5.6					
1.20	ACO	2	11.2					
1.21	CA	4	21.2					
1.22	OA	6	12.0					
1.23	PS II	3	21.3	3	Shared cellular	Yes		
1.23b	PSII#							deleted
1.24	PS I (including Confidential Registry)	1	28.0	1	Shared cellular	Yes		

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Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remark (as at 2.10.2007)	Remarks / Special Requirements / Justifications
Sub-total for Item 1		102	860.3	41				
2. Air Traffic Control Centre and Associated Facilities (ATCC)								
2.1	Air Traffic Control Centre (ATCC)	62+	545.0	1		24-hr Yes	As confirmed by CAD, 40 (40 x 19.2m2 = 768m2) control positions and 7 supervisor technical support positions (7 x 19.2m2=134.4m2) have to be set up on commissioning of the new CAD HQs Building. At the same time, additional 13 positions (13 x 19.2m2 = 249.6m2) has to be set up for the purpose of system upgrade evaluation and replacement for next generation ATC systems. They are required for such purpose throughout the period and therefore cannot be re-deployed for other purposes until replacement is completed;	
2.1a	Air Traffic Control Centre (ATCC) new requirement *	92+	175.0			24-hr Yes	As for PRD project, 15 consoles are required (15 x 19.2m2 = 288m2) for evaluation and establishment of a "Regional Flow Management Centre" which would serve as a centralised flow regulator to the air traffic among the five airports within PRD and also foster better communications with adjacent ATCC's. In order to implement this new initiative, "live" As such, these 15 consoles have to be set aside solely for the PRD project which involves agreements at Civil Aviation Authority level and cannot make use of other consoles (e.g. those 40 consoles plus 13 additional consoles) for the purpose.	
2.1b	Air Traffic Control Centre (ATCC) expansion #	98+	720.0	1		24-hr Yes		
Training Unit								
2.2	Lecture rooms		120.0	2		Yes		
2.2a	Lecture rooms new requirement *		60.0	1		Yes		
2.2b	Lecture rooms expansion #		60.0	1		Yes		
2.3	Tower simulator (including Pilot Room & Debriefing Room)		120.0	3		Yes	120m2 is the existing centre. As advised by CAD, this is far from ideal due to the fact the distance between the working positions and the projection screen is far too short to be considered as a comfortable viewing distance and does not provide the required realism. The new tower simulator will adopt the back projection technology and therefore, projection distance will be increased. According to CAD's requirement for this facility, 234m2 is provided	
2.3a	Tower simulator (including Pilot Room & Debriefing Room) new requirement *		60.0			Yes		
2.3b	Tower simulator (including Pilot Room & Debriefing Room) expansion #		54.0			Yes		
2.4	Instructor and computer based training rooms new requirement *	1	120.0	1		Yes		

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Item No.	Description (New post/requirement on Day 1 marked with '10') (Future expansion marked with '#')	No of Persons/Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remark (as at 2.10.2007)	Remarks / Special Requirements / Justifications
2.5	Technical Library (for operational documents) *		20.0	1		Extended hour Yes		
2.6	Recruitment assessment centre and computer examination room *		306.4	1		Yes	Interview rooms = 13m2 Group exercise room = 100m2 Helper room = 5.6m2 x 4 = 22.4m2 Storeroom = 15m2 Server room = 10m2 waiting area = 20m2 Individual exercise room - 10m2 x 4 = 40m2 Cuputer exercise language laboratory = 86m2	
2.7	Language laboratory *		60.0	1		Yes		
2.8	Simulators (Radar Simulator & Off-the-shelf-Simulator)		200.0	3		Extended hour Yes	According to CAD, existing centre is 260m2. The layout of the Radar Sim is quite similar to ATCC and noise is one of the major consideration in acquiring space requirements. CAD advised that the no. of consoles will be increased from 6 (at present) to 18 (maximum) and therefore no. of students and instructors will be increased drastically. Based on CAD's designed requirement, the total space provided is 350m2.	
2.8a	Simulators (Radar Simulator & Off-the-shelf-Simulator) new requirement *		150.0			Extended hour Yes		
2.8b	Simulators (Radar Simulator & Off-the-shelf-Simulator) expansion #		350.0			Extended hour Yes		
2.9	Rescue Coordination Centre (RCC)		200.0	1		Extended hour Yes	Taking into account the need to carry out in-situ replacement of the system and allow the space for pilots, crews and other observers of the SAR exercise. 235m2 is provided for SAR operations and 165m2 is provided for use as briefing area for pilots, crews and observers. This area will also used for future in-situ system	
2.9a	Rescue Coordination Centre (RCC) new requirement *		100.0			Extended hour Yes		
2.9b	Rescue Coordination Centre (RCC) expansion #		100.0			Extended hour Yes		
2.10	Briefing Room (adjacent to ATCC)		40.0	1		Extended hour Yes		
2.11	Investigation Room (including meeting room)		20.0	4		Yes		
2.11a	Investigation Room (including meeting room) new requirement *		10.0			Yes		
2.11b	Investigation Room (including meeting room) expansion #		10.0			Yes		
2.12	Operational Evaluation and Human Machine Interface Development		100.0	2		Yes	This facility will be divided into several functional area, namely Fast Time Simulator and Procedure Evaluation, Automatic Inter-Facility Direct Communication Simulator, Human Machine Interface and Research and Development Centre and the Virtual Tower. Space is provided as follows: - FTS 180m2 - AIDC 90m2 - R&D 180m2 - Virtual Tower 300m2 Total = 750m2	
2.12a	Operational Evaluation and Human Machine Interface Development new requirement *		250.0			Yes		
2.12b	Operational Evaluation and Human Machine Interface Development #		400.0			Yes		
2.13	Statistics Office		25.0	1		Yes		

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Item No.	Description (New post/requirement on Day 1 marked with *) (Future expansion marked with #)	No of Persons/Items	Area Supported (m ²)	No. of Rooms	Cellular Office	A/C required	GPA's Remark (as at 2.10.2007)	Remarks / Special Requirements / Justifications
2.13a	Statistics Office new requirement*		15.0			Yes		
2.14	Traffic Record Room		20.0	1		Yes		
						No		
2.14a	Traffic Record Room new requirement *		30.0			Yes		
						No		
2.15	Communication System Simulator		40.0	1		Yes		
2.15a	Communication System Simulator new requirement *		77.0			Yes		
2.16	Lecture Room		35.0	1		Yes		
2.16a	Lecture Room new requirement *		35.0			Yes		
2.19	Aeronautical Network Centre (ANC) (formerly Aerofixed Centre)		115.0	1		24-hr Yes	Existing provision	
2.19a	Aeronautical Network Centre (ANC) new requirement *		85.0			24-hr Yes	To cater for the increased in operating position from existing 9 to 16.	
2.19b	Aeronautical Network Centre (ANC) expansion #		160.0			24-hr Yes	Space required for catering for new ICAO initiatives like Network Security, ATS Message Coordination Centre, Directory Services, etc. which will be implemented in the coming years.	
2.20	Aeronautical Information Centre (AIC)		315.0	1		24-hr Yes	Existing area is 260m ² . Taking into account of about 20% expansion requirement, 315m ² is	
2.21a	Strategic Flow Control Office*		50.0	1		24-hr Yes		
	Sub-total for Item 2		5352.4	31				
3. ATMD Ancillary Facilities								
3.1	Common / reading Rooms (adjacent to ATCC & ANC)		50.0	1		Extended hour Yes	Relocation of the existing reading room to this new CAD HQs Building. In view that the no. of control stations on ATCC will be increase from the existing 19 nos. The users (from ATCC, ANC and other supporting sections) for this facility will also be increase, some	
3.1a	Common / reading Rooms expansion *		30.0			Extended hour Yes		
3.2	Night Rest Rooms		140.0	7		Extended hour Yes	It is planned that 52 control stations will be installed which will require 33 additional ATCOs ((52/19) x 12=33). As advised by CAD, the total no. of staff on each overnight shift will be 50. In time of emergency, about additional 1.3 of the overnight shift manpower will be required to standby at the centre. Therefore, a total of 65 staff should be provided with night rest space of 227.5m ² (3.5m ² x 65). Shower facilities are to be advised by project architect.	The number of cubicles in the Night Rest Room, excluding all common sanitary facility will be: ATCO: 33 ATFSO: 8 ACO: 9 Contingency: 15 (to account for 1/3 of a shift's normal manpower as minimum requirement) Total = 65 The area required for 65 cubicles @3.5sq.m. = 65 x 3.5m = 227.5 sq.m. Sanitary facilities to be designed by architect.
3.2a	Night Rest Rooms new requirement *		87.5					
3.2b	Night Rest Rooms expansion #		0.0					

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Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m ²)	No. of Rooms	Cellular Office	A/C required	GPA's Remark (as at 2.10.2007)	Remarks / Special Requirements / Justifications
3.3	Locker Area		scattered	4		Extended hour		
3.3a	Locker Area new requirement *		157.0			No	462 staff x 0.34m ² /st = 157m ²	
3.3b	Locker Area expansion #		0.0					
	Supporting facilities							
3.4	Interview Rooms		26.0	4		Yes		
3.5	Store Room (File & General Storage) - ATC		23.0	1		No		
3.5a	Store Room (File & General Storage) - ATC new requirement *		261.0					
3.5b	Store Room (File & General Storage) - Expansion #		30.0					
3.6	Store Room (File & General Storage) - TELS		25.0	1		No		
3.6a	Store Room (File & General Storage) - TELS new requirement *		65.0					
3.7	Store Room (Furniture & Equipment)		130.0	1		No		
3.9	Share PC Rooms *		69.0	2		Yes	Staff working in ATCC have no designated office space. The shared PC facilities are for staff carrying out office administrative work like email, e-leave, circulars and information	
3.11	ATC Tour Presentation Room *		200.0	1		Yes	The presentation room will be divided into 3 different area each accommodating up to 25 viewers. The 3 areas would each have a different theme namely: the history of Hong Kong aviation, the aircraft used in Hong Kong and the development of Air Traffic Control Centre and Tower. Large wall-hung screens and audio visual equipment will be installed in each area. This will form part of the Education Path for the Hong Kong Aviation	
3.12	Reception Area*		18.0	1		Yes	ATMD area is an enhanced security zone, this area is for storage of cameras, video recorders and unauthorized equipment of visitors. It would also be used for processing visitors access cards and as a security post during enhanced security situation. Lockers for storage up to 30 bags and sufficient waiting area for pick up and processing would be	
3.13	Visitor Lounge *		150.0	1		Yes	A replica of portion of the Kai Tak ATC control tower is planned to be built. Mock-ups of ATC control consoles with recorded display of radar images will also be displayed here. This is also part of the Education Path for the Hong Kong	
3.14	Printing Room		20.0	4		No		
	Sub-total for Item 3	0	1481.5	28				

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4. Engineering and Systems Division								
<u>E&SD</u>								
4.1	ADG(E&S)	1	20.2	1	Yes	YES		
4.2	CEE	2	40.4	2	Yes	YES		
4.3	SEE	4	43.2	4	Yes	YES		
4.3a	SEE*							deleted
4.4	ATCO I	1	10.0	1	Yes	YES		
4.5	EE	16	139.2	3	No	YES		
4.5a	EE*(NCSC)							deleted
4.6	EE (NCSC)	2	17.4				CAD has confirmed that there is continuous requirement after commissioning of the CAD new HQs Building	These will be retained until being converted into civil service posts
4.7	Technical Officers*							deleted
4.8	PS I	1	7.1	1	Shared cellular	YES		
4.9	PS II	2	14.2	2	Shared cellular	YES		
4.10	CO	1	5.6	1	No	YES		
4.11	ACO	2	11.2					
4.12	CA	1	5.3					
4.13	Computer System Managers (NCSC)	1	7.7	1	No	YES	CAD has confirmed that there is continuous requirement after commissioning of the CAD new HQs Building. Equivalent to System	This will be retained until being converted into civil service post
4.13a	Computer System Managers*(NCSC)							deleted
4.14a	IT Officers*(NCSC)							deleted
4.15	Asst IT Officers (Software support) (NCSC)	1	5.8				CAD has confirmed that there is continuous requirement after commissioning of the CAD new HQs Building. Equivalent to AP II.	This will be retained until being converted into civil service post
4.15a	Asst IT Officers (Software support)*(NCSC)							deleted
4.16	Asst IT Officers (Network support) (NCSC)	2						deleted

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4.17	Outsourced IT Staff(NCSC)	3	13.2				CAD has confirmed that there is a permanent need for this outsourced service. Equivalent to computer operator II	There is a permanent need to maintain the outsourced service
4.45a	Analysis Programmer*							deleted
	EMSD office							
4.18	Senior E&M Engineer	1	10.8	1	Yes	YES		
	PCCW office							
4.19	Civil Aviation Engineering Manager	1	20.2	1	Yes	YES	This is equivalent to Chief Engineer.	
4.20	Senior Engineer	7	75.6	7	Yes	YES		
	EMSD office							
4.21	Engineer	2	17.4	1	No	YES		
4.22	Inspector	1	4.1					
4.23	Assistant Inspector	4	16.4					
	PCCW office							
4.24	Engineer	22	191.4	3	No	YES		
4.25	Assistant Engineer	27	164.7					
4.26	Administrative Officer	3	13.2	1	No	YES	Equivalent to CO	
4.27	Assistant Administrative Officer	4	17.6				Equivalent to ACO	
	Workshops, storage area and ancillary							
4.28	CAD IT spares / store room *		35.0	1		YES No		
	EMSD							
4.29	Machine workshop*		250.0	1		YES	Based on the requirement as conformed by CAD, 250m2 is provided.	
4.30	Electronics workshop*		85.0	1		YES	Based on the requirement as conformed by CAD, 85m2 is provided.	
4.31	Electronics store room*		60.0	1		24-hrs Yes		
4.32	Machine/heavy duty store room*		0	1		No	Building maintenance facilities. To be advised by project architect	
4.33	Chemical storage room*		0	1		No		

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4.34	Chemical waste storage room*		0	1		No		
4.35	Diesel oil storage area *		0	1		No		
4.36	Compressed gas storage area *		0	1		No		
	PCCW							
4.38	Machine workshop *	18	500.0	1		YES	Based on the requirement as conformed by CAD, 500m2 is provided.	
4.39	Radar workshop *	8	300.0	1		Extended hrs Yes	Based on the requirement as conformed by CAD, 300m2 is provided.	
4.40	Radio workshop *	10	300.0	1		Extended hrs Yes	Based on the requirement as conformed by CAD, 300m2 is provided.	
4.41	System workshop *	8	300.0	1		Extended hrs Yes	Based on the requirement as conformed by CAD, 300m2 is provided.	
4.42	Navids workshop *	6	200.0	1		Extended hrs Yes	Based on the requirement as conformed by CAD, 200m2 is provided.	
4.43	Electronics store room *		800.0	1		24-hrs Yes	Currently there is 510m2 storage area for electronic items. Because larger scale system will be installed. More spare parts for operation consoles, training systems and other supporting systems have to be stored.	
4.44	Mechanical/heavy duty store room *		300.0	1		No	These store rooms are currently at outstations but will need to re-locate them to the CAD HQ in future. Items to be stored are very bulky and cannot be stacked up for storage.	
Sub-total for Item 4		162	4,001.9	46				
5. Air Traffic Control Equipment Rooms								
<u>ATC Equipment Rooms</u>								
5.1	RDPDS/FDPS equipment room new requirement		600.0	2			Calculation for total space required: no. of racks in existing ATCX=280 Projected no. of racks when occupation reduced	
5.1b	RDPDS/FDPS equipment room expansion #							
5.2	UPS equipment room new requirement *		500.0	8				

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5.2b	UPS equipment room expansion #						<p>from 100%(existing situation) to 50% (common industry practice) = 280 x 1.6=448 Projected no. of racks with new requirement and system evolution = 448 x 1.1=492 Projected no. of racks for expansion requirement =492 x 1.1 = 541 Plus on site system replacement (50% of total area) = 541 x 150% = 811 Based on actual layout, per rack space requirement is 3.75m2. Thus total area for racks is 811 x 3.75m2 = 3041m2 (found to 3100m2 to allow better circulation) Other special equipment/operation rooms are: Additional CNS/ATM equipment room (item 5.7) = 400m2; ✓ Additional trial equipment room (item 5.10) = 200m2 ✓ IT network and server rooms (items 5.4-5.6) = 300m2 Antenna farm (item 5.12)=200m2 UPS rooms = 500m2 The total space = 3100+400+200+300+200+500 = 4700m2</p>	
5.3	SPE/AMHS equipment room new requirement *		600.0	2		Yes		
5.3b	SPE/AMHS equipment room expansion #							
5.4	Network Control Centre new requirement *		40.0	1				
5.5	Confidential data server room new requirement *		60.0	2				
5.6	Network & server room new requirement *		140.0	2				
5.6b	Network & server room expansion #		60.0					
5.7	CNS/ATM systems room new requirement *		400.0	4				
5.7b	CNS/ATM systems room scheduled expansion #		400.0					
5.8	PABX/PAX equipment room new requirement *		260.0	2				
5.8b	PABX/PAX equipment room expansion #		140.0					
5.9	Radio link equipment room new requirement *		300.0	2				
5.9b	Radio link equipment room expansion #							
5.10	Trial equipment room new requirement *		200.0	2				
5.10b	Trial equipment room expansion #		200.0					
5.11	CFRC equipment room new requirement *		600.0	3				
5.11b	CFRC equipment room expansion #							
5.12	Antenna Farm Equipment room *		200.0	1				
Sub-total for Item 5			4,700.0	31				
6. Engineering and Systems Division Ancillary Facilities								
E&SD								
6.1	File and general storage *		89.3	1		No		
6.2	File storage (old records)		25.0	1		No		
6.3	Technical library (for operational documents) *		21.6	1		YES		
6.5	General Office F&E (58 staff)		20.3	1		YES		
6.6	Departmental R&D counter *		10.0	1		YES		
EMSD								
6.7	File and general storage *		39.6	1		No		
6.8	File storage (old records) *		16.5	1		No		

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6.9	Technical library (for operational documents) new requirement *		11.0	1		YES		
6.12	Locker room (for 16 staff) *		5.4	1		No		
6.13	Changing room (for 16 staff) *		1.3	1		No		
6.15	General Office F&E (6-25 staff)		7.0			YES		
6.16	Receive and dispatch counter (EMSD)		5.6			Yes		
	<u>PCCW</u>							
6.17	File and general storage *		105.6	1		YES No		
6.18	Technical library (for operational documents) new requirement *		28.0	1		YES		
6.22	Locker room *		28.2	1		No		
6.23	Changing room *		4.0	1		No		
6.24	Training room		90.0	1		YES	Based on the setup and tools/items to be used, 140m2 is sufficient for the purpose.	
6.24a	Training room *		50.0			YES		
6.25	General Office F&E (64 staff)		13.5			YES		
6.26	Receive and dispatch counter (PCCW)		5.6			Yes		
	Sub-total for item 6		577.5	15				

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7. Airport Standards Division								
Airport and Safety Regulation Section and Security Section								
7.1	ADG(APS)	1	20.2	1	Yes	Yes		
7.2	COO	2	40.4	2	Yes	Yes		
7.3	SOO	7	70.0	7	Yes	Yes		
7.3b	SOO#							deleted
7.4	PSI	1	7.1	1	Shared cellular	Yes		
7.5	PSII	2	14.2	2	Shared cellular	Yes		
7.6	OO	14	107.8	2	No	Yes		deleted
7.6b	OO#							
7.7	AOO	1	5.8					submitted in 2007 RAE
7.7a	AOO*	2	11.6					
7.8	CO	1	5.6	1	No	Yes		
7.9	ACO	1	5.6					
7.10	CA	1	5.3					
7.11	OA	1	2.0					
Ancillary Facilities								
7.13	Investigation room – combined use for Dangerous Goods and Security incidents*							deleted
7.14	Exhibits storage area *		8.8	1		24-hr Yes	Existing provision	
7.15	Storage and viewing room for charts/drawings/large photos connected with control of airport height restriction, aviation security and airport development projects*		21.1	1		Yes	2 Horizontal plan chests = 6m2 3 vertical plan chests = 3.3m2 AHR computer w/ printer unit = 1.8m2 Plotter = 4m2 light box for 3 users = 6m2	

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7.16	Crew Member Certificate and Permit Vetting (CMC and PV) Office *		22.2	1		Yes	CMC Production System = 4.1m ² File racks x 10 = 8m ² 1 shared use computer = 1.8m ² 1 fax machine = 1m ² 1 cabinet for CMC = 0.8m ² 1 reception counter = 6.5m ²	
7.16b	Crew Member Certificate and Permit Vetting (CMC and PV) Office #		6.5	1		Yes	Space for accommodating 2 persons, a desk and a workstation with scanner for collection of biometric data. However, a separate room is considered no necessary.	
7.17	File storage room *		66.3	1		No		
7.18	Technical Library (for operational documents) *		19.8	1		Extended hour Yes		
7.19	Equipment room*		20.0	1		Yes		
7.20	RAR Examination room*		63.0	1		Yes	40 candidates x 1.5m ² (eg) + 3m ² for examiner	
7.21	Locker/changing room for 23 staff *		14.4	1		No	23 locker space provided. Space = 23 x 0.34m ² = 7.82m ² 10 concurrent user for changing provided. Space = 6.6m ² Shower facilities are to be advised by architect Total space is 14.4m ²	Shower facilities to be designed by architect
7.22	Divisional R&D counter		10.0	1		Yes		
	Sub-total for 7	34	547.7	26				

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Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
8. Flight Standards and Airworthiness Division								
8.1	ADG(FS)	1	20.2	1	Yes	Yes		
8.2	COO	2	40.4	2	Yes	Yes		
8.2b	COO#							deleted
8.3	CATCO	1	20.2	1	Yes	Yes		
8.4	ATCO I	1	10.0	1	Yes	Yes		
8.4b	ATCO I#							deleted
8.5	SOO	24	240.0	24	Yes	Yes		4 FOI (SOO grade) are NCSC posts and will be retained until further notice.
8.5a	SOO *	5	50.0	5	Yes	Yes		Approved in 2006 RAE
8.5b	SOO#							deleted
8.6	Medical Assessor (SMO) *	2	20.0	2	Yes	Yes	It is the current practice that the medical staff come to CAD office to carry out the assessment work. On the understanding the rank of the staff is SMO and the office is required to carry out medical assessment for the examinees, two separate cellular offices are provided.	
8.7	PS I	1	7.1	1	Shared cellular	Yes		
8.8	PS II	4	28.4	4	Shared cellular	Yes		
8.8b	PSII#							deleted
8.9	SCO	2	14.0	1	No	Yes		
8.9b	SCO#							deleted
8.10	ATCO II	1	7.7	1	No	Yes		
8.10b	ATCO II#							deleted
8.11	OO	10	77.0	3	No	Yes		
8.11a	OO *	4	30.8					3 OO approved in 2006 RAE. 1 OO submitted in 2007 RAE
8.11b	OO#							deleted
8.12	CO	1	5.6	1	No	Yes		
8.13	ACO	3	16.8					
8.13a	ACO*	1	5.6					submitted in 2007 RAE

Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
8.14	CA	4	21.2				Equivalent to API/II	There is a permanent need to maintain the outsourced service.
8.15	Outsourced Analyst Programmer	1	7.0					
8.16	Furniture and equipment		124.8	6		Yes		
8.17	Storage of Confidential Personnel Files*		96.0	1		Yes No		
8.17b	Storage of Confidential Personnel Files#		100.0	1		Yes No		
8.18	FSAD Technical Library (for operational documents)		21.6	1		Extended hour Yes		
8.18b	FSAD Technical Library (for operational documents)#		16.0	1		Extended hour Yes		
8.19	Store room		23.2	1		Yes No		
8.19b	Storeroom #		32.8	1		Yes No		
8.24	Divisional R&D counter		10.0	1		Yes		
Examination Facilities (for Personnel)								
8.26	Examination Rooms - accommodate 30 candidates each for FCL, AML and ATC *		132.0	2		Extended hour Yes	Each booth is provided with 2.2m2 to accommodate computer terminal and large scale maps and other reference materials for	
8.28	Reception of Personnel Licensing Office		18.0	1		Extended hour Yes		
8.29	Computerized Examination Administration / Monitoring Rooms*		70.8	2		Extended hour Yes		
Sub-total for 8		68	1267.2	65				

