

THE GOVERNMENT MINUTE

in response to the

**REPORT OF
THE PUBLIC ACCOUNTS COMMITTEE
No. 69**

of February 2018

16 May 2018

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 69
DATED FEBRUARY 2018**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS
(Report No. 66)**

MATTERS OUTSTANDING

Efforts of the Rating and Valuation Department in safeguarding revenue on rates and government rent

(Chapter 1 of Part 4 of PAC Report No. 66)

Encl. 1

The Rating and Valuation Department has taken appropriate actions to follow up on the recommendations of the Public Accounts Committee (PAC). A summary of the progress is set out at Enclosure 1. As all the recommendations have been implemented, we propose deleting this chapter from the next progress report.

Fresh food wholesale markets

(Chapter 2 of Part 4 of PAC Report No. 66)

Encl. 2

2. The Food and Health Bureau (FHB) and the Agriculture, Fisheries and Conservation Department have been actively following up the recommendations in the Audit Report and are liaising with relevant departments and stakeholders to take actions to address the improvement items as recommended by the Director of Audit in relation to various aspects. A summary of the progress made is reported in the Enclosure 2.

Admission Schemes for talent, investors and workers

(Chapter 4 of Part 4 of PAC Report No. 66)

Encl. 3

3. The Immigration Department (ImmD) has taken actions to follow up on the recommendations made by the Audit Commission (Audit) and the PAC on the admission schemes for talent, investors and workers as appropriate. A summary of the progress of implementing the outstanding item is at Enclosure 3.

Hong Kong Academy for Performing Arts
(Chapter 5 of Part 4 of PAC Report No. 66)

4. The Government and the Hong Kong Academy for Performing Arts (HKAPA) generally accept the recommendations made by the Audit and the PAC of the Legislative Council (LegCo). The Home Affairs Bureau (HAB) and the HKAPA have continued to take appropriate actions to take forward Audit's recommendations. Details of the progress made are set out at Enclosure 4.

Encl. 4

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS
(Report No. 67)**

MATTERS OUTSTANDING

Buildings Department's actions on unauthorised building works
(Paragraphs 3 to 5 of Part 3 of PAC Report No. 67)

Encl. 5

5. The Government has taken proactive and concrete actions to implement the recommendations made by the Audit and PAC on enforcement against unauthorised building works. Regarding the remaining recommendation contained in PAC Report No. 69, the progress is set out at Enclosure 5.

6. As all the follow-up actions will be implemented on an on-going basis, we recommend deleting this part from the next progress report.

Public cooked food markets managed by the Food and Environmental Hygiene Department
(Paragraphs 6 to 8 of Part 3 of PAC Report No. 67)

7. The Food and Environmental Hygiene Department (FEHD) has made further progress in implementing measures to improve the operating environment of public cooked food venues. The latest progress is reported below.

Installation of Fire Safety Measures and Upgrading of Electricity Supply

8. FEHD is committed to improving fire safety and upgrading electricity supply in public cooked food venues under its management, and has set up an inter-departmental working group with Architectural Services Department (ArchSD) and Electrical and Mechanical Services Department to follow up the Audit's recommendations for the installation of six minimum fire safety measures¹ in these venues. All 72 public cooked food venues are now provided with portable fire extinguishers, emergency lighting, manual fire alarms and automatic cut-off device for mechanical ventilating system where applicable. 46 cooked food venues

¹ Six minimum fire safety measures are –

- (a) portable fire extinguisher;
- (b) emergency lighting;
- (c) manual fire alarm;
- (d) automatic cut-off device for mechanical ventilating systems;
- (e) automatic sprinkler system; and
- (f) fire hydrant and hose reel system.

have been equipped with automatic sprinkler system, and 52 with fire hydrant and hose reel (FH/HR) system. We would continue our work to provide automatic sprinkler system and FH/HR system for the rest of the cooked food venues as far as practicable. Installation works are in progress/under planning for the last batch of 17 cooked food venues where fire safety upgrading works are required.

9. FEHD consulted Fire Services Department (FSD) and has carried out measures to enhance the fire safety awareness of the market staff and operators of these cooked food venues, such as displaying fire safety tips at conspicuous locations of cooked food venues and organising fire drills and fire safety talks annually. Moreover, in January 2018, FEHD reminded tenants to be cautious with fire risk again with advisory letters attached with relevant fire safety tips and guidelines on safe use of electrical appliances. FEHD has also issued warnings to stall tenants on irregularities which may lead to termination of tenancy agreement.

10. On electricity supply for public cooked food venues, in view of the technical or site constraints involved in carrying out power upgrading works in existing venues, FEHD would try on a best endeavour basis to bring the electricity supply of the cooked food markets (CFMs)/cooked food centres (CFCs) on par with the latest standard of 60A/3-phase for each stall. So far, electricity upgrading works for five venues had been completed. Due to space constraints for building new transformer rooms and/or other technical problems in upgrading the existing main switchboards, power upgrading works would not be practically feasible for four venues. Electricity upgrading works are in progress/under planning for 25 other venues.

11. As the above improvement measures will be implemented on an on-going basis, we recommend deleting the relevant parts from the next progress report.

Retrofitting of Air-conditioning System

12. In his Budget Speech delivered in February 2018, the Financial Secretary announced that \$2 billion would be earmarked for implementing a Market Modernisation Programme (MMP) over the next ten years. This will entail a comprehensive review of public markets (including public CFMs) managed by FEHD, and improvement works including early installation of air-conditioning (A/C) systems, major overhaul or redevelopment, with a view to improving the operating environment of the markets and putting the land resources to most gainful use. The project scope may include A/C, re-design and re-zoning of stalls, re-configuration of layout, drainage improvement, upgrading works for fire services installations, electricity supply, toilet facilities, ventilation, lighting, signage, replacement of floor tiles, provision of barrier free access, façade and external wall decoration, lifts and escalators, etc. as appropriate. A dedicated team has been set up in FEHD to take forward the MMP and other reviews.

13. There is no pre-set limit on the number of markets that may benefit from the dedicated funding, which would depend on the actual circumstances of individual markets interested, scope and complexity of works proposed, and the mix of projects agreed over time. Public markets would be considered with regard to the physical condition of the markets concerned, their geographical location and distribution, business viability, tenants' readiness, etc.

14. With respect to the progress in taking forward the 11 markets/CFCs which have secured the requisite support from the tenants for installing A/C systems, we have obtained the support from the LegCo's Panel on Food Safety and Environmental Hygiene (FSEH Panel) in March 2018 on the proposal regarding Tai Wai Market. We will seek funding approval from the Finance Committee (FC) in accordance with the established mechanism. The remaining ten markets/CFCs are at different stages of technical studies or engagement with tenants on the scope of works and related issues.

15. As all the above improvement measures will be implemented on an on-going basis, and the FSEH Panel has formed a subcommittee to deliberate issues relating to the development and modernization of public markets, including public CFMs, we recommend that the relevant parts be deleted from the next progress report.

Management of water supply and demand

(Paragraphs 9 to 11 of Part 3 of PAC Report No. 67)

16. The Water Supplies Department has been taking follow-up actions as appropriate to address Audit's recommendations. A summary of progress of the outstanding items is set out in Enclosure 6.

Encl. 6

Planning, construction and redevelopment of public rental housing flats

(Paragraphs 3 to 5 of Part 4 of PAC Report No. 67)

17. The Housing Department (HD) has taken appropriate actions to follow up on the subjects reported to PAC of the LegCo. A summary of the progress of implementing the recommendations is set out at Enclosure 7. As all the recommended measures have been completed or will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.

Encl. 7

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

(Paragraphs 6 to 8 of Part 4 of PAC Report No. 67)

18. The Government has 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 remain at \$1,162 million. The Security Bureau reiterated again by letters to the Hong Kong Sub-office of the UNHCR in January and April 2018 and at a meeting with UNHCR in March 2018 the Government's stance and registered the Hong Kong community's expectation of an early recovery of the outstanding advances.

19. Although it is not optimistic that repayment can be made by UNHCR in the near future, the Government will continue to pursue an early repayment of the outstanding advances from UNHCR.

Footbridge connections between five commercial buildings in the Central District

(Paragraphs 9 to 11 of Part 4 of PAC Report No. 67)

20. Having discussed various options, the owner of Building II is in discussion with the owner of Building I on one option on the location and connection point of the proposed Footbridge A (the footbridge) to Building I, with a view to obtaining the permission from the owner of Building I for construction of the footbridge. The owner of Building II advised that he would re-submit proposals to the Buildings Department (BD) upon receiving confirmation from the owner of Building I on the footbridge option being discussed. The Lands Department (LandsD) and the BD will continue to assist the parties concerned to resolve the issue.

Small house grants in the New Territories

(Paragraphs 12 to 16 of Part 4 of PAC Report No. 67)

21. The existing Small House Policy has been in operation for a long period of time. Any review inevitably involves complicated issues in aspects such as legal, environment, housing, land use planning and demand on land, all of which require careful examination. As the Development Bureau (DEVB) has to accord priorities to other more pressing policy issues under its purview, the review of the Small House Policy is not a priority task for the time being. Separately, given that the Small House Policy is currently subject to a judicial review (JR), the Government is not in a position to make any public comment on issues that may prejudice its handling of the case. We will keep in view the development of the JR and consider the way forward for the review on the Small House Policy.

Direct land grants to private sports clubs at nil or nominal premium
(Paragraphs 17 to 19 of Part 4 of PAC Report No. 67)

Review of the Private Recreational Lease (PRL) Policy

22. An inter-departmental working group (the working group) was convened by the HAB in 2014 to conduct the review. The working group has considered from the angle of sport development, land use, expectation of the public, PRL lessees and their members as well as other stakeholders in working out the way forward. The working group has recently completed the review. HAB launched a six-month consultation on 20 March 2018 to solicit views from the public and stakeholders on the recommendations of the review and briefed the LegCo Panel on Home Affairs on the review findings on 26 March 2018. The public consultation document is available for viewing at HAB's website. After the public consultation, HAB will summarise the views collected and present its final recommendations to the Executive Council for consideration.

Implementation of the "opening-up" requirement

23. HAB placed two rounds of advertisements in the print media in September 2017 and February 2018 respectively to encourage eligible bodies to make use of sport facilities operated by PRL lessees.

Monitoring of compliance with lease conditions

24. HAB has been monitoring the utilisation rates of sports facilities on PRL sites, in particular with regard to the implementation of the opening-up schemes. It will continue to conduct annual inspections of PRL sites held by 24 private sports clubs to ensure their compliance with the approved opening-up schemes.

25. LandsD, in consultation with HAB and other relevant bureaux and departments (B/Ds), has completed all the required follow-up actions on cases of irregularities and suspected non-compliance with lease conditions identified in the Audit Report. LandsD has also conducted site inspections of PRLs where lease renewal is not yet due and will follow up in consultation with HAB as appropriate.

Progress made in implementing Audit's and PAC's recommendations

26. A summary of progress in implementing Audit's and the PAC's specific recommendations is at Enclosure 8.

Management of roadside skips

(Paragraphs 20 to 23 of Part 4 of PAC Report No. 67)

27. The Government has followed up on the implementation of measures to enhance the management and control of roadside skips through the Joint Working Group (JWG) on Management of Roadside Skips². To alleviate the situation of a lack of skip storage sites, the Government has provided two sites, one adjacent to Tseung Kwan O Area 137 Fill Bank and another at Siu Lang Shui in Tuen Mun, through short-term tenancies for use by the skips trade to store idling skips since January and December 2017 respectively.

28. In addition, a dedicated term service contractor has been engaged by the Government since February 2017 to assist enforcement departments in speeding up the removal of skips found to be posing serious obstruction to traffic and/or imminent danger to the public, so as to enhance enforcement efficiency and deterrent effect. The Government's JWG also conducted a total of 31 joint enforcement operations during the period from February to November 2017 to tackle the malpractice of indiscriminate placement of idling skips, covering the black spots in Tseung Kwan O, Sai Kung, Kowloon Bay and Kai Tak areas. The participating departments included the Hong Kong Police Force (HKPF), the LandsD, the FEHD, the Transport Department (TD), the Highways Department, the District Offices and the Environmental Protection Department. The extent of indiscriminate placement of idling skips at these black spots has been noticeably improved. The JWG will continue to organise joint enforcement operations as necessary in various districts in order to deter the malpractice of indiscriminate placement of idling skips at roadside.

29. The JWG organised a seminar with the trade on 27 September 2017 to promote safe practices in skip operations and wider adoption of the TD's "Guidelines for Mounting and Placing of Skips" among skip operators. As regards the further work in managing and facilitating skip operations, the JWG has been in close liaison with the skip operators trade and is engaging a consultant to explore the setting up of a trade-led voluntary skips registration system, under which skip specifications will be standardised and adoption of good operational practices and safety measures will be promoted, thereby enhancing the standards of skip operations as well as the collaboration with the trade.

30. A summary of the progress of implementing the Audit's recommendations is at Enclosure 9. As the recommendations stated in paragraphs 5.6 (c) and (d) of the Director of Audit's Report have been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.

Encl. 9

² The JWG is led by the Environment Bureau and the Environmental Protection Department and comprises the Development Bureau, the Transport and Housing Bureau, the Food and Environmental Hygiene Department, the Highways Department, the Hong Kong Police Force, the Lands Department, the Transport Department, and the Home Affairs Department (on a need basis).

Provision of long-term care services for the elderly
(Paragraphs 24 and 25 of Part 4 of PAC Report No. 67)

31. The Government has been taking actions to implement the Audit's recommendations. In light of the PAC's wish to be kept informed of the subject as stated in its Report No. 69, we would like to highlight the latest developments in the ensuing paragraphs.

Increasing service places for the elderly

32. The Government continues to increase service places for the elderly through a multi-pronged approach. As at end-January 2018, the Social Welfare Department has earmarked sites in 30 development projects for the construction of new contract homes and day care centres/units for the elderly. It is estimated that about 3 050 residential care places (including subsidised and non-subsidised places) and about 1 090 day care places for the elderly will be progressively provided starting from 2017-18. The Government will continue to actively identify suitable sites for the construction of elderly facilities to meet the keen demand. In particular, through pursuing the "single site, multiple use" model on "Government, Institution or Community" sites, we will strive to incorporate more elderly facilities in government multi-storey developments.

33. The Government is also implementing the Special Scheme on Privately Owned Sites for Welfare Uses. Based on the rough estimation of the applicant organisations, if all the projects under the scheme could be implemented smoothly, about 9 000 additional service places for the elderly would be provided, including about 7 000 residential care places and about 2 000 day care places for the elderly.

34. In tandem with the above efforts, the Government is implementing the Pilot Scheme on Community Care Service Voucher for the Elderly and the Pilot Scheme on Residential Care Service Voucher for the Elderly to provide an additional choice for elderly persons. Separately, to support ageing in place for elderly persons, the Government launched the Pilot Scheme on Home Care and Support for Elderly Persons with Mild Impairment and the Pilot Scheme on Support for Elderly Persons Discharged from Public Hospitals After Treatment in December 2017 and February 2018 respectively.

2017 Policy Address

35. With reference to the Elderly Services Programme Plan (ESPP) completed in June 2017, the Chief Executive's 2017 Policy Address and Policy Agenda, announced in October 2017, proposed an array of initiatives to improve elderly services. The initiatives include –

- (i) providing an additional 1 000 vouchers under the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly, bringing the total to 6 000, to support ageing in place for elderly persons with moderate or severe impairment;
- (ii) implementing a series of initiatives to strengthen the care and support for dementia at the community level, which include regularising the Dementia Community Support Scheme and expanding it to all 41 district elderly community centres in the territory;
- (iii) allocating additional resources to all subvented elderly centres and home care services teams in the territory to enhance outreaching services for supporting needy carers of frail elderly persons living in the community;
- (iv) setting up a new \$1 billion Innovation and Technology Fund for Application in Elderly and Rehabilitation Care to subsidise eligible elderly service units to try out and procure/rent technology products;
- (v) providing additional resources for subsidised elderly service units to increase the salaries of personal care workers and home helpers, thereby enabling these service units to recruit and retain staff more effectively;
- (vi) planning to reinstate population-based planning ratios for elderly services in the Hong Kong Planning Standards and Guidelines; and
- (vii) implementing a series of measures to continuously strengthen the monitoring of residential care homes for the elderly (RCHEs) and enhance their service quality, which include continuing to review the legislation and related code of practice; launching a five-year scheme to provide full subsidies for home managers, health workers and care workers of all RCHEs in the territory to enrol in Qualifications Framework-based training courses; launching a five-year scheme to provide full subsidies for all private RCHEs to join accreditation schemes; setting up district-based professional teams under a four-year pilot scheme to provide outreach services for residents in private RCHEs, so as to support their social and rehabilitation needs; conducting a consultancy study to review the existing licensing and regulatory regime for RCHEs; and providing visiting medical practitioner services for residents of all RCHEs in the territory.

2018-19 Budget

36. The 2018-19 Budget proposed allocating additional resources to implement various initiatives on elderly services put forth in the 2017 Policy Address, involving a total recurrent provision of about \$1,263 million and non-recurrent expenditure of about \$2,229 million. Further, the 2018-19 Budget proposed making an additional recurrent provision of about \$63 million and non-recurrent provision of about \$343 million to provide speech therapy services for elderly service units to assist elderly persons with swallowing difficulties or speech impairment.

