

**For discussion on
13 April 2015**

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Legislative Council Panel on Welfare Services

Progress of Implementation of the Special Scheme on Privately Owned Sites for Welfare Uses

Purpose

This paper briefs Members on the progress of implementing the Special Scheme on Privately Owned Sites for Welfare Uses (Special Scheme).

Background

2. There is concern in the community over the shortage of welfare premises which has resulted in long waiting time for certain types of welfare services, particularly those for the elderly and persons with disabilities. Meanwhile, some of the sites granted to non-governmental organisations (NGOs) (or donated to the NGOs by private land owners) many years ago have become “under-utilised” in present-day circumstances. In the second half of 2012, the Labour and Welfare Bureau (LWB) had rounds of discussions with, and received positive feedback from, NGOs on how to make better use of the sites through redevelopment (or expansion) to provide more diversified subvented and self-financing facilities, in particular elderly and rehabilitation facilities. The Chief Executive subsequently announced in his 2013 Policy Address that the Government would seek to use the Lotteries Fund (LF) more flexibly and provide targeted assistance to land owners during the planning or development process.

3. In September 2013, the Government invited welfare organisations to join the Special Scheme. Under the Special Scheme, an applicant NGO will have to provide on a site under its ownership a net increase in the provision of one or more than one service on the list of facilities set out by the Government through redevelopment (including

expansion). The list includes facilities for three types of elderly services and eight types of services for persons with disabilities that are in great demand now or in the foreseeable future. For the projects under the Special Scheme, LF will provide more flexible funding arrangements, which involve welfare-related ancillary facilities, technical feasibility study (TFS), decanting, as well as the capital costs of self-financing projects, etc. The major features of the Special Scheme are at [Annex 1](#).

4. The closing date of application for the Special Scheme was 18 November 2013. Preliminary proposals submitted by 43 social welfare organisations involving 63 applications were received. Based on the rough estimation of the applicant organisations, if all the proposals received under the Special Scheme could be implemented smoothly, about 17 000 additional service places would be provided for the elderly and persons with disabilities, including around 9 000 places for elderly services and 8 000 places for rehabilitation services (please see [Annex 2](#) for details). This will help provide extra gross floor area (GFA) for the provision of welfare services that are in great demand. The Special Scheme will also provide a concrete basis for welfare manpower planning. As the completed development or redevelopment projects would have a life span of decades, it would be a scheme with a long-lasting effect.

5. The proposals are at different planning stages. The feasibility of implementing the projects as proposed by the applicant NGOs will depend on various factors, including the site's location and its surrounding environment, communal facilities and transport facilities, requirements prescribed in the land lease conditions and restrictions stipulated in the outline zoning plan on use and development intensity, feedback received from local consultations, 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. As the proposals are at different planning stages and are expected to proceed at different paces, the cashflow under the Special Scheme should have a certain degree of flexibility. Assuming that all proposals under the Special Scheme are technically feasible, the amount of LF required will be at a rough estimate of \$20 billion. The actual closing balance of LF for 2012-13 was about \$10.2 billion. From 2008-09 to 2012-13, the average revenue and

average expenditure of LF amounted to about \$1.6 billion and \$800 million per year respectively. To ensure that the projects under the Special Scheme will be planned with more certain resource availability and to avoid affecting other LF projects, the Government obtained the approval of the Finance Committee of the Legislative Council in February 2014 for the transfer of funds of \$10 billion to LF to provide sufficient resources to implement the feasible projects under the Special scheme and other projects within the remit of LF.

Progress of implementation

6. According to the established requirements for LF grants, the welfare facilities involved in the LF applications under the Special Scheme, including the subsidised and self-financing welfare service portions, must be agreed by the Social Welfare Department (SWD) as necessary to provide services in demand. Before the applicant NGOs apply for LF grants to fund the construction works, SWD will determine the service details, such as services types and the number of places (including the allocation of additional subsidised and self-financing service places), etc. with the applicant NGOs. In considering the subsidised and self-financing services, SWD will, in accordance with the established practice, take into account the need for different types of services in the community in the long run, the choices for service users as well as the maturity of the relevant services in the market¹.