Date: 2 Oct., 2007

Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
9. Air Services Division								
9.1	ADG(AS)	1	20.2	1	Yes	Yes		
9.2	COO	2	40.4	2	Yes	Yes		
9.3	SOO	5	50.0	5	Yes	Yes		
9.3a	SOO *	1	10.0	1	Yes	Yes		Submitted in 2007 RAE
9.4	PSI	1	7.1	1	Shared cellular	Yes		
9.5	PSII	2	14.2	2	Shared cellular	Yes		
9.6	OO	9	69.3	2	No	Yes		
9.6a	OO*	3	23.1					3 OO Submitted in 2007 RAE (1x 7.7m deleted)
9.7	AOO	1	5.8					
9.8	TO(A)	1	7.2	1	No	Yes		
9.9	SO I	1	7.0					
9.10a	SO II *							deleted
9.10b	SO II #							deleted
9.11	ACO	1	5.6					
9.12	CA	1	5.3					
9.12a	CA *	1	5.3		No	Yes		submitted in 2007 RAE
9.20a	EO II *	2	14.0		No	Yes		submitted in 2007 RAE
9.20b	EO II #							deleted
9.21a	Analyst Programmer *	1	7.0		No	Yes		submitted in 2007 RAE
Ancillary Area								
9.13	File and General Storage *		51.4	1		No		
9.14	General Office furniture and equipment *		8.0	1		No		
9.15	Computer Room and shared printers		12.0	1		Yes		
9.15a	Computer Room and shared printers new requirement *		16.6			Yes		
9.16	Aircraft noise and flight track monitoring system equipment room		10.0	1		24-hr Yes	Existing provision	

Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
						24-hr Yes		
9.16a	Aircraft noise and flight track monitoring system equipment room *		16.0			Yes	Additional aircraft noise monitoring terminals = 1.5m2 Complaint management system = 6m2 Helicopter flight information system = 3m2 Data recording and transmission device = 2.5m2 Air pollution data processing system = 3m2	
9.17	Aircraft noise and flight track monitoring system operator and display station		22.0	1		Yes	Existing provision	
9.17a	Aircraft noise and flight track monitoring system operator and display station *		18.0	1		Yes		
9.18	Divisional R&D counter		10.0	1		Yes		
9.19a	Schedule Control Office		7.0	1		Yes		
	Sub-Total for 9	33	462.5	22				

**Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters**

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
10. Administration Division (HQ), AAU & ATCX								
10.1	DGCA	1	51.0	1	Yes	Extended hour Yes	Officer space entitlement = 18.2m ² Specialized equipment for displaying air traffic control information = 9.8m ² Display cabinet for airplane models = 3m ²	
10.2	DDGCA	1	26.8	1	Yes	Extended hour Yes	Officer space entitlement = 24.2m ² Display cabinet for airplane models = 2.6m ²	
10.3	CEO	1	10.0	1	Yes	Yes		
10.4	SEO	2	15.4	2	No	Yes		
10.5	PSI	2	15.8	2	Shared cellular	Yes		
10.6	PSII	1	7.1	1	Shared cellular	Yes		
10.8	Official Language Officer *							deleted
10.9	EOI	3	21.0	3	No	Yes		
10.12	SIO	1	7.7	1	No	Yes		
10.13a	AIO*	1	5.1					submitted in 2007 RAE
10.10	EOII	1	14.0	2	No	Yes		Incorporated item 10.11
10.10b	EOII #							deleted
10.11	EO-II (NGSC)							This is a permanent post and will be filled by civil service staff by end of 2007. Item incorporated into item 10.10
10.15	SCO	2	14.0					
10.16	CO	2	11.2					
10.16b	CO#							deleted
10.17	ACO	7	39.2					
10.17b	ACO#							deleted
10.18	CA	8	42.4					
10.18b	CA#							deleted
10.19	OA	3	6.0					
	<u>Ancillary Area</u>							
10.20	Shared use computer + Printer unit	2	3.6			Yes		
10.21	File and General Storage *		83.2	1		No		

**Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters**

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
10.22	File and General Storage #		0.0					deleted
10.23	General Office furniture and equipment *		11.0	1		Yes		
10.24	Area for receiving VIP visitors for DGCA and ADGCA *		18.0	1		Yes		
10.25	3 Shared-use printers *		3.6			Yes		
	Other Divisions' supportive staff							
10.29	Asst CO #							deleted
10.30	CA #							deleted
	Sub-Total for 10	38	406.1	17				

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3075KA New Civil Aviation Department Headquarters

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications	
11. Finance Division									
Financial Accounting and Management Accounting Sections									
11.1	CTA	1	20.2	1	Yes	Yes			
11.2	STA	1	10.0	1	Yes	Yes			
11.3	SAO	1	8.7	1	Yes	Yes			
11.4	TA	1	7.7	1	No	Yes			
11.5	AOI	1	7.0		No	Yes			
11.6	AOII	1	7.0		No	Yes			
11.8	PSII	1	7.1	1	Shared cellular	Yes			
11.9	SCO	1	7.0	1	No	Yes			
11.10	CO	1	5.6						
11.11	ACO	2	11.2						
Ancillary Facilities									
11.13	Filing Room		43.0	1		Yes No			
11.14	Storage Room		60.0	1		No			
11.15	Equipment Room		13.0	1		Yes			
Revenue Section									
11.16	AOI	1	8.0	1	Yes	Yes	The AOI is responsible for the safe		

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**Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters**

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2,10,2007)	Remarks / Special Requirements / Justifications
11.17	SCO	1	10.6	1	No	Yes	It is the current practice that the SCO is using two sets of ACBS (1.8m2(a)) plus one set of PC on his/her desktop for daily operation.	
11.18	CO	1	5.6					
11.19	ACO	5	28.0					
11.19b	ACO #							deleted
11.20	CA	2	10.6					
Ancillary Facilities								
11.22	Departmental Accounting Records Room (Revenue)		40.0	1		Yes No		
11.23	Shroff Counter (Revenue)		6.0	1		Yes		
11.24	File & General Storage (Revenue)		40.0	1		Yes No		
11.25	General Office F&E (Revenue)		7.0	1		Yes		
Supplies Section								
11.26	SSO	1	8.7	1	Yes	Yes	There will be a safe installed in this office.	
11.27	ASO	1	7.0	1	Yes No	Yes		
11.29	SSI	1	6.8		No	Yes		
11.30	SSII	3	18.0					
11.32	SA	1	5.3					
Ancillary Facilities								
11.33	Storeroom for Supplies Section		220.0	1		Yes No		
11.34	Filing Room		20.0	1		Yes No		
11.35	Equipment Area		7.0			Yes		
11.36	Divisional R&D counter		10.0			Yes		
Sub-total for 11		28	666.1	19				

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**Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters**

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
12. Shared Facilities							
12.1	Auditorium for 200 persons*	200	600.0	1	Yes	This facility is mainly used for hosting large scale international aviation conferences and running large scale training/seminars for which CAD at present has to rent/borrow venues from other organizations (e.g. HKCEC, Asia Expo and IFC, etc.). The total no. of participants is 200. Therefore, 200 seats (with tables for documents, etc.) and space for podium should be provided. Total space of 600m2 is supported (2.5m2 x 200 + podium of 100m2).	
12.2	Secretariat Room*	6	15.0	1	Yes	To accommodate a large writing table, 3 shared computer, 1 photocopier and fax machine	
12.3	Internet Room*	8-10	17.0	1	Extended hour Yes	To accommodate ten computers and three shared printers and 3 telephone booths	
Conference Rooms							
12.4	Type A Conference Room *	40-50	125.0	1	Extended hour Yes	Apart from holding divisional meetings, these conference rooms will also be used to conduct smaller scale ICAO meetings. Space for simultaneous interpreters is also provided. Provision of 2.5m2 per attendant is adopted. CAD confirmed that the expected average utilization will be over 75%.	
12.5	Type B Conference Room *	25 x 4 = 100	250.0	4	Extended hour Yes		
12.6	Type C Conference Room *	36	54.0	3	Extended hour Yes		
12.7	Workshop *	90	135.0	3	Extended hour Yes	This is for Civil Aviation Training Centre courses.	

Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/Items	Area Supported (m2)	No. of Rooms	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
12.8	Library		80.0	1	Extended hour Yes	Book cases (45x0.8)=36 Umbrella stand (1x0.7)=0.3 Table + 4 seats (3x6.5)=19.5 Photocopying machine(1x2)=2 Fax machine(1x1)=1 Water dispenser(1x1)=1 Filing cabinets(5x0.8)=4 Plan chest, horizontal, steel(2x3)=3 stacked up Plan chest, vertical, steel (2x1)=2.2 Shared-use computer+printer (2x1.8)=3.6	
12.8a	Library with resource center *		120.0		Extended hour Yes	Reception counter (1x5)=5 Working area for librarian (1x7)=6.3 according to standard (5.1 + 1.2) Display for aircraft models (5x2)=110 Display for airport model (1x3)=3 Display for CAD HQs model (1x3)=3 Total= 199.9 m2 say 200m2.	
12.9	Canteen	200	As designed	1	Extended hour Yes	As appropriate (to cater for 200 persons & to meet licensing requirement)	
12.9a	Canteen for 200 people *				Extended hour Yes		
12.10	Rest Room for drivers *	8	6.0	1	Yes		
12.11	ICT Hub Rooms			2 per flr	24-hr Yes		to be decided by architect
12.12	Confidential Registry		46.3	1	Yes		
12.12a	Confidential Registry *		88.7	1	Yes		
12.13	Reception for Departmental Headquarters		37.6	1	Yes	Reception counter = 18m2 R&D store = 19.6m2	
12.14	Building Management Office *			1	24-hr Yes		to be decided by architect
12.15	Security Control Room *		16.0	1	24-hr Yes		

Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
12.16	Locker and changing Rooms for guards / gardeners / cleaners *		19.5	2	Extended hour No		
12.17	Gardener store *			1	No		to be decided by architect
12.18	Building maintenance material store *			1	No		to be decided by architect
12.19	Cleaner's store *			as require	No		to be decided by architect
12.20	Recreation Room *		77.6	1	Yes	There is an existing recreation room. The size has taken into account the no. of staff in the	
12.21a	Simultaneous Interpretation Booths*		36.0	6	Yes	Calculated at 6m ² /a	
12.22a	Technician Control Booth*		7.0	1	Yes		
12.23	Interview Room		20.0	2	Yes	The interview rooms will also serve as small meeting rooms. As such, 10m ² /a is provided.	
12.24	ATC Duct Riser Rooms			2 per flr	No		to be decided by architect
	Sub-Total for 12		1,750.7	36			
12.25	Car parking spaces	178				As advised by Traffic Impact Assessment (TIA) consultant, no additional traffic impact will be caused by the provision of parking spaces and that the provision of car parks can meet the recommendations for parking provision shown in HKPSG. The breakdown of the car parking spaces are: Government vehicles = 18 Contractors' vehicles = 15 Essential users = 33 Non-essential users (for shift duties staff who have to work in irregular hours) = 92 Visitors vehicles = 20	
	Total car parking spaces	178					

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Proposed Schedule of Accommodation for :
3075KA New Civil Aviation Department Headquarters

Item No.	Description (New post/requirement on Day 1 marked with '*') (Future expansion marked with '#')	No of Persons/ Items	Area Supported (m2)	No. of Rooms	Cellular Office	A/C required	GPA's Remarks (as at 2.10.2007)	Remarks / Special Requirements / Justifications
13	Aircraft Accident Investigation							
13.1	Reception Area for Accident Investigation Unit*		10.0	1		24-hr Yes	This area is for receiving personnel from various organisations (e.g. CAD, police, fire services, medical staff and overseas investigators) when setting up the investigation. This will also be used for media briefing in accident	
13.2	Laboratory and workshop - facility for reading and analyzing flight recorders (CVR, DFDR and QAR)*		50.0	1		24-hr Yes	Flight simulator = 15m ² CVR/DFDR Analysis equipment and space for compiling aircraft accident report compilation = 35m ²	
13.3	Command centre - a control centre where CAD management and officers may effect coordination*		200.0	1		24-hr Yes	As advised by CAD, communication systems and display systems will be installed in this centre to have close contact with all other parties participating in the investigation. Based on the requirement as confirmed by CAD, 200m ² is	
13.4	Syndicate / interview room (combinable) - standard government provision (6.5 m ² per room)*		32.5	5		24-hr Yes	This is used to carry out interview with flight crew, fire fighting personnel, passengers, medical personnel, air traffic controllers and all other witnesses. These rooms will also be used by CAD divisions to meet daily operational	
13.5	Secure storage room (including library) - impound records, recording, documents, manuals and publication*		200.0	1		24-hr Yes	For storage of large pieces of wreckage of the aircrafts collected to facilitate the investigation. The size can be as large as 20m x 5m. According to CAD, space for two pieces are	
13.6	Offices for investigators (for 6 inspectors at a time)*	6	60.0	6	Yes	24-hr Yes	Space required for personnel for 6 major areas of investigation namely the operations, engineering, survivability, systems, human factor and the interviewing of witnesses.	

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Proposed Schedule of Accommodation for :
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13.7	Rest area for investigators		123.0	1		24-hr Yes	<p>According to CAD, when there is an aircraft accident, investigators will have to congregate at the CAD building. During the first 24-48 hours after the accident, investigators will not be able to return home or hotel to take rest because the collection of evidence for such investigation is time critical and sensitive. As advised by CAD, the no. of people involved in the investigation is about 40-50 and about half of them will take rest in turn.</p> <p>The space calculation is as follows - Individual rest area = 3.5m² x 22 = 77m² Pantry area = 6m² Coffee corner = 4 round tables each with 6 seats plus 2 vending machines (e.g. coffee machines) (9m² x 4 + 2m² x 2 = 40m²) Total area = 123m²</p> <p>CAD has confirmed that when no investigation is in progress, the area will be used for other functions such as trainings.</p>	
13.8	Dis-infection room*		As appro.	3		24-hr No	<p>On the understanding that dis-infection process is required to handle the contaminated documents and items from the accident site, I have no objection to the proposed 3-stage dis-infection process. The actual design is subject to the advice of project architect.</p>	
13.9	Equipment and Rescue Kit storage*		25.0	1		No	<p>No objection on the understanding that there is existing facility in the ATMD office and Backup ATCX.</p>	
13.11	Accident Investigation Mini Room		0.0					deleted
13.12	Confidential Room for Aircraft Accident Report Compilation		0.0					deleted
	Sub-total for 13	6	700.5	20				

Cost-benefit analysis between a purpose-built auditorium and a rental venue for CAD conferences/trainings/seminars

	Items		unit cost / number	\$M
a.	Estimated cost of an auditorium ^(note 1)			24.00
b.	Estimated maintenance cost from 2012 to 2025		0.06 per year	0.84
c.	Estimated set-up cost per conference at a purpose built auditorium		0.04	
d.	Estimated number of conference from 2012 to 2025	= 6 per year x 14 years	84	
e.	Estimated cost for conferences	e = c x d		3.36
f.	Estimated set-up cost per training/seminar		0.002	
g.	Estimated number of training/seminar from 2012 to 2025	= 18 per year x 14 years	252	
h.	Estimated cost for trainings/seminars	h = f x g		0.50
i.	Estimated total cost for activities in a purpose-built auditorium from 2012 to 2025			28.7
j.	Estimated initial cost for rental			0.00
k.	Estimated maintenance cost from 2012 to 2025			0.00
l.	Estimated rental cost per conference ^(note 2)		0.40	
m.	Estimated set-up cost per conference for a rental venue		0.15	
n.	Estimated number of conference from 2012 to 2025	= 6 per year x 14 years	84	
o.	Estimated cost for conferences (assuming rental venue)	o = (l + m) x n		46.20
p.	Estimated rental cost per training/seminar		0.06	
q.	Estimated set-up cost per training/seminar for a rental venue		0.02	
r.	Estimated number of training/seminar from 2012 to 2025	= 18 per year x 14 years	252	
s.	Estimated cost for trainings/seminars (assuming 50% rental and 50% borrowed venue)	s = (p + q) x r x 50% + q x r x 50%		12.60
t.	Estimated total cost for activities in a rental venue from 2012 to 2025^(note 3)			58.8

From the above comparison, it can be seen that a purpose-built auditorium at the CAD HQs would provide good cost benefit to the Government in less than 14 years assuming that just a modest number of conferences and events will take place.

Notes:

1. Estimate cost of an auditorium is calculated based on the approximate building construction cost of a community hall (closest available data for a hall) \$40M x 50% (estimated portion of cost for the hall) + \$4M (estimated cost for fitting out such a hall into an auditorium) = \$24M
2. Estimate rental cost is calculated based on an estimated modest rental rate of (i) \$100,000. per day for similar size commercial facilities for conference for 4 days; and (ii) \$20,000. per day for similar size educational or NGO facilities for training for 3 days.
3. Estimate cost is based on a period from 2012 to 2025 for the sake of consistency with the servicable life of the ATC system. The design building life would be at least 50 years. The longer the period and the more the conferences are carried out, the greater the cost benefit for a purpose-built auditorium.

Annex (附件) B

Urgent by Fax**MEMO**

<i>From</i>	<u>Chairman, Property Vetting Committee</u>	<i>To</i>	<u>Director-General of Civil Aviation</u>
<i>Ref.</i>	<u>(14) in ASD13/95200/PWP/KA (75KA) Pt.2</u>	<i>Attn</i>	<u>Miss Priscilla LAM</u>
<i>Tel. No.</i>	<u>2867 4019</u>	<i>Your Ref.</i>	<u></u>
<i>Fax No.</i>	<u>2801 4706</u>	<i>Dated</i>	<u>Fax. No. 2326 3654</u>
<i>Date</i>	<u>22 October 2007</u>	<i>Total pages</i>	<u>1</u>

**75KA New Civil Aviation Department Headquarters
Schedule of Accommodation (SOA)**

I approve the proposed SOA for the above project subject to –

- (i) SFST's memo (21) in FIN 25/2/14 Pt.3 dated 15.10.07; ——— *Appendix A*
(ii) GPA's memo (46) in MS/SPB/6870/5/6 Pt.2 dated 3.10.07; and — *Annex A*
(iii) GPA's email dated 18.10.07 (18:19PM) ——— *Appendix B*

2. I note that the approved SOA is attached in GPA's email dated 3.10.07 (15:23PM).

(Lawrence L. AI)
for Chairman, Property Vetting Committee
c/o Arch SD

c.c.	GPA (Attn.: Mr. Wilson CHAN)	Fax : 2877 7607
	GPA (Attn.: Mr. Patrick LEE)	Fax : 2877 8993
	SFST (Attn.: Mr. Leo YIM)	Fax : 2147 5237
	D Arch S (Attn.: Mr. Michael CHONG)	Fax : 2804 6805
	D Arch S (Attn.: Mr. Ian DICKINSON)	Fax : 2804 6805
	STH (Attn.: Mr. Francis CHENG)	Fax : 2524 9397

***Note by Clerk, PAC:** Please see Appendix 29 of this Report for Annex A.

MEMO

<i>From</i>	<u>Secretary for Financial Services and the Treasury</u>	<i>To</i>	<u>Chairman, Property Vetting Committee</u>
<i>Ref.</i>	<u>(21) in PIN 25/2/14 Pt.3</u>	<i>(Attn. :)</i>	<u>Mr. Lawrence Lai</u>)
<i>Tel. No.</i>	<u>2810 2728</u>	<i>Your Ref.</i>	<u>(17) in ASD 13/95200/PWP/KA (75KA)</u>
<i>Fax No.</i>	<u>2147 5237</u>	<i>Total Pages:</i>	<u>1</u>
<i>Date</i>	<u>15 October 2007</u>	<i>Dated</i>	<u>17.7.2007</u>
		<i>Fax No.</i>	<u>2801 4706</u>

Schedule of Accommodation (SOA)**3075KA New Civil Aviation Department Headquarters****Civil Aviation Department (CAD)**

I refer to your MUR on the captioned subject. From the resource angle, we have no objection in principle to the SOA for the project on the understanding that net annual additional RC to be funded by the Centre is \$51.638 million. The amount supported represents the ceiling to be funded by the Centre subject to our further vetting and commissioning of the project.

2. As the SOA has taken into account the office space requirement for certain posts submitted but not supported under 2007 Recurrent RAE, CAD is reminded that the creation of such posts is still subject to RAE and CSB's prevailing policy.
3. As regards the vetting of the SOA in relation to space utilisation, accommodation standards, etc., we would defer to GPA's comments.



(Leo Yim)
for Secretary for Financial Services
and the Treasury

c.c.

GPA (Attn.: Mr. Wilson Chan)
D-G of CA (Attn.: Miss Priscilla Lam)
STH (Attn.: Mr Francis Cheng)
D Arch S (Attn: Mr. Michael Chong)
D Arch S (Attn: Mr. Ian Dickinson)

Fax: 2877 7607
Fax: 2326 3654
Fax: 2524 9397
Fax: 2804 6805
Fax: 2804 6805

Wilson Y
CHAN/GPA/HKSARG
18/10/2007 18:19

To Lawrence Chung Tat LAI/ARCHSD/HKSARG@ARCHSD
cc Priscilla WS Lam/CAD/HKSARG@CAD
Eric HC Wong/CAD/HKSARG@CAD
Leo CH YIM/TSYB/HKSARG@TSYB
Patrick TK LEE/GPA/HKSARG@GPA
Melinda YY CHEN/GPA/HKSARG@GPA
bcc

Subject Re: Fw: Proposed new Civil Aviation Department Headquarters

Urgent Return receipt Sign Encrypt

Dear Lawrence,

In my earlier memo dated 3.10.2007 (ref. (46) in MS/SPB/6870/5/6 Pt.2), I advised that I would let all parties have our comments on the captioned project from site utilization point of view once available.

Please see Para.4 of SUD's email to CAD (first mail below) regarding their comments on the captioned project from site utilization point of view. CAD has confirmed agreement (see email from Eric WONG/CAD below) to SUD's requirements as set out in Para.4.

Regards

Wilson Y CHAN
Tel. 2594 7665
Patrick TK LEE/GPA/HKSARG

Patrick TK
LEE/GPA/HKSARG
18/10/2007 17:24

To Wilson Y CHAN/GPA/HKSARG@GPA
cc Eric HC Wong/CAD/HKSARG@CAD
Subject Fw: Proposed new Civil Aviation Department Headquarters

Urgent Return receipt Sign Encrypt

Dear Wilson,

I am attaching SUD's email to CAD and CAD's reply for your attention please.

Patrick

----- Forwarded by Patrick TK LEE/GPA/HKSARG on 18.10.2007 下午 05:24 -----



Eric HC
Wong/CAD/HKSARG@
CAD
18.10.2007 下午 05:24

To Patrick TK LEE/GPA/HKSARG@GPA
cc Melinda YY CHEN/GPA/HKSARG@GPA
Ophelia MM TAM/GPA/HKSARG@GPA
Priscilla WS Lam/CAD/HKSARG
Victor SS Tai/CAD/HKSARG@CAD
Jeffrey CW Law/CAD/HKSARG
Subject Re: Proposed new Civil Aviation Department Headquarters



Urgent Return receipt Sign Encrypt

Dear Patrick,

Thank you for your email. I confirm CAD's concurrence to para 4 of your email in compliance with FSTBCM No. 12/2007.

Regards,

Eric HC WONG
Technical Administration Section
Air Services Division
Civil Aviation Department
Tel: (852) 2867 4765
Fax:(852) 2326 3654

Patrick TK LEE/GPA/HKSARG@GPA

Patrick TK
LEE/GPA/HKSARG@GP
A
18/10/2007 16:49

To Eric HC Wong/CAD/HKSARG@CAD
cc Melinda YY CHEN/GPA/HKSARG@GPA
Ophelia MM TAM/GPA/HKSARG@GPA
Subject Proposed new Civil Aviation Department Headquarters

High importance Return receipt Sign Encrypt

I am attaching Melinda CHEN's reply for your attention please.

Patrick Lee
S(SU)1 GPA

Dear Eric
Proposed new Civil Aviation Department Headquarters

I refer to your message of 7 September 2007 and the attached documents in connection with the above.

2. It is noted that the distribution of the space to be vacated by you upon completion of the proposed headquarters is as follows:

ATCX & TWR	3,941.62 sq.m.
Backup ATC facilities	294.06 sq.m.
Total	4,235.68 sq.m.

3. I understand that you have conducted Government users' search for the vacated

space previously and the effort was in vain. Please would you keep contacting the potential users as discussed in your message of 7 September 2007 with the aim of finding alternative users of the vacated space. Please would you also keep this Agency informed the progress of your search. In the mean time, you are requested to continue managing/maintaining the vacated space at your own expense. Under paragraph 14 of FSTBCM No. 12/2007 (2007 Resource Allocation Exercise Capital Works Expenditure), when assessing the financial implications of project proposals, capital and recurrent inclusive, project proponents should pay due regard to the residual costs for any building or other premises made redundant by the new projects unless project proponent confirms that there would be no such redundancies. Such residual costs should be added to the costs to be incurred in relation to the new projects

4. Subject to your confirmation of continuing managing/maintaining the vacated space and bearing both the capital and recurrent cost and including the same in your RAE bid as promulgated in FSTBCM No. 12/2007 as discussed above, please be advised that this Agency has no further views on the proposed project from site utilization point of view.