Looking ahead

37. The Government will continue to follow up on the recommendations of ESPP and explore suitable measures to strengthen elderly services. The Labour and Welfare Bureau will also continue to brief the LegCo Panel on Welfare Services on matters related to elderly services.

Administration of the air traffic control and related services

(Paragraphs 28 to 31 of Part 4 of PAC Report No. 67)

38. The Civil Aviation Department (CAD) fully commissioned the new Air Traffic Management System (ATMS) on 14 November 2016. Since the full commissioning of the system, with the proper handling of the teething issues identified by the CAD, the ATMS has been operating smoothly for over 16 months up to now. It has been providing round-the-clock air traffic services in a safe, reliable and smooth manner during the period.

39. In 2017, the ATMS ran the gamut of practically all inclement weather conditions and multiple traffic peaks, overcoming the challenges brought by the adverse weather of five severe storms to severe/super typhoons during the period. A record high figure of 2 341 total aircraft movements was recorded over a 24-hour period on 24 August 2017 recovering from the impact of Super Typhoon HATO promptly. In addition, the total number of aircraft movements handled by the ATMS in 2017 increased by 7.6% as compared with 2016. These objective figures affirm the efficient performance of the ATMS and front-line air traffic control officers. In recognition of the significant contribution made by the CAD in upgrading the reliability of the CAD's air traffic management services, the Civil Air

Navigation Services Organisation³ presented the CAD with the 2017 Global Safety Achievement Award.

40. The Transport and Housing Bureau (THB) and the CAD will continue to closely monitor the performance of the ATMS and optimise the system and enhance system functionality in order to cope with continued growth in air traffic in the future.

41. As all the recommendations from the Audit and the LegCo PAC on ATMS have been implemented, we recommend deleting this part from the next progress report.

Government's efforts in managing municipal solid waste

(Paragraphs 32 to 35 of Part 4 of PAC Report No. 67)

42. Secretary for the Environment and Director of Environmental Protection have taken actions to follow up on the outstanding recommendations made by the Audit and the PAC of the LegCo regarding the Government's efforts in managing municipal solid waste. Details of the progress made are set out in

Encl. 10

Enclosure 10.

43. As the outstanding recommendations will be implemented on an ongoing basis, we recommend deleting this subject from the next progress report.

Use and disposal of vacant school premises

(Paragraphs 38 to 40 of Part 4 of PAC Report No. 67)

Identifying vacant school premises

44. Of the remaining 108 addresses identified from the stocktaking exercise conducted earlier by the Education Bureau (EDB), 14 have already been handled by the Planning Department (PlanD) under the central clearing house mechanism. The short-term use (under Short Term Tenancy with the LandsD) of one vacant school premises (VSP) that ended in 2017 has been retained for

³ The Civil Air Navigation Services Organisation (CANSO) was set up in 1996 to provide support for the world's air navigation service providers and to hold regular meetings to promote knowledge sharing among the stakeholders, in order to enhance efficiency and safety in air traffic management. At present, CANSO has about 170 regulators, air navigation service providers and related service providers as its members. The Safety Standing Committee of CANSO is responsible for choosing the winner of the 2017 Global Safety Achievement Award from among five nominations in recognition of the significant safety contribution it has made in enhancing aviation safety. The other nominees this year were the United States' Federal Aviation Administration, the United Kingdom's National Air Traffic Services, Switzerland's air navigation service provider Skyguide, and the European Commission's Functional Airspace Block Europe Central.

possible school use, pending EDB's internal review on whether it is required for reallocation for school use or other educational use. EDB also reviewed the remaining 93 addresses according to the prevailing mechanism and considered that all the premises concerned could not be reallocated by EDB for school or, with PlanD's consent, other educational use, because of various reasons, e.g. they had been deployed for other educational use or non-educational use; the current land use restrictions were no longer related to school or other educational uses; they were on private land where the leases were virtually unrestricted or there was no cessation/diminution of user clause under the lease; they were on government land and with planned/proposed uses in line with the related site requirements; and they were located within Military Closed Area, etc. EDB notified PlanD and other relevant departments (such as LandsD and the HD) of these 93 addresses in September 2017 for consideration of suitable alternative long-term use in accordance with the central clearing house mechanism.

Allocating VSP for educational or other uses

45. As regards the two VSP on private land that were not earmarked for any use, the proposed other educational use of one of them has already had the required registration approved by EDB in consultation with LandsD on the compliance of land use, and the school sponsoring body (SSB) is taking active follow-up actions to put the premises into use. EDB has approached the SSB to initiate discussion on the surrender of the other premises.

46. As regards the three VSP located on government land that were partially utilised for their current uses, one has been allocated for office use by three education-related organisations and renovation works is being arranged. EDB confirmed that the remaining two (involving the covered playground and staff quarter of an ex-VSP and 3/F to 6/F of a school premises) were no longer required for re-allocation for school use and notified PlanD and other relevant departments (such as LandsD and the HD) in September 2017 and February 2018 respectively in accordance with the central clearing house mechanism for consideration of suitable alternative long-term use.

47. As at 30 April 2015, 73 VSP under LandsD's purview were not being used. Subsequently, four VSP which were previously under EDB's purview and not being used as at 30 April 2015 were also referred to LandsD under the central clearing house mechanism. Among these 77 VSP, no follow-up action is required by the Government in terms of pursuing alternative land use for 29 cases, including 21 cases where the land leases for the private land concerned do not contain a cessation/diminution of user clause allowing the Government to re-enter the land after cessation of school use (hence future use of the land is at the discretion of the lessees so long as the use is compliant with the lease, zoning and other regulations), one case where uses other than school use are allowed under the lease, and seven cases where alternative long-term/short-term uses have been approved/earmarked.

48. For the remaining 48 VSP under LandsD's purview but not being used, six VSP were on private land that had a cessation/diminution of user clause in the land leases and 42 VSP were on government land. As at end-January 2018, in respect of the six VSP on private land, LandsD was processing four proposals submitted for other uses and would continue to take appropriate actions to recover possession of two VSP. Of the 42 VSP on government land, planned uses/applications in respect of 27 VSP were being processed by LandsD, 11 VSP had been included into the list of vacant government sites (including VSP) available for application for short-term use on the "GeoInfo Map" website, and four VSP were not available for short-term use for the time being due to technical reasons, such as possible slope problems.

Handling cases of VSP not surrendered

49. With regard to the 71 VSP the physical possession of which had not been delivered to the Government after cessation of school operation as at 30 April 2015, no follow-up action is required by the Government in terms of pursuing alternative land use on 30 cases. These included 28 cases where the land leases for the private land concerned do not contain a cessation/diminution of user clause allowing the Government to re-enter the land after cessation of school use (hence future use of the land is at the discretion of the lessees so long as the use is compliant with the lease, zoning and other regulations) and two cases where uses other than school use are allowed.

50. As at end-April 2018, among the 41 VSP warranting further action, 19 were under EDB's purview and 18 of them were being used for educational purpose (with one under temporary waiver granted by LandsD). For the remaining one VSP, the SSB completed the site surrender process in April 2018 and EDB is taking follow-up action on the earmarked school use. Regarding the remaining 22 VSP under LandsD's purview, six VSP will be further reviewed by LandsD. As at end-January 2018, one VSP was reused for school purpose (hence in compliance with lease conditions). As for the remaining 15 VSP, LandsD repossessed seven VSP and would continue to recover possession of three VSP and process the proposals submitted for other uses in respect of five VSP.

51. EDB has approached the SSB to initiate discussion with regard to Case 6 of the Audit Report and is continuing the discussion with the SSB and relevant departments the VSP arising from reprovisioning which is on both private land and government land (the premises of which is currently being used as the decanting premises of a secondary school during its in-situ redevelopment till February 2019).

Access to information about VSP available for application for short term uses

52. On 28 November 2017, LandsD further uploaded the information of VSP (amongst other vacant government sites) under its management and available for application by non-government organisations for short-term use onto the “GeoInfo Map” website and would update the list in accordance with the latest position on an on-going basis.

53. Since the follow-up actions have been completed or are taken on an on-going basis, we recommend deleting this item from the next progress report.

Operation of Hongkong Post

(Paragraphs 41 and 42 of Part 4 of PAC Report No. 67)

54. Hongkong Post (HKP) continues to take proactive follow-up actions to implement the recommendations made by the Director of Audit and the PAC on HKP’s operation.

Management of mail processing

Control and administration of overtime work in HKP

55. By May 2018, we shall have completed about 92% of the surveys for the overdue beats to be conducted, except those at Shau Kei Wan Delivery Office and Shek Wu Hui Delivery Office, as re-provisioning of these two offices will take place in the second half of 2018. The beat survey for these two offices will be conducted at a later stage in order to avoid abortive efforts.

56. In addition, the replacement of the Personal Digital Assistants (PDAs) of delivery postmen in Mail Delivery Division was completed in March 2018. The new PDAs are equipped with new features and capabilities, such as camera, global positioning system (GPS) technology and e-signature capturing. Data collected through GPS technology were tested in the enhanced Beat Revision Analysis System. The review was completed in February 2018. We shall make use of the new device to record the delivery time of delivery beats.

57. As the recommendation set out in paragraph 2.55(e) of the Audit Report has been implemented, we recommend deleting this section from the next progress report.

Management of Central Mail Centre and General Post Office Building

58. The reprovisioning of the General Post Office Building is being taken forward in step with the future development of “Site 3” on the New Central Harbourfront in accordance with the recommendations of the Urban Design Study for the New Central Harbourfront. The LegCo Panel on Economic Development was generally supportive of the proposal of reprovisioning of the HKP Headquarters to Kowloon Bay at its meeting on 21 July 2017. A funding proposal has been submitted to the Public Works Subcommittee and will then go to the FC for approval of funding for the project.

Progress of implementing Audit’s and PAC’s recommendations

Encl. 11 59. A summary of the progress of implementing Audit’s and the PAC’s recommendations is set out at Enclosure 11.

Funding of universities by University Grants Committee (Chapter 2 of Part 7 of PAC Report No. 67)

60. The University Grants Committee (UGC) has taken follow-up actions on Audit’s recommendations as appropriate in collaboration with relevant B/Ds. The progress made is reported below.

Administration of Recurrent Grants

Provision of recurrent grants

61. Regarding the future allocation of knowledge transfer (KT) funding to UGC-funded universities, the UGC Secretariat will review the earmarked KT funding allocation for the 2019/22 triennium, taking into account Audit’s views and recommendation.

Review of tuition fees

62. There is no plan to increase the indicative tuition fee level at present and the Government will maintain the indicative tuition fee at the current level during the 2016/17 to 2018/19 triennium, i.e. \$42,100 per student per year for UGC-funded programmes at degree level. The Government has invited the UGC to conduct a study on the practices in other jurisdictions and propose options to the Government for consideration with due regard to the situation in Hong Kong. The study was completed in late September 2016 and the final report has been submitted to the EDB. UGC’s consultancy study shows, inter alia, that the cost of higher education shared between the Government and students/parents, as well as the actual fee levels of publicly-funded programmes, vary from jurisdiction to

jurisdiction. There is no standard model. As far as Hong Kong is concerned, the current tuition fee level does not stand out as particularly high or low when compared with the countries covered in UGC's consultancy study. The Government will take into account the result of the consultancy study and consider carefully the indicative tuition fee level in the context of 2019/22 triennial planning.

Administration of Capital Grants

Finalisation of project final accounts

63. The UGC Secretariat has been working closely with the ArchSD and the universities with a view to finalising the project final accounts as soon as practicable. With the relevant parties' concerted efforts, the progress of finalisation of final accounts (as at 9 May 2018) is as follows –

	Major Capital Works Projects	Alterations, Additions, Repairs and Improvements (AA&I) Projects
(i) Total number of projects with finalisation of final accounts overdue as at 30 June 2016	36	98
(ii) Total number of projects with final accounts finalised between 1 July 2016 and 9 May 2018	29	98
(iii) Total number of projects pending finalisation of final accounts (i.e. (i)-(ii))	7	0

64. The table above shows that all outstanding AA&I projects covered in the Audit Report have been closed. As at 9 May 2018, there are seven outstanding capital project accounts remained to be closed.

Governance and Other Administrative Issues

Need to produce a strategic plan

65. At its meeting in May 2017, the UGC considered the need to prepare a document in the form of a strategic plan which sets out the principles, strategies and strategic priorities of the UGC. The UGC Secretariat is conducting further research and will engage relevant stakeholders including the EDB and universities in the discussion.

Issues concerning implementation of internationalization and self-financing operations outside Hong Kong

66. The ImmD has started to maintain more detailed statistics of non-local students staying in/returning to Hong Kong to work after graduation under the Immigration Arrangements for Non-local Graduates.

67. As the UGC and the relevant B/Ds have taken forward the Audit's recommendations, and the follow-up actions and improvement measures have either been completed or will be implemented on an on-going basis, we recommend deleting this part from the next Progress Report.

Procurement and maintenance of fire services equipment

(Chapter 3 of Part 7 of PAC Report No. 67)

68. To take forward the Audit's recommendations, the FSD set up in 2017 the Major Procurement Projects Steering Committee (MPPSC) and the Fire Services Equipment Maintenance Steering Committee, each chaired by a directorate officer, to monitor the procurement and maintenance of fire services equipment respectively. The key progress made is reported below.

Communications systems

Maintenance of and follow-up actions on the Third Generation Mobilising System (TGMS)

69. On the maintenance of the TGMS, the FSD has strengthened its monitoring over the contractor's performance, in particular the latter's arrival time on scene for maintenance. Subsequent to the introduction of the improvement measures, since August 2017, the contractor has been able to meet the two-hour response time target and the six-hour turnaround time target for rectifying critical faults as stipulated in the contract. Moreover, the contractor has also settled the actual damages caused by its delayed maintenance services up to 30 September 2017. The FSD will ensure that any future contract damages will be claimed in a timely manner in accordance with the contract provisions.

Development of the Fourth Generation Mobilising System (4GMS)

70. For a better planning and smooth implementation of the next generation mobilising system, the FSD has included relevant compensation clauses in the tender for the 4GMS. The FSD will also put in place a more stringent control mechanism in project implementation to ensure the timely delivery of the project and full compliance of performance targets by the contractor. Moreover, the FSD

has, in response to the Audit's recommendations, included in the tender for the 4GMS the requirement for a mobile phone location identification function in the system. The FSD will continue to explore the possibility of setting a target time for answering emergency calls.

Digital Trunked Radio System (DTRS)

71. The Electrical and Mechanical Services Trading Fund (EMSTF) has been working closely with the FSD on enhancing the preventive maintenance arrangement of the DTRS terminal equipment. As at end February 2018, all DTRS terminal equipment has received the first half-yearly preventive maintenance service for 2017-18, while 94.74% of the equipment has received the second half-yearly preventive maintenance service for the year. Arrangements have been made for the remaining equipment (5.26%) to complete the second half-yearly preventive maintenance before 31 March 2018.

72. From March 2017 to end February 2018, a total of 817 and 138 corrective maintenance jobs for the DTRS were handled by the EMSTF maintenance team and its contractor respectively. All the jobs were completed in compliance with the requirements of the Service Level Agreement (SLA). The FSD has conducted monthly sample audits of the maintenance work records. No discrepancies have been identified.

73. Regarding damages claims, the EMSTF has proposed for incorporation into the SLA suitable clauses including, among others, making compensation to the FSD if the EMSTF fails to provide preventive maintenance for the DTRS in accordance with the SLA. The FSD has accepted the above clauses in principle, and will work out the details with the EMSTF as soon as possible and incorporate them into the existing SLA accordingly.

Fire appliances and support vehicles

74. As for the improvement of the inventory control of spare parts for vehicles, the FSD has generated dormant stock reports on a quarterly basis to take stock of the vehicle spare parts since April 2017. Items of spare parts identified as obsolete stocks have been disposed of in accordance with the disposal procedures under the Stores and Procurement Regulations. The stocktaking and disposal procedures will be carried out on an on-going basis.

Fire-fighting and rescue vessels

75. A 10-year fire vessel replacement/procurement plan was drawn up by the FSD and the Marine Department (MD) in December 2016. To review the progress of the plan, the two departments have met and will continue to meet

regularly on a quarterly basis. The MPPSC under the FSD has been closely monitoring the progress of projects including, among others, the replacement of Fireboat 7 and two speedboats. As advised by the MD, the procurement contracts for the replacement of the two speedboats and Fireboat 7 have been awarded, with delivery scheduled for July 2018 and September 2019 respectively.

Other fire services support equipment

76. The FSD has completed the fine-tuning of the Asset Management and Maintenance System (AMMS). The AMMS is capable of inventory control, repair and maintenance management as well as business intelligence analysis, and all these functions have been formally put into use since October 2016. A post-implementation review was also completed in April 2017 for future reference in the development of similar IT systems.

77. As the above work will be carried out on an on-going basis, we recommend that this part should be deleted from the next progress report.

Management of abandoned construction and demolition materials

(Chapter 4 of Part 7 of PAC Report No. 67)

78. The EPD and Civil Engineering and Development Department have been taking follow-up actions as appropriate since the last progress report, a summary of progress is set out in Enclosure 12.