¹ After assessing in detail the preliminary proposals from applicant NGOs, SWD considers the provision of self-financing welfare services according to the following factors –

- (i) whether the services are currently operating on the site and to SWD's satisfaction;
- (ii) whether there is service need for such facilities;
- (iii) whether the facilities are in line with the policy objective or are bridging a service gap;
- (iv) whether details of the service proposal, including service objective, service target, details of operation, level of fees, floor area requirements, etc. meet SWD's requirements and are recognised by SWD;
- (v) whether the facilities would significantly compromise the provision of those facilities specified under the Special Scheme; and
- (vi) whether the use of the site has been optimised with regard to the plot ratio or building height restrictions as suggested by the Planning Department or stipulated in the outline zoning plan.

7. Before submitting funding applications to LF to fund the construction costs of projects under the Special Scheme, applicant NGOs should have completed the relevant TFSs. The feasibility study for each of the projects must be carried out by the consultants employed by the NGO concerned. The study should include: definition of the scope of the welfare project, topographical survey, site investigation, an assessment of the need for an environmental impact assessment/risk assessment at the detailed design stage, site constraints, cost estimate, preliminary schematic design, works programme and assessment of accessibility of site, availability of utility services, etc.. The TFS report will need to be submitted to SWD for approval. Upon confirmation of the technical feasibility and scope of the project, the welfare NGO may, at an appropriate juncture, submit a funding application to LF to proceed with the construction works.

8. As at end-March 2015, SWD had met with all the applicant NGOs individually to discuss how their proposals may be refined to better meet the welfare demand and how the respective technical issues could be resolved. The revised proposals received will be subject to further vetting by SWD and, where necessary, other departments concerned before they may be considered suitable to proceed with TFS or local consultation.

9. As at end-March 2015, among the 63 initial proposals, five projects have entered the implementation stage. LF grants have been approved to meet the construction costs of two of these projects. These five projects are expected to be completed in or before 2017-18, providing about 240 additional elderly service places (including 100 subvented places) and 450 additional subvented rehabilitation service places. Details of these projects are tabulated at **Annex 3**.

10. The remaining 58 proposals are at different planning stages. If the relevant projects are confirmed to be technically feasible, they are expected to be completed in phases after 2017-18. LF grants have been approved for two of them to proceed with TFS (i.e. the proposed expansion of the Hong Kong Sheng Kung Hui Nursing Home in Wong Tai Sin and the proposed development of an elderly home on a site at Fuk Hang Tsuen Road, Lam Tei, Tuen Mun by Pok Oi Hospital). In 2015-16, SWD expects to support some other individual project proposals to

proceed with TFSs. Upon completion of the individual TFSs, the Government will have a better estimate of the types of services and numbers of places arising from the projects.

11. According to the proposals of applicant NGOs, the building height or floor area will be increased after redevelopment, (including expansion) to provide more welfare services which are in great demand. If the development projects under the Special Scheme require amendment to the outline zoning plan or planning permission from the Town Planning Board, and/or if the welfare facilities proposed to be provided are not permitted under the respective land leases, or the new development, redevelopment or expansion projects exceed the development requirements (e.g., restrictions on site coverage, building height or number of floors, maximum GFA, non-building area, etc.) stipulated in the respective land leases, the lot owners concerned will have to apply to the Planning Department (PlanD) and the Lands Department (LandsD) for the requisite outline zoning plan amendment or planning permission and modification of lease conditions respectively so as to carry out the proposed works. The applicant NGO must also submit building plans application to the Buildings Department (BD) in accordance with the Buildings Ordinance. The Policy and Project Co-ordination Unit (PPCU) under the Chief Secretary for Administration's Office has, since the planning for the Special Scheme, assisted LWB in coordinating relevant Government departments (including SWD, PlanD, LandsD and BD) in examining the proposals submitted by the applicant NGOs, and will continue with the work concerned.

12. LWB and SWD introduced the Special Scheme to the Chairmen and Vice-Chairmen of the 18 District Councils (DC) during which the distribution of the project proposals by districts was provided. Positive feedback was received from the DC Chairmen and Vice-Chairmen. The applicant NGOs will follow up on the local consultation work in respect of their respective project proposals in due course. SWD and other related departments (such as PlanD and LandsD) will provide assistance as appropriate.