5. I have also consulted Acquisition, Allocation and Disposal Division (ADD) of this Agency and the concerned officer advised that her Division will assist you to find possible Government users. However as you have already approached a number of potential users but with no definite answer was received from them, it seems that it is also unlikely for them to find alternative users for the vacated space. Anyhow, if you need assistance from this Agency in finding Government's users for the vacated space, please would you contact Ms. Ophelia Tam (S(O), ADD, GPA) at 2594 7621 or email address Ophelia MM TAM/GPA/HKSARG

Regards
Melinda CHEN
For Government Property Administrator

政府總部
運輸及房屋局
運輸科
香港添馬添美道 2 號
政府總部東翼



**Transport and
Housing Bureau**
Government Secretariat

Transport Branch
East Wing, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

本局檔號 Our Ref.: THB(T)CR 2/2172/08
來函檔號 Your Ref.: CB4/PAC/R63

電話 Tel: (852) 3509 8241
傳真 Fax: (852) 2524 9397

19 December 2014

Mr Anthony Chu
Clerk to the Public Accounts Committee
Legislative Council Complex,
1 Legislative Council Road, Central
Hong Kong

Dear Mr Chu,

**Chapter 3 of the Director of Audit's Report No. 63 on the
New Civil Aviation Department Headquarters**

Thank you for your letter of 12 December 2014 to the Secretary for Transport and Housing. With regard to the three issues set out in the letter, I am authorized to provide a consolidated reply as follows.

On 21 September 2007, the Transport and Housing Bureau (THB) issued a memorandum to the Property Vetting Committee (PVC), which was responsible for vetting the schedule of accommodation for the new Civil Aviation Department (CAD) headquarters building, offering support to the CAD to reserve space in the building for future expansion with a view to catering for future air traffic growth (a copy of the memorandum is enclosed). THB had stated in its memorandum to the PVC at that time that whilst it might not be justifiable to build the approximately 1,500m² reserved space, which was being explored between CAD and the Government Property Agency then, on day one,

provisions could be made, without significant increase in construction costs, in the foundation and design of the building for providing flexibility for future expansion.

As mentioned above, the THB's established position at that time was that the reserved area of 1,500m² would not be built on day one, and that making provisions in the building's foundation and design for allowing flexibility for future expansion should not involve substantial costs. In consideration of the above position and after taking into account the CAD's view that the provision of 1,500m² for future expansion would not involve substantial costs, the THB agreed during the preparation of the paper on the "Development of a new Civil Aviation Department Headquarters on the Airport Island" for discussion at the meeting of the Legislative Council Panel on Economic Development on 26 November 2007 that the paper would only mention that additional space had been earmarked in the building to cater for further expansion requirements arising from the growth in air traffic.

Yours sincerely,



(Desmond Wu)

for Secretary for Transport and Housing

c.c. Director-General of Civil Aviation
Director of Architectural Services
Government Property Administrator
Secretary for Financial Services and the Treasury
Director of Audit

16/951/91 (pt.9)

MEMO



From Secretary for Transport and Housing

To Chair, Property Vetting Committee
(Attn: Mr. Eddy CHEUNG)

Ref. () in _____

Your Ref. () in _____

Tel. No. 2810 2687 Fax. No. 2524 9397

dated _____

Date 21 September 2007

Your Fax, No. 2801 4706 TOTAL PAGES 2

New CAD Headquarters Project
Schedule of Accommodation

I understand CAD and GPA will shortly finalise the proposed schedule of accommodation (SoA) of the above project, and would like to offer our support to CAD's proposal to reserve sufficient space for future expansion to meet the demand of the aviation industry.

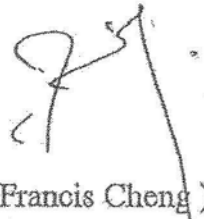
2. The CAD project is a long term investment for the economic well-being of Hong Kong. The new building and facilities will support air traffic growth up to 2025, by which time the number of aircraft movements is forecast to double that of today's. The growth, together with the anticipated increase in the number of locally registered airlines and aircraft, maintenance service providers and other ancillary support services, presents an unprecedented challenge to CAD both in terms of service provision and regulatory functions.

3. Currently, a major constraint facing CAD is the lack of expansion space for the existing facilities. The problem has grown over the years consequent to the rapid growth of air traffic and expansion of the industry. Despite CAD's continuing efforts to maintain quality services, the lack of expansion space has impeded the provision of efficient and quality service required by the thriving industry. When we briefed the Legislative Council Panel on Economic Services on the project in February 2007, Members expressed general support to the project and urged that sufficient space be provided in the new CAD building to cater for future expansion commensurate with the forecast air traffic growth. The Administration had undertaken to ensure that this would be done.

4. I understand CAD has adopted a prudent and pragmatic approach in arriving at the present proposed SoA with a total net operational floor area (NOFA) of 25,380m². Whilst CAD and GPA are finalising the details, I would appeal to the PVC to give the proposed SoA favourable consideration, taking into account the strong demand of the aviation industry and the general support from LegCo.

5. Furthermore, I understand CAD is also exploring with GPA a possible further 6% (approximately 1,500m²) reserve in expansion space to cater for air traffic growth beyond 2025. When considering this proposal, I should be grateful if the PVC will take into account the site's constraints¹ and the expected continuing growth of the industry. Whilst the provision of this further reserve space at Day 1 may not be justifiable, it should be possible, without significant increase in construction costs, to make provisions in the building's foundation and design to provide flexibility for this in future. In doing so, we should be able to maximise the use of the allocated land and achieve economy of scale, subject to maintaining the originally planned construction floor area of 65,000m².

6. Given the tight time-frame of the project, we will be seeking the views of the LegCo Economic Development Panel in October 2007 (tentatively on 22 October). Taking into account the time for circulation and clearance of the paper, we should be grateful if the PVC could approve the proposed SoA as soon as practicable, and in any case not later than end September 2007.



(Francis Cheng)
for Secretary for Transport and Housing

c.c.	SPST	(Attn: Mr. Leo YIM	Fax: 2147 5237)
	DArchS	(Attn: Mr. Ian DICKINSON & Attn: Mr. M. O. CHONG	Fax: 2804 6805) Fax: 2804 6805)
	GPA	(Attn: Mr. K. K. HO & Attn: Mr. Wilson CHAN	Fax: 2877 7607) Fax: 2877 7607)
	DGCA	(Attn: Miss Priscilla LAM	Fax: 2326 3654)

¹ The site on the airport island granted by the AA is close to the approach and departure path of the runway and this would limit the potential for future extension to the building. Furthermore, the site is at a secluded area on airport island bounded by the main access highway to the airport to the north and the west, a coastal protection zone to the east and the Dragonair House/CNAC building to the south. There is no usable land in the adjoining area for new development in the foreseeable future.

**For discussion
on 26 November 2007**

**Legislative Council Panel on Economic Development
Development of a new Civil Aviation Department
Headquarters on the Airport Island**

PURPOSE

This paper briefs Members on the details of a project in the Public Works Programme (75KA “New Civil Aviation Department headquarters”) to construct a new Civil Aviation Department (CAD) headquarters on the Airport Island (the project).

BACKGROUND

2. We briefed Members on 26 February 2007 on a proposal to replace the existing Air Traffic Control (ATC) system of CAD and to develop a new CAD headquarters building on the Airport Island to house the new ATC system and all functional divisions of CAD. At present, CAD’s functional divisions are scattered at different locations, which adversely affects the operational efficiency of the department.

3. At the time, we informed Members that the details of the project were being finalized and that we would revert to Members on the project in the fourth quarter of 2007. Members generally supported the proposal. On 11 May 2007, the Finance Committee (FC) approved funding for replacing the ATC system.

PROJECT SCOPE AND NATURE

4. The scope of the project comprises –
- (a) the construction of a new CAD Headquarters building of about 65 000 square metres (m²) in construction floor area (CFA) or 22 775 (m²) in net operational floor area (NOFA) to provide for –

- (i) offices of total NOFA of about 3 428 m²;
 - (ii) ATC facilities of total NOFA of about 10 923 m², including an ATC centre, its supporting equipment, systems and facilities; an aeronautical information centre; an aircraft search and rescue coordination centre; an aeronautical network centre;
 - (iii) other facilities of total NOFA of about 8 424 m², including aircraft accident investigation facilities; training and examination facilities; operational evaluation, research and development facilities; a multi-purpose auditorium; conference facilities; a library cum resource centre; an ATC tour presentation room and an educational path; a staff canteen; ancillary facilities; and car parking spaces;
- (b) the alteration of the Backup ATC Complex; and
 - (c) the reinstatement of the existing CAD offices.

A site layout plan is at **Enclosure 1**. We plan to start the construction works in September 2008 for completion in December 2011. The installation, testing and commissioning of the new ATC system will commence in April 2011. Upon satisfactory testing and acceptance of the new ATC system, the new headquarters building and the new ATC centre will be commissioned by end 2012.

JUSTIFICATIONS

5. As explained to Members in February 2007, we need to replace the existing ATC system which is approaching the end of its usable life and cannot handle the forecast air traffic beyond 2012. It is not feasible to replace the existing system on site because the new ATC system requires space three times the size of the existing ATC centre. We are also concerned about possible disruption to the daily round-the-clock operation of the existing ATC Centre. We therefore need to construct a new building to house the new ATC system. As advised by Members in February 2007, additional space has been earmarked to cater for the replacement of the new ATC system in the

future and further expansion requirements arising from the growth in air traffic.

6. The opportunity is also taken to relocate CAD's functional divisions, which are scattered at various locations (see details at **Enclosure 2**), under one-roof. Aviation is a highly specialised and multi-disciplined industry. Its regulation requires close collaboration among different functional divisions of CAD. A co-located CAD headquarters will enhance productivity and improve the services to the aviation industry. The existing Control Tower and the ATC Backup Complex on the air-side of the Hong Kong International Airport (HKIA) will remain where they are, to provide air traffic controllers with a close and unobstructed view of the runways, taxiways and airport apron.

7. Moreover, it is necessary to add new facilities to meet operational requirements, including –

- (a) aircraft accident investigation facilities. Aircraft accident investigation is one of CAD's major responsibilities. It is specialised and time-critical, requiring close coordination and extensive technical support among different professions in the collection and analysis of evidence. Reassembling the critical parts of recovered wreckage to its original shape can greatly facilitate the necessary examination, surveying and testing. The new CAD headquarters building should be provided with dedicated facilities for this purpose;
- (b) a multi-purpose auditorium and conference facilities for hosting international and regional aviation conferences and meetings. At present, the department is constrained by the need to rent or borrow outside venues. The International Civil Aviation Organisation (ICAO) promotes awareness of new regulatory requirements in civil aviation through seminars, workshops and training courses. ICAO welcomes assistance from its members in the form of providing venues for this purpose. With the new facilities, CAD will be able to play a more active role on this front, thereby further enhancing our status as an international and regional aviation centre;

- (c) an ATC tour presentation room and an educational path. To promote understanding and cultivate interest in aviation among the general public, CAD organises tours of its ATC facilities from time to time. The new facilities will allow the display of interesting elements such as aircraft models, photos and small antique aircraft/engines parts to enhance the attractiveness and effect of these tours; and
 - (d) a library cum resource centre. At present, because of a lack of space, a large volume of books, reports and other aviation related documents are kept in stores. The new facility will enable CAD to better use such information and resources. Part of the reading materials will be made available to the industry and, where warranted, individual members of the public.
8. The new CAD headquarters will be located on the land-side of HKIA, on a site allocated by the Airport Authority (AA) at no cost to the Government at the southeastern part of the Airport Island (to the north of the Dragonair and China National Aviation Corporation Building).

FINANCIAL IMPLICATIONS

9. We estimate the total capital cost of the project to be \$1,997.0 million in money-of-the day (MOD) prices, made up as follows –

	\$ million
(a) Site works	10.1
(b) Foundations	126.8
(c) Building	752.0
(d) Building services	534.1
(e) Drainage	16.1
(f) External works	143.4

	\$ million
(g) Alteration works to the Backup ATC Complex	8.5
(h) Furniture and equipment ¹	140.0
(i) Reinstatement of existing CAD offices	15.6
(j) Consultants' fees for construction stage	7.5
(k) Contingencies	160.0
Sub-total	1,914.1 (in September 2007 prices)
(l) Provision for price adjustment	82.9
Total	1,997.0 (in MOD prices)

10. Upon the commissioning of CAD headquarters, about 1 730 m² of rented office accommodation and four rented car parking spaces could be released, resulting in rental savings of about \$3.7 million per year, and about 1 040 m² of rent-free office accommodation at the HKIA Passenger Terminal Building could be returned to AA, resulting in possible management charge savings of about \$0.4 million per year. In addition, about 5 700 m² of government owned office accommodation and 38 Government owned car parking spaces could also be released for use by other departments.

¹ Based on an indicative list of furniture and equipment items required, including a security system, audio-visual systems, a public address system, a simultaneous interpretation system, mobile emergency power generators, mobile-storage racks, a Radio-frequency Identification (RFID) library system and furniture for aircraft accident investigation facilities, ATC tour presentation room, educational path, staff canteen, library cum resource centre and general offices.

PUBLIC CONSULTATION

11. The proposal has the general support of the Aviation Development Advisory Committee and the aviation industry, including the International Air Transport Association, Board of Airline Representatives, AA, Airline Operators Committee, airlines holding the Air Operator's Certificates issued by CAD, Hong Kong Aircraft Engineering Co. Ltd. and Hong Kong Air Traffic Control Association². CAD has also informed the Islands District Council of the proposal.

LAND ACQUISITION

12. The project does not require any land acquisition.

Way Forward

13. Subject to Members' views, we intend to upgrade **75KA** to Category A at an estimated cost of \$1,997.0 million in MOD prices by going to the Public Works Sub-Committee and FC in December 2007 and January 2008 respectively.

Transport and Housing Bureau November 2007

² Some representatives of the aviation industry are concerned about the possible increase in ATC and En-route Navigation Charges resulting from the financial investment by CAD and have asked for greater transparency in any adjustment to these charges in future. Nevertheless, the industry representatives generally support the replacement of the ATC system and the building of a CAD headquarters on the Airport Island, which they agree will help sustain the healthy growth of the aviation industry.

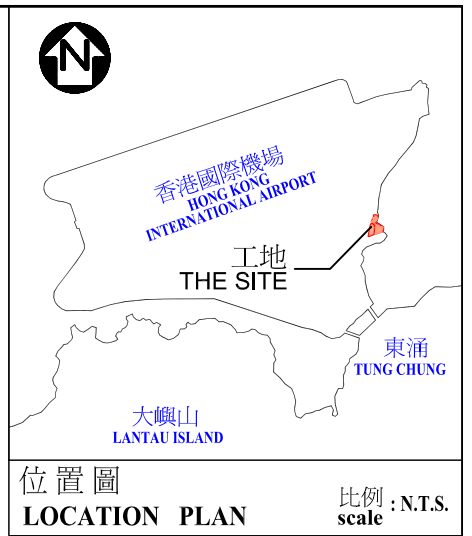
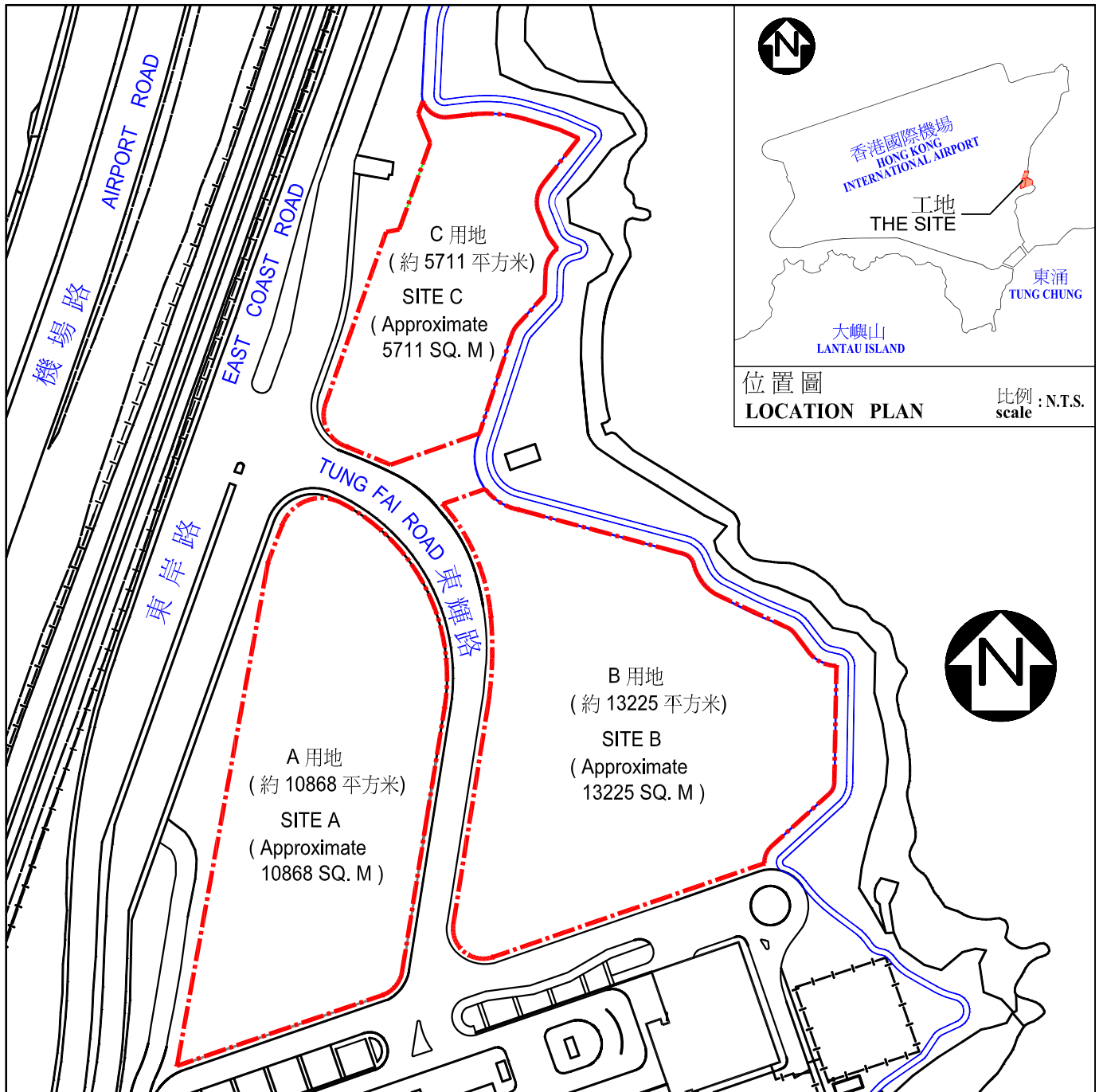
As we explained to Members in February 2007, given the expected increase in the number of flights using HKIA, it is estimated that the replacement of the ATC system together with the development of a new CAD headquarters will only result in a mild increase of less than \$300 in the cost per flight using HKIA, or about 6% of the existing figure. Likewise, it is not envisaged that the en-route navigation charge, currently at \$4.8 per nautical mile, will see any significant change arising from the project when the increased costs are expected to be cancelled out by the increased traffic.

Civil Aviation Department Headquarters

民航處總部

Location Plan

位置圖



Existing Locations of Civil Aviation Department Offices

Location	Premises	Major Formations
HKIA, Lantau	ATC Complex	Air Traffic Control Centre Air Traffic Control Tower* Aeronautical Information Centre Aeronautical Network Centre Search and Rescue Coordination Centre Air Traffic Management Division's Training Unit Offices of Air Traffic Management Division
	Backup ATC Complex	Backup Air Traffic Control Centre* Backup Air Traffic Control Tower* Staff cafeteria
	Passenger Terminal Building	Offices of Airport Standards Division Offices of Airport Administration Unit
	Air Freight Forwarding Centre	Offices of Flight Standards and Airworthiness Division Offices of Engineering and Systems Division
Queensway, Hong Kong	Queensway Government Offices	Director-General of Civil Aviation's office Offices of the Air Services Division Offices of the Administration Division Offices of the Finance Division

(* Facilities that will not be re-located as part of this project)



香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

APPENDIX 33

香港大嶼山香港國際機場
東輝路1號民航處總部
Civil Aviation Department Headquarters
1 Tung Fai Road, Hong Kong International Airport,
Lantau, Hong Kong

電話 Tel: 2910 6328
圖文傳真 Fax: 2910 6384
檔案編號 Our ref: Audit/2C – Part VI
來函編號 Your ref: CB4/PAC/R63

31 December 2014

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,


Public Accounts Committee

Consideration of Chapter 3 of the Director of Audit's Report No. 63 New Civil Aviation Department Headquarters

Thank you for your letter to Mr Norman Lo, Director-General of Civil Aviation on 12 December 2014.

I enclose, in a self-contained **Appendix**, our detailed reply to the questions raised in your letter for your kind reference. As regards Attachment F of the Appendix which contains details regarding the security arrangements of the CAD Headquarter building and systems, we should be grateful if the information could be restricted for the consumption of the Public Accounts Committee only.

Yours sincerely,



(Simon Li)

for Director-General of Civil Aviation

***Note by Clerk, PAC:** Attachment F not attached.

Encl.

c.c. Secretary for Transport and Housing (Attn : Miss Monica CHEN)
Director of Architectural Services
Government Property Administrator

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 63
New Civil Aviation Department Headquarters

The following information was provided to facilitate the Committee's consideration of Chapter 3 of the Director of Audit's Report No. 63. The relevant paragraph numbers of Chapter 3 are indicated in the corresponding part for easy reference.

Provision of reserve space for future expansion

(a) and (b) based on what information and reasons CAD considered that the cost of building the 1,500 m² was insignificant (Paragraph 2.16) and the reasons why the additional expansion area of the 1,500 m² was not mentioned in the Administration's paper for the Finance Committee in January 2008 (Paragraph 2.17)

2. Given that, at the time in preparing the Legislative Council (LegCo) submissions, the understanding was that provision should be included in the building's foundation and design to provide flexibility for future expansion, the Civil Aviation Department (CAD) considered that the provision would not incur significant costs. As such, and since the provision was an undesignated expansion area not correlated to any approved future manpower provision for carrying out intended activities at the time, the submission to the LegCo Panel on Economic Services and the LegCo Finance Committee had only mentioned that additional space had been earmarked in the building to cater for further expansion requirements arising from the growth in air traffic.

(c) the progress and timeframe of the overall review of the space utilisation of the CAD premises (Paragraph 2.26 (c) and 2.30)

3. The overall review of the space utilization of the CAD premises is under way and is anticipated to be completed by end January 2015. The review results will be submitted to the Government Property Agency (GPA) for approval.

(d) all relevant records on the request made by CAD to the GPA, THB and the PVC for an additional reserve area of the 1,500 m² for expansion in the new CAD HQ to cater for air traffic growth beyond 2025 (Paragraph 2.5), and their replies

4. At the LegCo Economic Services Panel meeting held in February 2007, Members expressed general support to the project, and urged that sufficient space be provided in the new CAD Headquarters (HQ) building to cater for future expansion commensurate with the forecast air traffic growth. CAD had subsequently met with GPA and reiterated the importance that sufficient space be reserved for future expansion taking into consideration the industry's fast pace of growth and the inherent limitations if sufficient reserve was not provided during construction. While there were no records of discussions between GPA and CAD, the relevant correspondence is at **Attachment A**. The discussions were also reported at an internal meeting, namely the Steering Committee of the New CAD Building Project, held on 28 June 2007 (extract of the relevant minutes is at **Attachment B**). A draft memo for THB was prepared by CAD to be submitted to the Property Vetting Committee (at **Attachment C**).

(e) all relevant records relating to the request made by CAD to ArchSD for building the extra the 1,500 m² area for future expansion (Paragraph 2.6)

5. The relevant extracts of the Employer's Requirements (ER) provided by CAD to ArchSD on 3 October 2007 is in **Attachment D**.

(f) how did CAD work out the 3,239.3 m² and the 1,500 m² areas provided for future expansion? Please provide relevant guidelines or criteria and the estimated timeframe for utilisation of these areas (Paragraph 2.9 and Table 2)

6. The expansion areas of 3,239.3 m² were worked out having due regard to the future accommodation requirement arising from the projected growth in air traffic up to at least 2025 as well as the additional area required to cater for the future in-situ equipment replacement for our operational centres.

7. As stated in Table 2 of the Audit Report, the 3,239.3 m² expansion area consist of a total of seven different items, namely ATC Centre (540 m²), Supporting equipment, systems and facilities of the ATC Centre (1,200 m²), Aircraft Search and Rescue Coordination Centre (100 m²), Aeronautical Network Centre (160 m²), Training and Examination Facilities (464 m²), Operational Evaluation, Research and Development Facilities (400 m²) and Ancillary Facilities (375.3 m²). The same information had been set out in the Supplementary Information included as “Note For Public Works Subcommittee”. For ease of reference, it is included as **Attachment E**. Part of the above expansion area has already been utilized for its intended purpose. We have also made use of the relevant area as temporary storage for Phase 2 equipment of the new ATC system project.