Encl. 12

Hospital Authority's drug management

(Chapter 5 of Part 7 of PAC Report No. 67)

79. The Hospital Authority (HA) has taken further actions to follow up on the recommendations of the Audit for enhancing the drug management in public hospitals and clinics. HA has completed the remaining follow-up actions, including the issue of guidelines, enhancement of system, contract renewal for drug sample testing and launch of a pilot programme on drug refill services for targeted patient groups.

Managing the Use of Drugs Not Listed on the HA Drug Formulary

80. HA has formulated an overall management framework and a monitoring mechanism for the use of drugs that are not listed on the HA Drug Formulary (HADF) (i.e. non-HADF drugs), and has aligned the operating procedure across clusters and the charging principles for use of non-HADF drugs. HA issued an operation circular on management of non-HADF drugs in

March 2018, which has been incorporated into the revised version of the HADF Management Manual in April 2018. In addition, system enhancements have also been completed in first quarter of 2018 to facilitate generation of local hospital drug formulary documents and information sharing at both corporate and hospital levels.

Establishing Bulk Contract

81. HA has reviewed the Audit's list of 193 items⁴ and identified suitable candidates for bulk contract arrangement to ensure supply continuity, achieve economies of scale and save drug procurement costs. HA launched the Pharmacy Business Intelligence System in April 2017 and implemented the aligned workflow for direct purchase across clusters in the second quarter of 2017. The aligned workflow has been incorporated into corresponding guidelines in April 2018.

Dispensing of Drugs

82. HA has implemented a pilot scheme on drug refill services for targeted patient groups in Prince of Wales Hospital and Tuen Mun Hospital in January 2018. HA has planned to roll out drug refill services to other hospital clusters in phases.

Sample Testing of Drugs

83. HA has formalised the strategy and methodology for sample testing of drugs and built in multiple timeframes in service contracts to ensure feasible and timely submission of test reports. HA has implemented the new service requirements through contract renewal in the first quarter of 2018.

Progress made in implementing the Audit's recommendations

84. A summary of the progress of implementing Audit's recommendations is at Enclosure 13.

Encl. 13

⁴ In the Director of Audit's Report No. 67, Audit has identified 520 drug items purchased directly by hospitals using quotation procedure and with purchase amounts in 2015-16 exceeding \$100,000. Audit recommended that Chief Executive, HA should, in particular, assess whether the purchase amounts of 193 of the 520 drug items (i.e. drug items with purchase amounts in 2015-16 exceeding \$500,000) in the coming three years would exceed \$1.5 million thus requiring establishing bulk supply contracts by tender.

Funding of academic research projects by Research Grants Council
(Chapter 6 of Part 7 of PAC Report No. 67)

85. UGC Secretariat has been taking appropriate follow-up actions on Audit's recommendations. The progress made is reported below.

Research output of universities

86. Submission of reports is required for all projects funded by the Research Grants Council (RGC) Schemes on their completion. The RGC would make use of the information contained in the reports, which includes information on research outcome and research output, for monitoring purpose. The UGC Secretariat would report the statistics relating to completed and terminated projects, as well as the progress of submission and assessment of such reports to the RGC in June and December every year. To enhance the monitoring of performance of funded projects, the RGC decided at its meeting in December 2017 to collect statistics of research outputs by category (e.g. patents, journal publications and conference papers) through the completion reports of projects/conferences funded under RGC funding schemes. Universities were informed of the new requirement in January 2018. Starting from June 2018, the output statistics will be reported to the RGC in June and December every year and uploaded to the RGC website subsequently for public information.

Way forward for the RGC

87. The RGC agreed in June 2017 to extend the interface measures applicable to the collaborative funding schemes to individual funding schemes with a view to enhancing closer link with the Innovation and Technology Fund. After consulting the Innovation and Technology Commission, the new arrangements have been implemented in the two individual funding schemes, namely General Research Fund and Early Career Scheme, starting from August 2017.

88. As the follow-up actions on Audit's recommendations in respect of the RGC have either been completed or will be implemented on an on-going basis, we recommend deleting this part from the next Progress Report.

Sewerage systems in rural areas
(Chapter 7 of Part 7 of PAC Report No. 67)

89. Secretary for the Environment and Director of Environmental Protection have taken follow-up actions to implement the recommendations made by the Audit and the PAC of the LegCo regarding the Government's efforts in implementing sewerage systems in rural areas.

Encl. 14 90. A summary of the latest progress of implementing Audit's recommendations is at Enclosure 14.

Joint-office operation on water seepage in buildings
(Chapter 8 of Part 7 of PAC Report No. 67)

91. Subsequent to the Government's last report on 23 October 2017, the Joint Office (JO) formed by the FEHD and the BD continued to actively follow up the recommendations by the Audit, in a bid to implement the recommendations as far as practicable. The latest progress is reported below.

92. JO has engaged a contractor to develop an information system specifically for handling and recording water-seepage cases (the new system). The JO staff will keep the information relevant to water-seepage cases in the new system, including whether nuisance notices are issued, the recorded reasons for screening out cases and the time of sending final replies to informants. The new system will also perform functions including case management, issuing reminders and alerts, monitoring contractors' performance and generating statistical reports for investigations at different stages. The new system will periodically generate management returns to facilitate effective monitoring of investigation progress and follow-up actions of water-seepage cases. The establishment of the new system was completed and the new system has been put into use from 1 March 2018 onwards. After collecting sufficient data from the new system, JO will formulate pragmatic performance indicators for handling straight-forward cases and publish the performance results on the websites of FEHD and BD regularly.

93. In addition, in order to monitor and trace file movements more effectively and accurately, and to minimise the risk of loss of files, JO has introduced a bar-code filing system in all district offices.

Encl. 15 94. Having taken into account Audit's comments, JO has implemented a series of improvement measures. The progress of implementing the recommendations is set out at the Enclosure 15. As all the follow-up actions have been taken, we recommend that this item be deleted from the next progress report.

Maintenance and safety-related improvements of public rental housing flats
(Part 4 of PAC Report No. 67A)

Encl. 16 95. Departments concerned have been following up on the Audit and PAC's recommendations regarding the maintenance and safety-related improvements of public rental housing flats. A summary of progress of the outstanding items is set out in the Enclosure 16. As the recommendations have been implemented or will be implemented on an on-going basis, we recommend that this part should be deleted from the next report.

REPORT ON THE RESULTS OF VALUE FOR MONEY AUDITS (Report No. 69)

Chapter 2 – Procurement and maintenance of government vessels

96. The Government accepts the views and recommendations made by the Audit and the PAC on the procurement and maintenance of government vessels. THB and MD have taken follow-up actions as appropriate. The progress made is reported below.

Procurement of government vessels

Slow progress in implementing vessel procurement projects

97. The slow progress in the procurement of government vessels during the period from 2010 to 2013 was mainly due to manpower shortage of MD's professional grades staff and the lack of staff with extensive procurement experience to support the procurement process. This has led to the ageing of major vessels in the government fleet.

98. Since late 2015, MD has implemented a series of measures to expedite the procurement of vessels with a view to lowering the average age of the government fleet. Measures include strengthening the management oversight of the Government Fleet Division (GFD), strengthening the manpower of the Surveyor of Ships (SoS) grade in the Government New Construction Section (GNCS), secondment of Supplies Officer grade staff from the Government Logistics Department to GNCS to provide professional procurement support, and proactively adopting the outsourcing approach to external consultants to further expedite the procurement work.

99. To strengthen the management oversight of GFD, the Director of Marine had changed the reporting line of GFD in phases since December 2015 to Deputy Director of Marine (Special Duties) (DD(SD)), who leads a Task Force on Reform to provide synergy of reform work. Furthermore, Director of Marine and DD(SD) have attended the Government Dockyard management meetings since February 2016 on a regular basis.

100. In order to strengthen the manpower specialising in vessel procurement, apart from recruiting retired civil servants to serve as Contract SoS in GNCS to assist in the related work, MD has obtained additional resources to strengthen the staffing of GNCS through the creation of three SoS posts and

one Senior SoS post on a time-limited basis from 2014-15 to 2021-22 and 2017-18 to 2021-22 respectively. With the creation of these additional SoS grade posts, two procurement teams have been set up in 2017 under GNCS to expedite the procurement work. Since early 2016, two Supplies Officer grade officers with rich procurement experience have been deployed to GNCS to assist in vessel procurement. With the assistance of the Supplies Officer grade staff, GNCS has implemented a series of measures to fine-tune the procurement procedures since early 2016, including standardisation of provisions of tender documents and contracts, and the bundling of procurement projects involving vessels of the same type in tendering.

101. MD has also been proactive in outsourcing some of the work of shipbuilding projects to external consultants on the condition that the work shall be subject to the supervision of MD staff, so as to further expedite the procurement process.

102. The above measures have started to deliver results. Between 2016 and 2017, MD has already conducted 15 tender exercises involving 63 government vessels for six departments, as compared with two to three tenders each year in the past. Other vessel procurement projects with funding approved have also progressively commenced.

103. As for medium to long-term measures to address the manpower shortage of the professional grades staff in MD, MD started in 2016 to work out a proposal for a grade structure review (GSR) for the two professional grades of MD, i.e. the Marine Officer and SoS grades. The Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) has completed the GSR and submitted its report (Report No. 57) to the Chief Executive on 31 October 2017. The Panel on Public Service (PS Panel) of the LegCo was consulted on the recommendations of the Standing Commission on 22 December 2017. At the meeting on 13 February 2018, the Executive Council advised and the Chief Executive ordered that the recommendations of the GSR in Report No. 57 of the Standing Commission should be accepted in full. The Administration briefed the PS Panel on 13 April 2018 and will seek the approval of the FC of LegCo soon. Subject to the approval of FC, MD will implement the recommendations of the GSR as soon as possible to resolve the manpower shortage and succession problems of the two grades in the long run.

Planning for the procurement of new and replacement government vessels

104. Regarding the vessel replacement mechanism, MD considered that there was a need to update the ship replacement guide by taking into account other factors such as vessel types and the operating hours of the vessels (i.e. whether the vessel operates for eight hours or round-the-clock) when determining the vessel's

estimated useful life instead of solely based on the hull material of the vessels. Since a vessel procurement project usually takes at least three to five years to complete, it is considered that the existing five-year rolling vessel replacement plan is insufficient to fulfil the purpose of long-term planning for user departments. MD has taken the opportunity to review the GFD Circular No. 10/2008, which concerns the Rolling Plan on New or Replacement of Government Vessels.

105. MD has therefore adopted a more pragmatic approach in preparing a 10-year vessel replacement plan for user departments, which is a more comprehensive planning to project the upcoming procurement requirements, meet the needs of operations of user departments, and provide a more accurate forecast on the manpower resources requirement for MD to take forward these projects in a practicable and longer term basis. Besides, a longer term planning provides the opportunity for bundling similar procurement projects into a single tender to shorten tender preparation time, reduce cost of tender administration and achieve economy of scale in procurement. As a start, MD has worked with the FSD to prepare a 10-year vessel replacement plan in December 2016.

106. In addition to FSD, MD has already worked with other user departments and user sections within MD to formulate their 10-year vessel replacement plans. With the expert advice of the Supplies Officer grade staff, MD has also started to bundle procurement of similar types of vessels from user departments into a single tender since 2016. MD has consolidated the experience gained from preparing the 10-year vessel replacement plans and bundling similar procurement projects for the review of the GFD Circular No. 10/2008, which concerns the Rolling Plan on New or Replacement of Government Vessels. The review has been completed and a revised GFD Circular was issued in March 2018.

Frequent machine failure of two new vessels

107. To avoid the recurrence of similar machine failure incidents, MD has enhanced the availability of essential spare parts by including the items in the new shipbuilding contracts with a view to reducing the waiting time for spare parts. The monitoring of ship construction work has been strengthened and a checklist has been devised to ensure that all necessary items are in satisfactory condition at inspections during shipbuilding stage and vessel acceptance. A special team comprising project surveyor and technical staff has also been set up to look after the vessels under warranty.

Maintenance of government vessels

Availability of government vessels to users and management of downtime of government vessels

108. The ageing of the government fleet has increased the workload of the staff at the Maintenance Section (MS), affecting the downtime and availability of vessels. MD has set a target for the availability of major mechanised vessels and high speed craft (large type), i.e. annual average availability of not less than 87%, in order to ensure that the departments concerned have sufficient vessels to carry out their duties.

109. In view of the ageing trend of the government fleet, MD has launched a series of measures to expedite the replacement of government vessels to lower the average age of the fleet so as to reduce the workload of the staff at MS. For government vessels which have reached their reference serviceable lifespan but are still in operation, MS has strengthened the inspection and maintenance work for the hull, machineries and equipment of the vessels during maintenance services and between the two preventive services of the vessels to ensure that the vessels are safe and efficient to operate.

110. Measures have also been implemented to improve the reporting and calculation of vessel availability rates. An explanatory note has been added in the Controlling Officer's Report of 2018-19 to account for the classes of vessels involved and downtime excluded from the calculation of vessel availability rate. The Task Force on Reform of MD has reviewed and implemented the revised Arrival and Completion Form for reporting and recording repair services conducted for government vessels, so as to improve the reporting, record keeping and calculation of vessel availability rates. Currently, MD is conducting a user survey on the review of the calculation methods of vessel availability rates and the result will be ready in the third quarter of 2018 tentatively.

111. Internal coordination amongst sections has been strengthened to plan for the maintenance work by arranging spare parts and coordinate the use of the shipyard maintenance facilities as early as possible so as to shorten the waiting time for spare parts and shipyard maintenance facilities. MD will continue to monitor closely the trend of vessel availability and implement effective measures to achieve the target availability rate of 87% and to ensure that the vessels are safe and can meet the needs of operations of user departments.

Management of maintenance contracts

112. For maintenance contracts awarded to the approved maintenance contractors to repair government vessels, MD has taken a proactive role in reviewing the duration and composition of longer vessel maintenance contracts with a view to attracting more maintenance contractors to bid for contracts, strengthening competition and reducing the administrative expenses for managing maintenance contracts. To promote competition in the procurement exercises and examine whether anti-competition conduct/agreement might be involved, MD has requested the Corruption Prevention Department of the Independent Commission Against Corruption to examine the existing arrangements in procurement exercises to examine whether there is any risk of corruption. MD has also invited the Competition Commission to conduct a study to ensure that the procurement process is fair and competitive to potential bidders.

Management of maintenance materials

Stock management

113. MD is now working on the enhancement of the Government Fleet Information System (GFIS) with a view to strengthening its analytical capacity and management reporting functions. Amongst others, the enhancement will include compilation of the re-order levels, and the use of barcodes for stock management. The enhancement of the GFIS can facilitate MD in implementing the “Just-in-time” stock strategy to increase efficiency in stock re-ordering, reduce stock level storage space needed, and minimise the downtime of vessels due to the waiting of spare parts. User requirements on the enhancement are being collected and the necessary funding is being sought. The system enhancements are targeted to be completed by mid-2019.

114. Separately, MD engaged a technical advisor in July 2017 to expedite the handling of slow-moving items (i.e. items without movement for over five years). The technical advisor has completed the review on over 2 000 items that have no movement for more than 20 years and is now reviewing the slow-moving items without movement for less than 20 years. The disposal of obsolete/dormant items, in accordance with the procedures stipulated in Stores and Procurement Regulations (including commercial disposal or dumping, etc.), has been conducted in phases following the review. The review is expected to be completed by end 2018 tentatively.

Management of dangerous goods

115. Although the provisions of the Dangerous Goods Ordinance (Cap. 295) and the Factories and Industrial Undertakings Ordinance (Cap. 59) do not apply to the Government, MD is committed to ensuring all staff and workers are working in a safe and healthy environment. Additional resources were given to

upgrade the Industrial Safety Sub-Unit to an Industrial Safety Unit starting from 2017-18. A full-time industrial safety manager has been engaged to lead three industrial safety inspectors to step up the daily inspections of the Government Dockyard to ensure that vessel maintenance works comply with relevant safety requirements and the requirements stipulated in the Government Dockyard Safety Management System Manual.

116. All along contractors are well informed that store facilities for dangerous goods (DG) provided by MD are available for their use as and when required. MD will inspect the amount of DG held by contractors on each working day to ensure that the amount will not exceed the exempted quantity specified in the Dangerous Goods Ordinance. In case the exempted quantity is exceeded, the excessive DG will be stored in the licensed DG stores.

117. MD has engaged a DG consultant in March 2017 to provide advice on how the Government Dockyard could better manage DG to meet both its operational needs and the requirements of the Dangerous Goods Ordinance/Regulations. The study is in progress and will be completed by the second quarter of 2018. The study will help clarify further the responsibilities and liabilities of MD and its maintenance contractors.

Monitoring and supervisory role of THB

118. The Secretary for Transport and Housing and the Permanent Secretary for Transport and Housing (Transport) will continue to have regular meetings, generally on a monthly basis, with the senior management of MD including DM. THB will closely monitor MD's overall work performance and progress on various issues, and as and when necessary, discuss with MD the issues requiring the Bureau's attention and provide policy steer and guidance. Follow-up actions required after the meetings are compiled, put on record and taken forward in accordance with the established work procedures, and then reported at the next round of regular meetings, with a view to ensuring the tasks are completed in a timely manner and preventing delays as far as possible.