Exchanges with the applicant NGOs

13. The Government organised three information exchange sessions on 30 April 2014, 28 August 2014 and 13 March 2015. A representative

from the Hong Kong Institute of Architects was invited to one of these sessions to speak on the design of welfare facilities (especially barrier-free facilities). In the light of NGOs' feedback on the implementation details, LWB and SWD have further clarified and refined the Special Scheme as follows –

- (a) the schedules of accommodation (SoAs) of some welfare facilities are being reviewed to meet modern day standards and to cater for foreseeable service requirements. The revised SoAs, if approved, will be adopted for the proposed projects under the Special Scheme on the basis of the date of the notification of LF grants for the TFS in respect of the project proposals concerned. SWD expects that the revised SoAs will be available in mid-2016 the earliest;
- (b) as some applicant NGOs do not have in-house technical or professional manpower support, they may apply for financial support under LF to engage authorised persons or consultants to assist them in preparing funding applications for the conduct of TFS. Each application will be considered by SWD on a case-by-case basis;
- (c) applicant NGOs may apply for financial support under LF to engage project management service to help them monitor the project delivery during the project implementation stage. Each application will be considered by SWD on a case-by-case basis; and
- (d) applicant NGOs are welcome to set up staff training facilities for delivery of quality care/support services in their development projects for in-house staff training. If the GFA concerned, together with that of other ancillary facilities, does not exceed 10% of the total GFA of the building, a funding application may be made under LF for the capital and fitting-out costs.

Way forward

14. LWB will continue to coordinate the implementation of the Special Scheme. In future, LWB will, on a need basis, continue to

arrange for the exchange meetings as mentioned in paragraph 13 above and adopt other suitable ways to strengthen communication with the NGOs. LWB will also maintain contact with PPCU of the Chief Secretary for Administration's Office to help applicant NGOs take forward different projects.

15. We must point out that the implementation of the Special Scheme would not affect the implementation of other projects on welfare facilities that are being or will be implemented by SWD. SWD has already earmarked sites in 17 development projects for the construction of new contract residential care homes for the elderly (RCHEs), contract RCHEs with Day Care Units for the Elderly and new Day Care Centres for the Elderly. These facilities will be distributed in Eastern, Wan Chai, Kwun Tong, Sham Shui Po (three projects), Yau Tsim Mong, Islands, Kwai Tsing, North (two projects), Sha Tin (three projects), Tsuen Wan, Tuen Mun and Yuen Long Districts. For rehabilitation services for persons with disabilities, the Government will also carry out works projects in various districts to increase the provision outside the Special Scheme.

Advice sought

16. Members are invited to note the progress of the Special Scheme.

Labour and Welfare Bureau
Social Welfare Department
April 2015

Major features of the Special Scheme

The major features of the Special Scheme are as follows² –

(a) Types of social welfare services

Elderly services

1. Care and attention home providing continuum of care
2. Nursing home
3. Day care centre for the elderly

Rehabilitation services

4. Care and attention home for severely disabled persons
5. Hostel for moderately mentally handicapped persons
6. Hostel for severely mentally handicapped persons
7. Long stay care home
8. Integrated vocational rehabilitation services centre
9. Day activity centre
10. Special child care centre
11. Early education and training centre

NGOs participating in the Special Scheme will have to provide a net increase in the provision of one or more than one service on a site under its ownership. To give NGOs greater flexibility to meet their other requirements, they may co-locate welfare facilities other than the 11 types of services mentioned above and/or non-welfare facilities on the same site provided that such uses and arrangement are permitted under the applicable regulations and procedures, and in compliance with the land lease governing the lot concerned.

(b) Form of development

The form of development may include expansion, redevelopment, new development and a combination of one or more of the above categories. NGOs are also allowed to use up a small portion of the

² Such features do not apply to other welfare projects already processed or to be processed by the SWD outside the Special Scheme.

GFA for welfare-related ancillary facilities and the cost will be borne by LF. Unless there would be discretionary approval by the Government, existing buildings should not be demolished if they are less than 25 years old.

(c) Track record of NGOs

NGOs should satisfy SWD that they are bona-fide non-profit making organisations which have direct experience in running related welfare services with a good record of corporate governance, and should demonstrate capability and/or experience in taking charge of similar development/redevelopment projects.

(d) Waiving of the open bidding requirement

At present, SWD requires an NGO (even if it owns a piece of land) to compete with other NGOs for securing extra GFA for operating any new type of subvented service on its own land. Take for example an NGO which has redeveloped its building from one providing 100 subvented residential care places for the elderly into a building providing 300 subvented residential care places for the elderly plus 100 subvented residential care places for persons with disabilities. The 100 subvented places for persons with disabilities would need to be subject to open bidding with other NGOs because it is considered a new type of subvented service on the site. On the other hand, the 300 residential care places for the elderly, despite the increase in provision, will continue to be run by the NGO concerned without the need for open bidding as the additional places are considered expansion of service. For a new subvented welfare service to be provided under the Special Scheme, SWD may exercise its discretion to waive the open bidding requirement on the condition that the NGO participating in the Special Scheme, upon securing funding either from LF or other sources to support the capital cost of its project under the Special Scheme, will generally be required to abstain once from bidding elsewhere for the same type of subvented service.