8. For the 1,500 m², it was an estimate of expansion requirement based on 6% of the proposed SoA of 25,380 m². The 6% estimate was adopted on the basis of the general trend of growth in aircraft movement in early 2000’s.

9. On 24 October 2014, the PVC approved the CAD’s request to use 926 m² of the 1,500 m² reserve area for accommodating 119 additional staff. As for the remaining 574 m², the CAD has requested the assistance from GPA to identify other interim users.

Control over deviation from approved schedule of accommodation

(g) why had CAD not subsequently followed up the request for shower facilities in the DGCA’s Office with GPA (Paragraph 3.4)

10. After submitting the Employer’s Requirement to ArchSD on 3 October 2007, the CAD Project Team had focused on the funding application processes. Coupled with the lack of proper coordination and internal communication and the related heavy workload, the CAD Project Team had overlooked its follow-up action with GPA on this issue.

(h) how did CAD determine the converted use of the space of 70 m² originally planned for use as a viewing gallery to a multi-function room (Paragraph 3.6 and 3.17)

11. As stated at para 3.7 of the Audit Report, a room along the education path was planned to serve as a tower simulator viewing gallery to enable visitors to view the air traffic control training in progress inside the simulator. During the detailed design stage of the tower simulator and the viewing gallery in late 2010, it was noted that due to a different technology adopted for the new simulator, visitors would not be able to view through a glass panel the training sessions in the originally planned viewing gallery which was one floor above the tower simulator. In discussing the design of the viewing gallery among CAD, ArchSD and the Design and Build (D&B) Contractor, the CAD Project Team initiated to enhance the overall functions of the area and to introduce more flexibilities in its utilization, hence the multi-function room concept. Apart from entertaining visitors for screen presentation of ATC tower simulator training and holding meetings, mirrors with retractable blinds and timber floor were adopted to facilitate staff recreational activities. Such changes were concluded on the basis that no additional cost would be incurred. CAD recognizes that such enhancement was in fact a change of usage of the area and CAD should have applied to GPA for approval in the first place.

(i) the reasons by CAD in November 2007 amended the room data sheet such that the schedule of accommodation for accident investigators consisted of six rest rooms (Paragraph 3.10(c) and (d))

12. The room data sheet (RDS) was amended in November 2007. However, as the CAD Project Team had focused on the funding application processes, and coupled with the lack of proper coordination and internal communication, the Team had overlooked its follow-up action with GPA on this issue.

Provision of furniture and equipment

(j) the reasons for the delay of 21 months in seeking approval from FSTB for the purchase of security and electronic systems (Paragraph 4.4)

13. CAD considered that the delay was due to lack of communication between CAD (as user department) and ArchSD (as Controlling Officer and Project Manager of the new CAD HQ Project).

14. The security and electronic systems were included in the scope of works of the D&B contract in order to enable better design integration between the building and the systems, better cost control, and more assurance on the timely completion of the building for occupation. Based on the advice from ArchSD, CAD was given to understand that the contractor was required to submit the design to CAD for comment and then to the ArchSD for approval in two stages, in accordance with the requirements of D&B contract. The first stage is “Approval In Principle” (AIP), in which the contractor prepared the overall design concepts and layouts to meet the user requirements of CAD for future operation of the building. After AIP stage, the contractor further developed the design in more details, e.g. detailed design of different systems, device and location, etc. in accordance with the CAD's operational requirements and comments during “Detail Design Approval” (DDA) stage to meet CAD's operational need. Therefore sufficient design details could only be available at the end of the DDA stage for F&E vetting by FSTB. The New CAD HQ was a complicated project and the DDA stage took about 20 months after contract award to complete. CAD had endeavoured to submit the application as soon as possible.

(k) the relevant extracts of the tender documents relating to the procurement of the security and electronic systems (Paragraph 4.4)

15. Relevant extracts of the tender documents is at **Attachment F**.

*Note by Clerk, PAC: Attachment F not attached.

(l) the equipment list for the multi-media presentation system which was approved by FSTB in September 2010 (Paragraph 4.8)

16. The equipment list for the multi-media presentation system which was approved by the FSTB in September 2010 as follows –

- 30 November 2009 – Memo to FSTB – 3075KA New CAD Headquarters Building – Procurement of Furniture and Equipment Items – Electronic Systems (**Attachment G**)
- Equipment list for the multi-media presentation system submitted to the FSTB for approval (**Attachment H**)
- 3 September 2010 – Memo from FSTB – Approval of F&E Application – 3075KA New CAD Headquarters Building – Non-standard Furniture and Equipment – Electronic Systems (**Attachment I**)

(m) the process which led to the decision to purchase 79 LCD video display units for the multi-media presentation system and the final approving authority (Paragraph 4.8(a) and (b))

17. In regard to the procurement of LCD video display units and concerned requirements, the CAD has entrusted the Electrical and Mechanical Services Trading Fund (EMSTF) to be the project implementation agent, which was also our in-house technical service provider for electrical, mechanical and electronic equipment. Based on the divisional operational requirements consolidated by the CAD project team and the CAD HQ room data sheets, the EMSTF prepared the preliminary design in early 2011, and conducted several briefing sessions to various user divisions of the CAD to collect their feedback. The quantities and requirements of the LCD video display units and projectors were reviewed and adjusted in consultation with EMSTF before incorporating into the tender document “Provision of AV Facilities for the New CAD Headquarters Building”. After consulting the CAD project team on whether the tender document could satisfy the user requirements and upon confirming of funding, the EMSTF followed the Government “Stores and Procurement Regulations” (SPR) to invite tenders and approve the award of contract. The works contract was awarded in October 2011.

(n) the criteria adopted by CAD to review the operational needs for LCD video display units purchased for the multi-media presentation system (Paragraph 4.8(c))

18. The criteria adopted by CAD project team to review the operational needs for LCD video display units for the multi-media presentation system included divisional operational requirements, room layout and size, professional advice from the EMSTF, etc, for coming up with procurement quantities and concerned requirements. For the needs of the conference rooms, CAD generally considered that for each of the small conference room should have either 1 LCD video display unit or 1 projector. For medium conference room, depending on the room layout, seating arrangements and operational needs, 1 LCD video display unit and 1 projector were appropriate. For each of the large conference room, depending on the room layout, seating arrangements and operational needs, a combination of multiple LCD video display units and/or multiple projectors were appropriate.

(o) the size of the seven LCD video display units purchased for upgrading purpose (Paragraph 4.2)

19. The size of the seven LCD video display units purchased for upgrading purpose included five numbers of 46” LCD video display units and two numbers of 55” LCD video display units.

Provision and utilization of car parking spaces

(p) the measures that CAD would take to put the under-utilised parking spaces into gainful use (Paragraphs 5.15 and 5.18)

20. The CAD has requested the assistance from GPA to identify other government users to make use of our car parking spaces. In addition, part of the parking area could be converted for storage purpose if necessary to facilitate their identification of interim users. Both measures should be able to put the under-utilised parking spaces into gainful use. At present, progress has been made, and potential users are considering the feasibility of taking up the spaces. CAD will continue to work with GPA on this. Furthermore, CAD expected

that the utilization of the parking spaces in the new CAD HQ will increase further after the new Air Traffic Control (ATC) Centre commences operation when the CAD ATC staff and related service providers have moved into the CAD HQ building.

Others

(q) composition of the dedicated project team and whether the team had fulfilled its duties in overseeing the preparation and implementation of the new CAD HQ project effectively

21. To ensure the smooth and timely implementation of the New CAD HQ Project, a dedicated Project Team headed by an Assistant Director-General of Civil Aviation (ADGCA) was established on 1 October 2007, following the approval obtained for the ADGCA post from the Finance Committee of the Legislative Council in May 2007. The ADGCA post was created between 2007 and 2013, while 21 team members' civil service posts, including 19 Air Traffic Control Officers and 2 Electronics Engineers, were created on a time-limited basis with resources allocated through the internal resource allocation exercise of the Government. Other team members were serving civil service staff temporarily redeployed within the CAD or appointed on non-civil service contract terms for various periods. In addition, a Senior Architect and a Senior Electrical and Mechanical Engineer were temporarily seconded from the Architectural Services Department and the Electrical and Mechanical Services Department respectively to support the Project Team with their professional advice.

22. For CAD staff, the new CAD HQ is an unprecedented building project. We note and agree that there are areas of non-compliance as revealed in the Audit Report and will take corresponding improvement measures. However, the fact that the new CAD HQ Building Project was completed as scheduled and within the approved budget, and the Department has been operating smoothly in the past two years since the office relocation in 2012, should also be attributed to the concerted efforts of the whole Project Team to dutifully oversee and coordinate the preparation and implementation of every task of the project.

23. The time-limited ADGCA post was created from 1 October 2007 to 31 March 2013. During the 5 years 6 months period, the post holder had undertaken duties in accordance with the Job Description in the discussion paper to the Panel on Economic Services (Annex D of R63/4/INFO3), as highlighted below –

-
- (i) The ADGCA was the head of the Project Team to oversee and co-ordinate implementation of the new CAD HQ Building Project. In view of the scale and complexity of the Project, 16 functional task forces were established to take care of significant aspects of the Project in order to ensure its smooth implementation. A full list is at **Attachment J**.
 - (ii) The ADGCA kept close contacts with all relevant bureaux/departments and non-government organizations for implementation of the project. As revealed in the Audit Report, some of the deficiencies might have been avoided if areas of uncertainties would be sorted out with relevant bureaux/departments in a timely manner. In this aspect, there was room for improvement.
 - (iii) The ADGCA coordinated divisional inputs and liaised closely with relevant bureaux/departments to ensure timely preparation of the various tender documents, assessment of bids received and award of the tenders for the project. However, some of the deficiencies mentioned in the audit report were due to the oversight of the Project Team in the course of coordinating divisional inputs for preparing and finalising the SoA. Besides, there were rooms for improvement in the checking process of our proposed items against the final approval granted.
 - (iv) The ADGCA coordinated divisional efforts to ensure proper accommodation and security for the new Air Traffic Control Centre (ATCC) in the new CAD HQ. Due to the postponement of the operation of the new ATCC, the ADGCA could not complete the formulation and implementation of the transition plan for the existing ATC system before the post lapsed on 31 March 2013.

- (v) The ADGCA monitored throughout the entire stage of building construction for early detection and rectification of any slippage, whether the design was consistent with the Employer's Requirement and any building defects to ensure that the building was completed on time and to the satisfaction of the Department.
- (vi) The ADGCA provided inputs and steer in formulating the building management contract which covered building management, maintenance and security aspects. The ADGCA was also the Chairperson of the selection board of service providers.
- (vii) The ADGCA provided periodic reports on the progress of the project to the Director-General of Civil Aviation and Deputy Director-General of Civil Aviation, as well as the housekeeping bureau.
- (viii) The ADGCA conducted briefing sessions with the industry players like International Air Transport Association, Board of Airline Representatives, and the Hong Kong-based airlines and aircraft engineering companies so as to keep them informed of the progress of the Project and the new ATC system, and seek to address their concerns thereof.

MEMO

<i>From</i>	Government Property Administrator	<i>To</i>	Director-General of Civil Aviation
<i>Ref.</i>	(13) in MS/SPB/6870/5/6 Pt.2	<i>(Attn.:</i>	Miss Priscilla LAM
<i>Tel. No.</i>	2594 7665		
<i>Fax No.</i>	2877 7607	<i>Your ref.</i>	WKS/146
<i>Email</i>	Wilson Y CHAN/GPA/HKSARG	<i>Fax No.</i>	2326 3654
<i>Date</i>	20 August 2007	<i>Dated</i>	7.8.2007

**Schedule of Accommodation (SoA)
3075KA New Civil Aviation Department Headquarters**

Staffing Analysis

Thank you for your memo of 7 August 2007 regarding the captioned subject.

2. I have studied your clarifications and revised SoA items (for those staff with office space requirements, i.e. Attachment 2). My observations on your submitted establishment table (on 30.5.2007) and staff in SoA items (Attachment 2 to your MUR) are as follows –

Item	Rank	Estab. As at 1.9.2013 as shown in your Estab. table (a)	No. of staff shown in your proposed SoA (b)	No. of staff shown in your proposed SoA with “**” (c)	Total staff on Day 1 (According to your proposal, “**” means new post/ requirement on Day 1) (d)	GPA’s Remarks (as at 20.8.2007)
1	SOO	36	36	8	44	- 5 SOOs have been approved in 2006 RAE making the establishment change from 31 to 36; - According to your MUR, the no. of SOO on day 1 should be 45. Please give me the breakdown. In doing this, please be advised not to include NCSC staff in this calculation. Based on your MUR, the no. of SOO included should be 40 (31+5+4 (2007 RAE). This is still not tally with column (d) on the left. Please show me the details in the format of Appendix II .
2	OO	36	33	16	49	- Please let me have the breakdown a the format of Appendix II

Item	Rank	Estab As at 1.9.2013 as shown in your Estab. table (a)	No. of staff shown in your proposed SoA (b)	No. of staff shown in your proposed SoA with “*” (c)	Total staff on Day 1 (According to your proposal, “*” means new post/ requirement on Day 1) (d)	GPA's Remarks (as at 20.8.2007)
3	AOO	2	2	2	4	- Ditto
4	SEE	5	5	1	6	- Ditto
5	EE	16	16	4	20	- Ditto
6	EO II	1	1	2	3	- Ditto
7	ACO	23	23	1	24	- Ditto
8	CA	21	21	1	22	- Ditto
9	Technical Officers (TO) (Item 4.7)	0	0	7	7	- Please clarify whether these are new posts to be created in your departmental E&S Table for 2013
10	Analyst Programmer (Item 9.14a)	0	0	1	1	- Please clarify whether this is a new post to be created in your departmental E&S Table for 2013; - Please specify whether this is AP I or AP II
11	Statistical Officer II (SO II) (Item 9.10a)	0	0	2	2	- As advised in your MUR, they will be created in 2008 RAE
12	OLO (Item 10.8)	0	0	1	1	- Please clarify whether this is a new post to be created in your departmental E&S Table for 2013
13	AIO (Item 10.13a)	0	0	1	1	- Please clarify whether this is a new post to be created in your departmental E&S Table for 2013

3. Summary of staff appear in your proposed SoA items is at Appendix I. My general comments are -

- (a). In your submitted staff establishment table on 30.5.2007, there is a column for establishment as at 1.9.2013. If we can assume that the commissioning date for CAD HQs is in 2013, the no. of staff shown in the establishment table (for 2013) will be the establishment as at today plus the new posts approved in 2006 plus the new posts

submitted/to be submitted from 2007 to 2012. To facilitate my further processing, I have prepared a table to illustrate the change in establishment. Please see Appendix II for details and fill in/verify the information as far as possible;

- (b). For existing staff (not affected by the deletion of posts arising from putting all divisions under one roof) and those approved in 2006 RAE, I have no further comment. For the posts not yet approved (including the ones you have submitted/to be submitted in coming RAE exercises, i.e. with "*" and "#"), I will regard them as planned staff only. According to you, certain spaces should be reserved to cope with future workload of CAD because it will not be possible to building new block after the commissioning of the CAD HQs. In view of this, I think you should consult your policy Bureau for their views/comments on your plan. I will take into account their views/comments in further processing of your SoA proposal;
- (c). For all NCSC staff (both existing ones and new ones to be created), you have to (1) confirm to me that there will be continuous need for the posts concerned after the commissioning the new building (please note that time limited posts should be dealt with separately); (2) the employment of NCSC staff will fully satisfy the requirements as set out by CSB; and (3) Management endorsement and funding can be secured for the employment of those NCSC staff appear in your proposed SoA.

4. If you have any question, please call me to discuss.



(Wilson Y CHAN)

For Government Property Administrator

c.c.

External

Chairman, PVC (Attn.: Mr. Lawrence LAI	Fax: 2801 4706)
SFST (Attn.: Mr. Leo YIM	Fax: 2147 5237)
D Arch S (Attn.: Mr. Michael CHONG	Fax: 2804 6805)
D Arch S (Attn.: Mr. Ian DICKINSON	Fax: 2804 6805)

Internal

Mr. C M LAM, S(AD)O&SD - for information

Steering Committee of the New CAD Building Project (SCNCP)**Notes of 7th Meeting**

Date: 28 June 2007
 Time: 09:30 – 11:30
 Venue: Conference Room, CAD HQs

Attendance:

Norman LO DGCA

EDLB

Francis CHENG PAS(THB)

Miss Fiona LI AS(THB)

SCNCP

Anthony TAM Chair

Miss Priscilla LAM Vice-Chair

Jeffrey LAW

Stephen YU

Peter YEUNG

Ms Louisa YANG

Albert CHOW

Victor TAI

CAD Project Task Force Leaders

Simon LI

Y P TSANG

CT WONG

Manuel SUM

Victor LIU

Peter LEUNG

Richard WU

Raymond TSE

PC CHAN

Joseph HO

Eric WONG

Secretary

Absent with apology

PF WONG

David TSE

I. Adoption of notes of meeting

1. The notes of meeting for the 6th SCNCP was adopted with no amendment.

II. Project Updates

2. Capital works items

- 2.1 SA reported that all 6 batches of first round comments were received from GPA and response for the last batch was being coordinated and expected to be submitted within the week. The Vice-Chair reported that a meeting with GPA was held on 23 May, during which CAD reiterated the importance of sufficient space being reserved for future expansion taking into consideration the industry's fast pace of growth and the inherent limitations if sufficient reserve was not provided during construction. To alleviate GPA's concern of idle space, CAD assured that future expansion space acquired will be put to good use by various short term projects in the interim. PAS(THB) expressed his support for acquisition of sufficient expansion space quoting in support the same request from a number of LegCo members in previous LegCo meetings. He was more than happy to offer firm support in negotiations with GPA if required.

Priscilla WS
Lam/CAD/HKSARG
17/09/2007 19:13

To: Fiona WS LI/EDB/EDLB/HKSARG@EDLB
cc
bcc
Subject: Draft memo -- New CAD HQs SoA

High importance

Return receipt

Sign

Encry

We spoke this morning.

As discussed and reported at the Steering Committee, GPA would like to see in writing THB's support in principle the space which was reserved for CAD's future expansion. We have attempted a draft memo below for the purpose.

I have sounded out GPA's colleagues. Whilst we would try our best to defend the NOFA of 25,380 sq.m. , I am expecting some minor downward adjustment after the final round of negotiation with them this Friday. As for the overall expansion of 6%, I sense that they do not see too much difficulties on endorsing it.

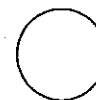
I'll call you tomorrow to discuss the way forward.



14.09.07 GPA (draft for THB).doc

DRAFT

MEMO



From Secretary for Transport and Housing

To Chair, Property Vetting Committee
(Attn: Mr. Eddy CHEUNG)

Ref. () in _____

Your Ref. () in _____

Tel. No. _____ Fax. No. _____

dated _____

Date XX September 2007

Your Fax. No. 2801 4706 TOTAL PAGES 2

New CAD Headquarters Project
Schedule of Accommodation

As I understand from CAD and GPA that they are about to finalise the proposed schedule of accommodation (SoA) in respect of the above project, I would like to offer our support in principle for CAD's proposal to reserve sufficient space for future expansion to meet the demand of the aviation industry.

2. The CAD project is a long term investment for the economic well-being of Hong Kong. The new building and facilities are committed to support air traffic growth up to year 2025, by which time the number of aircraft movements is forecasted to almost double that of today's. Such growth, together with the anticipated increase in the number of locally registered airlines and aircraft, maintenance service providers and other ancillary support services, presents an unprecedented challenge to CAD both in terms of service provision and regulatory functions.

3. Currently, one of the major constraints facing CAD is the lack of expansion space for existing facilities. The dilemma has grown over the year in proportion to the rapid growth of air traffic and expansion of the industry. Despite CAD's strive to maintain quality service, this inherent constraint has seriously hampered their development and impeded on their provision of efficient and quality service that the thriving industry rightfully demands and deserves. This has aroused concern from the legislators and a number of them had advised that in the proposed new CAD Headquarters, additional space should be earmarked to cater for future expansion arising from the growth of air traffic. In this connection, the Administration had assured LegCo members that this would be taken care of in the above project.

4. Notwithstanding the allocation of land on the airport island by AA for the project, the site itself is not without limitations. Its close proximity to the approach and departure path of the runway limits the potential for future extension to the building itself. Furthermore, the site is at a secluded area on airport island bounded by the main access highway to the airport on the north and the west, a coastal protection zone on the east and the Dragonair House/CNAC building to the south. There is no usable land in the adjoining area for new development in the future.

DRAFT

DRAFT

5. CAD has adopted a prudent and pragmatic approach in proposing their SoA all along. The total net operational floor area (NOFA) has been trimmed to (25,380m²). Out of the (25,380m²), (525m²) was reserved for accommodation of the anticipated expansion in the establishment and (3,534m²) was reserved to facilitate future upgrades and expansion of ATC systems and other supporting facilities after commissioning of the building. We are of the view that the proposed SoA is reasonable and the reserved space is necessary to sustain CAD's operations and medium-term expansion up to 2025. We therefore would like to support CAD's proposed SoA.

6. Furthermore, to ensure CAD will have sufficient space for upgrades/expansions beyond 2025 taking into consideration the site's constraints and the high growth rate of the industry, we would like to support CAD's proposal for a further 6% (approximately 1,500m²) reserve in expansion space to cater for the growth beyond 2025. This could be met by either constructing the area now or make provisions in the building's foundation for future construction of the area as expansion to the building. Such provision will not only ensure the sustainability of CAD's growth beyond 2025 but also maximise the use of the allocated land and achieve economy of scale. There will be no change to the originally planned construction floor area of 65,000m² since it was based on the earlier proposed NOFA of 27,000m². The additional recurrent consequence is expected to be minimal and could be absorbed from the existing budget. CAD has promised to endeavour to put the reserved expansion areas to good use before their intended purposes. Request from other Government departments for short term occupation could also be considered.


7. Given the tight time-frame for proposed SoA to be endorsed prior to our LegCo meetings in October, your consideration and prompt endorsement of the proposed reserve area for expansion would be much appreciated.

()
for Secretary for Transport and Housing

c.c.	SFTA	(Attn: Mr. Leo YIM	Fax: 2147 5237)
	DArchS	(Attn: Mr. Ian DICKINSON & (Attn: Mr. M. O. CHONG	Fax: 2804 6805) Fax: 2804 6805)
	GPA	(Attn: Mr. K. K. HO & (Attn: Mr. Wilson CHAN	Fax: 2877 7607) Fax: 2877 7607)
	DGCA	(Attn: Miss Priscilla LAM	Fax: 2326 3654)

DRAFT

Urgent Return receipt Sign Encrypt Mark Subject Restricted Expand person

{In Archive} Re: CAD-Updated User Requirement, RDS and Aproved Sof A 

Victor SS Tai to: chakwpd@archsd.gov.hk

03/10/2007 08:39

Cc: chankh2@ab.archsd.gov.hk, chingsls@archsd.gov.hk,
chowwfj@archsd.gov.hk, funksmm...

Archive: This message is being viewed in an archive.

Dear All,

A CD-R with all the updated documents and drawings (those with soft copies) will be sent to you before noon today.

Victor Tai
Senior Architect, Civil Aviation Department
Tel: 2867 4214
chakwpd@archsd.gov.hk



chakwpd@archsd.gov.hk

03/10/2007 08:13

To vsstai@cad.gov.hk

cc ngck2@archsd.gov.hk
wongmh@archsd.gov.hk
chowwfj@archsd.gov.hk
kongms@archsd.gov.hk
chankh2@ab.archsd.gov.hk
funksmm@ab.archsd.gov.hk
leecmt@archsd.gov.hk
chingsls@archsd.gov.hk

Subject CAD-Updated User Requirement, RDS and Aproved Sof A

Dear Victor,

We are still waiting for your updated user requirement(full set), the Room Data Sheets and the approved SofA for our preparation of the tender documents. As the time is running short, please forward these information to us a.s.a.p. I want to stick to the original programme. Thanks!