119. To proactively assume a supervisory role, the communication between THB and MD goes beyond the regular meetings. Division 5 of THB, headed by a Deputy Secretary and supported by a Principal Assistant Secretary, is responsible for house-keeping MD. The Division maintains ongoing daily communications with MD on different issues requiring policy inputs, providing guidance and advice from a policy angle as well as keeping track of the work tasks of MD. Visits to the facilities and offices of MD by senior management of THB are also arranged from time to time, in order for the Bureau to gain a more comprehensive understanding of the issues MD is facing at the operational level, so as to enable THB to formulate policies that could address MD's matters of concern in a timely and effective manner.

120. Furthermore, certain indicators have been developed and adopted to help THB monitor and keep track of MD's work over time. These indicators are set out in MD's Controlling Officer's Report, which is published annually. THB will assess and monitor the performance of MD in various aspects with reference to these indicators accordingly, as well as examine the issues and reasons in case a target is not met or when the performance has deteriorated. THB will keep in view the ongoing development of these matters, as well as consider whether further steer and guidance from THB is necessary.

Measures of THB to meet challenges of the maritime industry

121. The Government attaches great importance to the manpower training of the maritime sector. The Maritime and Aviation Training Fund (MATF), with a commitment of \$100 million, was established in April 2014 to attract and encourage young people and in-service practitioners to receive aviation and maritime education and training, thereby enhancing the overall competitiveness and the professional standards of the industries. As at end 2017, 12 maritime-related training subsidy and incentive schemes were implemented under MATF, benefitting over 2 780 students and maritime practitioners and involving an amount of \$31 million. The Manpower Development Committee (MDC) has also been set up under the Hong Kong Maritime and Port Board since the Board's inception in April 2016 with a view to facilitating the formulation of manpower development strategies.

122. Specifically, in response to the manpower shortage problem faced by the industry, THB has been working closely with MDC, industry stakeholders and relevant education institutions to explore and devise new measures or enhancements to the existing initiatives under the MATF. Besides, THB would embark on a review of the overall implementation and effectiveness of the Fund, with a view to mapping out its way forward.

Progress made in implementing recommendations of Audit and PAC

123. A summary of the latest progress in the implementation of the recommendations of Audit and the PAC is at Enclosure 17.

Encl. 17

Chapter 3 – Hospital Authority's management of public hospital projects

124. The Government agrees with all of the recommendations made by the Director of Audit. HA has taken appropriate follow-up actions to take forward Audit's recommendations. The progress made is reported below.

Project management of the Redevelopment of Caritas Medical Centre (Phase 2)

125. In early 2007, HA planned to implement the redevelopment of Caritas Medical Centre Phase 2 under a single works contract. The tender exercise conducted in the same year was cancelled due to high tender returned prices. HA conducted a design review subsequently. The review findings indicated that significant cost saving and improved competitiveness of tenders could be achieved through revision of the building design and contract strategy. Furthermore, HA has taken various measures since 2007 to achieve good value for money and enhance estimation of project costs, including development of cost benchmarks in December 2013 for different types of hospital facilities; promulgation of cost control guidelines in July 2014 for major hospital projects managed by HA; and engagement of an international team of experts in May 2016 to carry out a consultancy study on the planning efficiency of hospitals both locally and abroad. HA will continue to identify and implement appropriate measures to ensure the accuracy of cost estimate and its consultants' design and contract strategy, as well as its site investigations and coordination work in its hospital projects.

126. HA has also taken various measures over the years to enhance construction site safety and adopted a target accident frequency rate of not more than 0.5 reportable accident per 100 000 man-hours worked since April 2012. In October 2017, HA has concluded a review initiated in May 2016 on its performance appraisal system to align with the corresponding practices adopted by Government works departments. HA will continue to take appropriate action to further enhance construction site safety. It will also start to report and publish the accident statistics regularly by the fourth quarter of 2018.

Commissioning of facilities of the North Lantau Hospital (Phase 1)

127. Medical services are provided through the cluster service network to ensure that patients will receive a continuum of medical care within the same cluster and throughout their episode of illness. Under the Kowloon West Cluster service network, many Lantau residents are admitted to the Princess Margaret Hospital due to complexity of their clinical situation requiring medical treatment in an acute tertiary hospital.

128. For all HA service initiatives, including the phased commissioning of medical services at North Lantau Hospital (NLTH) Phase 1, the key factors affecting the commissioning of medical services were manpower shortage and competing needs across HA. To make the best use of available resources, there is practical need to prioritise various initiatives critically, both at cluster level and at corporate level, so as to ensure that resources will be allocated to the most needy areas.

129. As follow-up, HA will include the service utilisation analysis into its annual new services commissioning proposals of completed hospital projects (including NLTH Phase 1) and adopt additional reporting on updated service opening timeline to HA governance and the FHB.

Management of minor hospital projects

130. In December 2013, the FC of the LegCo approved a one-off grant of \$13 billion under the Capital Works Reserve Fund for carrying out minor works projects starting from 2014-15. HA's internal guidelines stipulate that at least 90% of the new minor works projects initiated during a financial year should be planned projects included in the relevant approved three-year rolling plan. HA will keep unplanned projects to a minimum, save for those which are unavoidable due to unforeseen circumstances, like sudden surges in service demand rendering it impossible for works area to be handed over. It is important that the minor works programme could maintain sufficient flexibility to cater for unplanned but essential projects. HA will review its internal guidelines for future planning of minor works project by the third quarter of 2018.

131. HA has been using an information system for minor works projects which lacks the capability to provide comprehensive management information for effective monitoring of the progress in implementing works orders; assessing Extension of Time claims and liquidated damages; as well as finalising the accounts of completed projects. HA will put into operation the new information system by the second quarter of 2018 for better monitoring the implementation progress of minor works projects and the related works orders. HA will start to regularly report the implementation progress of minor works projects to the HA's Supporting Services Development Committee by the third quarter of 2018.

Progress made in implementing Audit's recommendations

132. A summary of the progress of implementing Audit's recommendations is at Enclosure 18.

Encl. 18

Chapter 4 – Regulation of non-franchised bus and school private light bus services

133. Non-franchised buses (NFBs) play a supplementary role in the public transport system through relieving the demand for franchised bus and green minibus services during peak hours, and providing services to specific passenger groups (e.g. tour groups, hotel guests and students) when the regular public transport services cannot provide appropriate services. The Government has been closely monitoring the service situations of NFBs in order to respond to passenger

demands. The Government accepts the views and recommendations made by the Audit and the PAC on the regulation of NFB and school private light bus services and has taken follow-up actions as appropriate. The progress made is reported below.

Administration of licensing requirements

134. Based on policy considerations, the TD has been implementing the sourcing requirement to encourage applicants to source vehicles from the existing fleet on the market since 2005 with a view to appropriately regulating the operation of NFBs as well as ensuring that the service demands are met, thereby avoiding oversupply of NFB services and minimising unhealthy competition between NFBs and other public transport services. The sourcing requirement has been implemented smoothly. At present, the number of NFBs has been standing at some 7 000 and applicants have been able to source NFBs from the existing operators in the market. The overall service supply remains stable and is capable of coping with passenger demand. That said, TD has reviewed the relevant arrangement having regard to the recommendations of the Audit and the PAC. TD considers it necessary to continue implementing the relevant arrangement of sourcing requirement. Nevertheless, in order to meet the market needs in a more effective manner and at the same time ensure that the relevant arrangement is consistent with the policy objective, TD has revised its relevant internal guidelines. When applicants are not able to source a vehicle from the existing fleet in the market by the end of the six-month period, TD will process the relevant applications expeditiously, having regard to the prevailing overall utilisation rate of NFB fleet, the number of transfers of NFBs in the past three months or more and the merits of individual cases, and TD will notify the applicants of the relevant application results.

135. In the light of the Audit's recommendation, TD has communicated with the trade and taken measures to strictly enforce the requirements for processing renewal applications. The approving officers will strictly examine each application. TD is currently studying feasible measures to implement more stringent vetting requirements for renewal applications for expired passenger service licences (PSLs).

136. Moreover, since January 2018, TD has publicised the processing time for new PSL applications for NFB and school private light bus services, applications for additional vehicles under existing PSLs, as well as applications for additional service endorsements under existing PSLs, etc. at TD's website and relevant application forms. Meanwhile, in order to expedite the processing of the applications for contract hire service, TD has reviewed the relevant approval workflow. In November 2017, TD put in place targeted measures to streamline the approval procedures. For example, repeated internal consultation will no longer be

required for pick-up/drop-off points which are normally approved, with a view to completing the approval work within 14 working days after the applicants' submission of the required supporting documents, for the sake of better meeting the applicants' expectations.

Regulatory controls over unauthorised operations

137. Since mid-2017, TD has progressively conducted terminal surveys and on-board surveys for residents' service on a regular basis, so as to monitor the operation of residents' service more closely. TD will strengthen the monitoring guidelines on field surveys (including terminal surveys and on-board surveys), which will specify that staff should consider the format of field surveys having regard to the situation of each case and the principles of risk management. TD formulated the relevant guidelines in the first quarter of 2018 and will put on trial on some routes before full-scale promulgation. Furthermore, TD set up a central register in December 2017, which has standardised the collection and storage of all cases of unauthorised NFB operations and follow-up details, so as to facilitate more effective monitoring of follow-up actions.

138. Besides, TD established an internal shared database on inquiry to effectively monitor the progress of arranging the inquiry procedures in January 2018. Meanwhile, TD is now examining the long-term feasible measures to prevent the offending PSL holders from avoiding sanctions by transfer of ownership of their vehicles, as well as exploring with relevant departments the feasibility of additional enforcement tools for tackling cases of breaching the PSL conditions which are more easily identified.

139. In January 2018, TD established an inter-departmental working group to review the situation of the erection of stop signs for residents' service, having regard to the actual situation, the trend of unauthorised operation activities, as well as the repair and maintenance of the relevant stop signs, etc. At the same time, a review will also be conducted on the situation of stop signs erected by individual operators on public roads. TD expects to complete the relevant work in mid-2018.

Safety measures of student service vehicles

140. In response to the recommendations of the Audit, TD, together with the Road Safety Council and the HKPF, has strengthened the publicity on the safety benefits of using safer seats, with a view to urging the operators to use vehicles with safer seats for carrying students. TD has incorporated information on safer seats in the latest issue of the Road Safety Bulletin which was published in March 2018 and distributed to schools via the EDB. At its meeting held on 19 January 2018, the Road Safety Campaign Committee of the Road Safety Council agreed to update the pamphlet of school transport safety within this year.

141. TD has all along been closely monitoring the accident figures concerning student service vehicles, and has from time to time reviewed and introduced measures to enhance the safety of student passengers where appropriate. TD will continue to keep abreast of the latest overseas developments relating to enhancing the safety measures for student passengers, and will listen to various views.

Progress made in implementing Audit's recommendations

Encl. 19 142. A summary of the progress of implementing Audit's recommendations is set out at Enclosure 19.

Chapter 5 – Operation of the Land Registry

143. The Government welcomes and generally agrees to the recommendations made by the Audit on the operation of the Land Registry (LR). The DEVB and the LR have taken follow-up actions to address the recommendations as appropriate.

Provision of Services

Update the target completion date for tidying up exercise of land registers

144. The LR has been making committed efforts to tidy up the land registers in order to enhance the completeness of the information shown therein. The LR has reviewed the remaining two tasks of the tidying up exercise of land registers, namely, filling in information of historical transactions not shown in the land registers and filling in the nature of registered documents of some historical transactions not shown in the land registers, and updated their target completion dates. The LR will closely monitor the progress of the above tasks and ensure that they will be completed on schedule.

Enhance accuracy of information in land registers

145. The LR is committed to enhancing the accuracy of information in the land registers, including implementing the e-Memorial Form, separating the data input function from the registration function, providing a comprehensive set of registration guidelines for staff's compliance, implementing a Knowledge Management System for staff's easy reference, etc. The LR is currently enhancing the Integrated Registration Information System (IRIS) by two phases for tracking and monitoring errors made after the implementation of IRIS in 2005, and for enhancing the accuracy of information in the land registers.

Review performance of New Territories Search Offices (NTSOs) from Time to Time

146. Audit recommended the LR to enhance the performance of the three NTSOs. As mentioned in our previous response to PAC, the three NTSOs have been operating with a minimum number of staff for the delivery of services. To improve the operational performance of NTSOs, aside from the provision of search and owners' corporation services to the public, staff of NTSOs have been assigned additional tasks of preparing reports on owners' corporation records for "reports on title" requested by other government departments and agencies, and compiling returns to the Home Affairs Department (HAD) on registration of owners' corporations and filing of documents. The LR will continue to actively explore other possible measures including improving the performance of NTSOs and optimising the use of resources having regard to service needs.

Implementation of Land Title Registration System

147. The Land Title Registration System (LTRS) is inherently complicated. It involves complex legal issues and carries significant implications. Since the enactment of the Land Titles Ordinance (LTO), detailed review of the LTO provisions had been conducted by the LR. As at 2007, the Government had either resolved or identified solutions for most of the issues raised in the LTO Bills Committee's Report. Nevertheless, new issues have been identified during the post-enactment review, including the mechanism for the conversion of existing land and properties to the LTRS, and the rectification and indemnity arrangements under the LTO. Substantial amendments to the LTO are required to respond to the abovementioned issues and to ensure efficient operation of the new system.

148. The Government has never underestimated the complexity of the issues and the work involved in implementing the LTO and LTRS, and has been endeavoring to bridge different expectations of the key stakeholders on the LTRS. Throughout the years, the Government has put forward different proposals to address the views of the stakeholders with regard to the conversion mechanism as well as the rectification and indemnity arrangements. Despite our incessant efforts, a consensus amongst key stakeholders over certain major issues has yet to be reached. Under the circumstances, we are actively pursuing the proposal to implement the LTRS on new land first ("new land first" proposal) and shall continue the close engagement with key stakeholders with the goal of forging consensus to enable early implementation of the LTRS in Hong Kong.

Financial Issues and Performance Reporting

149. The LR will closely keep in view its business operation and the cost recovery of its services. It will take appropriate measures to contain its expenditures and explore new business opportunities to seek additional revenue with a view to stabilizing the financial position.

150. In addition, to ensure that its performance information is fairly presented, the LR has commenced a feasibility study with a view to using information technology for compiling its performance information.

Progress made in implementing the Audit's recommendation

Encl. 20 151. A summary of the progress in implementing the Audits' recommendations is set out at Enclosure 20.

Chapter 6 – Regulation of hotels and guesthouses

152. The Government accepts the recommendations made by the Audit. The progress made in implementing the Audit's recommendations is reported below.

Regulating licensed establishments

153. With regard to the Audit's recommendations related to the lead time and internal targets for issuing licences, the Office of the Licensing Office (OLA) of the HAD has introduced a number of measures to improve the lead time in processing both applications for new and renewed licences, including reviewing the case monitoring mechanism, upgrading the information system to improve work efficiency, enhancing internal practices in managing performance on internal targets, and reviewing the workflows for processing licence applications to streamline the procedures and rationalise the time required.

154. We have also reviewed and updated the frequently-asked questions, relevant guidelines and checklists, with a view to facilitating applicants' submission of all the required information on completion of the improvement works. Moreover, we have introduced new measures to promote licensees' timely submission of their applications for licence renewals. Having reviewed the annual inspection mechanism, we will incorporate risk-based and surprise elements into the mechanism starting from mid-2018.

Combating unlicensed establishments

155. We have taken steps to follow up on Audit's recommendations related to outstanding suspected cases and enhanced measures to combat unlicensed guesthouses, including those held out via online platforms. In particular, OLA has completed a thorough review and concluded all the 270 long outstanding cases. With the completion of the enhancement of Enforcement Management Information System, the review of outstanding cases has been further enhanced.

156. The OLA maintains regular contacts with online platform operators to appeal for posting only information of licensed hotels/guesthouses in Hong Kong on their websites and remind lodgers to patronise only licensed premises. New enhanced enforcement actions and public education activities have been launched since December 2017 to alert visitors to patronise only licensed hotels/guesthouses. HAD has also enhanced publicity through various channels.

Other administrative and licensing issues

157. HAD agrees to the Audit's recommendations related to licence fee review with a view to achieving full cost recovery. We have started the costing exercise by updating the existing cost elements in preparation for the fee review, taking into account the costs in issuing and transferring licences, as well as processing rejected/withdrawn licence applications. As the on-going review of the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) (HAGAO) will bring about changes to the licensing requirements, application procedures and cost elements, our plan is to conduct the fee review after amendments to the HAGAO are finalised.

158. On the Audit's recommendations on other administrative matters, the OLA has strengthened the supervision and monitoring of the workload of individual Licensing Inspectors to facilitate timely and appropriate caseload management. We will deploy additional manpower to cope with the increasing workload.

159. On the Audit's recommendations related to the regulation of home-stay lodging, we have reviewed the relevant issues. Currently, HAGAO does not preclude licence applications for "home-stay lodging". Any premises, including "homestay-like" guesthouses, may apply for a licence, provided that they comply with the relevant fire and building safety requirements. We have made reference to overseas examples and noted that the regulation of hotels and guesthouses, including home-stay lodging, varies in different jurisdictions depending on the overall environment and living conditions without any uniform standard. We have also been liaising with relevant B/Ds and stakeholders to explore the idea of issuing guidelines on home-stay lodging. In considering the way forward, we will fully consider the views of different stakeholders and the actual circumstances to ensure that the licensing regime will keep pace with the times and suit the needs of Hong Kong.