(e) Technical feasibility study

According to the existing practice, LF will only support the cost of the TFS in proportion to the net operating floor area (NOFA) proposed for the welfare portion. Under the Special Scheme,

SWD may consider exercising its discretion to fund the full costs of the TFS for the project by LF if the welfare portion constitutes no less than 50% of the NOFA of the project.

(f) Decanting cost

An NGO participating in the Special Scheme may need to relocate the existing welfare services to other premises pending the development or redevelopment of the site. SWD may consider exercising its discretion to approve the use of LF to pay for the decanting costs involved.

(g) Self-financing services

Under the prevailing practice of using LF to support the capital costs of self-financing projects, the following rules are normally observed for capital construction projects –

- (i) the NGO must have at least three years of good track record in welfare services and is required to undertake to operate the project for at least five years; and
- (ii) regarding self-financing services, the NGO should commit not less than 10% of the total capital cost recognised by LF on the self-financing portion as contribution to LF, or top up an amount of not less than 10% of the total capital cost recognised by LF on the self-financing portion for the above-standard facilities of the project.

For projects under the Special Scheme, SWD may consider exercising its discretion to waive –

- (i) the three-year track record required of an NGO provided that –
 - the NGO concerned must demonstrate to the satisfaction of SWD its ability to run and sustain the proposed welfare facility, such as financial capability and engagement of a service delivery team with relevant experience in operating the proposed welfare facility; and

- the NGO concerned must undertake to operate the proposed welfare facility for at least eight years; and
 - (ii) the 10% contribution from an NGO if the self-financing portion is to provide for a welfare facility meeting prevailing needs as supported by SWD, such as a self-financing Residential Care Home for the Elderly. However, for any non-welfare portion of a project under the Special Scheme, an NGO will still need to pay for the capital cost (and full land premium, if required) of that portion. If the setting up of any such non-welfare facilities (such as churches and hospital facilities) is supported by the relevant bureaux, the NGO will need to make arrangements in terms of resources for handling the costs involved, including payment for land premium, if appropriate.
- (h) One-stop assistance on development matters

Projects under the Special Scheme will still be subject to the applicable statutory regimes for development, including the Town Planning Ordinance and the Buildings Ordinance, etc. as well as the land lease conditions governing the lots concerned. As NGOs may need advice on optimising the development potential of their sites and assistance in their applications for lease modification (where required), planning applications and submission of building plans etc., PPCU of the Chief Secretary for Administration's Office will provide consultation and coordination services for the NGOs under the Special Scheme.

Details of preliminary proposals received under the Special Scheme

Under the Special Scheme, the Government is processing 63 preliminary proposals submitted by 43 welfare organisations. These proposals include 42 redevelopment projects, 9 expansion projects and 12 new development projects, the details of which are as follows –

District	No. of applications	Places for residential care services for the elderly		Places for day care services for the elderly	Places for residential care services for persons with disabilities				Places for day care/vocational rehabilitation services for persons with disabilities			
		CoC Home	NH	DE	C&A/SD	HSMH	HMMH	LSCH	IVRSC	DAC	SCCC	EETC
Hong Kong												
Central and Western	0	-	-	-	-	-	-	-	-	-	-	-
Eastern	4	150	-	140	-	110	156	-	280	170	120	180
Southern	7	773	300	274	50	50	50	-	-	50	54	120
Wan Chai	2	-	-	40	-	-	-	-	-	-	60	180
Kowloon												
Kowloon City	5	165	190	150	50	150	100	-	60	150	120	330
Kwun Tong	6	932	-	140	200	-	50	-	120	150	360	540
Sham Shui Po	3	100	-	40	-	-	56	73	77	-	60	90
Wong Tai Sin	2	50	150	140	-	-	-	-	-	-	-	-
Yau Tsim	2	-	-	60	-	-	50	-	-	50	120	360