David Chak

Extract from Employer's Requirement provided by CAD to ArchSD
節錄自民航處向建築署提供的《僱主要求》

2.4.3 Provision of spaces with the capability to convert into future expansion

Other than the expansion spaces specified as items in the Schedule of Accommodation, provision shall be made in the building foundation and design to allow a further expansion in net operational floor area of up to 1,500m² to cater for air traffic growth beyond 2025. These areas shall be designed as spaces with the capability to convert into future expansion in the forms of common pocket spaces from corridors, green spaces or detachable spaces forming part of the lobbies or common spaces. All these future expansion spaces shall be easily partitioned into offices or operational areas with great flexibility. The requirements for these spaces are as follow:

- a) Approximately 650m² of these spaces shall be detached spaces being a part or a sub-divided part of the established offices in the form of common spaces that could be eventually converted into offices. To allow for greatest flexibility in use and in line with the theme to promote synergy, these spaces are best positioned in between Divisions, sections, units or groups. The projected usage for different Divisions are as follows:
 - ATMD 120m²
 - E&SD 102m²
 - APSD 30m²
 - FSAD 316m²
 - ASD 30m²
 - AD 34m²
 - FD 18m²
- b) The rest of these future expansion spaces shall connect to circulation spaces at any level, such as corridors (which may be internal, floor, common or public ones), lobbies, common areas or enclosed space on the roof garden.
- c) At least 20% in area of these future expansion spaces shall be distributed to each of the floors with offices as pocket spaces for informal gathering or meeting, such as a sitting space outside the open pantry, off the middle or at the end of a common corridor, or a semi-enclosed space partitioned by glazing on two or three sides for small group meeting next to Divisional receptions from the lobbies, etc. The rest of these spaces may be grouped as larger green spaces or common pocket spaces off the lift lobbies or internal circulation staircase void attached to one or a few floors of each building or annex.
- d) Any of these spaces in the form of pocket spaces detached to offices shall be provided with the building services installation as if they were open-plan offices, i.e. provide raised floor, sufficient lighting, air-conditioning, fire services installation and integral conceal floor boxes.
- e) Any of these spaces in the form of green spaces or common spaces connected to lobbies or other non-office/non-operational areas shall be fitted with removable planters and provided with appropriate lighting, air-conditioning and fire services installation. Provision shall be made to enable these spaces being easily converted into offices by the installation of a raised floor system in the future, i.e. provide reserved trunking connections for power supply, telephone and LAN at floor level.

Enclosure 1 to PWSC1(2007-08)18

Comparison between NOFA of CAD's Functional Divisions
(including the ATC System) and NOFA of New CAD Headquarters

	Existing	New CAD headquarters		
	Existing Area (m ²)	Area Required (m ²)	Area provided for future expansion (m ²)	Total area (m ²)
(A) Offices (for staff)	3 068.1	3 428.1	0.0	3 428.1
(B) ATC facilities				
(i) ATC Centre	545.0	900.0	540.0	
(ii) Supporting equipment, systems and facilities of the ATC Centre	2 162.0	7 207.5	1 200.0	
(iii) Aeronautical Information Centre	400.0	315.0	0.0	
(iv) Aircraft Search and Rescue Coordination Centre	200.0	300.0	100.0	
(v) Aeronautical Network Centre	115.0	200.0	160.0	
Sub-total	3 422.0	8 922.5	2 000.0	10 922.5
(C) Other facilities				
(i) Aircraft Accident Investigation Facilities	0.0	700.5	0.0	
(ii) Training and Examination Facilities	665.0	1,827.2	464.0	
(iii) Operational Evaluation, Research and Development Facilities	100.0	350.0	400.0	
(iv) Multi-purpose auditorium	0.0	675.0	0.0	
(v) Conference facilities	335.0	564.0	0.0	
(vi) Library cum resource centre	100.0	338.0	0.0	
(vii) ATC Tour Presentation Room and Educational Path	0.0	368.0	0.0	
(viii) Ancillary Facilities	1 501.5	2 361.8	375.3	
(xi) Staff canteen	85 seats	200 seats		
(x) Car parking spaces	209 nos	178 nos		

	Existing	New CAD headquarters		
	Existing Area (m ²)	Area Required (m ²)	Area provided for future expansion (m ²)	Total area (m ²)
Sub-total	2 701.5	7 184.5	1 239.3	8 423.8
Total NOFA (m ²)	9 191.6	19 535.1	3 239.3	22 774.4

Explanatory Notes

Item (A) – Now located in the ATC Complex, Airport Freight Forwarding Centre, Passenger Terminal Building of HKIA and Queensway Government Offices. The increase in the area required is to cater for expansion in various divisions of CAD as a result of increased staff establishment and activities relating to regulatory functions.

Item (B)(i) – Now located in the ATC Complex. The increase in the area required is to cater for the increase in the number of control positions from the existing 22 to 56 within the next decade to cope with the growth in air traffic; to allow the corresponding expansion in the scale of the supporting equipment, systems and facilities; and to implement the new design concept of ATC control console and equipment accommodation, which focuses on human ergonomics, user comfort and industrial safety. Additional space has been reserved for future expansion.

Item (B)(ii) – Ditto

Item (B)(iii) – Now located in the ATC Complex, with a sub-office on the land side of HKIA. The decrease in the area required is due to the relocation and combination of the two offices into one in the new headquarters on the land side of the HKIA.

Item (B)(iv) – Now located in the ATC Complex. During search and rescue operations, participating units (mainly aircrew) are required to attend a briefing on the necessary technical information such as search datum, proposed search patterns and meteorological information with reference to computer data and the satellite-based distress signal tracking system. Experience from annual search and rescue exercises indicates that a larger area is required. Additional space has been reserved for future expansion and in-situ system replacement (as the centre must be available at all times).

Item (B)(v) – Now located in the ATC Complex. The increase in the area required is due to the need to accommodate new communication systems and provide a broadcast room. The number of operator positions will increase from 9 to 14 by 2012 to handle the growth in air traffic. The centre needs to be operational around the clock and cannot afford any disruption. Additional space has been reserved for future in-situ equipment replacement.

Item (C)(i) – New facilities. Aircraft accident investigation is one of CAD's major responsibilities. It is specialised and time-critical, requiring close coordination and extensive technical support among different professions in the collection and analysis of evidence.

Reassembling the critical parts of recovered wreckage to its original shape can greatly facilitate the necessary examination, surveying and testing.

Item (C)(ii) – Now mainly located in the ATC Complex. The increase in the area required is due to the need to install larger simulators with more training positions, in response to the heavy commitments in ATC training. Some 120 controllers will need to be trained up locally in the next 10 years for meeting the new service demand and filling up anticipated vacant posts due to staff retirement. To promote safety standards, refresher training using the simulators is required for controllers so that they can handle exceptionally busy traffic and emergencies that may be encountered in daily operations.

Item (C)(iii) – Now located in a small office in the ATC Complex. The increase in the area required is due to the need to strengthen the facilities to cope with the anticipated heavy workload in exploring the future procedures such as those in the Pearl River Delta operations and regional air traffic flow management. Such work will involve the use of specialized tools, such as the fast-time simulator, mock-up of new equipment and other visual aids.

Item (C)(iv) – A new facility. It will be primarily used to provide a venue for group briefings for industry partners and staff, and for international and regional aviation conferences and meetings.

Item (C)(v) – Now located in various divisions of CAD. The increase in the area required is due to the anticipated increase in work related activities as a result of traffic growth and the expansion of the aviation industry, which will require more internal meetings and external meetings with the aviation industry.

Item (C)(vi) – A new facility. At present, small library facilities are provided at individual divisions of CAD at various locations. Because of a lack of space, a large volume of books, reports and other aviation related documents are kept in stores. We intend to group them into a library cum resource centre, which will enable CAD to better use such information and resources. Part of the reading materials will be made available to the industry and, where warranted, individual members of the public.

Item (C)(vii) – A new facility. To promote understanding and cultivate interest in aviation among the general public, CAD organises tours of its ATC facilities from time to time. The new facilities will allow the display of interesting elements such as aircraft models, photos and small antique aircraft/engines parts to enhance the attractiveness and effect of these tours.

Item (C)(viii) – Now located at various divisions of CAD. These include storerooms, confidential registries, computer rooms, rest rooms, locker areas for shift duty staff etc. The increase in the area required is due to the increase in staff numbers and work commitments both on the operational and regulatory fronts as a result of the expansion of the aviation industry. Additional space has been reserved for future expansion.

Item (C)(ix) – Now located in the Backup ATC Complex. More seats are required to cater for more staff to be accommodated in the new CAD headquarters.

Item (C)(x) – Now located at various office locations. Site constraints limit the number of car parking spaces to be provided.

**MEMO****Urgent By FAX only***From* Director-General of Civil Aviation*To* Secretary for Financial Services and the
Treasury (Attn.: Miss Iris HO, W Division)*Ref.* _____ *in* CAD FD F/4-45/6*Your Ref.* _____ *in* _____*Tel. No.* 2867 4290 *Fax. No.* 2526 1634*dated* _____*Date* 30 November 2009*Your Fax. No.* 2147 5240 *Total pages* 1+Appendix I(a)-(d)

3075KA New CAD Headquarters Building
Procurement of Furniture and Equipment Items -Electronic Systems

Your agreement is sought under para. 12 of Financial Circular No. 23/82 for CAD to procure the Electronic Systems as Furniture and Equipment Items for the New CAD Headquarters project as mentioned in para. 8 item (h) of the PWSC(2007-08)63.

2. The design and construction contract of New CAD Headquarters commenced on 20 May 2009 and is targeted for completion in the first quarter of 2012. In order to meet the opening of New CAD Headquarters, the installation of Electronic Systems should also be completed in early 2012. Taking into account the time required for specification preparation, tendering period, equipment delivery lead time, installation, testing & commissioning and training, procurement work of the Electronic Systems should start no later than end of 2009. The tentative procurement schedule is shown below:-

<u>Activities</u>	<u>Tentative Schedule</u>
(a) Users' requirements collection and specifications preparation	Nov 2009 - Aug 2010
(b) Tender invitation, evaluation and contract award	Sep 2010 - Feb 2011
(c) Equipment delivery, installation and testing & commissioning	Mar 2011 - Feb 2012

3. The Electronic Systems to be procured are listed below :

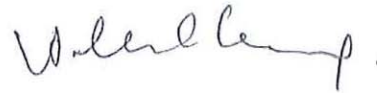
	\$M
(a) Multi-media Presentation System.	16.985
(b) Simultaneous Interpretation System	3.981
(c) Radio Frequency Identification Library Management System	1.005
(d) Integrated Information Display System	1.989
Total :	<u>23.960</u>

4. These systems are essential for the completion of project and their details, estimated costs and justifications for procurement are enclosed in Appendix I (a) to (d) for your perusal.

5. The procurement work will be carried out by EMSTF on the advice of relevant tender board. There are similar precedent cases of using this mechanism including New ICAC Headquarters Building, New Customs Headquarters building and TAMAR Development Project.

6. I should be grateful if you would endorse our proposed list as soon as possible.

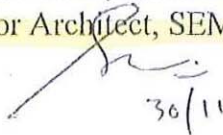
7. If you need further information, please feel free to contact me or our Senior Engineer, Mr. Ronald Tang at 2867 4278.



(Mrs. Helen CHEUNG)
for Director-General of Civil Aviation

Encl.

c.c. DArchS (Attn: Mr. David Chak, SPM223)
Internal: ADG(P), Senior Architect, SEME



(a) Multi-media Presentation System (MMPS)**(I) System Description**

The MMPS will be provided at various venues in the New CAD Headquarters Buildings such as multi-purpose auditorium, conference rooms, lecture rooms, workshop facilities, etc. It will facilitate high quality presentation, interactive training, holding of meetings and conferences with information technology.

Depending on the functional needs for each venue where the systems are installed, the MMPS will have different configurations. Typical MMPS can include different combinations of the following subsystems and equipment:-

- (i) Video projector and projection screen;
- (ii) Electronic interactive white board;
- (iii) Visualizer for document or object image capturing;
- (iv) Public address system (e.g. wired/wireless microphones, amplifiers, speakers, etc.);
- (v) Desktop conference system (e.g. chairman unit, delegate unit, control equipment, etc.);
- (vi) Tele-conference system;
- (vii) Video conferencing system; and
- (viii) Audio and video playback and recording systems.

All subsystems and equipment of the MMPS are dedicated electronic equipment. With proper operation and maintenance, the service life can be 10 years or more.

(II) Estimated Cost of each type of equipment

	Equipment/Facilities	Unit Rate \$'000	Qty	Subtotal \$'000
(i)	Auditorium	4,070	1 no	4,070
(ii)	Large Conference Room	1,182	1 no	1,182
(iii)	Medium Conference Room	1,073	4 no	4,292
(iv)	Small Conference Room	647	3 no	1,941
(v)	Lecture Rooms	477	7 no	3,339
(vi)	Workshop	477	3 no	1,431
(vii)	ATC Tour Presentation Room	730	1 no	730
			Total (i) to (vii)	<u>16,985</u>

(III) Justification for the procurement

The MMPS will enable the record and playback of high quality photo images with mega pixels resolution and high definition video media up to 1920 x 1080p during meeting and presentation. The electronic interactive whiteboard can be connected to computer for retrieval of information and editing working document or marking-up on sketch for facilitating discussions with information technology during meetings. The visualizer will capture the live image of document or objects for showing to large group of audience effectively. Public address systems are essential for mass lecture and forum. Desktop conference system, tele-conference system and video conference system can facilitate the attendees to participate meetings with no limitation of working locations.

All the above equipment is essential systems for CAD because there are frequent meetings with representatives from overseas authorities, international organizations and airline operators. Nowadays, it is common for the presentation materials from aviation industry prepared with high definition digital media. Besides, the high definition compatibility and interactive functions of MMPS can also enhance the quality and efficiency of training and presentation. Moreover, the MMPS is essential to maintain the professional image of CAD and to ensure competitive edge to other regional hubs with respect to its ability in hosting international events.

(b) Simultaneous Interpretation System (SIS)**(I) System Description**

The SIS will be provided in the auditorium with 200 seating capacity to facilitate holding international conferences or meetings with attendees from overseas. It comprises the following equipments.

- (i) Chairman unit;
- (ii) Delegate units;
- (iii) Interpreter units;
- (iv) Central control equipment;
- (v) Infra-red wireless language distribution system; and
- (vi) Headphones with Infra-red wireless receivers.

Speech collected from the chairman's unit and delegates' units will be broadcasted to the audiences inside the auditorium through the public address system. At the same time, the speech will be delivered to the interpreters' units where the interpreters will translate the messages to other languages for attendees who require interpretation services with their delegates' units or infra-red wireless language distribution systems from which attendees can select their preferred language with the headphones and infra-red wireless receivers.

All the subsystem and equipment of SIS are dedicated proprietary electronic equipment. With proper operation and maintenance, the service life of the SIS can be more than 10 years.

(II) Estimated Cost of each type of equipment

	Equipment/Facilities	Unit Rate	Qty	Subtotal
		\$'000		\$'000
(i)	Chairman's Unit	5	1 no	5
(ii)	Delegate's Unit	5	200 no	1,000
(iii)	Interpreter's Unit	15	4 no	60
(iv)	Central Control System	600	1 no	600
(v)	Headphone	2	400 set	800
(vi)	Batteries and chargers	100	1 set	100
(vii)	Infra-red wireless distribution system	180	2 lot	360
(viii)	Mixer control panel	70	1 set	70
(ix)	Video camera and recorder	240	2 set	480
(x)	Cables	60	1 lot	60
(xi)	Equipment cabinets	6	1 no	6
(xii)	Mounting brackets and accessories	1	200 set	200
(xiii)	Installation, test & commissioning	240	1 lot	240
Total (i) to (xiii)				3,981

(III) Justification for the procurement

The SIS will be provided in auditorium to facilitate holding international conferences with overseas delegates. The simultaneous interpretation service is the essential requirements from ICAO and other international organizations for hosting international conferences. There are several international conferences held by CAD in Hong Kong. Without this SIS, the organizer may convene the international conferences in other neighbouring countries.

Moreover, the language distribution system with language selectable features can also facilitate playing of multi-language media for training or presentation purposes.

(c) Radio Frequency Identification Library Management System (RFIDLMS)**(I) System Description**

The RFIDLMS will be provided in main library for self-service electronic library management system for registration, tracking and inventory control of library items including books, audio & video media, etc.

All library items will be stuck with RFID tags to allow easy identification by the RFIDLMS. The RFIDLMS comprises an electronic library computer server and software linked with self-service kiosks, handheld readers, reader antennas and security gate.

The self-service kiosk will read the information in RFID tag on the library items and allow users to borrow or return the library items by self-service easily. Handheld readers are provided for locating the required library items and taking stock by quick scanning. The reader antennas and security gate will be installed at the entrance of main library to alert user to complete the borrowing procedure before leaving the library.

The RFIDLMS can also be connected to the intranet to provide on-line library service including borrowed items renewal, searching for library directory, checking library information, etc.

All the subsystem and equipment of the RFIDLMS are dedicated proprietary electronic equipment. With proper operation and maintenance, the service life of RFIDLMS can be more than 10 years.

(II) Estimated Cost of each type of equipment

Equipment/Facilities	Unit Rate	Qty	Subtotal
	\$'000		\$'000
(i) RFID System Server	126	1 no	126
(ii) System software	440	1 lot	440
(iii) LAN hub/switching equipment	100	1 no	100
(iv) Security gate (reader antenna)	6	2 lot	12
(v) Self-service kiosk	108	2 set	216
(vi) Hand held RFID reader	10	2 no	20
(vii) RFID tag	0.0015	10,000 no	15
(viii) Installation, test & commissioning	76	1 lot	76
		Total (i) to (viii)	<u>1,005</u>

(III) Justification for the procurement

At present, the library operation is managed solely by a librarian. She is fully occupied by the daily library activities as well as routine administration. Because of the large number of users, maintaining the book inventory and library security becomes a heavy pressure on her. Library users always queue up for library service of all kinds. There is no time for her to explore new books and enhance the library service.

After moving to the new CAD headquarters, all the library collections from all the divisions of CAD will be centralized and kept in the main library. Thus, the total volumes of books will be greatly increased. The Main Library will also be open for the general public, schools, organizations and overseas visitors, the people circulation will be greatly increased as well. All these are new requirements which will be beyond the capacity of the existing library management system. The proposed RFIDLMS for the main library in the new CAD headquarters building will relief the librarian's workload on library items borrowing and returning routine procedures. The self-service feature can also improve the operational efficiency during office hours and enable the library operation after office hours.

With the RFID tag on every library items, the reader antennas and security gate will automatically screen all the users to avoid books being taken away without completion of borrowing procedure. Thus, the inventory management and security control can be enhanced. Besides, the RFID Library Management System will automatically inform the user by email system if any borrowed item is overdue. Moreover, the RFIDLMS can provide additional online services such as book searching, new book announcement, book reservation, interactive activity, library service promotion campaign, etc.

With all these enhanced features, the RFIDLMS will not only improve the quality of library service but also minimize the pressure of increasing the manning manpower of the main library. In the long term, the future expansion feature of the RFIDLMS will enable the smooth operation and sustainable development of the main library.

(d) Integrated Information Display System (IIDS)**(I) System Description**

The IIDS will be provided in common areas of the New CAD Headquarters buildings including main entrance, lift lobby, tour presentation room, visit lounge, viewing gallery, auditorium, canteen, conference and meeting rooms, training and examination rooms, etc. The display panel of IIDS will provide simultaneous display of latest information.

The IIDS will be a computer based system where a central server will link up to all display units for broadcast scheduling and content management. The IIDS will also be connected to the intranet for room booking application software which allows user to reserve meeting rooms online. The latest room booking schedule and details can be automatically displayed on the video display unit at the corresponding venue.

All the subsystem and equipment of the IIDS are dedicated electronic equipment. With proper operation and maintenance, the service life of IIDS can be more than 10 years.

(II) Estimated Cost of each type of equipment

	Equipment/Facilities	Unit Rate \$'000	Qty	Subtotal \$'000
(i)	Central Control Server & software	504	1 no	504
(ii)	Ethernet network & structured cabling system	126	1 lot	126
(iii)	User workstation for information editing	50	1 no	50
(iv)	LCD video display unit	15	50 set	750
(v)	Display Server	7	50 no	350
(vi)	DVD recorder/player	7	1 no	7
(vii)	DAT, cassette tape player, MD and MP3 player	13	1 no	13
(viii)	AV matrix switch, mixer and amplifier	63	1 lot	63
(ix)	Equipment cabinets, brackets and accessories	26	1 set	26
(x)	Installation, test & commissioning	100	1 lot	100
			Total (i) to (x)	<u>1,989</u>

(III) Justification for the procurement

The IIDS will disseminate various types of electronic information to CAD staff through the LCD display units in common areas including but not limited to departmental announcement, latest events, departmental news, news headlines, safety promotion information, weather report, etc.

The IIDS will have a web-based centralized room booking function to allow users to reserve room for meeting or event through intranet. The IIDS system will facilitate the resources

management and planning so that the facilities in various CAD venues will be best utilized. Moreover, the routine workload and paperwork of the administration unit will be minimized.

The IIDS will also automatically display the details of the meeting or event to be held or being held in the corresponding venue. The information is useful for users and especially essential for visitors who are not familiar with the CAD venues. For multi-session event, the system can also provide instant activity progress and logistic arrangement for each session.

As CAD has many venues and offices scattered in various locations in the buildings, the IIDS can integrate all the display systems and centralize all the important information to be disseminated to various locations of the buildings instantaneously. This is essential for CAD to enhance the communication with staff at all levels. Moreover, the IIDS can disseminate the information in electronic format which will minimize the paper consumption.

Attachment H
附件 H

Anita YF
Cheng/CAD/HKSARG@CAD
30/12/2009 11:01

To Iris PY HO/TSYB/HKSARG@TSYB
cc Kay KB KWOK/THB/HKSARG@THB
Ronald WH Tang/CAD/HKSARG@CAD
Helen MN Ng/CAD/HKSARG@CAD
Subje 3075KA New CAD Hqs building - Procurement of F&E
ct items-Electronic Systems

Dear Iris,

We spoke regarding CAD's submission in the attached ()and should be grateful if you would expedite vetting action of it as the related procurement work was planned to commence no later than end of 2009. Your early action on the subject matter is appreciated.