Progress of implementing Audit's recommendations

160. A summary of the progress in implementing Audit's recommendations is at Enclosure 21.

Chapter 7 – Hong Kong Design Institute

161. The Government and the Vocational Training Council (VTC) accept the recommendations made by the Director of Audit on Hong Kong Design Institute (HKDI). The EDB and VTC have taken follow-up actions on them as appropriate. The progress made is reported below.

Management of Programmes

162. In respect of enrolment of new students, HKDI has taken measures to reduce the margin between the planned and actual intake by adjusting the programme plan for the academic year (AY) 2017/18. As a result, the margin has reduced from 20% in AY 2016/17 to 7% in AY 2017/18. Furthermore, enhancement will also be made to programme planning and monitoring of programme completion rates, while strengthening support for students in respect of programme completion and employment.

Campus Development and Management

163. To further improve procedures in respect of capital works projects, VTC will enhance or draw up new internal guidelines to ensure that all future capital works project comply with rules and regulations stipulated in government Financial Circulars.

164. The Government has also taken note of Audit's recommendation to ensure that VTC submits to the EDB project progress reports. The EDB has requested VTC to submit progress reports on on-going capital works projects at a quarterly interval since March 2017. It will continue to ensure that all quarterly progress reports are submitted for upcoming capital works projects.

165. VTC has further explored the feasibility of opening facilities to the public during non-school hours. While the sports facilities of HKDI and the Hong Kong Institute of Vocational Education (Lee Wai Lee) including basketball courts and the swimming pool have been opened to the public during free hours, HKDI also reviewed the booking rules of the basketball courts and subsequently accepted on-the-day booking before 12:00 noon. For the Auditorium, HKDI has revised its maintenance schedule so as to reduce the maintenance period of the Auditorium. In addition, promotion measures have been carried out by HKDI to increase utilisation of the Auditorium. Since September 2017, there have been a total of 59 booking days available for public rental with 18 confirmed events.

Administrative Issues

166. VTC has also improved its stocktaking practice by enhancing HKDI's stocktaking module and common functions of the Inventory Management System. Since 2018, HKDI have introduced electronic handheld devices and mobile apps to increase the efficiency and accuracy of stocktaking procedures and records, and provided training for staff of HKDI to better understand the enhancements and new system.

Way forward

167. The EDB will continue to maintain close liaison with relevant government bureaux/departments and VTC, to ensure that prompt follow-up action be taken on recommendations made in the Audit Report.

Progress made in implementing Audit's recommendations

Encl. 22 168. A summary of the progress in implementing Audit's recommendations is at Enclosure 22.

Chapter 8 – Provision of government office accommodation and utilisation of government sites

169. The Government generally accepts the recommendations made by the Audit, and has been implementing the recommendations as appropriate. The progress is reported below.

Provision of government-owned office accommodation

170. The Government Property Agency (GPA) will continue to assist B/Ds to meet their needs for general office accommodation through the construction of new buildings, direct purchase, provision through lease conditions in private developments or leasing. GPA is examining B/Ds' accommodation requirements. Construction of new joint-user buildings will be considered when there is a justified long-term need for additional permanent office space.

171. Relevant B/Ds are actively taking forward the implementation of the nine replacement building projects under the relocation exercise of the Wan Chai Government Offices Compound (WCGOC). The first substantive move away from the WCGOC may start in 2019, after completion of the construction works of the West Kowloon Government Offices. The Government has sought/is seeking funding approval for the construction of three replacement building projects, namely the Inland Revenue Tower, the Treasury Building and the Government Data

Centre Complex. The Financial Services and the Treasury Bureau will continue to closely monitor the implementation of the nine replacement building projects in collaboration with GPA and the Architectural Services Department. We target to complete the replacement building projects by 2026.

172. In implementing joint-user general office building projects, GPA has already put the necessary improvement measures in practice. In future reprovisioning projects, GPA will continue to consult the user B/Ds and the works departments at an early stage on the technical parameters/planning assumptions to ensure the suitability and feasibility of the proposed site before firming up the reprovisioning proposals.

Administration of leased government offices

173. GPA has already reminded its staff to properly document the reasons for rejecting/not recommending rental offers when selecting premises for leasing. In December 2017, GPA further checked all leasing cases concluded in the past months and confirmed the relevant documentation to be in order. Sample supervisory checks will also be conducted periodically to ensure compliance.

174. GPA has taken on board the recommendation of Audit and asked its staff to explore suitable alternative premises with a lower rental implication before exercising an option for lease renewal, having regard to the circumstances of each case including the continued need for the leased premises, the proposed rental package and lease terms, availability of suitable premises in the market, and new fitting out costs, etc. In January 2018, GPA completed a review of all existing leases involving non-location-tied storage accommodation. While no non-location-tied storage accommodation with potential for reprovisioning was identified, GPA will conduct such review in future where appropriate.

Utilisation of government sites

175. Starting from the 2017 site utilisation review, GPA has documented the justifications for selecting government sites for review and strengthened guidelines for setting priority in selecting sites. GPA will continue to take into account factors such as facilitation of new policy initiatives, site characteristics and the readiness of infrastructure, etc. in selecting sites for future review.

176. In December 2017, GPA rectified the data discrepancies of government sites in the Government Property Information System (GPIS) identified by the Audit. To further enhance the quality of site information in the GPIS, GPA is working in collaboration with B/Ds that provide the source data to conduct targeted reviews of site records in phases. GPA is also undertaking a computer development project to enhance the GPIS for strengthening the system capabilities.

177. GPA will also continue to remind and assist the managing B/Ds to explore alternative uses of the identified vacant or under-utilised specialist and departmental accommodation. As of February 2018, 12 of 27 such premises were taken up or being considered for use by departments and one non-governmental organisation.

Encl. 23

178. A summary of the latest progress in implementing the Audit's recommendations is set out at Enclosure 23.

Chapter 9 – Occupational safety and health

179. The Labour Department (LD) safeguards the occupational safety and health (OSH) of workers through the three-pronged approach of inspection and law enforcement, education and training, as well as publicity and promotion.

180. LD has been reviewing the strategies in OSH enhancement and adjusting our work approach, focus and strength from time to time to meet the changes of work practices of different industries as well as the corresponding changes in the OSH risks they face, with a view to ensuring that our work evolves with the time and generates the most impact.

Encl. 24

181. LD started to follow up on the Audit recommendations as soon as the relevant Report of the Audit was received. The latest progress made by LD is at Enclosure 24.

**Efforts of the Rating and Valuation Department
in safeguarding revenue on rates and government rent
Progress of implementing Audit's and PAC's Recommendations**

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 2: General Revaluations		
<p>Para. 2.16 (c) of the Audit Report</p> <p>Page 37 of the PAC Report (point (e))</p>	<p>Audit has recommended that Commissioner of Rating and Valuation should –</p> <p>(c) step up follow-up actions on repeated cases of non-compliance with Form R1A submission requirements, such as taking prosecution actions in warranted cases and issuing advisory letters in non-prosecuted cases;</p> <p>PAC urges RVD to –</p> <p>(e) take more stringent enforcement actions against cases of repeated non-compliance with Form R1A submission requirement.</p>	<p>Rating and Valuation Department (RVD) has implemented various improvement measures to ensure timely return of accurate and full rental information from ratepayers. These measures include refining the requisition forms to remind ratepayers of their legal liability to furnish accurate and full rental particulars in the requisition forms; sending advisory letters to ratepayers who made minor technical errors in the submission; and fine-tuning the form to make it more user-friendly. After the implementation of the measures, the return rate of Form R1As has increased from 81.2% in 2016-17 to 83.2% in 2017-18.</p> <p>On the prosecution front, the RVD will keep in view cases of repeated non-compliance and step up enforcement action against such cases, for example, by requesting the Department of Justice (DoJ) to reflect the situation to the court in a bid to achieve a stronger deterrent effect.</p> <p>The RVD will continue to implement the measures and closely monitor the situation.</p> <p>Since the recommendation has been implemented, we propose deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 2.16 (e) and (f) of the Audit Report	<p>Audit has recommended that Commissioner of Rating and Valuation should –</p> <p>(e) seek the assistance of the Buildings Department (BD) to improve the cost-effectiveness of obtaining rental information on subdivided properties for general revaluation purposes by targeting those identified by BD; and</p> <p>(f) make use of the information obtained from BD mentioned in (e) above to identify ratepayers of subdivided properties who have under-reported subdivided property information in their Form R1As (such as those mentioned in para. 2.15) for taking necessary follow-up actions.</p>	<p>Since August 2016, the BD has been providing the RVD with information on unauthorised building works (UBWs) and subdivided properties on a quarterly basis. The RVD targets these subdivided properties in rental information collection in order to reflect the enhanced value in the annual revaluations.</p> <p>To draw staff's attention to the relevant arrangement and practices, the RVD has issued a new departmental instruction to set out in detail the work procedures after obtaining information from the BD.</p> <p>Since the recommendations have been implemented, we propose deleting this part from the next progress report.</p>
Part 3: Interim Valuations		
Para. 3.40 (d) and (e) of the Audit Report	<p>Audit has recommended that Commissioner of Rating and Valuation should –</p> <p>(d) step up efforts in identifying un-assessed advertising signs for interim valuations; and</p> <p>(e) consider conducting a special exercise covering both the urban areas and the New Territories to speed up the identification of un-assessed advertising signs.</p>	<p>In view of the Audit's recommendations, the RVD conducted special surveys on targeted areas in both the urban districts and the New Territories, and identified about 3 600 un-assessed advertising signs.</p> <p>The RVD is in the course of assessing these advertising signs to rates and Government rent as appropriate, with priority given to those of higher rateable values.</p> <p>The RVD will continue to conduct special surveys on targeted areas periodically to identify un-assessed advertising signs. As the recommendation has been implemented, we propose deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 3.40 (i) of the Audit Report	<p>Audit has recommended that Commissioner of Rating and Valuation should –</p> <ul style="list-style-type: none"> (i) regularly provide the Financial Services and the Treasury Bureau (FSTB) with information on – <ul style="list-style-type: none"> (i) interim valuation cases at risk of not meeting the 24-month time-bar; and (ii) revenue loss for all interim valuation cases which have not met the 24-month time-bar. 	<p>The RVD has been reporting to FSTB interim valuation cases which have not met the 24-month time-bar on a monthly basis since August 2017. The scope of the reporting has covered both newly built properties and existing buildings.</p> <p>Since the recommendation has been implemented, we propose deleting this part from the next progress report.</p>
Part 4: Rates Exemption for Rural Properties		
Para. 4.22 (a) to (e) of the Audit Report	<p>Audit has recommended that Commissioner of Rating and Valuation should –</p> <ul style="list-style-type: none"> (a) put in place compliance checking of rates exemption eligibility of the village houses in Designated Village Areas (DVAs) and seek the assistance of BD and Lands Department (LandsD) to provide information on ineligible cases detected in the course of their enforcement work; (b) revoke the rates exemption of village houses that no longer meet the prescribed eligibility criteria laid down in the Rating Ordinance (including the 58 village houses mentioned in para. 4.6); (c) review the government rent records of the village houses within DVAs to see if there are ineligible cases of rates exemption (similar to the 18 	<p>Starting from August 2016, the BD has on a quarterly basis provided the RVD with information on unauthorized building works found in village houses during the BD's enforcement work. This paperless notification mechanism facilitates the detection of properties ineligible for rates exemption within DVAs so that follow-up actions can be taken to revoke the exemption.</p> <p>The RVD has worked out a programme to deal with the existing non-compliant cases. The RVD has completed Phase I of the programme by conducting rating assessments of all ineligible village houses within DVAs where rateable values have been assessed for government rent purposes.</p> <p>Phase II covers the remaining 420 non-compliant houses. The RVD has already assessed two-thirds of the houses to rates and targets to complete</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
<p>Page 37 of the PAC Report (point (g))</p> <p>Page 38 of the PAC Report (point (h))</p>	<p>village houses mentioned in para. 4.9) and take prompt actions to revoke their rates exemption;</p> <p>(d) put in place control mechanism to ensure that follow-up actions on ineligible rates-exempted cases found in the course of government rent assessments are promptly taken; and</p> <p>(e) seek the assistance of LandsD in providing information (such as advisory and warning letters issued) on unauthorised change of use of agricultural land and buildings identified in the course of its enforcement work for taking timely actions on ineligible rates-exempted cases.</p> <p>PAC urges RVD to –</p> <p>(g) put in place a control mechanism to ensure that follow-up actions on ineligible rates-exempted cases found in the course of government rent assessments are promptly taken; and</p> <p>(h) review the government rent records of the village houses within DVAs and take prompt actions to revoke the rates exemption of ineligible cases.</p>	<p>the whole exercise by April 2019.</p> <p>The New Territories District Lands Offices (DLOs) of the LandsD have since May 2016 been providing copies of warning letters to the RVD when taking enforcement actions against unauthorised structures on agricultural land. The RVD has also set up a special team to handle these cases and revoke the rates exemption of the lots concerned with priority to tenements of higher rateable values.</p> <p>As the RVD has put in place a notification system with the BD and the LandsD, we propose deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 4.23 (a) of the Audit Report	<p>Audit has recommended that the Director of Home Affairs should –</p> <p>(a) conduct a review of the justifications of setting the effective date of revocation of rates exemption based on the date of notification by the DLOs and seek legal advice where necessary.</p>	<p>The Home Affairs Department (HAD) has sought advice from the DoJ on the Audit's recommendation to set the effective date of revocation of rates exemption status based on the date of DLOs' detection of UBWs under matching checks instead of the date of notification by DLOs. The DoJ considers it legitimate for the HAD to change the effective date according to the Audit's recommendation. The HAD has implemented the new revocation date arrangement since the matching check conducted in December 2016. Meanwhile, the LandsD was informed of the new arrangement and its cooperation in the timely reporting of detection of UBWs during matching checks to the HAD was solicited.</p> <p>Besides, the LandsD is now revamping its Lease Enforcement Information System. The HAD will take concerted actions with the LandsD to synchronise relevant data formats of both departments to facilitate automated checking by DLOs in future matching checks.</p> <p>As the recommendation has been implemented, we propose deleting this part from the next progress report.</p>

Fresh food wholesale markets
Updated progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Utilisation of Public Fresh Food Wholesale Markets		
2.19	<p>Audit has recommended that the Director of Agriculture, Fisheries and Conservation should –</p> <p>(a) continue to monitor the unutilised pier at the Cheung Sha Wan Wholesale Food Market that has not been committed for other uses and consider whether it should be demolished to save maintenance costs.</p>	<p>Further to the previous report, Agriculture, Fisheries and Conservation Department (AFCD) has reserved Pier No. 4 for use by the Transport Department (TD) which may need to execute its contingency plan for transporting dangerous goods vehicles across the harbour when the Kwun Tong Vehicular Ferry Pier and the North Point Ferry Pier are closed during the period from April 2017 to October 2018.</p> <p>AFCD will continue exploring with other government departments the possibility of utilising the pier after October 2018.</p>
2.39	<p>Audit has recommended that the Director of Agriculture, Fisheries and Conservation should –</p> <p>(c) address the two issues mentioned in para. 2.35 relating to the trading of live marine fishes in Fish Marketing Organization (FMO) markets in the context of the review of the roles and functions, and updating the legal framework, of FMO markets (see para. 5.11(a) and (b)(i)).</p>	<p>The issues will be addressed along with the current review of the roles and functions of FMO markets and update of the legal framework of the FMO markets set out in the Marine Fish (Marketing) Ordinance (Cap. 291) upon consultation with the DoJ if needed.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Management of Agriculture, Fisheries and Conservation Department Markets		
3.13	<p>Audit has recommended that the Director of Agriculture, Fisheries and Conservation should –</p> <p>(b) conduct assessment of and continue to monitor the threats of wild birds to food safety and health at individual AFCD markets; and</p> <p>(c) ensure that effective measures, commensurate with the assessed threats of wild birds, are taken to control wild birds at individual AFCD markets.</p>	<p>(b) and (c)</p> <p>We have arranged contractor to cleanse wild bird flocking area and remove birds' droppings at the market complex on regular basis since early 2017. The hygienic condition of the market has improved.</p> <p>The Architectural Services Department (ArchSD) has agreed to help AFCD install metal hooks for installation of light weight bird netting to embrace the outer side of the whole market blocks to physically block birds from entering market blocks. In addition, action is being taken to remove all dilapidated or unused air ducts inside the market block with a view to preventing birds from roosting.</p> <p>Trade representatives at the recent meetings of Market Management Advisory Committee were satisfied with the control of wild birds and the hygiene condition.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 4: Reprovisioning of Private and Public Fresh Food Wholesale Markets		
4.16	<p>Audit has recommended that the Secretary for Food and Health and the Director of Agriculture, Fisheries and Conservation should –</p> <p>(a) keep in view the progress made by the relevant bureau and departments in exploring a possible site in Tsing Yi for reprovisioning the Yau Ma Tei Fruit Market;</p> <p>(b) upon receipt of the reply from the relevant bureau and departments, having regard to their initial assessment on technical feasibility, proceed with seeking a steer within the Government on the way forward;</p> <p>(c) after the Government has decided to proceed with the relocation exercise, consider how to engage fruit traders and other stakeholders with a view to soliciting their support; and</p> <p>(d) in the interim, continue to monitor the effectiveness of the measures for mitigating nuisances caused by the market operation.</p>	<p>(a) to (c) The Government is considering revitalization of the existing fruit market.</p> <p>As the follow-up action will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(d) The Government would continue to monitor closely the effectiveness of the enhanced measures that have been brought in to mitigate environmental nuisances and keep in view the need for further enhancement.</p> <p>As the follow-up action will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Kwun Tong Fish Market</i>		
4.47	<p>Audit has recommended that the Director of Agriculture, Fisheries and Conservation should –</p> <p>(b) keep in view the progress made by the relevant bureau and departments in exploring the options for reprovisioning the Kwun Tong Fish Market, with a view to taking forward the relocation of the Market in a timely manner;</p>	<p>The Food and Health Bureau (FHB) and AFCD have accepted that the relocation of Kwun Tong Fish Market to a possible site on Tsing Yi should be further explored.</p> <p>AFCD and Planning Department (PlanD) have duly provided to the relevant bureaux and departments (B/Ds) inputs required and Civil Engineering and Development Department (CEDD) is now going to commission a Technical Study on Potential Sites for Relocation of Wholesale Markets and for Other Industrial Uses in North West Tsing Yi. The study will commence in second quarter of 2018 for completion in first quarter of 2020.</p>
<i>Cheung Sha Wan Vegetable Market</i>		
4.47	<p>Audit has recommended that the Director of Agriculture, Fisheries and Conservation should –</p> <p>(c) critically review the site requirements for the reprovisioning of the Cheung Sha Wan Vegetable Market, taking account of the need for optimising the use of land resources, the decreasing throughput of the Market, and the intended future roles and functions of the Vegetable Market Organisation (VMO) in wholesale marketing of vegetables (see para. 5.11(a));</p>	<p>(c) and (d)</p> <p>Having critically reviewed the feasibility of relocation for the Liquefied Petroleum Gas facilities and the parking site for dangerous goods vehicles, the Government considers that the Northwest Tsing Yi site, in place of the Tat Yeung Road site, should be pursued as the reprovisioning site for the VMO market.</p> <p>AFCD and PlanD has duly provided to</p>