District	No. of applications	Places for residential care services for the elderly		Places for day care services for the elderly	Places for residential care services for persons with disabilities				Places for day care/vocational rehabilitation services for persons with disabilities			
		CoC Home	NH	DE	C&A/SD	HSMH	HMMH	LSCH	IVRSC	DAC	SCCC	EETC
Mong												
New Territories												
Islands	2	107	-	20	-	-	-	-	-	-	-	-
Kwai Tsing	3	200	-	160	-	50	50	-	400	100	120	150
North	5	429	-	210	-	-	-	200	120	-	60	90
Sai Kung	5	250	-	80	60	50	-	-	-	90	60	90
Sha Tin	1	-	-	-	-	-	-	200	-	-	-	-
Tai Po	4	120	-	80	-	84	100	-	120	84	60	60
Tsuen Wan	4	209	184	115	75	57	-	-	-	57	48	170
Tuen Mun	4	1 250	880	140	-	-	-	-	-	-	60	90
Yuen Long	4	519	-	220	30	56	-	-	50	300	-	90
Total	63	5 254	1 704	2 009	465	607	612	473	1 227	1 201	1 302	2 540
		8 967			8 427							
		17 394										

2. The figures on service places in the table above are estimated based on the preliminary proposals of the applicant NGOs. As the majority of the proposals have not undergone TFSs or the necessary development and planning procedures (e.g. outline zoning plan amendment, planning permission, lease modification, etc.) and the applicant NGOs have not yet submitted their building plan applications to the BD in accordance with the Buildings Ordinance, it is not feasible at this stage to predict the accuracy of the preliminary estimates of the number of service places, completion time of these proposed projects and the floor area after completion

of the works, etc.. The figures indicated preliminarily in the proposals will be adjusted subject to the technical feasibility of the proposals and the discussion between SWD and the applicant NGOs on the proposed service details.

Legend

CoC Home	Care and attention home for the elderly providing continuum of care
NH	Nursing home
DE	Day care centre for the elderly
C&A/SD	Care and attention home for severely disabled persons
HSMH	Hostel for severely mentally handicapped persons
HMMH	Hostel for moderately mentally handicapped persons
LSCH	Long stay care home
IVRSC	Integrated vocational rehabilitation services centre
DAC	Day activity centre
SCCC	Special child care centre
EETC	Early education and training centre

**Five projects under the Special Scheme which are expected to be completed in or before 2017-18
(Position as at end-March 2015)**

Development project	Additional places of welfare services on the list of facilities set out by the Government³ (please refer to Annex 1)	Latest progress	Estimated completion date
Redevelopment of Hong Chi Pinehill Integrated Vocational Training Centre - Minor Staff Quarter and Services Building, Pinehill Village, Tai Po, by Hong Chi Association	100 places of Hostel for Moderately Handicapped persons	The NGO has secured funding under the Hong Kong Jockey Club Charities Trust to meet the cost of the redevelopment works.	2016-17
Redevelopment of Caritas Social Centre - Tsuen Wan at 9 Shing Mun Road, Tsuen Wan by Hong Kong Caritas	120 places of Care and Attention Home for the Elderly providing Continuum of Care (including 48 places to be operated on a self-financing basis) and 30 places of Day Care Centre of the Elderly	The NGO has secured funding under the Hong Kong Jockey Club Charities Trust to meet part of the cost of the redevelopment works. The remaining portion will be borne by the NGO.	2016-17 or before

³ The additional places are subvented places unless otherwise specified.

Development project	Additional places of welfare services on the list of facilities set out by the Government¹ (please refer to Annex 1)	Latest progress	Estimated completion date
Expansion of Haven of Hope Woo Ping Care and Attention Home at 8 Pui Shing Lane, Tseung Kwan O by Haven of Hope Christian Service	87 places of Care and Attention Home for the Elderly providing Continuum of Care (all to be operated on a self-financing basis)	The Lotteries Fund Advisory Committee supported the LF grant to meet the cost of the expansion works at its meeting on 20 January 2015. SWD will seek formal funding approval in accordance with the established procedure.	2017-18 or before
Redevelopment of Heep Hong Society Catherine Lo Centre at 19 Sandy Bay Road, Pokfulam by Heep Hong Society	54 places of Special Child Care Centre and 180 places of Early Education and Training Centre	The Finance Committee of the Legislative Council approved the LF grant at its meeting in July 2014 to meet the cost of the redevelopment works.	2017-18 or before
New development on a vacant area now used for the purposes of environmental enhancement and farming within Hong Chi Pinehill Village, Tai Po by Hong Chi Association	60 places of Special Child Care Centre and 50 places of Early Education and Training Centre	The NGO has secured funding under the Hong Kong Jockey Club Charities Trust to meet the cost of the redevelopment works.	2017-18 or before