Regards,
Anita



Budget Estimate for CAD HQ AV Nov 09 - Full version.xls

Equipment List for Multi-media Presentation System Approved by the FSTB in September 2010

1 Multi-media Presentation System (MMPS)

	Equipment/Facilities	Unit Rate	Qty	Subtotal
1	Auditorium	4,070,295	1 no	4,070,295
2	Large Conference Room	1,182,156	1 no	1,182,156
3	Medium Conference Room	1,072,884	4 no	4,291,536
4	Small Conference Room	646,932	3 no	1,940,796
5	Lecture Rooms	477,050	7 no	3,339,350
6	Workshop	477,050	3 no	1,431,150
7	ATC Tour Presentation Room	729,550	1 no	729,550
Total (Item 1 to 7)				16,984,833

1a. Mutli-media Presentation System (at Auditorium)

	Equipment/Facilities	Unit Rate [A]	Qty [B]	EMSTF Charges [C]	Subtotal [A]*[B] + [C]
1	Video Projection System				
1.1	Motorized Screen	200,000	1 no	32,000	232,000
1.2	Full HD DLP projector	1,200,000	1 no	192,000	1,392,000
1.3	Lens, lamps and accessories	200,000	1 no	32,000	232,000
1.3	DVD recorder/player	5,625	1 no	900	6,525
1.4	VHS recorder/player	3,750	1 no	600	4,350
1.5	Management workstation	50,000	1 no	8,000	58,000
1.6	AV matrix	43,750	1 no	7,000	50,750
2	Sound System				
2.1	DAT, cassette tape player, MD and MP3 player	22,500	1 set	3,600	26,100
2.2	Audio matrix	43,750	1 no	7,000	50,750
2.3	Amplifiers, equalizer, feedback eliminator	37,500	1 set	6,000	43,500
2.4	Wireless microphone with receiver and antenna	7,500	6 no	7,200	52,200
2.5	Floor stand microphone	3,000	2 no	960	6,960
2.6	Ceiling mounted microphones	1,875	24 no	7,200	52,200
2.7	Digital Mixer	25,000	1 no	4,000	29,000
2.8	Speaker system	62,500	1 set	10,000	72,500

3	Video Recording System					
3.1	Robotic pan-tilt-zoom cameras	80,000	4	set	51,200	371,200
3.2	Multi-camera control system	300,000	1	no	48,000	348,000
3.3	Optical disc recorder	20,000	1	no	3,200	23,200
3.4	Management workstation	50,000	1	no	8,000	58,000
4	Video Conference System					
4.1	Video conferencing infrastructure	300,000	1	set	48,000	348,000
5	Misc					
5.1	Central control system equipment	50,000	1	set	8,000	58,000
5.2	Matrix colour touch panel	11,250	2	no	3,600	26,100
5.3	Control workstation	50,000	1	no	8,000	58,000
5.4	AV outlet boxes	2,500	4	no	1,600	11,600
5.5	AV and power cables	6,000	1	no	960	6,960
5.6	2000-mm equipment cabinets	10,000	3	no	4,800	34,800
5.7	Mounting brackets and accessories	60,000	1	lot	9,600	69,600
5.8	Trunkings, conduits and outlet boxes	50,000	1	lot	8,000	58,000
5.9	Installation, test & commissioning	250,000	1	lot	40,000	290,000
					Total	4,070,295

Note:

- [1] CCTV system quality is assumed for video recording, instead of the professional broadcasting standard.
- [2] The projection system is assumed based on the size of Auditorium (25m x 6m) with 300 seats in 15 rows
- [3] EMSTF charges at 16% of the system estimate

1b. Mutli-media Presentation System (at Large Conference Room)

	Equipment/Facilities	Unit Rate [A]	Qty [B]	EMSTF Charges [C]	Subtotal [A]*[B] + [C]
1	Video Projection System				
1.1	Motorized Screen	12,500	1 no	2,000	14,500
1.2	LCD Projector	100,000	1 no	16,000	116,000
1.3	Projector lift	12,500	1 no	2,000	14,500
1.4	DVD recorder/player	7,500	1 no	1,200	8,700
1.5	VHS recorder/player	2,500	1 no	400	2,900
1.6	DAT, cassette tape player, MD and MP3 player	22,500	1 set	3,600	26,100
1.7	Amplifiers, equalizer, feedback eliminator and speakers	37,500	1 set	6,000	43,500
1.8	Wireless microphone with receiver	3,750	2 no	1,200	8,700
1.9	AV matrix	1,875	1 no	300	2,175
1.10	Touch screen remote control panel	87,500	1 no	14,000	101,500
1.11	Pan-tilt-zoom camera	10,000	1 no	1,600	11,600
1.12	Remote pan-tilt-zoom control unit	3,750	1 no	600	4,350
1.13	Video distribution amplifier	1,875	1 no	300	2,175
1.14	Digital video recorder	7,500	1 no	1,200	8,700
1.15	AV outlet	3,750	1 lot	600	4,350
1.16	Cables	2,500	1 lot	400	2,900
1.17	Equipment cabinets	6,250	1 no	1,000	7,250
1.18	Mounting brackets and accessories	6,250	1 lot	1,000	7,250
1.19	Trunkings, conduits and outlet boxes	12,500	1 lot	2,000	14,500

2	Audio Conference System					
2.1	Chairman unit	5,220	1	no	835	6,055
2.2	Delegate unit	5,220	29	no	24,221	175,601
2.3	Headphone	625	30	no	3,000	21,750
2.4	Central equipment	100,000	1	no	16,000	116,000
2.5	MP3 recorder	12,500	1	no	2,000	14,500
2.6	Workstations	25,000	1	no	4,000	29,000
2.7	Amplifiers, equalizer, feedback eliminator and speakers	37,500	1	set	6,000	43,500
2.8	Audio outlets	750	30	no	3,600	26,100
2.9	Cables	12,500	1	lot	2,000	14,500
2.10	Equipment cabinets	6,250	1	no	1,000	7,250
2.11	Mounting brackets and accessories	6,250	1	lot	1,000	7,250
2.12	Trunkings, conduits and outlet boxes	10,000	1	lot	1,600	11,600
2.13	Installation, test & commissioning	25,000	1	lot	4,000	29,000
3	Misc					
3.1	Interactive digital whiteboard system	50,000	1	no	8,000	58,000
3.2	Phone line conference system	5,000	1	no	800	5,800
3.3	Visualizer	10,000	1	no	1,600	11,600
3.4	Video conferencing system	150,000	1	no	24,000	174,000
3.5	Installation, test & commissioning	25,000	1	lot	4,000	29,000
					Total	1,182,156

Note:

[1] EMSTF charges at 16% of the system estimate

1c. Multi-media Presentation System (at Medium Conference Room)

	Equipment/Facilities	Unit Rate [A]	Qty [B]	EMSTF Charges [C]	Subtotal [A]*[B] + [C]
1	Video Projection System				
1.1	Motorized Screen	6,000	1 no	960	6,960
1.2	LCD Projector	100,000	1 no	16,000	116,000
1.3	Projector lift	12,500	1 no	2,000	14,500
1.4	DVD recorder/player	7,500	1 no	1,200	8,700
1.5	VHS recorder/player	2,500	1 no	400	2,900
1.6	DAT, cassette tape player, MD and MP3 player	22,500	1 set	3,600	26,100
1.7	Amplifiers, equalizer, feedback eliminator and speakers	37,500	1 set	6,000	43,500
1.8	Wireless microphone with receiver	3,750	2 no	1,200	8,700
1.9	AV matrix	1,875	1 no	300	2,175
1.10	Touch screen remote control panel	87,500	1 no	14,000	101,500
1.11	Video distribution amplifier	1,875	1 no	300	2,175
1.12	AV outlet	3,750	1 lot	600	4,350
1.13	Cables	2,500	1 lot	400	2,900
1.14	Equipment cabinets	6,250	1 no	1,000	7,250
1.15	Mounting brackets and accessories	6,250	1 lot	1,000	7,250
1.16	Trunkings, conduits and outlet boxes	12,500	1 lot	2,000	14,500
2	Audio Conference System				
2.1	Chairman unit	5,220	1 no	835	6,055
2.2	Delegate unit	5,220	19 no	15,869	115,049
2.3	Headphone	625	20 no	2,000	14,500
2.4	Central equipment	100,000	1 no	16,000	116,000
2.5	MP3 recorder	12,500	1 no	2,000	14,500
2.6	Workstations	25,000	1 no	4,000	29,000
2.7	Amplifiers, equalizer, feedback eliminator and speakers	37,500	1 set	6,000	43,500
2.8	Audio outlets	750	20 no	2,400	17,400
2.9	Cables	12,000	1 lot	1,920	13,920
2.10	Equipment cabinets	6,250	1 no	1,000	7,250
2.11	Mounting brackets and accessories	6,250	1 lot	1,000	7,250
2.12	Trunkings, conduits and outlet boxes	10,000	1 lot	1,600	11,600
2.13	Installation, test & commissioning	25,000	1 lot	4,000	29,000

3	Misc					
3.1	Interactive digital whiteboard system	50,000	1	no	8,000	58,000
3.2	Phone line conference system	5,000	1	no	800	5,800
3.3	Visualizer	10,000	1	no	1,600	11,600
3.4	Video conferencing system	150,000	1	no	24,000	174,000
3.5	Installation, test & commissioning	25,000	1	lot	4,000	29,000
Total						1,072,884

Note:

[1] EMSTF charges at 16% of the system estimate

1d. Multi-media Presentation System (at Small Conference Room)

	Equipment/Facilities	Unit Rate [A]	Qty [B]	EMSTF Charges [C]	Subtotal [A]*[B] + [C]
1	Video Projection System				
1.1	Motorized Screen	6,000	1 no	960	6,960
1.2	LCD Projector	100,000	1 no	16,000	116,000
1.3	Projector lift	12,500	1 no	2,000	14,500
1.4	DVD recorder/player	7,500	1 no	1,200	8,700
1.5	VHS recorder/player	2,500	1 no	400	2,900
1.6	DAT, cassette tape player, MD and MP3 player	22,500	1 set	3,600	26,100
1.7	Amplifiers, equalizer, feedback eliminator and speakers	37,500	1 set	6,000	43,500
1.8	Wireless microphone with receiver	3,750	2 no	1,200	8,700
1.9	AV matrix	1,875	1 no	300	2,175
1.10	Touch screen remote control panel	87,500	1 no	14,000	101,500
1.11	Video distribution amplifier	1,875	1 no	300	2,175
1.12	AV outlet	3,750	1 lot	600	4,350
1.13	Cables	2,200	1 lot	352	2,552
1.14	Equipment cabinets	6,250	1 no	1,000	7,250
1.15	Mounting brackets and accessories	6,250	1 lot	1,000	7,250
1.16	Trunkings, conduits and outlet boxes	12,000	1 lot	1,920	13,920
2	Misc				
2.1	Interactive digital whiteboard system	50,000	1 no	8,000	58,000
2.2	Phone line conference system	5,000	1 no	800	5,800
2.3	Visualizer	10,000	1 no	1,600	11,600
2.4	Video conferencing system	150,000	1 no	24,000	174,000
2.5	Installation, test & commissioning	25,000	1 lot	4,000	29,000
				Total	646,932

Note:

[1] EMSTF charges at 16% of the system estimate

1e. Mutli-media Presentation System (Lecture Rooms & Workshops)

	Equipment/Facilities	Unit ate [A]	Qty [B]	EMSTF Charges [C]	Subtotal [A]*[B] + [C]
1	Video Projection System				
1.1	Motorized Screen	12,500	1 no	2,000	14,500
1.2	LCD Projector	100,000	1 no	16,000	116,000
1.3	Projector lift	12,500	1 no	2,000	14,500
1.4	DVD recorder/player	7,500	1 no	1,200	8,700
1.5	VHS recorder/player	2,500	1 no	400	2,900
1.6	DAT, cassette tape player, MD and MP3 player	22,500	1 set	3,600	26,100
1.7	Amplifiers, equalizer, feedback eliminator and speakers	37,500	1 set	6,000	43,500
1.8	Wireless microphone with receiver	3,750	2 no	1,200	8,700
1.9	AV matrix	1,875	1 no	300	2,175
1.10	Touch screen remote control panel	87,500	1 no	14,000	101,500
1.11	Pan-tilt-zoom camera	10,000	1 no	1,600	11,600
1.12	Remote pan-tilt-zoom control unit	3,750	1 no	600	4,350
1.13	Video distribution amplifier	1,875	1 no	300	2,175
1.14	Digital video recorder	7,500	1 no	1,200	8,700
1.15	AV outlet	3,750	1 lot	600	4,350
1.16	Cables	2,500	1 lot	400	2,900
1.17	Equipment cabinets	6,250	1 no	1,000	7,250
1.18	Mounting brackets and accessories	6,250	1 lot	1,000	7,250
1.19	Trunkings, conduits and outlet boxes	12,500	1 lot	2,000	14,500
2	Misc				
2.1	Interactive digital whiteboard system	50,000	1 no	8,000	58,000
2.2	Visualizer	10,000	1 no	1,600	11,600
2.3	Installation, test & commissioning	5,000	1 lot	800	5,800
				Total	477,050

Note:

[1] EMSTF charges at 16% of the system estimate

1f. Mutli-media Presentation System (ATC Tour Presentation Room)

	Equipment/Facilities	Unit Rate [A]	Qty [B]	EMSTF Charges [C]	Subtotal [A]*[B] + [C]
1	Video Projection System				
1.1	Motorized Screen	12,500	1 no	2,000	14,500
1.2	LCD Projector	100,000	1 no	16,000	116,000
1.3	Projector lift	12,500	1 no	2,000	14,500
1.4	DVD recorder/player	7,500	1 no	1,200	8,700
1.5	VHS recorder/player	2,500	1 no	400	2,900
1.6	DAT, cassette tape player, MD and MP3 player	22,500	1 set	3,600	26,100
1.7	Amplifiers, equalizer, feedback eliminator and speakers	37,500	1 set	6,000	43,500
1.8	Wireless microphone with receiver	3,750	5 no	3,000	21,750
1.9	AV matrix	1,875	1 no	300	2,175
1.10	Touch screen remote control panel	87,500	1 no	14,000	101,500
1.11	Video distribution amplifier	1,875	1 no	300	2,175
1.12	AV outlet	3,750	1 lot	600	4,350
1.13	Cables	2,500	1 lot	400	2,900
1.14	Equipment cabinets	6,250	1 no	1,000	7,250
1.15	Mounting brackets and accessories	6,250	1 lot	1,000	7,250
1.16	Trunkings, conduits and outlet boxes	10,000	1 lot	1,600	11,600
2	Misc				
2.1	Interactive digital whiteboard system	50,000	2 no	16,000	116,000
2.2	LCD display unit	30,862	6 no	29,628	214,800
2.3	Installation, test & commissioning	10,000	1 lot	1,600	11,600
Total					729,550

Note:

[1] EMSTF charges at 16% of the system estimate



M E M O


<i>From</i>	Secretary for Financial Services and the Treasury	<i>To</i>	Director – General of Civil Aviation
<i>Ref.</i>	12 in 25/11/152 Pt.2	<i>(Att. :)</i>	Mr Ronald TANG)
<i>Tel. No.</i>	2810 2820	<i>Your Ref.</i>	in CAD FD F/4-45/6
<i>Fax No.</i>	2541 9873	<i>Dated</i>	30.11.2009 <i>Fax No.</i> 2973 0690
<i>Date</i>	3 September 2010		

3075KA – New Civil Aviation Department Headquarters Building
Non-standard Furniture and Equipment – Electronic Systems

I refer to above application on 30.11.2009 and our subsequent notes mail correspondences.

2. Approval is given for the deployment of funds under 3075KA for the procurement of non-standard furniture and equipment (electronic systems) at an estimated cost of \$23.96 million on the understanding that they are essential and integral to the project –

3. In procuring the above approved items, please ensure that -
- both the Approved Project Estimate (\$1,997 million in MOD prices) and the F&E vote (\$140 million) under 3075KA would not be exceeded in any event;
 - the proper procedures in accordance with the Stores and Procurement Regulations are followed; and
 - the recurrent cost arising from the items will be catered for.


(Ms Brenda CHOW)
for Secretary for Financial Services
and the Treasury

A List of 16 Task Forces
16 個工作小組名單

- 1 **Project Coordination**
計劃協調
- 2 **Air Traffic Control Working Environment**
空管的工作環境
- 3 **Air Traffic Control Systems and Facilities**
空管系統和設施
- 4 **Air Traffic Control Training and Manpower Plan**
空管培訓和人力資源計劃
- 5 **Airspace Management and Flight Procedures**
空域管理和飛程序
- 6 **Environment and Synergy**
環境和協同作用
- 7 **Design & Infrastructure**
設計和基礎設施
- 8 **Security and Safety**
保安和安全
- 9 **IT and Application of Advanced Technology**
資訊科技和先進技術的應用
- 10 **Conference, Training Facilities and Accommodation**
會議，培訓設施和辦公地方
- 11 **Transition and Relocation Arrangement**
過渡和搬遷安排
- 12 **Resource Allocation**
資源分配
- 13 **Administration and Staff Establishment**
行政和人員編制
- 14 **Accident Investigation**
意外事故調查
- 15 **Corporate Relations**
機構公關
- 16 **Integration and Coordination on Operational Requirements**
運作要求的整合及協調

FIN G2/3/18(88)II

GOVERNMENT SECRETARIAT
HONG KONG
27 September 1990

FINANCIAL CIRCULAR NO. 9/90

Furniture and Equipment for
Projects in the Public Works Programme

(Note : Distribution of this Circular is **Scale C**. It should be read by Controlling Officers, departmental secretaries and accountants, and by all other officers concerned with the Capital Works Reserve Fund.)

This circular sets out the revised arrangements for seeking approval for the purchase of furniture and equipment (F & E) for projects in the Public Works Programme, and replaces the arrangements laid down in paragraphs 12 to 14 of Financial Circular No. 23/82.

2. Controlling Officers for Capital Works Reserve Fund (CWRP) heads may not allocate funds for F & E to client departments, or commit funds themselves for the purchase of F & E, without the prior approval of Finance Branch/Government Property Agency. The client department or the Controlling Officer of a CWRP head wishing to order F & E items for a project, in the case of **standard office and quarter** furniture and appliances including telephone systems, should seek the approval of Government Property Agency by providing details of the items required, their estimated cost and the justification for the requirement. In the case of **other** furniture requirements and **all** equipment items, he should continue to seek the approval of Finance Branch. In both cases, approval will be issued in the form of a memo with which a client department can seek allocation from the Controlling Officer. His application to the Controlling Officer must indicate the financial years in which expenditure is forecast to arise.

/The

To : Heads of Departments
c.c. Registrar, Supreme Court (f.i.) - 432 -

The Controlling Officer should issue an allocation warrant covering only the requirement for the current financial year noting the balance, if any, required for subsequent years. For the balance of the requirements, a further application in memo form (quoting the earlier approval), at the beginning of the relevant financial year, to the Controlling Officer for an allocation warrant will suffice.

3. Where, as a result of increases in prices, under-estimation or changes in requirements, the amount approved becomes insufficient, the client department or Controlling Officer must seek the approval of Finance Branch/Government Property Agency for the allocation of additional funds, giving full justification for the increase sought.

HAMISH MACLEOD
Secretary for the Treasury

財經事務及庫務局

香港添馬添美道二號
政府總部二十四樓

FINANCIAL SERVICES AND THE
TREASURY BUREAU

24/F, Central Government Offices,
2 Tim Mei Avenue, Tamar
Hong Kong

傳真號碼 Fax No. : 25235722
電話號碼 Tel. No. : 28102495
本函檔號 Our Ref. : TsyB W 00/520-1/26
來函檔號 Your Ref. : CB4/PAC/R63

24 December 2014

Mr Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 63
New Civil Aviation Department Headquarters

I refer to your letter dated 12 December 2014 seeking our views on the purchase of furniture and equipment (F&E) items in public works projects.

The Government is committed to ensuring that F&E items purchased represent value-for-money and public funds are well-spent. As a matter of principle, user bureaux or departments should ensure that the F&E requirements are reasonable and necessary to meet their operational needs. Our responses to the information requested, in so far as construction of government offices is concerned, are set out below -

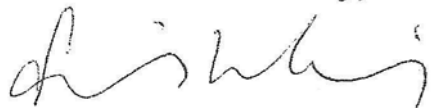
- (a) According to Financial Circular No. 9/90, Controlling Officers (COs) for Capital Works Reserve Fund heads may not allocate funds for F&E to client departments, or commit funds themselves for the purchase of F&E, without the prior approval of this Bureau or the Government Property Agency (GPA) subject to paragraph (b) below.

For the New Civil Aviation Department (CAD) Headquarters, CAD sought this Bureau's approval for the purchase of the security and electronic systems in February 2011. The date on which our approval was sought is 21 months after the Government awarded the Design and Build (D&B) contract for the project and committed funding for the security and electronic systems.

We understand that in some D&B contracts, it may not be possible for the user departments or the COs to confirm the details of the F&E items (including quantity and cost) at the time of awarding the contract as such details are subject to detailed design. In such cases, the user departments or the COs should at least seek this Bureau's in-principle approval before committing funds and then seek formal approval when the details of the F&E items are available in the design stage.

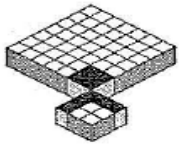
- (b) Procurement of non-standard F&E items costing \$50,000 or below per department per project and not more than \$3,000 per item is delegated to the user departments. Procurement of non-standard F&E items costing between \$50,000 and \$5 million per department per project may be approved by GPA. Procurement of non-standard F&E beyond \$5 million rests with this Bureau.

Yours sincerely,



(Karen SHING)

for Secretary for Financial Services and the Treasury



**Government
Property Agency**
政府產業署

31 Fl., Revenue Tower, 5 Gloucester Road, Hong Kong.
香港灣仔告士打道五號稅務大樓三十一樓

Fax: 2583 9758 Tel: 2594 7601

本署檔號 Our Ref.:

來函檔號 Your Ref.: **CB4/PAC/R63**

19 December 2014

Mr. Anthony CHU
Clerk
Public Accounts Committee
The Legislative Council

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 63
New Civil Aviation Department Headquarters

In response to your letter of 12 December 2014 on the subject matter, I am writing to provide the following reply:

Provision of reserve space for future expansion

- (a) a copy of the Government Property Agency's (GPA) memorandum dated 3 October 2007 to the Civil Aviation Department (CAD) and the Property Vetting Committee (PVC) is at **Annex A**;
- (b) a copy of the PVC's memorandum dated 22 October 2007 to the CAD for the approval of the schedule of accommodation of the new CAD headquarters is at **Annex B** (including a copy of the memorandum (item (i)) and email (item (iii)) as referred to in the PVC's memorandum. The memorandum referred to in item (ii) is already provided as Annex A above);

***Note by Clerk, PAC:** *Please see Appendix 29 of this Report for Annex A; and Appendix 30 of this Report for Annex B.*

Provision of furniture and equipment

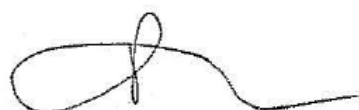
- (c) the details of space for the offices of Director-General of Civil Aviation and the Assistant Directors-General of Civil Aviation are as tabulated below –

Post	Standard Space (m ²)	Additional Space (m ²)	Total Space (m ²)
Director-General of Civil Aviation	37	14 (1.2m ² for computer table; 9.8m ² for specialized equipment for displaying air traffic control information; and 3m ² for display cabinet of airplane models)	51
Assistant Director-General of Civil Aviation (Air Traffic Management)	19	26 (1.2m ² for computer table; 15m ² for a situation room with special setup to handle unusual situations; and 9.8m ² for specialised equipment to display air traffic control information)	45
Assistant Director-General of Civil Aviation (Engineering and Systems / Airport Standards / Flight Standards / Air Services)	19	1.2 (1.2m ² for computer table)	20.2

Provision and utilisation of car parking spaces

- (d) GPA has advised CAD to consider making its under-utilised parking spaces available for temporary use (including vehicle parking and storage use) by other government users; and
- (e) GPA has discussed with CAD on the way forward to gainfully make use of its under-utilised parking spaces as soon as possible, and has considered making available such parking spaces for use by other government departments. GPA has suggested and CAD has already agreed for a user department to immediately take up on temporary basis about 900m² (involving forty under-utilised parking spaces and related access road) for storage use as from early 2015 until the relocation of the Air Traffic Management Division to the new Air Traffic Control Centre. Government rental expenditure will be saved as there is no need to lease extra accommodation for the concerned storage use for the time being. GPA will continue to work with CAD to make gainful use of any other under-utilised space.

Yours sincerely,



(Alan Siu)

Government Property Administrator

- c.c. Secretary for Transport and Housing
Director-General of Civil Aviation
Director of Architectural Services
Secretary for Financial Services and the Treasury
Director of Audit

政府總部
發展局
工務科

香港添馬添美道 2 號政府總部西翼



**Works Branch
Development Bureau
Government Secretariat**
West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong

本局檔號 Our Ref. : LM (13) in DEVB(GLTM) 1-70/2

電話 Tel No. : 3509 8327

來函檔號 Your Ref. : CB4/PAC/R63

傳真 Fax No. : 2186 8924

By fax: 2543 9197

23 December 2014

Legislative Council
Public Accounts Committee
(Attn.: Mr Anthony CHU)

Dear Mr CHU,

**Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 63
Government's efforts in enhancing tree safety**

In response to your request for additional information concerning the above Chapter, we have the following response -

Part 2: Coordinating the work of tree management departments

- (a) *According to paragraph 2.8 of Chapter 6 of the Director of Audit Report No. 63 ("the Report"), some departments might not have responded to the 2012 survey conducted by the Tree Management Office ("TMO") to collect tree-related statistics from all government departments, or they were not sure whether they were responsible for tree maintenance. In view of this, what measures will TMO adopt to delineate the responsibilities of the relevant departments for tree maintenance? Will TMO issue standardized guidelines to the relevant departments in this regard?*

To better collect information on trees managed by departments, the TMO has continued the survey on tree-related statistics from government departments every year since 2012. As of 2014, all departments with

trees under their purview have confirmed the survey findings with the TMO.

The TMO agreed with the Director of Audit's recommendations on stepping up efforts to regularly remind non-core departments of their maintenance responsibilities for trees under their purview; and refining the TMO's strategy for coordinating the work of tree management departments; and applying more administrative measures to non-core departments (paragraph 2.11). The TMO has standardised tree management guidelines and disseminated to all departments concerned.

The TMO organises training sessions, such as tree risk assessment training, and invites representatives from all departments involved in tree management to attend with an aim to improve the knowledge of tree management. The TMO has also issued periodic reminders to departments on their duties in tree management. Representatives from all tree management departments were invited to regular briefing sessions which elaborated on the requirements of tree risk assessment, tree management arrangements, guidelines and circulars, etc. Departments are fully aware of their duties in the management of trees within their ambits. The TMO will keep on monitoring the tree management works of the tree management departments and provide necessary arboricultural advice and training to departments.

- (b) *According to paragraphs 2.18 and 2.19 of the Report, for cases of disagreement in the interpretation over the delineation of maintenance responsibilities for roadside trees among departments, TMO would review and adjudicate these cases as to which department was responsible for tree management. On average, how long does it take from the onset of such a case to TMO's adjudication? Does the adjudication has binding effect on the departments concerned? What is the compliance ratio of TMO's adjudication by relevant departments?*

The complaints handling procedure for tree related complaints and enquiries was promulgated by the TMO in 2013. According to the procedure, the assigned department should ascertain whether the case is within its responsibility. If a resolution cannot be made at the departmental level, the case will be brought to the TMO for adjudication as mentioned in paragraph 2.21 of the Report. Between 13 August 2013, the implementation of the adjudication mechanism, and 18 December 2014, there were only 6 cases brought up for adjudication. The overall time taken for handling the cases from the onset, i.e. when the department first received the cases that were subsequently referred to the TMO, to the

final ruling made by the TMO ranged from one to eight weeks. Departments which disagreed with the TMO's ruling on tree maintenance responsibilities might appeal. However, the department concerned would still have to follow up the case as assigned until such time the appeal result overturns the TMO's ruling. The above mechanism has been agreed by departments concerned and has a binding effect. As of to date, the TMO's adjudication has all been accepted by the relevant departments.