Para. No.	Audit's Recommendations	Progress to date
	(d) work closely with the PlanD and other relevant works departments to expedite the reprovisioning of the Cheung Sha Wan Vegetable Market and the release of the sites for housing developments;	the relevant B/Ds inputs required and CEDD is now going to commission a Technical Study on Potential Sites for Relocation of Wholesale Markets and for Other Industrial Uses in North West Tsing Yi. The study will commence in second quarter of 2018 for completion in first quarter of 2020.
<i>Public fresh food wholesale markets on temporary sites</i>		
4.47	<p>Audit has recommended that the Director of Agriculture, Fisheries and Conservation should –</p> <p>(e) formulate an action plan to take forward the reprovisioning of the Cheung Sha Wan Vegetable Market, and closely monitor the progress;</p> <p>(f) in consultation with the relevant departments, examine how to optimise the use of the site currently occupied by the North District Temporary Agricultural Products Market (NDTWM);</p>	<p>(e) Please see our response to para. 4.47 (c) and (d) above.</p> <p>(f) The improvement works for the re-provisioned NDTWM, including provision of power supply and a protective steel roof top covering the trading area of NDTWM, are re-scheduled to commence in second quarter of 2019 as a result of strong public objections on the alignment of the proposed Fanling Bypass at Shung Him Tong Village. The improvement works would pave the way for better utilization of NDTWM in future.</p> <p>As the follow-up action will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(g) keep in view the development of the Government's policy on the live poultry trade, with a view to reprovisioning the Cheung Sha Wan Temporary Poultry Market and/or releasing its site at the earliest possible time; and</p> <p>(i) formulate action plans on the NDTWM and the Cheung Sha Wan Temporary Poultry Market, and closely monitor the progress after deciding the way forward.</p>	<p>(g) Having thoroughly considered the Consultant's findings and recommendations on the study on the way forward of the live poultry trade in Hong Kong, as well as views collected during the public consultation period, the Government has agreed with the broad direction that the status quo for the live poultry trade should be maintained.</p> <p>Regarding the future arrangement for the relocation of Cheung Sha Wan Temporary Wholesale Market (CSWTWPM), the Government is now exploring Fu Tei Au and other possible sites. To this end, CEDD is now going to commission a Technical Study on Potential Sites for Relocation of Wholesale Markets (including CSWTWPM) and for Other Industrial Uses in North West Tsing Yi. The study will commence in second quarter of 2018 for completion in first quarter of 2020. Depending on the study results and other considerations, FHB/AFCD will consult the relevant stakeholders and consider the way forward.</p> <p>(i) AFCD has formulated action plans on the relocation of NDTWM and the CSWTWPM. AFCD would continue to liaise with the trade on the practical requirements of the re-provisioned market in terms of size, facilities and other needs.</p> <p>Building design and facility planning for the re-provisioned NDTWM has been undertaken by</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>CEDD.</p> <p>Pending the outcome of the technical study to be commissioned by CEDD (see para. 4.47(g) above), AFCD will hold consultation meetings with the trade as appropriate.</p>
Part 5: Way Forward		
5.11	<p>Audit has recommended that the Secretary for Food and Health and the Director of Agriculture, Fisheries and Conservation should –</p> <p>(a) critically review the roles and functions of the FMO and the VMO in relation to those of the AFCD in operating public fresh food wholesale markets, having regard to –</p> <p>(i) the roles and functions of the FMO and the VMO originally intended;</p> <p>(ii) their strengths, weaknesses, opportunities and threats (SWOT); and</p> <p>(iii) the need for enhancing their roles and functions to attain synergy and eliminate any duplication of resources in the operation of public fresh food wholesale markets; and</p> <p>(b) take measures to help the FMO, the VMO and the AFCD perform their roles and functions effectively and efficiently, including –</p>	<p>(a) and (b)</p> <p>VMO is undergoing a review on its roles and functions under the prevailing agricultural policy, including an analysis on SWOT, and will in consultation with DoJ update the legal framework to allow VMO to fulfil its responsibilities more efficiently and effectively when necessary.</p> <p>AFCD has in conjunction with FMO started the review of the recommendations by stages. A review of the roles and functions of FMO with a SWOT analysis of FMO is in progress. AFCD and FMO will also consult DoJ on the legal issue surrounding the direct import of fresh marine fish as well as the need, as mentioned in para. 2.39(c) above, to update the legal framework of the Marine Fish (Marketing) Ordinance.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(i) updating the legal framework under which the FMO and the VMO operate and taking effective law enforcement actions; and</p> <p>(ii) regularising, where necessary, new activities required to be performed by the FMO and the VMO.</p>	

Admission schemes for talent, investors and workers
Updated progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Admission Schemes for Talent, Professionals and Non-local Graduates		
<i>Administration of Quality Migrant Admission Scheme (QMAS)</i>		
2.29(b)	Immigration Department (ImmD) should closely liaise with the Labour and Welfare Bureau (LWB) to incorporate the talent list into the QMAS once it is available so that prospective applicants are better informed before deciding whether they should submit an application.	ImmD is closely liaising with LWB and will follow up the Audit's recommendation once the talent list is available.

Hong Kong Academy for Performing Arts
Progress in implementing the Audit's Recommendations

Para. No.	Issues examined	Audit's Recommendations	Progress to date
PART 2: PROVISION OF ACADEMIC PROGRAMMES			
2.17	Student enrolment	<p>Audit has recommended that the Hong Kong Academy for Performing Arts (HKAPA), in consultation with the Secretary for Home Affairs, should –</p> <ul style="list-style-type: none"> (a) closely monitor the student enrolment situation and address the enrolment shortfall, particularly for the School of Chinese Opera; (b) plan strategically to meet the challenges presented by the decreasing population of secondary school graduates and the increasing competition from other higher education institutions; and (c) explore measures to attract more suitably qualified students to apply for its academic programmes, including ways to improve its admission procedures. 	<p>The HKAPA has taken steps to improve the enrolment situation. Its Task Force on Student Enrolment submitted a report to the Academic Board on 26 October 2017. The major recommendations of the Task Force are –</p> <ul style="list-style-type: none"> (i) Each School should set its methodologies for enrolment estimates and recruitment strategies. (ii) The HKAPA should explore the feasibility of launching a new one-year “Diploma in Foundation Studies” with a view to facilitating the recruitment of students to its degree programmes. The Hong Kong Council for Accreditation of Academic and Vocational Qualifications will be consulted about the appropriate level under the Qualifications Framework of this new Diploma programme. (iii) The HKAPA should enhance the admission procedures to non-local candidates, including in-situ issuance of conditional offer after passing audition overseas; and granting scholarship in parallel when offers are made to highly talented non-local candidates. (iv) The HKAPA should set up an on-line application platform to facilitate submission and processing of applications. Tender will be invited in the third quarter of 2018 when the technical specifications and user requirements for the system are finalised. (v) The HKAPA will continue to monitor the student enrolment situation and will, having regard to Audit's recommendations, take steps as necessary to attract more qualified

Para. No.	Issues examined	Audit's Recommendations	Progress to date									
			<p>students.</p> <p>As HKAPA has taken forward the Audit's recommendations, which will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>									
2.31	Admission of non-local students	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) in consultation with the Secretary for Education, draw up a policy on admission of non-local students for the HKAPA, making reference to the principles of the policy applicable to University Grants Committee (UGC)-funded institutions; and</p> <p>(b) in consultation with Secretary for Education, pursue further with the HKAPA on setting a tuition fee level for non-local students to recover all additional direct costs.</p>	<p>The HKAPA conducted a comprehensive review on the tuition fee levels for non-local students in the 2018/19 academic year. The new tuition fee levels for non-local students as set out below will be implemented by the HKAPA in the 2018/19 academic year –</p> <table><tr><td></td><td>Local</td><td>Non-local</td></tr><tr><td>Degree Programmes</td><td>HK\$42,100 p.a.</td><td>HK\$50,000 p.a.</td></tr><tr><td>Sub-degree Programmes</td><td>HK\$31,575 p.a.</td><td>HK\$37,500 p.a.</td></tr></table> <p>The level of tuition fee for non-local student is set on the basis of the result of an activity-based cost analysis conducted by the HKAPA on a five-year projection. The additional direct costs for enrolling non-local students are found to be about \$50,000 per non-local student, and so the same amount is set as the tuition fee of degree programmes for non-local students from the 2018/19 academic year.</p> <p>Since the last progress report, the HKAPA has set a policy that it would conduct a review on the tuition fee level of non-local students every five years. The next review will be conducted in 2021-22. The arrangement has balanced the importance of a stable tuition fee policy and the need to set a tuition fee level for non-local students to recover all additional direct costs.</p> <p>In the past five years, the HKAPA admitted non-local students at about 12% of the total student number. The HKAPA will review the present policy on the admission of non-local students.</p>		Local	Non-local	Degree Programmes	HK\$42,100 p.a.	HK\$50,000 p.a.	Sub-degree Programmes	HK\$31,575 p.a.	HK\$37,500 p.a.
	Local	Non-local										
Degree Programmes	HK\$42,100 p.a.	HK\$50,000 p.a.										
Sub-degree Programmes	HK\$31,575 p.a.	HK\$37,500 p.a.										

Para. No.	Issues examined	Audit's Recommendations	Progress to date
2.38	Student unit cost	Audit has recommended that the HKAPA and Secretary for Home Affairs should closely monitor the student unit cost and take effective measures to contain the increasing trend, making reference to student unit costs of UGC-funded institutions.	<p>Student enrolment will have a direct impact on student unit costs. As mentioned in para. 2.17, the HKAPA has set up a Task Force on Student Enrolment to formulate strategies to improve the enrolment situation and hence monitor and control the student unit cost as recommended by Audit.</p> <p>We will continue to monitor the student unit cost of the HKAPA.</p>
PART 3: GOVERNANCE AND GOVERNMENT MONITORING			
3.40	Government monitoring	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) update the Memorandum of Administrative Arrangements (MAA) with the Government's prevailing subvention guidelines;</p>	<p>The HKAPA has enhanced the contents of the audited financial report to include most of the reporting requirements as pointed out by Audit. Home Affairs Bureau (HAB) will continue to follow up on Audit's recommendations to ensure full compliance of the requirements.</p> <p>On updating of the MAA, HAB will, taking into account HKAPA's view, Audit's recommendations and prevailing Government subvention guidelines, revise the MAA.</p>
3.41	Government monitoring	Audit has recommended that Secretary for Home Affairs should maintain dialogue with the HKAPA, Secretary for Education and other stakeholders on the feasibility and desirability of transferring the responsibility of funding and overseeing the HKAPA from the HAB to the EDB/UGC.	<p>The Council of HKAPA endorsed in June 2017 the recommendation that the HKAPA should remain under the aegis of HAB and the current funding arrangement is suitable for the development of the Academy both in the short-term and in the foreseeable future. HAB has accepted the recommendation.</p> <p>As HAB and the HKAPA have already taken action in response to Audit's recommendations, and HAB will continue to bear those recommendations in mind, we recommend deleting this part from the next progress report.</p>

Para. No.	Issues examined	Audit's Recommendations	Progress to date
PART 5: CAMPUS IMPROVEMENT AND EXPANSION			
5.16	Wanchai Campus expansion project	<p>Audit has recommended that the HKAPA should –</p> <ul style="list-style-type: none"> (a) endeavour to complete the on-campus expansion (OCE) project within budget by December 2017; (b) for future government-subsvented capital works projects, implement the project in strict accordance with the scope of the project as approved by the Finance Committee (FC) of LegCo, and avoid making changes to the design and specifications of the project that would increase the APE after funding approval; and (c) make necessary arrangements to deal with the impact of the delay and reduction in scope of the OCE project on delivering its academic programmes and other services. 	<p>On para. 5.16 (a) and 5.17 (a) & (b)</p> <p>The construction work has been largely completed and the project has entered the Pre-Occupation Permit inspection stage.</p> <p>The practical completion date of the project would be postponed to the second quarter of 2018 due to the modification works of the fire service installations in order to comply with the fire safety standards.</p>
5.17	Wanchai Campus expansion project (cont'd)	<p>Audit has recommended that Secretary for Home Affairs should –</p> <ul style="list-style-type: none"> (a) monitor closely the progress of the OCE project to ensure that the HKAPA completes it within budget by December 2017; (b) in performing the role of vote controller of subvented capital works projects, provide timely 	<p>For progress of the OCE, please refer to the progress in response to Audit Report para. 5.16 above.</p> <p>HAB reported to LegCo Panel on Home Affairs about the progress of the project in March 2016. It has also reminded HKAPA the need to complete the OCE on time and within budget.</p>

Para. No.	Issues examined	Audit's Recommendations	Progress to date
		<p>guidance to subvented organisations to remind them to implement subvented projects in strict accordance with the approved scope of the projects, and complete the projects on time and within budget; and</p> <p>(c) report the progress of the OCE project to LegCo with a detailed account of the delay and reduction in project scope.</p>	
5.31	Planning for further campus expansion	<p>Audit has recommended that the HKAPA should –</p> <p>(a) re-examine its assessment of space requirements, using the up-to-date projection of student numbers, to provide a more accurate estimate;</p> <p>(b) compile a detailed schedule of accommodation (SoA) of its current space provision, taking account of the discrepancies between the 1999 SoA and the 2009 spreadsheet; and</p> <p>(c) update its space shortfall for planning future development projects, taking account of the results of (a) and (b) above.</p>	<p>HKAPA has commissioned the consultant to conduct a space needs study on the Academy. The Final Report of the Study was available in late August 2017. HAB is examining the findings and recommendations of the Report, and will consult relevant parties if necessary. If there is a need for further campus expansion, HAB will seek funding through the established procedure and consult the Legislative Council (LegCo) in due course.</p> <p>Since HKAPA has updated its SoA and examined its future space requirement, and therefore addressed the recommendations as set out in para. 5.31 of the Audit Report, we recommend deleting this part from the next progress report.</p>

Para. No.	Issues examined	Audit's Recommendations	Progress to date
5.32	Planning for further campus expansion (cont'd)	Audit has recommended that the Secretary for Home Affairs should, in consultation with the Secretary for Education, examine the basis adopted by the HKAPA in its assessment of space requirement, including whether it should include the number of students of self-financing Master's degree programmes.	HKAPA has commissioned the consultant to conduct a space needs study on the Academy. The Final Report of the Study was available in late August 2017. HAB is examining the findings and recommendations of the Report, and will consult relevant parties if necessary.