- (c) *According to paragraph 2.28(a) of the Report, the survey covered roadside areas measuring five metres from the road kerb. On what basis is such specification arrived at? Why is the specification different from the standard used by the Lands Department in conducting its special tree inspection which covers roadside areas measuring 10 metres from the road kerb?*

The purpose of the TMO's roadside tree survey is to have a general understanding of the quantity and quality of roadside trees in areas with high pedestrian and/or vehicular flow in order to facilitate policy considerations on the maintenance approach for roadside trees. The specification was developed based on the consideration that most roadside trees are located within five-metre from kerb in an urbanised setting. As such, it is considered the appropriate scope of the survey, as it strikes a balance among risk, value for money, effectiveness and efficiency. The survey, which was risk-based, has achieved its objective as it has formed the basis for the Development Bureau to develop policy directives. On the other hand, as mentioned in paragraph 2.39 of the Report, the Lands Department's special tree inspection exercise covered village access roads and footpaths on unallocated government land in rural areas in the New Territories.

Part 3 – Tree risk assessment

- (d) *With reference to Table 2 of the Report, how many trees which were under Form 2 inspections were located in Category I, II and III zones respectively?*

With reference to Table 2 of the Report, there are about 6,600 trees each completed with a Form 2 inspection in 2014. Currently the database does not require the categorisation into the tree risk management zones, as the majority of the Tree Basis assessments are conducted in Category I zones.

However, in the current enhancement of the Tree Management Information System (TMIS), we are planning to add the respective tree risk management zones, namely Category I, II and III zones in the proforma of Form 2.

- (e) *With reference to Table 3 and paragraph 3.25 of the Report, the standards used by the eight major tree management departments (excluding the Lands Department) to conduct Form 2 inspections on problematic trees identified by Form 1 inspections were different and the number of Form 2 inspections conducted varied significantly among the departments concerned. Has TMO followed up with those departments which conducted no or few Form 2 inspections?*

The TMO agreed with the Director of Audit's recommendation on Form 2 inspections in paragraph 3.39(d) of the Report that more guidelines should be provided to help tree management departments decide on whether and when it is necessary to conduct a Form 2 inspection. As such, the TMO enriched the TRA guidelines accordingly, which were promulgated in October 2014. The TMO has also liaised with the relevant tree management departments that conducted no or few Form 2 inspections, which confirmed that they would conduct Form 2 inspections for problematic trees identified in Form 1 inspections in accordance with the latest TRA guidelines.

- (f) *According to paragraph 3.57(a) of the Report, some cases had been outstanding for a long period of time since confirmation of brown root rot infection. Has TMO formulated any targets and/or guidelines for the departments concerned to handle these cases within a designated period of time?*

The 16 trees as mentioned in paragraph 3.57(a) of the Report have all been duly removed.

The TMO agreed with the Director of Audit's recommendation on urging the responsible departments to remove brown root rot (BRR) infected trees in a timely manner (paragraph 3.60 (a)). Further to the guidelines on BRR, the TMO formulated targets for the departments concerned to handle these trees within a designated period of time namely, departments are required to remove BRR infected trees within six weeks from the date of confirmation by the TMO on the presence of BRR disease. In the event that the removal has to take longer time to complete, departments are required to undertake detailed inspection to ascertain the health and structural conditions of the tree and submit the

inspection report to the TMO for review. The TMO will remind departments on a regular basis on the importance of timely handling of BRR infected trees. The TMO keeps track on the process closely and as of to date, there is no overdue BRR cases since the promulgation of the targets in October 2014.

Part 4: Management information systems and databases

- (g) *According to paragraph 4.5 of the Report, the Tree Management Information System ("TMIS") had many malfunction incidents which were unresolved, and as a result, another contractor was engaged. Has the Administration made any claims on the original contractor for such loss? If yes, please provide details.*

The anomalies of the system identified during the nursing period in 2013 have been resolved. According to the recent system health check, the TMIS system has no major inherent problem. The service performed by the contractor of the TMIS was suspended in October 2014. The Administration has in accordance with the contract withheld certain payment instalments pending the settlement of the contract. To further enhance the TMIS and provide additional functions to the system, a separate new contract with different scope and functionalities was awarded to another contractor in November 2014.

- (h) *According to paragraph 4.9 of the Report, certain departments continued to update tree data in their departmental systems after data conversion without promptly updating the TMIS. Has TMO provided any guidelines to the departments concerned for the compliance of the relevant responsible officers? If yes, has TMO reviewed the situation after the issuance of these guidelines? Is it possible to link up individual departmental systems with TMIS so that tree data could be updated to TMIS automatically?*

The TMO agreed with the recommendations made in paragraph 4.12 (a) of the Report on taking measures to promptly complete the TMIS enhancement project in order to deliver the expected functions and reap the benefits of the TMIS. The TMO is carrying out an enhancement of the TMIS, which includes the development of an interfacing device to allow departments to transfer tree data to TMIS automatically to facilitate the updating of tree data.

To ensure that the enhanced TMIS is properly used by departments, the following will be implemented:

- developing user manuals and guidelines; and
- arranging training workshops for users to familiarise with the new additional functions in the TMIS.

- (i) *Accordingly to paragraph 4.23 of the Report, the Tree Register was not equipped with a search function, and members of the public could not easily search for trees at locations where they had concerns. With a view to catering for the general public, does TMO has any plan to develop new user-friendly functions and designs for the Tree Register?*

The TMO agreed with the Director of Audit's recommendation on enhancing the user friendliness of the Tree Register (paragraph 4.26 (b) (i)) and is developing new user-friendly functions including search function for the Tree Register.

Part 5 : Training and community involvement

- (j) *According to paragraph 5.9 of the Report, given that TMO used considerable staff resources in delivering training courses, has TMO tracked if attendants of these courses subsequently worked in the field of tree management? Upon completion of these courses, has TMO followed up on their effectiveness?*

First, the TMO has ensured that attendees worked in the field of tree management through the following measures:

- Target groups i.e. staff related to tree management for each training course organised by the TMO, are specified when nomination is being called for from departments; and
- Departments are reminded that only those staff who are involved in tree management work should be nominated to attend the training.

Upon completion of these courses, attendees are requested to complete a course evaluation form so that the feedback and effectiveness of the training courses can be assessed. So far the attendees considered the training courses were very effective in general. Regarding the following up on the effectiveness of the training courses, the TMO holds Training Committee meetings regularly which comprise senior management of tree management departments to review the effectiveness of training course and departments' need on tree management training programmes. That said, the TMO agreed with the Director of Audit's recommendation on delivering tree management training in a more sustainable manner

(paragraph 5.13) and has liaised with training service providers and Civil Service Training and Development Institute as recommended in paragraphs 5.12(a) and (c) of the Report.

Should you have any further questions, please contact the undersigned.

Yours sincerely,



(Dr Lawrence CHAU)
for Secretary for Development

c.c. Secretary for Financial Services and Treasury	(fax no. 2147 5239)
Director of Audit	(fax no. 2583 9063)
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13 January 2015

Clerk, Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Mr Anthony CHU)

Dear Mr Chu,

Public Accounts Committee

Consideration of Chapter 7 of the Director of Audit's Report No. 63

Provision of public open space in private developments

Thank you for your letter dated 16 December 2014 to the Secretary for Development. I am authorised to provide you with the following consolidated response, into which input from the other relevant departments has been incorporated. For ease of reference, our response follows the paragraph numbering in your letter.

Part 2: Provision of public open space in private development ("POSPD") accessibility

- (a) Provision of POSPDs is generally based on the guidelines set under the Hong Kong Planning Standards and Guidelines (HKPSG) with regard to provision of open space, which has taken into consideration the population size in the relevant area and the relative demand for open

space. Patronage is not considered to be a critical factor relevant to the need or otherwise of POSPDs. Given that POSPDs also serve other purposes such as providing visual and spatial relief in a heavily built-up area, and providing a spacious and quiet ambience for people to relax, rest and meditate, a quality open space should not be judged only by patronage and flow of people. Indeed, a packed open space would not be an enjoyable one. It would not be comprehensive to gauge the “performance” of POSPDs by patronage alone or by maintaining or promoting patronage.

The level of patronage of a particular POSPD may be influenced by a number of factors, e.g. the prevailing number of local residents in the locality. It is noteworthy that a number of POSPDs were completed some time ago, and some of them may indeed fall short of expectation in terms of design if assessed by today’s standards. Having drawn lessons from those POSPDs and with a view to improving the design of new POSPDs, we published and promulgated the POSPD Design and Management Guidelines in 2011 with a view to promoting the adoption of easily accessible designs for promoting public’s ease of use and enjoyment of POSPDs. In addition, as a means to promote public awareness of POSPDs, we have been publishing information of POSPDs on the Lands Department (LandsD) and the Buildings Department (BD)’s websites. On this, we will continue to work with relevant departments on how to disseminate information about the POSPDs more effectively.

With regard to LandsD’s inspections, where the requirement of a POSPD is incorporated into the land lease, the role of LandsD is to see to it that the lease requirement is complied with, essentially that public access is made available as required and, when a breach is detected, to seek rectification by the owners. At present, LandsD conducts regular inspections of the 60 POSPDs on an annual basis, in addition to follow-up inspections upon receipt of complaints or case referrals. The Department would keep in view the arrangements of regular inspections and consider suitable fine-tuning from time to time taking into account resources availability.

- (b) The recommendation is in relation to two POSPD cases (i.e. POS 1 and POS 31). Regarding the case of POS 1, the gate was found open by surprise checks conducted by LandsD in September and November 2014. Nevertheless, LandsD wrote to the grantee on 17 December 2014, reminding him that the POSPD should remain open

to the public at all times. As regards the case of POS 31, the lease requires the grantee to permit public access for use of the POSPD. LandsD would remind the grantee of their obligation under lease to open the POS as required under lease. This is an on-going task, and LandsD would continue to monitor the opening situation of the two POSPDs through regular and surprise checks.

- (c) Under the planning regime, if developers wish to pursue developments listed under Column 2 uses of the relevant zoning of the statutory plans, they are required to apply for the Town Planning Board (TPB)'s approval according to the Town Planning Ordinance (Cap. 131) (TPO). In particular for sites zoned "Comprehensive Development Area" ("CDA"), applicants are required to submit details of the proposed development in the form of a Master Layout Plan which would include the design and landscape proposals of the proposed POSPD (if any). The planning applications will be published for three weeks for public comments in accordance with TPO, and the public may offer views on the proposed development scheme (including the POSPD) if such is part of the scheme. All public comments received will be submitted to TPB for consideration.

Apart from the above, if there is a POSPD requirement under lease, LandsD will, upon receipt of the proposed POSPD design, seek views and comments from other relevant departments, including Planning Department (PlanD) if it relates to an approved planning scheme, and will take into account their comments in considering whether to approve the plans under lease. The relevant departments will also make reference to the POSPD Design and Management Guidelines in their consideration of the proposed design.

- (d) The Government promulgated in January 2010 the refined arrangements for provision of future POSPDs, which set out the specific conditions for the provision of POSPD and for acceptance by the TPB and relevant departments. The focus of the refined arrangements is to provide a clear framework for the provision of POSPDs in future developments. With regard to the design of POSPDs, as mentioned in (a) and (c) above, we published in 2011 the POSPD Design and Management Guidelines with a view to promoting the adoption of best practices in terms of POSPD design. Departments will make reference to the Guidelines when they consider proposed designs submitted by developers.

The Government is of the view that the refined arrangements as mentioned above strive to strike an appropriate balance between the public's right to use and enjoy POSPD on the one hand, and the rights and obligations of the owners of the private developments in respect of these POSPDs on the other hand. We consider that the refined arrangements are working effectively, and have no plans for another review at this juncture.

Part 3: POSPD management and maintenance

- (e) For POSPDs required under lease, the pertinent building owners are in and general obliged under the relevant lease conditions to manage and
- (f) maintain the POSPDs to the satisfaction of LandsD or other relevant approval authority. LandsD enforces the relevant conditions through regular or surprise checks, and carries out follow-up action as and when required. Apart from regular inspections, public monitoring is one effective way to ensure that POSPD owners fulfill the responsibility of properly managing and maintaining the POSPD. If a complaint relating to improper management and maintenance of POSPD is received, LandsD will investigate into the situation taking into account views from the other relevant departments as appropriate and with reference to the POSPD Design and Management Guidelines, and give advice to pertinent building owners on properly managing and maintaining the POSPD. LandsD will follow up to ensure that the irregularities are rectified. For serious cases of non-compliance, LandsD will issue warning letters and consider appropriate lease enforcement action and/or legal action if the pertinent building owners do not comply with the lease requirement after repeated advice and warnings.

During the period from 2010 to 2014, LandsD received a total of 28 complaints regarding management and maintenance issues of 12 POSPDs. All of the irregularities as reported in the complaints had been rectified or handled.

Part 4: Dissemination of POSPD information

- (g) For POSPDs required under lease, LandsD undertook an exercise in March 2008 to gradually identify POSPDs in private developments which have been issued with Certificates of Compliance since 1980. The request for providing details of the unlisted POSPDs (i.e. POSPDs commissioned before 1980, or regardless of whether there had been

Certificates of Compliance issued) is a colossal task, since there is not a comprehensive inventory of such POSPDs at hand. Much time and resource would have to be expended to exhaustively review all old leases to determine whether POSPDs were included in each one. The cost-effectiveness is unclear, as it is unlikely that many more POSPDs will be identified.

As a pragmatic step forward, LandsD has accepted the Audit Commission's recommendation by adding POSPDs that it has become aware of, and has alerted its staff to be on the lookout during the course of their work. LandsD aims at including the details of these POSPDs at the regular updates of the list of POSPDs after they are made known. The next regular update is scheduled for publication in Q1 2015.

- (h) A Certificate of Compliance is issued upon application by the lot owner and after all the positive obligations under the lease have been complied with. For lots that are developed by phases, it is not uncommon for the Certificates of Compliance to be issued upon completion of the final phase of development when all positive obligations under lease are complied with. Moreover, there might be circumstances whereby not all positive obligations have been complied with although construction has been completed. For instance, the last phase of the lot in respect of POS 32 was only completed in 2010, but so far no application for Certificate of Compliance has been received. As for POS 33 and 34, applications for Certificates of Compliance have been received and are being processed.

The onus of meeting all positive lease obligations and submitting applications for Certificates of Compliance rests with the lot owners. LandsD will process applications for Certificates of Compliance as quickly as practicable once the lot owners comply with all positive obligations as stipulated under the leases and submit applications.

As regards information with regard to POSPDs not included in LandsD's POSPD list due to the absence of Certificates of Compliance, the Department is unable to produce such information due to reasons as set out in (g) above.

- (i) The Government has taken steps to enhance dissemination of information to facilitate public's access to POSPDs and facilitate public monitoring. Since March 2008, we have been compiling information on private developments containing public open space and making it

available through the websites of LandsD and BD. The information includes the location and area, the level at which the public open space is located, the opening hours, as well as the site plan of the public open space. We have also made available on our website the POSPD Design and Management Guidelines for the reference of members of public as well as POSPD owners.

- (j) The Government is unable to provide information as to the number of POSPDs which are not included in the List of POSPDs due to the absence of related conditions in the land leases or deeds of dedication. Similar to the reasons as set out in (g) above, obtaining the requested information would involve extensive case file reviews and entail significant workload on the part of the relevant departments to identify cases in which the requirement for the provision of POSPD formed part of planning conditions but was not translated into lease conditions.

As for ensuring that an undertaking proposed by a developer on the provision of POSPD is legally enforceable before accepting the undertaking, depending on case circumstances, the relevant departments would seek legal advice as appropriate if such a case were to arise in future. As part of the refined arrangements promulgated by the Government in 2010, whether government departments would require or accept the provision of POSPDs will be subject to the POSPD requirement capable of being enforced or realised through suitable conditions imposed in the lease. Generally speaking, if a planning application is approved by TPB and the provision of POSPD is included as a condition of the planning permission, PlanD would suggest including such condition in the lease as appropriate. Besides, PlanD will scrutinise the development scheme through the relevant general building plan submission referred by BD to ensure such planning approval condition is fulfilled.

- (k) The Government's main intention is to promote public awareness and ensure accessibility of POSPDs. To this end, we have published information relevant to POSPDs on LandsD and BD's websites. Also, as mentioned in (a) above, we will continue to consider more effective means of promotion in conjunction with relevant departments.
- (l) LandsD can mandate the provision of sign boards for POSPDs only where the provision of such has been prescribed under the leases. Where the leases have not provided for such, LandsD may at best encourage but not mandate the owners to so provide. In the event that

the pertinent building owner refuses to erect sign boards after LandsD's suggestion, the Department may consider approaching relevant departments to explore the possibility of erecting sign boards on nearby government land.

- (m) The POSPD Design and Management Guidelines promulgated in 2011 are intended to be applicable to new POSPD cases with flexibility allowed to cater for a range of different levels of provision standard justified on the practical circumstances of individual developments. If the Guidelines were to be incorporated into lease conditions, LandsD's enforcement action in the event of non-compliance would essentially be re-entry, which would either be disproportionate (if the whole lot was re-entered) or deviate from the intent of integrating the POSPD into the private development and for the lot owner to take up the recurrent responsibilities (if only the POSPD portion was re-entered or vested). Moreover, there are practical constraints on the level of detail to be included into land leases, which may last for as long as 50 years, when the Guidelines are meant to serve as references and are subject to review from time to time.

As a matter of fact, the existing drafting of POSPD conditions in land leases normally requires the lot owners' provision of POSPD "to the satisfaction of the Director of Lands", while the planning condition(s) relevant to POSPD often require(s) the provision of POSPD to the satisfaction of Director of Planning. The relevant departments, in considering proposals and relevant plans submitted by lot owners with regard to POSPDs for approval, will make reference to the Guidelines as appropriate.

- (n) With the promulgation of the POSPD Design and Management Guidelines in 2011, we have distributed the Guidelines to owners' incorporations and management companies of private developments with POSPDs, professional bodies, trade organisations including the Real Estate Developers' Association of Hong Kong, as well as the 18 District Councils. There have been indications of developers and POSPD owners making reference to the Guidelines through their submissions, including proposed POSPD design and opening hours, application for waivers for activities, etc. The Government accepts Audit's recommendation and will consider how to further promote POSPD owners' awareness and adoption of the Guidelines.

- (o) In 2013, three District Lands Offices (DLOs) did not fully comply with LandsD's instructions in conducting annual POSPD inspections due to resources constraints. In order to ensure the relevant instructions are fully complied with, LandsD has strengthened the monitoring mechanism by requesting DLOs to submit annual returns to LandsD Headquarters reporting the progress of the POSPD inspections conducted, together with key observations and the follow-up actions taken.
- (p) An action plan in respect of the recommendations made under the Audit Study is enclosed at Annex for Members' reference.

Yours sincerely,



(Derek Lai)
for Secretary for Development

cc (w/ encl)

SFST
D of Audit
D of Lands
D of Buildings
D of Planning

**Chapter 7 of the Director of Audit's Report No. 63
Provision of Public Open Space in Private Developments (POSPDs)**

Follow-up Action Plan for Audit's Recommendations

Paragraph No.	Audit's Recommendation	Proposed Action by the Government
2.24	<p>The Secretary for Development (SDEV) should remind pertinent B/Ds of the need to:</p> <p>(a) in providing comments on development plans submitted to the TPB for approval in future, refrain as far as practicable from recommending the acceptance of development proposals having POSPDs located in areas not easily accessible by the public; and</p> <p>(b) in accepting or requiring the provision of POSPDs in developments in future, take measures as far as practicable to ensure that related requirements are capable of being enforced or realised through imposition of suitable conditions in the leases, or submission of legally-enforceable undertakings by the developers.</p>	<p>On (a), DEVB will remind other relevant departments to refrain as far as practicable from recommending the acceptance of development proposals with POSPDs situated on podiums high above ground level and not easily accessible by the public within the first half of 2015.</p> <p>On (b), as part of the refined arrangements promulgated by the Government in 2010, whether government departments would require or accept the provision of POSPDs will be subject to the POSPD requirement capable of being enforced or realised through suitable conditions imposed in the lease.</p>
2.25	<p>With a view to facilitating public access to POSPDs, the Director of Lands (D of Lands) should take actions to require pertinent building owners to keep gates at entrances to POSPDs open during the POSPD opening hours according to related lease conditions.</p>	<p>As at early January 2015, the relevant District Lands Office (DLO) issued a letter to the owners of POS 1 reminding them of the owners' obligation under lease to open the POSPD. The letter to the owners of POS 31 will be issued by end January 2015.</p>
3.8	<p>D of Lands should take actions to strengthen Lands Department (Lands D) inspections of POSPDs and require the pertinent building owners to properly maintain the sites and repair broken furniture and fittings in a timely manner.</p>	<p>The relevant DLOs will issue letters to the owners of POS 4 and 15 by end-January 2015 requesting them to properly maintain the POSPDs and repair damaged facilities in a timely manner. DLOs to continue follow-up with the owners of the two POSPDs.</p>

Paragraph No.	Audit's Recommendation	Proposed Action by the Government
		DLOs will issue letters within Q1 2015 to owners of all POSPDs under lease drawing their attention to properly maintaining their POSPDs.
3.19	<p>D of Lands should:</p> <ul style="list-style-type: none"> (a) take actions to require the pertinent building owners to extend the daily opening hours of POSPDs to not less than 13 hours (as specified in the 2011 POSPD Management Guidelines) when opportunities arise in future; (b) remind LandsD staff, in approving the daily opening hours of a POSPD in future, take into account the standard of not less than 13 hours specified in the 2011 POSPD Management Guidelines; and (c) take into account the views of the relevant District Councils before approving any reduction in the daily opening hours of a POSPD to less than 13 hours in future. 	LandsD will issue guidelines to DLOs to reflect Audit's recommendations within Q1 2015.
3.25	The Director of Buildings (D of Buildings) should arrange Buildings Department (BD) inspections of pertinent POSPDs to prevent POSPDs from being occupied for private use.	BD will continue to arrange inspections to prevent POSPDs under its purview from being occupied for private use. For POS 40, as at early January 2015, the building management had already posted notices at relevant locations of the POS indicating that the area is open to the public.
4.15	<p>D of Lands should:</p> <ul style="list-style-type: none"> (a) take actions to include POSs 32, 33 and 34 and other POSPDs not having been issued with certificates of compliance in the Lands D's POSPD List; (b) take actions as far as practicable to include the maintenance and provision of a POSPD for public use in the related land lease if an opportunity for making modifications of the lease arises in future; and 	<p>On (a) and (c), LandsD will include POSs 32, 33 and 34 and similar known POSPDs under lease in the next update of the POSPD List in Q1 2015. It will continue to update the list based on known information.</p> <p>On (b), LandsD will instruct DLOs to take future opportunities to include conditions regarding the maintenance and provision of a POSPD for public use into the lease (e.g. when the lot owner applies for a lease modification).</p>

Paragraph No.	Audit's Recommendation	Proposed Action by the Government
	(c) include, as far as practicable, all known POSPDs which are required to be provided under related land leases in the POSPD List for public information, irrespective of their year of commissioning.	
4.16	<p>SDEV should remind B/Ds of the need to:</p> <p>(a) seek legal advice on whether an undertaking proposed by a developer on the provision of a public facility is legally enforceable before accepting the undertaking in future; and</p> <p>(b) if a planning condition cannot be incorporated into a land lease, explore the feasibility of other measures to render the planning condition enforceable, such as requesting the developer concerned to submit an application for lease modification for incorporating the condition into the land lease, or submit a legally enforceable undertaking for the purpose.</p>	<p>As part of the refined arrangements promulgated by the Government in 2010, whether government departments would require or accept the provision of POSPDs will be subject to the POSPD requirement capable of being enforced or realised through suitable conditions imposed in the lease.</p>
4.22	<p>D of Lands should seek assistance from relevant government departments (such as the Home Affairs Department (HAD) and the Leisure and Cultural Services Department (LCSD)) to enhance publicity of POSPDs.</p>	<p>LandsD will liaise with HAD and LCSD by Q1 2015 to explore the possibility of enhancing publicity of POSPDs.</p>
5.13	<p>SDEV should take proactive actions to encourage owners' incorporations and management companies concerned to adopt and implement the relevant provisions stated in the 2011 POSPD Guidelines.</p>	<p>DEVB will consider in conjunction with relevant departments how to further promote POSPD owners' awareness and adoption of the POSPD Guidelines in the first half of 2015.</p>
5.25	<p>D of Lands should:</p> <p>(a) take actions to encourage the pertinent building owners to provide in POSPDs sheltered seating, rubbish bins, barrier-free-access facilities, sign boards and essential information on notice boards as far as possible;</p>	<p>On (a), LandsD will issue advisory notes / letters within Q1 2015 to owners of the POSPDs in Tables 7 and 8 suggesting them to provide as far as possible the said facilities.</p> <p>On (b), LandsD will include information on whether sheltered seating and barrier-free-access facilities are provided at each</p>

Paragraph No.	Audit's Recommendation	Proposed Action by the Government
	<p>(b) include in the POSPD List published on LandsD website information on whether sheltered seating and barrier-free-access facilities are provided at each POSPD; and</p> <p>(c) consider erecting appropriate POSPD sign boards and notice boards on nearby government land if pertinent owners refuse to erect such boards at the site entrances.</p>	<p>POSPD in the POSPD List at the next update in Q1 2015.</p> <p>On (c), LandsD will negotiate with owners of POSs 4 and 26 in Q1 2015 to erect notice boards at site entrances. LandsD will also consider approaching relevant department to explore the possibility of erect sign boards on nearby government land on a case-by-case basis.</p>
5.32	<p>D of Lands should:</p> <p>(a) strengthen actions to ensure that all DLOs comply with Lands D instructions in conducting POSPD inspections; and</p> <p>(b) require DLOs to submit annual returns to the LandsD Headquarters to report the progress of POSPD inspections conducted, together with major observations and the follow-up actions taken.</p>	<p>On (a), LandsD will issue guidelines to DLOs to remind staff to implement the annual inspection requirement. Regular reminders will be incorporated into the LandsD Headquarters' half-yearly calls for updates to the POSPD List.</p> <p>On (b), LandsD will request DLOs to submit annual returns to report progress of POSPD inspections, together with major observations and follow-up actions taken. The new arrangement has been implemented in December 2014.</p>
6.11	<p>With a view to improving the administration and management of POSPDs under the BD's purview, D of Buildings should keep in view new POSPDs falling under BD purview in future and take measures to ensure that the relevant POSPD Design Guidelines and Management Guidelines are enforceable on such POSPDs.</p>	<p>BD will prepare an internal instruction for the purpose by end-January 2015.</p>



本署檔號 Our Ref.: TD PR/171-200/6 C

來函檔號 Your Ref.: CB4/PAC/R63

Urgent by fax : 2543 9197

23 December 2014

Mr Anthony Chu
Clerk
Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 9 of the Director of Audit's Report No. 63
Provision of cycle track network in the New Territories

Thank you for your letter of 16 December 2014. Regarding the issues raised in your letter that are related to the Transport Department, i.e. paragraph (d), we would like to clarify two points –

- (a) The consultancy fee of \$1.37 million mentioned in your letter is the total fee for the 2010 General Study, as reported in paragraph 4.5 of the Audit Report. The study on accident prone sites was instructed as an additional service to form part of the 2010 General Study. The cost of this part of the study is \$0.19 million.
- (b) You mentioned in the letter that there were slippages in the works, with the longest being 21 months. We believe that this figure is extracted from Table 10 of the Audit Report. We would like to point out that it would not be that accurate to describe the period between the target completion date and the actual completion date as “slippages”. The target completion date was merely a rough estimate for planning purpose, based on very preliminary assessments. The progress of works and the actual completion date can be affected by an array of site factors, many of which are unpredictable and are beyond the control of TD and HyD, e.g. unexpected need for tree removal, discovery and consequential diversion of uncharted underground utilities, etc. Some of these issues were explained in paragraph 4.12 of the Audit Report.