**Buildings Department's actions on unauthorised building works
Progress of Implementing PAC's Recommendations**

Para. No.	PAC's Recommendations	Progress to date
4(a)	Taking actions to ascertain the total number of actionable UBWs not having been issued with removal orders.	<p>To strengthen the follow-up actions on actionable UBWs issued with removal orders, the BD upgraded its Building Condition Information System in May 2017 by adding new functions to record and retrieve information on UBWs items (viz. items that are actionable and non-actionable identified through handling reports of UBWs or large-scale operations). These new functions can also generate a list of UBWs pending issue of removal orders to assist BD to monitor the progress of issuing removal orders. It should be noted that the actual number of actionable UBWs will change from time to time due to, for example, such UBWs having been removed after being recorded as the parent buildings have been redeveloped. Moreover, BD is unable to estimate the number and condition of UBWs within individual premises.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Management of water supply and demand
Progress of implementing the outstanding items

Para. No.	Audit's Recommendations	Progress to date
Part 2: Water Supply Management		
2.33	<p>Audit has recommended that the Director of Water Supplies should –</p> <p><i>Use of reclaimed water</i></p> <p>(a) expedite actions to implement the project for supplying reclaimed water for flushing in Northeast New Territories (NENT); and</p> <p>(b) in collaboration with the Director of Architectural Services and the Director of Drainage Services, based on the results of the post-implementation review of the trial schemes on using grey water for flushing and rainwater for non-potable purposes at government/school buildings,</p>	<p>Water Supplies Department (WSD) is implementing the infrastructure works related to the supply of reclaimed water for flushing in NENT. The construction of a service reservoir and laying of trunk water mains commenced in April 2017. WSD plans to commence the laying of the first stage of the local distribution mains in Sheung Shui and Fanling after funding approval from the FC. WSD is continuing with the design of the remaining infrastructure works, including a chlorination plant, a pumping system and the second stage of the local distribution mains in Sheung Shui and Fanling.</p> <p>WSD will launch the public consultation in mid-2018. The legislative amendment work for the supply of reclaimed water will commence later on. Supply of reclaimed water for flushing is scheduled to commence in 2022.</p> <p>The Government has formulated a strategy for implementation of schemes in government buildings/schools and promoting the implementation of the schemes in private buildings.</p> <p>For government buildings/schools, a joint technical circular on Green Government Buildings has been</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>formulate a strategy for rolling out the schemes to other government/school buildings and promoting implementation of the schemes in private buildings.</p>	<p>issued by the Development Bureau (DEVB) and Environment Bureau (ENB) (i.e. DEVB technical circular No. 2/2015/ENB circular memorandum No. 3/2015) requiring to utilise rainwater harvesting and/or grey water recycling to reduce their fresh water demand for non-potable uses as far as reasonably practicable.</p> <p>For private buildings, WSD makes use of the BEAM Plus¹ Existing Buildings and BEAM Plus New Buildings assessment tools by giving more credits to grey water reuse and rainwater harvesting, and provides related technical support, in order to promote the implementation of grey water reuse and rainwater harvesting projects in private buildings.</p> <p>Furthermore, a comprehensive review of the total water management (TWM) strategy is being carried out and that the consultant has recommended a strategy for promoting the use of reclaimed water for flushing in new development areas. We plan to complete the TWM review in end 2018.</p> <p>Since the Government has formulated the strategy for implementation of grey water reuse and rainwater harvesting in government buildings/schools and promoting their implementation in private buildings, we propose deletion of this item in the next update of the progress report.</p>

¹ Recognised and certified by the Hong Kong Green Building Council, BEAM Plus offers a comprehensive set of performance criteria for a wide range of sustainability issues relating to the planning, design, construction, commissioning, management, operation and maintenance of a building. It provides an objective assessment of a building's overall performance on site aspects, material aspects, energy use, water use, indoor environmental quality, innovations throughout its life cycle based on the performance criteria.

Para. No.	Audit's Recommendations	Progress to date
2.34	Audit has also recommended that the Director of Drainage Services should, in collaboration with the Secretary for Development and the Director of Water Supplies, expedite actions to implement the Inter-Reservoirs Transfer Scheme (IRTS).	Drainage Services Department (DSD) has substantially completed the review for the detailed design, method statements and related environmental impact assessments of the IRTS in order to enhance its cost-effectiveness and prepare the implementation schedule. DSD, in collaboration with WSD, will consult the LegCo and subject to the funding approval of the FC, DSD schedules to commence the construction works of the IRTS in the first quarter of 2019 for completion in the last quarter of 2022.
Part 5: Way Forward		
5.8	<p>Audit has recommended that the Director of Water Supplies should –</p> <p>(a) consider setting a target date for achieving 10 litres of water saving per capita per day.</p>	<p>The Government announced in the Policy Agenda in October 2017 the target of reducing the per capita total fresh water consumption by 10% by 2030 at the earliest, using 2016 as the base year.</p> <p>Since the Government has announced the water saving target and the target achievement date, we propose deletion of this item in the next update of the progress report.</p>

**Planning, construction and redevelopment of public rental housing flats
Reporting of further development as per PAC's request**

Para. No.	PAC's Recommendations	Progress to Date
Para. 14-15 of PAC Report	<p><i>Management of public rental housing (PRH) construction projects</i></p> <p>PAC was informed that –</p> <p>The Hong Kong Housing Authority (HKHA) would continue to conduct its annual rolling five-year budget and forecast exercise to prudently assess its financial position and future funding requirements. On the basis of the Approved Budgets and Forecasts which covered the five-year period from 2016-17 to 2020-21, it was projected that HKHA would have sufficient financial resources to meet its recurrent expenditure and implement its public housing construction programme and maintenance programme covered in the budget and forecast period. When the Administration and HKHA had reached consensus on the quantum and timing of funding injection, the Administration would seek approval from the LegCo at an appropriate time for funding to be drawn from the Housing Reserve;</p>	<p>On the basis of the Approved Budgets and Forecasts which cover the five-year period from 2017-18 to 2021-22, it is projected that HKHA will have sufficient financial resources to meet its recurrent expenditure and implement its public housing construction programme and maintenance programme covered in the budget and forecast period.</p> <p>To achieve the public housing supply target, the HKHA's cash and investment balance will continue to decrease. Up to now, the Government has set aside about \$78.8 billion for the Housing Reserve, which fully demonstrates the Government's commitment to financially support HKHA to meet the public housing supply target.</p> <p>HKHA will keep in close contact and discuss, where necessary, with the Government on the quantum and timing of funding injection. The Government will, at an appropriate time, seek approval from the FC of LegCo for funding to be drawn from the Housing Reserve.</p> <p>Since HKHA will continue to conduct the annual rolling five-year budget and forecast exercise and discuss with the Government on HKHA's funding requirements on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	PAC's Recommendations	Progress to Date
<p>Para. 14-15 of PAC Report</p>	<p><i>Public Housing Construction Programme 2016-17 to 2020-21</i></p> <p>PAC was informed that –</p> <p>the Administration had been making public at regular intervals the housing supply target and the construction progress of public housing, which included announcing the housing supply target for the next ten-year and the land identification progress in the annual progress report of the Long Term Housing Strategy (LTHS), and the estimated production number of public housing under HKHA in the next five years on its website and LegCo submission; and</p> <p>as stated in the LTHS Annual Progress Report 2016 provided to LegCo Panel on Housing in January 2017, the Administration's 10-year public housing supply target remained the same as that in the 10-year period ending 2025-2026 at 280 000 units from 2017-18 to 2026-27. According to HKHA's Public Housing Construction Programme as at September 2017, the estimated total public housing production by HKHA and the Hong Kong Housing Society in the five-year period from 2017-18 to 2021-22 would be 100 300 flats. On land supply, the Administration had identified land for the construction of about 236 000 public housing units for the 10-year period from 2017-18 to 2026-27 assuming that all sites identified could be delivered on time for housing construction. The Administration acknowledged that there was a gap in the public housing supply target.</p>	<p>According to the latest projection of long term housing demand, the Government has adopted 460 000 units as the total housing supply target for the ten-year period from 2018-19 to 2027-28, among which the public housing target is 280 000 units (comprising 200 000 PRH units and 80 000 subsidised sale flats).</p> <p>As at December 2017, the estimated total public housing production by HKHA and the Hong Kong Housing Society in the five-year period from 2017-18 to 2021-22 is about 99 700 flats, comprising about 74 600 PRH units and about 25 100 subsidised sale flats. Comparing the above projected total public housing production for the five-year period starting from 2017-18 with that of the previous four five-year periods, the projected production shows a steady increase.</p> <p>The Government has been making public at regular intervals –</p> <ul style="list-style-type: none"> (i) the housing supply target and the construction progress of public housing, which includes announcing the housing supply target for the next ten-year period and the land identification progress in the LTHS annual progress report; and (ii) the estimated production number of public housing under HKHA in the next five years on its website

Para. No.	PAC's Recommendations	Progress to Date
		and LegCo submission. As the above work will be carried out on an on-going basis, we recommend deleting this part from the next progress report.

**Direct land grants to private sports clubs at nil or nominal premium
Progress in implementing the Audit's and PAC's Recommendations**

Para. No.	Audit's/PAC's Recommendations	Progress to Date
General		
Para. 5.8 of the Audit Report	<p>Audit recommends that the Administration should –</p> <ul style="list-style-type: none"> (a) work out a timetable for the policy review, so that new policy directions on Private recreational leases (PRL) would be in place before the expiration of a number of PRLs; (b) take into account the needs and demands of different stakeholders (namely, the interests of the private sports clubs on PRLs and their members, and the wider public interest) and strike a proper balance between different objectives; (c) set out key principles to be adopted for the renewal of existing PRLs and the granting of new PRLs in future, with a view that public interest will be better served; and (d) conduct a similar review of the 37 PRLs granted to non-governmental organisations (NGOs) and other organisations (i.e. uniformed groups, welfare organisations, national/district sports associations and civil servants' associations) to ascertain if the Administration is facing similar problems and challenges ahead with these PRLs. 	<p>The inter-departmental working group (the working group) convened by the HAB has recently completed the policy review on PRL and proposed the following recommendations –</p> <ul style="list-style-type: none"> (a) different handling of the leases held by “community organisations”² and “private sports clubs” and granting new special purpose leases (instead of PRLs) to sports and recreational sites held by “community organisations”; (b) continuing to handle the sites held by private sports clubs under PRL policy but the lease conditions should be significantly modified to better meet the dual needs of supporting sports development and optimising land use; (c) taking into account the contribution of private sports clubs in promoting sports development in Hong Kong when considering the renewal of their leases upon expiry; (d) requiring private sports clubs suitable for lease renewal to pay a concessionary premium to be set at one-third of the Full Market Value land premium; (e) requiring private sports clubs to

² “Community organisations” include non-profit-making organisations such as social and welfare organisations, religious organisations, uniformed groups, national sports associations, district sports organisations, civil service organisations and the Hong Kong Jockey Club.

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>further open up their facilities to eligible outside bodies up to 30% of their total sports capacity and partner with sports organisations to organise sports programmes that can be made available for enrolment by individual members of the public with a minimum sports programme hours of 240 per month;</p> <p>(f) drawing up the list of allowable sports supporting facilities and ancillary facilities for PRLs;</p> <p>(g) enhancing the monitoring of PRLs and the corporate governance of the lessees; and</p> <p>(h) defining the principles in approving applications for new sites for sports and recreational use.</p> <p>The Government launched a six-month consultation on 20 March 2018 to solicit views from the public and stakeholders on the recommendations of the policy review and briefed the LegCo Panel on Home Affairs on the review findings on 26 March 2018. After the public consultation, HAB will summarise the views collected and present its final recommendations to the Executive Council (ExCo) for consideration.</p>
Page 59 of the PAC Report	<p>PAC urges that in renewing the PRLs for a 15-year term, the HAB should ensure that the following conditions of the prevailing PRL policy are met –</p> <p>(a) the site not being required for a public purpose;</p> <p>(b) there being no significant breach of</p>	<p>The working group proposed that the four conditions under the existing PRL policy should continue to apply in the renewal of PRLs in future.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>lease conditions;</p> <p>(c) the lessee having a non-discriminatory membership policy; and</p> <p>(d) HAB having approved the “opening-up” scheme submitted by the lessee for fulfilling the greater access requirement.</p>	
PART 2: Government policy decisions in 1969 and 1979		
Para. 5.9 of the Audit Report	<p>Audit recommends that the Administration should –</p> <p>(a) examine individual PRLs on a case-by-case basis and consider how they should be revised/refined in the light of changes in circumstances, taking into account the key principles set in the forthcoming policy review on PRLs;</p> <p>(b) set up an effective mechanism to monitor the use of PRL sites, including the requirement to approve the developments on the PRL sites and the conduct of regular site inspections under the enforcement regimes of the HAB/LandsD;</p>	<p>LandsD and HAB will consider on a case-by-case basis whether additional lease conditions are necessary according to the recommendations of the policy review.</p> <p>The working group proposed HAB to enhance its monitoring on the PRL sites through annual inspections and quarterly reports, and LandsD to act on complaints and/or referrals regarding suspected cases of non-compliance with lease conditions (e.g. development clauses and engineering conditions) and take lease enforcement actions against lease breaches in consultation with HAB as appropriate. These measures have already been implemented by HAB and LandsD.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(c) draw up planning standards to help assess how PRL sites should in future be reasonably apportioned among sports and non-sports facilities to meet the purpose of the PRLs;</p> <p>(e) step up controls to ensure that in future, commitments made to the ExCo relating to PRL policy are properly followed through for implementation; and</p> <p>(f) in future cases of sufficient importance, seek the advice of ExCo before granting the PRL.</p>	<p>The working group drew up the list of allowable sports supporting facilities and ancillary facilities for PRLs and proposed parameters for the types and proportion of ancillary facilities that should be allowed on PRL sites.</p> <p>We are handling matters related to the PRLs in accordance with ExCo's policy decisions.</p> <p>The working group proposed that the granting of new PRLs to "private sports clubs" and new Special Purpose Leases for "community organisations" will be subject to ExCo's approval in future.</p>
PART 3: Implementation of the "opening-up" requirement		
<p>Para. 5.9 of the Audit Report</p> <p>Page 67 of the PAC report</p>	<p>Audit recommends that the Administration should –</p> <p>(i) continue stepping up publicity on the clubs' facilities available for use by Outside Bodies and coordinating with the Education Bureau (EDB) to encourage schools in the vicinity of the clubs to make more use of the clubs' facilities; and</p> <p>(j) take note of the obstacles ahead which might discourage Outside Bodies from using the clubs' facilities and take steps to overcome them as far as possible.</p> <p>PAC urges the Administration to step up its efforts to remind the clubs to promote the availability of their sports facilities.</p>	<p>HAB has discussed with the EDB how to encourage schools to make greater use of the facilities of PRL sites. The EDB promotes the use of PRL sites through issuing an annual circular memorandum to all schools starting from 2018. Details of all the opening-up schemes are available on HAB's website "http://www.hab.gov.hk/en/other_information/prls.htm" to facilitate public viewing.</p> <p>HAB placed two rounds of advertisements in the print media in September 2017 and February 2018 to encourage eligible outside bodies to use the clubs' facilities, and will consider other publicity measures as necessary.</p> <p>HAB has followed up with individual</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		lessees with low utilisation with a view to increasing usage rates.
PART 4: Monitoring of compliance with lease conditions		
Para. 5.9 of the Audit Report	<p>Audit recommends that the Administration should –</p> <p>(k) follow up the irregularities/suspected non-compliances with Conditions of Grant reported in Examples 9 to 15; (see also pages 68-69 (i) – (vii) of PAC report) –</p> <p>Example 12 Breaches and possible breaches of user restriction and alienation (see also page 60 & 61 (i) of PAC Report)</p> <p>(l) conduct checks on the suspected commercial/subletting cases identified in Example 12 in paragraph 4.13, with scope expanded where appropriate, to other private sports clubs holding PRLs, and determine the full extent and propriety of such practices; and</p> <p>(m) critically review the existing PRLs and improve the Conditions of Grant in the long term, taking into account the useful Special Conditions identified in some of the existing PRLs which may help effective implementation of the Government's policy on PRLs (see also page 70 of the PAC report).</p>	<p>As at mid-May 2017, action/investigation for the two clubs which were last reported with suspected breaches was concluded. As the suspected breaches were not substantiated, no further action is required. We recommend deleting this item from the next progress report.</p> <p>As at mid-May 2017, investigation into the two outstanding cases with possible breaches last reported was concluded. As the suspected breaches were not substantiated, no further action is required. We recommend deleting this item from the next progress report.</p> <p>As at mid-May 2017, investigation into the two outstanding cases with suspected commercial/subletting last reported was concluded. As the suspected breaches were not substantiated, no further action is required. As such, we recommend deleting this item from the next progress report.</p> <p>Upon expiry of existing PRLs, LandsD and HAB will consider whether additional conditions should be added on a case-by-case basis. As follow-up actions will be taken on an on-going basis, we recommend deleting this item from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
<p>Page 70 of the PAC Report</p> <p>Page 60 of the PAC report</p>	<p>PAC urges the Administration to –</p> <p>establish a proper monitoring mechanism over PRLs to ensure the clubs' compliance with the Conditions of Grant and to safeguard public interest, including exploring the development of a set of guidelines on PRL conditions and rules which the clubs are expected to observe.</p> <p>PAC also urges HAB and LandsD to expeditiously implement the relevant improvement measures to safeguard public interest.</p>	<p>The working group proposed HAB to enhance its monitoring on the PRL sites through annual inspections and quarterly reports, and LandsD to act on complaints and/or referrals regarding cases non-compliance with lease conditions (e.g. development clauses and engineering conditions) and take lease enforcement actions against lease breaches in consultation with HAB as appropriate. These measures have already been implemented by HAB and LandsD.</p>
PART 5: Way forward		
<p>Para. 5.9 of Audit Report</p>	<p>Audit recommends that the Secretary for Home Affairs should –</p> <p>(n) work collaboratively with the Secretary for Development and Heads of other relevant government departments to assess whether any of the PRLs due for renewal should be renewed;</p> <p>(o) review whether the current practice of only assessing alterations that have been made to the Memorandum and Articles of Associations (M&As) since the last renewals is sufficient to ensure that all clubs on PRL sites have duly met the non-discriminatory membership policy requirement;</p> <p>(p) monitor the progress of the renewals for the 16 expired PRLs, including those clubs which had submitted timetables for rectifying breaches on PRLs; and</p>	<p>The working group proposed that before expiry of the current PRLs, HAB should review in detail the contribution rendered by each of the private sports clubs towards sports development before giving policy support.</p> <p>When considering applications for PRL renewal, HAB will examine the M&As of the clubs concerned to ensure that they meet the non-discriminatory membership policy requirement.</p> <p>As at end-December 2017, of the 16 expired PRLs, 13 have been renewed as PRLs and one has been granted a special purpose lease. HAB/DEVB will review the way forward of renewal of the remaining two PRLs having regard to the progress of resolving the outstanding issues.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(q) review the current status of the PRL which had expired since 1996, but was still under "hold-over" arrangement on quarterly basis, and critically consider whether the existing "hold-over" arrangement should continue.	The Government will soon be gazetting proposed amendments to the relevant Outline Zoning Plan to pursue alternative uses of the site.