As regards the specific questions raised under paragraph (d) of your letter, please find below our response --

(a) **Item (ix)**

Please find in **Annex 1** a table showing the number of cycling accidents at the 16 accident-prone sites in the past 5 years.

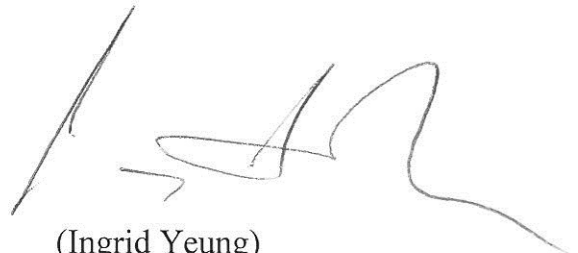
(b) **Item (x)**

HyD will separately reply on this point.

(c) **Item (xi)**

Regarding the latest progress of the Tai Po Pilot Scheme, the consultant has completed all the nine evaluation reports, each covering one new improvement measure tested under the Tai Po Pilot Scheme. Five evaluation reports have been endorsed by the concerned Working Group (WG) (comprising representatives of relevant Government bureaux / departments). The WG has some further comments on the remaining four evaluation reports. Subject to the satisfactory settlement of these comments, they can be endorsed by the WG in end December 2014.

Yours sincerely,



(Ingrid Yeung)
Commissioner for Transport

- c.c. Secretary for Financial Services and the Treasury (Fax : 2147 5239)
Director of Audit (Fax : 2583 9063)
Director of Civil Engineering and Development (Fax : 2246 8708)
Director of Highways (Fax : 2714 5203)
Secretary for Transport and Housing (Fax : 3904 1774)

**No. of cycling accidents at the 16 accident-prone sites
mentioned in paragraph 4.10 of the Report in the past 5 years**

	Accident-prone site ^(see Note 1)	No. of cycling accidents				
		2009	2010	2011	2012	2013
1	Junction of Sha Tin Rural Committee Road and Yuen Wo Road (#1)	6	1	2	3	2
2	Shing Mun River near Banyan Bridge (#2)	9	8	3	3	1
3	Lion Rock Tunnel Road near Museum of Heritage (#3)	7	5	7	10	6
4	Junction of Ting Kok Road and Lo Fai Road (#4)	3	7	5	17	7
5	A Kung Kok Street near Mui Tsz Lam Road (#5)	5	5	8	3	5
6	Ting Kok Road near Wong Yue Tan (#6)	3	6	3	14	8
7	Shing Mun River Cycle Track near Hang Tai Road (#7)	3	6	1	2	1
8	Junction of Yuen Wo Road and Fo Tan Road (#9)	4	5	3	8	7
9	Lok King Street near Jubilee Garden (#10)	4	3	0	0	0
10	Junction of Tate's Cairn Highway and Bridge across Shing Mun River (#11)	2	6	2	1	1
11	Kiu Ha Road near Vehicle Weighing Station (#12)	3	2	1	1	2
12	Footbridge near Ma On Shan Bypass, Hang On Estate (#13)	2	2	2	1	1
13	Lion Rock Tunnel Road (near Che Kung Temple Mass Transit Railway Station) (#16)	3	4	7	2	7
14	Lion Rock Tunnel Road (near Shing Mun River) (#18)	3	1	0	1	3
15	Lion Rock Tunnel Road (near Tai Chung Kiu Road) (#19)	2	3	5	3	2
16	Tolo Highway Cycle Track near Sui Cheung Street Roundabout (#20)	2	0	3	5	2

Notes

1. Numbers in bracket are the site reference numbers in Appendix D of the Report.
2. The limits of each accident-prone site vary and extend across a long stretch of cycle track. Most of the accidents were scattered without concentrating at a spot.



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Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn : Anthony CHU)

24 December 2014

Dear Anthony,

Public Accounts Committee

Consideration of Chapter 9 of the Director of Audit's Report No. 63

Provision of cycle track network in the New Territories

I refer to your above-quoted letter and would like to provide our responses to the issues mentioned in your letter -

- (a)(i) We have not reported the total expenditure of some \$20 million for contract price fluctuation and claim relating to late possession of works areas as mentioned in Appendix C of the Report to the relevant Legislative Council committees. We however wish to advise that, in the funding application paper submitted to the Public Works Subcommittee for discussion on 20 May 2009, the Approved Project Estimate of the project has included a sum of \$33.5 million comprising \$19.6 million for contingencies for claims and unanticipated events and \$13.9 million for provision for price adjustment. This sum is more than adequate to cover the \$20 million expenditure mentioned above.
- (a)(ii) The latest progress of the six-branching-off sections is given in the following table. The Administration has reported their general progress to the Panel on Development on 28 April 2009, 19 December 2011 and 23 April 2013.

Branching-off sections	Current Progress	Programme
1. Nam Sang Wai section 2. Lung Kwu Tan section 3. Tai Wo section	Major physical and environmental constraints for construction were encountered, as mentioned in the Table 6 of Audit's Report. Civil Engineering and Development Department (CEDD) will proceed to consult the concerned District Councils, after completing the review of these cycle track sections.	The programme is under review.
4. Sai Kung section	Major physical and environmental constraints for construction were encountered, as mentioned in the Table 6 of Audit's Report. CEDD has consulted Tai Po District Council (TPDC) and Sai Kung District Council (SKDC) regarding the proposed deletion of the Sai Kung section. While TPDC has expressed no objection to the proposed deletion, SKDC has requested CEDD to further explore other feasible cycle track alignments.	The programme is under review.
5. Sam Mun Tsai Section	Design work of the cycle track system including the landscape and architectural designs of the resting station and public toilet is in progress. Tree felling application has been submitted and CEDD is now liaising with the relevant departments on the tree compensation proposal.	The programme is under review. Upon satisfactory completion of the design work and resolution of other outstanding issues, we will bid resources for taking forward the construction works.
6. Lok Ma Chau Section	We advised LegCo Panel on Development in April 2013 that this section would be separately pursued under the future Lok Ma Chau Loop development project and was excluded from the scope of NT cycle track network.	The programme is under review.

- (a)(iii) The consultancy work for feasibility studies of NT cycle track network is not included in Table 3 of the Audit's Report. At the feasibility study stage of the project completed before 2006, the consultants conducted desk top studies and site visits to work out a set of preferred cycle track alignments based on the consideration of the various constraints (e.g. space limitation, gradients of existing road surface, impact on existing / planned use) and the results of preliminary environment impact assessment completed at that time. CEDD and the consultants also conducted consultation with the concerned District Councils and cycling associations. All these parties generally supported the implementation of the cycle track project. The programme of the various sections of the cycle track network was developed on the basis of these preliminary assessments and consultation completed under the feasibility stage.

In the preliminary design stage, the consultants reviewed and refined, where appropriate, the preferred cycle track alignments recommended in the previous studies, having regard to more detailed assessment on all engineering and technical aspects including environmental, geotechnical, drainage, traffic, structural, land, visual, landscape and cost, and worked out the preliminary design for the recommended cycle track alignments and other associated facilities. We also consulted the locals, District Councils and green groups in order to work out the design in details. However, the detailed assessments and in-depth consultations revealed that there were more environmental / physical constraints and public concerns than those envisaged at the feasibility stage. To address the constraints and public concerns, more time was required to identify feasible cycle track alignments acceptable to the local communities.

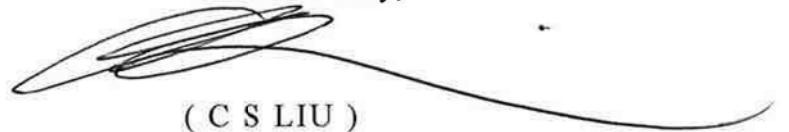
- (a)(iv) The latest progress of Section D, i.e. six branching-off sections, is given in paragraph (a)(ii) above. Regarding Section C, the advance works are under detailed design. Upon satisfactory completion of the design work and resolution of the outstanding issues such as gazetting an amendment scheme to address public views, we will bid resources for taking forward the works. For the Stage 1 and Stage 2 works, we are reviewing the alignment and implementation strategy having regard to the views and objections received from the public and members of Tuen Mun and Tsuen Wan District Councils. The Administration did report the general progress of various sections of the cycle track network to the LegCo Panel on Development on 28 April 2009, 19 December 2011 and 23 April 2013. We plan to report to the Panel on Development of NT cycle-track network in 2015.
- (b)(v) The tender documents including the BQ were prepared by consultants engaged for the project. Our project officers conducted spot checks on the BQ items

prior to the tendering exercise in accordance with the established practice and guidelines at that time. We wish to highlight that, as mentioned in paragraph 3.14 of the Report, CEDD set up a Task Group in October 2013 to review the practice of its consultants and Development Offices in preparing and checking tender BQ items on selected contracts, and to formulate improvement measures to avoid recurrence of similar incidents in the future. All the improvement measures recommended by the Task Group have been promulgated.

- (b)(vi) The Government has suffered no financial loss due to missing items in BQ errors and re-tendering (Contract A1) / tender negotiation (Contract B1), as the errors were spotted and rectified during the tender assessment stage, and the awarded contract sums of these two contracts are significantly lower than their respective tender price before re-tendering (Contract A1) / tender negotiation (Contract B1).
- (b)(vii) All the works of Project A were substantially completed on 2 December 2014, and assessment of contractual claims and contract finalization are in progress. As at 30 November 2014, about \$11.6 million has been used for meeting contingency expenditure. The rest of the contingencies will be used to cater for settlement of contractual claims and contract finalization.
- (c)(viii) For the case mentioned in the Report, CEDD had followed the arrangement adopted by Architectural Services Department (ArchSD) for building works contracts, but it turned out that civil works contractors were not familiar with the special contract provision. As such, CEDD would carefully consider the applicability of ArchSD's standard contractual provisions in our future civil works contracts on a case by case basis. Furthermore, instead of just stipulating the use of certain proprietary products for the works, provisions to allow tenderers to submit rates based on alternative products or materials having equivalent functions and performance, will be incorporated in tender documents as far as practicable.

I understand that Transport Department and Highways Department will provide responses to the items listed in paragraphs (d) and (e) of your letter to you direct.

Yours faithfully,



(C S LIU)

for Director of Civil Engineering and Development

c.c. Secretary for Financial Services and the Treasury (fax no. : 2147 5239)
Secretary for Development (fax : 2810 8502)
Director of Audit (fax no. 2583 9063)
Director of Highway (fax no. 2714 5203)
Commissioner for Transport (fax no. 2802 2361)

Internal

Director of Civil Engineering and Development



HIGHWAYS DEPARTMENT

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來函檔號 Your Ref. : CB4/PAC/R63
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圖文傳真 Fax : 2714 5203

29 December 2014

Mr Anthony CHU
Clerk
Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 9 of the Director of Audit's Report No. 63
Provision of cycle track network in the New Territories

Thank you for your letter of 16 December 2014. Please find below our responses to the issues related to the Highways Department (HyD).

Paragraph (d) – Item (x)

The construction works concerned are arranged to be carried out under the term contracts of the HyD as and when the necessary planning and preparation works are ready. Payments were made to the term contractors according to the Schedule of Rates in the relevant term contracts. No additional costs were incurred as a result of the deferred implementation of the works other than the standard adjustments to reflect the cost fluctuation of the works carried out at different times.

Paragraph (e) – Item (xii)

There were 24 Category D items under the block vote allocation involved in the repaving of deteriorated cycle track sections, which incurred expenditure of \$5 million in the financial year of 2013-2014 as mentioned in paragraph 4.40 of Chapter 9 of the Report.



Paragraph (e) – Items (xiii) and (xiv)

In accordance with the stringent requirements specified in the contracts, the term contractors of the HyD are obliged to carry out regular inspections of cycle tracks, place on record any defects identified which may constitute imminent hazards, and repair such defects within 48 hours of identification. The HyD has internal guidelines on what defects should normally be reported as imminent hazards, which include potholes, hazardous obstructions, etc. Moreover, the HyD has adopted a performance pledge of completing the repair works of potholes on a cycle track which would affect cycling safety within 48 hours after receipt of a related complaint.

In 2013, the HyD received 164 complaints related to cycle tracks, of which 138 cases were handled by the HyD. Among these 138 complaints, only one was identified with defects (in that case it was related to potholes) that might constitute imminent hazards. The repair works were completed within 18 hours upon receipt of the complaint (i.e. within the time frame of 48 hours as specified in the performance pledge of the HyD). The remaining 137 complaints were mainly related to the repair and cleansing of street furniture, minor road surface defects and road works implemented on cycle tracks, which were considered as not involving imminent hazards.

As regards the 11 complaints with the repairs works that took more than six months to complete, those were mostly related to uneven road surfaces and would not cause imminent hazards. Local patching was first carried out to restore the riding quality as necessary, followed by repaving works which took a longer lead time to commence due to the coordination of interfacing issues, seeking of temporary traffic arrangement approval, planning of works arrangements, etc.

Paragraph (e) – Item (xv)

As regards inspections of cycle tracks, the HyD has been implementing a comprehensive system to assess in quarterly cycles contractors' performance by means of independent audit inspection conducted on random samples of their road inspections. If their performance level falls below the thresholds specified under the contract, the HyD will follow up in accordance with the contract provisions, including arranging payment deduction as appropriate. The performance concerned will also be reflected in their performance appraisal in order to urge them for improvement.

Yours sincerely,



(W W CHUI)

for Director of Highways

- c.c. Secretary for Financial Services and the Treasury (Fax : 2147 5239)
Director of Audit (Fax : 2583 9063)
Director of Civil Engineering and Development (Fax : 2246 8708)
Commissioner for Transport (Fax : 2802 2361)
Secretary for Transport and Housing (Fax : 3904 1774)



本處檔號 OUR REF. : L/M (1) to Glab GR/11-10/3
來函檔號 YOUR REF. : CB4/PAC/R63
電 話 TEL. : 2762 3703
圖文傳真 FAX : 2715 5626

23 December 2014

[Urgent By Fax 2543 9197]

Clerk to the Legislative Council
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn.: Mr Anthony CHU)

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 10 of the Director of Audit's Report No. 63
Services provided by the Government Laboratory

I refer to your letter of 16 December 2014 under reference CB4/PAC/R63 on the captioned subject and append below our responses to the corresponding paragraphs for your consideration please –

Part 1 : Introduction

- (a) In the financial years from 2010-11 to 2014-15, the wastage (including retirement and resignation) of the Chemist grade in the Government Laboratory is 14, i.e. on average less than 3 per year, which is considered normal. There is no recruitment difficulty for the grade.
- (b) GL has strived best effort to provide efficient and effective testing services, including those in response to food incidents, to the client departments. When necessary, temporary staff redeployment would be arranged to cope with sudden surge in service demand. GL would regularly review its resources to ensure its responsibilities are competently discharged.

Part 2 : Provision of laboratory services to user bureaux and departments

- (c) The Extended Sample Information Management System (ESIMS) employed in the Forensic Science Division serving as a centralized database for storing the relevant sample information was launched in January 2009. Prior to the launch, a comprehensive 3-month User Acceptance Test (UAT) involving a series of functional tests was conducted by different levels of end users using wide variety of test cases. The system's applicability, functionality and compatibility to the work flow of the Division were well tested during the UAT with over 360 incidents of test bugs being reported and fixed. After the production of the ESIMS, continuous technical supports and enhancement to the system are being provided by IT professional with a view to maintaining its effectiveness and keeping pace with the development and operation of the Division.

Audit Commission had checked 127,523 records captured in the ESIMS, only a few cases (less than 0.01%) were found to be doubtful / illogical with sample-in date later than the sample-out date. These are probably slips in data entry and not a systematic error that affect the data accuracy. These slips did not affect the operation of the division and casework.

- (d) A total of six "Areas worth improvement" (AWIs) under test and examination methods, and method validation as referred to in Table 6 of the Audit Report were made during the annual internal quality audit conducted in December 2012 by internal audit teams comprised professional staff of the Forensic Science Division. The AWIs were related to the documentation, formats of documents or records. In all cases, the method and validation itself complied with the quality system. To follow up, where necessary Sections concerned have already revised the documents or updated the records according to the recommendations.

The AWIs observed in the previous internal quality audits were not critical or a fault in the quality system, and more importantly, these did not invalidate a test report or compromise its quality. Such observations were invariably random clerical slips or occasional overlook in minor quality requirements but were not systematic errors, in most cases these were simply suggestions on enhancement of the quality system. All internal audit reports were subject to audit by assessors and technical experts during external assessments and all issues were already acknowledged and accepted.

Part 3 : Outsourcing of laboratory services

- (e) GL adopted the Government's Stores and Procurement Regulations in outsourcing its testing services and made reference to "A General Guide to Outsourcing".
- (f) GL does not outsource its services to overseas contractors.

Part 4 : Management of chemicals samples, exhibits and equipment

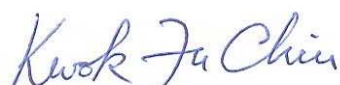
- (g) Many general chemicals are stable under normal storage conditions and no expiry dates are provided by the manufacturers or suppliers. The expired stocks, if any, are very small proportions of the whole storage and some of them are kept for backup purpose and environmental reason. When required, these chemicals will be checked or re-validated before use. Hence, the accuracy will not be affected.

Part 5 : Way Forward

- (h) GL, in consultation with FHB, has already commenced a review of its organizational structure with a view to enhancing the effectiveness and efficiency of its services and better preparing for future challenges. It is now in the process of soliciting the views of relevant bureaux and departments. The review is currently ongoing and more details of the way forward will be formulated duly.

Please feel free to contact the undersigned if you have any question on the above.

Yours faithfully,



(KWOK Fu-chiu)
Government Chemist (Acting)

c.c. Secretary for Financial Services and the Treasury (Fax No. 2147 5239)
Director of Audit (Fax No. 2583 9063)

ACRONYMS AND ABBREVIATIONS

AQ	Agency quota
ArchSD	Architectural Services Department
ATC	Air traffic control
Audit	Audit Commission
Audit Report	Director of Audit's Report
BD	Buildings Department
C&A	Care and attention
CAD	Civil Aviation Department
CCS	Community care services
CEDD	Civil Engineering and Development Department
CFA	Construction floor area
CFS	Centre for Food Safety
CGAT	Community geriatric assessment team
CMIS	Complaints Management Information System
COO	Chief Operations Officer
CRD	Community Relations Department of the Independent Commission Against Corruption
CSSA	Comprehensive Social Security Assistance
CWL	Central Waiting List for subsidized LTC services
DCUs	Day care units
DEs	Day care centres
DEVB	Development Bureau
DH	Department of Health
DoJ	Department of Justice
EA Panel	Panel on Environmental Affairs
EBPS	Enhanced Bought Place Scheme

ACRONYMS AND ABBREVIATIONS

EC	Elderly Commission
EHAPP	Elderly Health Assessment Pilot Programme
EHCCS	Enhanced home and community care services
EHCs	Elderly Health Centres
EHCVS	Elderly Health Care Voucher Scheme
EMSTF	Electrical and Mechanical Services Trading Fund
EOC	Equal Opportunities Commission
FC	Finance Committee
FKGE	Free Kindergarten Education
FMSC	Family Medicine Specialist Clinics
FS(B)O	Fire Safety (Buildings) Ordinance (Cap. 572)
FSD	Fire Services Department
FSI	Fire service installations and equipment
FSTB	Financial Services and the Treasury Bureau
GL	Government Laboratory
GOPCs	General Out-patient Clinics
GPA	Government Property Agency
H/As	Homes for the aged
HA	Hospital Authority
HAB	Home Affairs Bureau
HD	Housing Department
HKJC	Hong Kong Jockey Club
HKPF	Hong Kong Police Force
Hong Kong Code	Hong Kong Code of Marketing of Breast-milk Substitutes
HPAs	health promotion activities
ICS	Infirmiry Care Supplement

ACRONYMS AND ABBREVIATIONS

IHCS	Integrated Home Care Services
IU	Infirmity units
JWG	Joint Working Group on Management of Roadside Skips
km	Kilometres
LandsD	Lands Department
LCD	Liquid crystal display
LDS	Long Term Care Services Delivery System
LegCo	Legislative Council
LIFIPS	Integrated Licensing, Fire Safety and Prosecution System
LG	Land Grant
LORCHE	Licensing Office of Residential Care Homes for the Elderly
LTC	Long-term care
LTHS	Long Term Housing Strategy
LWB	Labour and Welfare Bureau
m ²	Square metres
MD	Marine Department
MDS-HC	Minimum Data Set-Home Care
NECs	Neighbourhood Elderly Centres
NGOs	Non-governmental organizations
NH	Nursing home
NOFA	Net operational floor area
Non-RCHEs	Other elderly-related institutions
PLB	Public light bus
POSPDs	Public open space in private developments
PRL	Private recreational lease
PTGs	Private treaty grants

ACRONYMS AND ABBREVIATIONS

PVC	Property Vetting Committee
PWSC	Public Works Subcommittee
RCHE Ordinance	Residential Care Homes (Elderly Persons) Ordinance (Cap. 459)
RCHE Regulation	Residential Care Homes (Elderly Persons) Regulation
RCHEs	Residential care homes for the elderly
RCS	Residential care services
Reference Framework	Hong Kong Reference Framework for Preventive Care for Older Adults in Primary Care Settings
S/C	Self-care
SCNAMO(ES)s	Standardized Care Need Assessment Management Offices (Elderly Services)
SOPCs	Specialist Out-patient Clinics
Special Scheme	Special Scheme on Privately Owned Sites for Welfare Uses
SWD	Social Welfare Department
SWD Manual	Manual of Procedures on Registration and Allocation of Long-term Care Services
TD	Transport Department
THB	Transport and Housing Bureau
The Amendment Regulation	Food and Drugs (Composition and Labelling) (Amendment) (No.2) Regulations 2014
the Committee	Public Accounts Committee
the Network	New Territories Cycle-track Network
TMO	Tree Management Office
UNHCR	United Nations High Commissioner for Refugees
VHTs	Visiting Health Teams