Management of roadside skips
Updated progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
5.6(c)	<p>Audit has recommended that the Secretary for Development, the Secretary for the Environment and the Secretary for Transport and Housing should jointly, based on the results of para. 5.6(a) and (b) –</p> <p>(i) formulate strategies and action plans for regulating and facilitating skip operations; and</p> <p>(ii) assign a government department to take up the responsibility for regulating and facilitating skip operations.</p>	<p>The Joint Working Group (JWG) on Management of Roadside Skips has enhanced the management and control of roadside skips by putting in place two short-term measures.</p> <p>The Government has provided two sites, one adjacent to Tseung Kwan O Area 137 Fill Bank and one at Siu Lang Shui in Tuen Mun, through short-term tenancies, for use by the skips trade to store idling skips since January and December 2017 respectively. The average occupancy rates of these sites have been on the rise since their commissioning, which helps reduce the number of idling skips placed at roadside/public places.</p> <p>A dedicated term service contractor has been engaged by the Government since February 2017 to assist enforcement departments in speeding up the removal of skips found to be posing serious obstruction to traffic and/or imminent danger to the public. The JWG also organised joint enforcement operations participated by the Hong Kong Police Force (HKPF), the LandsD, the Food and Environmental Hygiene Department (FEHD), the TD, the Highways Department, the District Offices and the Environmental Protection Department (EPD) in a number of black spots of indiscriminate placement of idling skips, including Tseung Kwan O, Sai Kung, Kowloon Bay and Kai Tak areas to tackle the malpractice. The extent of indiscriminate placement of idling skips at these black spots has been noticeably improved. The JWG will</p>
5.6(d)	<p>conduct a review to re-assess whether the current situation justifies Government actions to introduce a regulatory system to regulate and facilitate skip operations.</p>	

Para. No.	Audit's Recommendations	Progress to date
		<p>continue to organise joint enforcement operations as necessary in various districts in order to deter the malpractice of indiscriminate placement of idling skips at roadside.</p> <p>As regards the further work to enhance the management and facilitation of skip operations, the JWG is engaging a consultant to work with the skip operators trade in developing a trade-led voluntary skips registration system, under which skip specifications will be standardised and adoption of good operational practices and safety measures will be promoted, thereby enhancing the standards of skip operations.</p> <p>The JWG will continue to explore options for enhancing the standards of skip operations. Taking into account the progress of the work proposed, the JWG will consider whether there is a need to introduce a new regulatory system in the long run.</p> <p>As the above tasks will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>

**Government's efforts in managing municipal solid waste
Updated progress of implementing PAC's Recommendations**

Para. No.	PAC's Recommendations	Progress to Date
Page 34 of PAC Report No. 67 (point (a))	strengthen efforts to continue the implementation of long-term policies formulated by the previous terms of Government as appropriate with a view to achieving the targets set with the consensus of the community.	<p>The Government will continue to undertake multi-pronged actions to tackle our waste challenges in close collaboration with concerned stakeholders following the strategies set out in the Blueprint for Sustainable Use of Resources 2013-2022. To rise to the challenges brought by the Mainland's tightening requirements on import of recyclables and to embrace the opportunities emerged at the same time, over the past few months, the Government has rolled out a series of measures to optimize recycling support at the community level as well as enhance the capability and standard of local recycling operations.</p> <p>To this end, the EPD and the Environmental Campaign Committee kicked off a new round of clean recycling publicity and education campaign, with a focus on encouraging the general public to concentrate on the recycling of three types of paper (namely newspaper, office paper and cardboards), as well as accord priority to the recycling of waste plastic bottles (those carrying beverages or personal care products). Clean and sorted recycling is also emphasized to facilitate downstream recycling processes and outlets.</p> <p>The EPD also expanded the service scope of the Community Recycling Network in early 2018 to receive also waste plastic bottles delivered from other private housing estates participating in the Source Separation of Waste Programme on a need basis, which would transported to suitable outlets for recycling and recovery.</p> <p>In parallel, the EPD is also preparing to introduce a pilot service to centrally collect plastic bottles in districts and, as necessary,</p>

Para. No.	PAC's Recommendations	Progress to Date
		<p>from the sources direct (i.e. the individual residential estates), for delivery to competent recyclers for onward processing.</p> <p>Meanwhile, the EPD is also setting up outreaching teams, which will gradually render assistance and support to property management companies and residents by this year in practising waste source separation of waste and clean recycling.</p> <p>Moreover, to promote the sustainable development of the recycling industry and enhance the capability and standard of local recycling operations, the Government launched the \$1 billion Recycling Fund in October 2015. As at end February 2018, a total of 128 approved applications have started or are ready to start. We will review the overall operation of the Recycling Fund and continuously enhance the relevant arrangements.</p> <p>To explore more long-term effective and diversified outlets for local recyclables, we will study the feasibility of incubating a local manufacturing industry using recycled materials. As waste paper makes up the largest proportion of local recyclables, the development of a recycling industry capable of processing local waste paper leveraging on the several lots of lands at the EcoPark, with a total area of about two hectares, is currently accorded priority. Open tenders were invited in end March 2018.</p> <p>We will continue to implement a series of measures aiming to promote behavioural change and encourage waste reduction and recycling, which include, among other things, implementing producer responsibility (PR) schemes and the municipal solid waste (MSW) charging as well as stepping up education and publicity efforts.</p>

Para. No.	PAC's Recommendations	Progress to Date
		<p>With support from the LegCo, we have obtained necessary resources to improve the waste-related infrastructure, including extension of North East New Territories and South East New Territories Landfills, as well as construct new waste-to-energy facilities (such as the Organic Resources Recovery Centre (ORRC) Phase 1, Integrated Waste Management Facilities (IWMF) Phase 1, T · PARK, and waste electrical and electronic equipment treatment and recycling facility (WEEE· PARK), etc.).</p> <p>We will from time to time review the implementation progress of the 2013 Blueprint and report to the LegCo. We will also publish statistics on disposal and recovery of waste for public inspection. The latest report was uploaded to the website of the EPD on 27 December 2017.</p> <p>As the follow up actions will be carried out on an ongoing basis, we recommend deleting this part from the next progress report.</p>
Page 34 of PAC Report No. 67 (point (b))	expedite the implementation of IWMF, PR schemes, MSW charging scheme and the Organic Waste Treatment Facilities with a view to meeting the targets set out in the 2013 Blueprint or any new blueprint to be developed by the Administration.	<p>As regards the IWMF Phase 1, the Design-Build-Operate contract was awarded in November 2017. The contract includes a 15-year operation period and we expect that the facility will commence operation in 2024.</p> <p>The ORRC Phase 1 is under construction and scheduled for operation by the 2nd half of 2018. The tender evaluation of ORRC Phase 2 is completed and subject to LegCo FC's funding approval for construction this year, the facility is expected to commence operation in 2021.</p> <p>In relation to MSW charging and PR schemes, please refer to progress reported in parts (c), (d) and (e) below.</p>

Para. No.	PAC's Recommendations	Progress to Date
		As the follow up actions will be carried out on an ongoing basis, we recommend deleting this part from the next progress report.
Page 34 of PAC Report No. 67 (point (c) and (d))	<p>set revised time targets for implementing the PR schemes on vehicle tyres, packaging materials and rechargeable batteries; and</p> <p>expedite actions to implement the PR schemes on Waste Electrical and Electronic Equipment (WEEE) and glass beverage bottles.</p>	<p>The PR scheme on WEEE will be fully implemented in 2018. Amongst other things, starting from 1 August 2018, when a seller sells regulated electrical equipment (REE) and if requested by the consumer, the seller should arrange for the consumer a free removal service to dispose of the same class of equipment abandoned by the consumer in accordance with the endorsed plan. Besides, the disposal licensing control, import and export permit control and landfill disposal ban in respect of abandoned REE will commence on 31 December 2018. The WEEE-PARK, which was built to underpin the implementation of the WEEE, commenced initial operation in late October 2017 and came into full operation in early March 2018.</p> <p>The Government has through open tender appointed qualified contractors to progressively provide effective and convenient glass container collection and treatment services to the catchment regions of Hong Kong Island (including Islands District) and the New Territories in November 2017; the contract for the Kowloon region is expected to be awarded in the second quarter of 2018, laying a sound foundation for the implementation of the PR schemes on glass beverage containers.</p> <p>The feasibility study on how to implement a PR schemes for suitable plastic containers, mainly those carrying beverages or personal care products has been commissioned in October 2017 and is expected to be completed in the first half of 2019.</p>

Para. No.	PAC's Recommendations	Progress to Date
		As the follow up actions will be carried out on an ongoing basis, we recommend deleting this part from the next progress report.
Page 34 of PAC Report No. 67 (point (e))	strengthen efforts with a view to implementing the MSW charging scheme as soon as possible.	<p>We consulted the public, various stakeholders and the LegCo Panel on Environmental Affairs on the proposed implementation arrangements for MSW charging in March 2017, and announced the proposed modifications to the implementation arrangements in October 2017 to expand the scope of application of pre-paid designated garbage bags as a charging tool. This would enable the charging regime to achieve the "polluter-pays" principle to a greater extent. We are preparing the relevant legislative proposal for introduction into the LegCo for scrutiny.</p> <p>As the follow up actions will be carried out on an ongoing basis, we recommend deleting this part from the next progress report.</p>
Page 34 of PAC Report No. 67 (point (f))	conduct a post-implementation review of the implementation of the 2005 Policy Framework and inform the EA Panel of the review results.	<p>Please refer to progress reported in (a) above.</p> <p>As the follow up actions will be carried out on an ongoing basis, we recommend deleting this part from the next progress report.</p>

Operation of the Hongkong Post
Updated progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 1: Management of mail processing		
<i>Overtime of Mail Distribution Division</i>		
2.55(b)	Postmaster General (PMG) should ensure that beat revision exercises are carried out in a timely manner according to the prescribed schedule.	By May 2018, we shall have completed about 92% of the surveys for the overdue beats to be conducted, except those for Shau Kei Wan Delivery Office and Shek Wu Hui Delivery Office, which will undergo re-provisioning in the second half of 2018. The beat survey for the two offices will be conducted at a later stage in order to avoid abortive efforts.
2.55(e)	PMG should explore the feasibility of using technologies (e.g. personal digital assistants with tracking function) to keep track of the time required for delivery postmen (DPM) to complete the delivery tasks with a view to providing more accurate information for beat revision exercises.	<p>The replacement of the Personal Digital Assistants (PDAs) of DPM in Mail Delivery Division was completed in March 2018. The new PDAs are equipped with new features and capabilities, such as camera, global positioning system (GPS) technology and e-signature capturing. Data collected through GPS technology were tested in the enhanced Beat Revision Analysis System. The review was completed in February 2018. We shall make use of the new device to record the delivery time of delivery beats.</p> <p>As the recommendation has been implemented, we recommend deleting this section from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 2: Management of Central Mail Centre and General Post Office Building		
5.20(a)	PMG should, in collaboration with the relevant government B/Ds, take appropriate measures to facilitate the Government's project for the reprovisioning of the General Post Office (GPO) Building.	<p>The reprovisioning of the GPO Building is being taken forward in step with the future development of "Site 3" on the New Central Harbourfront in accordance with the recommendations of the Urban Design Study for the New Central Harbourfront. The reprovisioning comprises two parts, viz. the district-tied facilities (i.e. the GPO Counter Office and the Post Office Box Section, the GPO Delivery Office, and the Speedpost Section) will be reprovisioned in the future development of Site 3 to meet the postal needs of the local community, while the Hongkong Post (HKP) Headquarters will be reprovisioned to a government site adjacent to the Central Mail Centre in Kowloon Bay.</p> <p>The LegCo Panel on Economic Development was generally supportive of the proposal of reprovisioning of the HKP Headquarters to Kowloon Bay at its meeting on 21 July 2017. A funding proposal has been submitted to the Public Works Subcommittee and will then go to the FC for approval of funding for the project.</p>

**Management of abandoned construction and demolition materials
Updated progress of implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Construction Waste Disposal Charging Scheme		
2.36	<p>Audit has recommended that the Director of Environmental Protection in collaboration with the Director of Civil Engineering and Development should –</p> <p>(a) take measures to ensure that, where applicable and taking into account relevant factors, fees and charges are revised in a timely manner;</p> <p>(b) take measures to ensure that annual reviews of fees and charges are conducted and the review results are forwarded to the FSTB in a timely manner in accordance with Financial Circular No. 6/2016; and</p> <p>(c) conduct periodic reviews of the charging scheme and, where appropriate, keep LegCo informed of the review results.</p>	<p>We continue to conduct reviews of fees and charges in accordance with Financial Circular No. 6/2016 on an annual basis. In conducting the reviews, apart from the user-pay and the full cost recovery principles, we will also take into account other factors including the effectiveness of the charges in reducing waste, environmental considerations, as well as the impact of the charges on the trade and other relevant stakeholders.</p> <p>In addition, the Government is considering imposing a gate fee on MSW disposed of at landfills under the proposed MSW charging scheme. When we review the construction waste disposal charges in future, we will take into account the differential between the landfill charge for construction waste and the MSW gate fee, as well as the policy objective of driving behavioural change through charging. We will update LegCo on the relevant review results at appropriate juncture.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Measures to Increase Reuse of Fill Materials		
3.27	<p>Audit has recommended that Director of Environmental Protection in collaboration with Director of Civil Engineering and Development should –</p> <p>(a) conduct a review of the screening methodology adopted for accepting vehicle loads of abandoned construction and demolition (C&D) materials at sorting facilities with a view to complying with the inert-content requirement as far as possible; and</p> <p>(b) take measures to encourage public organisations undertaking infrastructure projects, such as airport, railway and housing projects, to implement measures on reducing the generation of abandoned C&D materials and increasing the reuse of fill materials generated by the projects.</p>	<p>Since 2006, EPD and CEDD had conducted 21 surveys on the percentage of number of vehicle loads meeting the inert content requirement and on the screening methodology. The latest inert content survey completed in November 2017 revealed that the percentage of vehicle loads meeting the inert content requirement (i.e. contains more than 50% by weight) at sorting facilities was 73%, which is slightly higher than the average compliance rate since the new waste acceptance criteria have come into effect in December 2010.</p> <p>We consider that the current screening methodology remains effective. EPD will continue to work with CEDD to closely monitor the effectiveness of the screening methodology at the sorting facilities.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The Public Fill Committee (PFC) chaired by Director of Civil Engineering and Development will oversee the coordination of major capital works projects undertaken by the works departments and major public organisations to promote the local reuse of fill materials. Over the next few years, we anticipate a number of fill-absorbing projects (including the</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>Three-Runway System under construction and the Tung Chung New Town Extension) will start absorbing public fill.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Part 4: Measures to Prevent and Detect Illegal Dumping

4.33	<p>Audit has recommended that Director of Environmental Protection should –</p> <p>(a) take measures with a view to ensuring that surveillance camera systems installed for collecting evidence for prosecution purposes are capable of capturing clear images of registration marks of vehicles involved in illegal dumping of waste;</p> <p>(b) take measures with a view to ensuring that prosecution actions relating to illegal dumping of waste are taken within the six-month time limit;</p> <p>(d) strengthen efforts on contacting the vehicle owners involved in illegal waste dumping cases with reference to the good practices of the Police in handling speeding and red-light jumping cases;</p> <p>(f) seek legal advice on ways and means to take prosecution actions against the responsible persons involved in illegal waste dumping cases who do not provide case details; and</p> <p>(g) for cases where the responsible</p>	<p>EPD is continuing to procure and install surveillance camera system with enhanced and more advanced technical specifications, to capture images of vehicle registration marks more effectively under different situations, so as to help combat activities of illegal disposal. We have installed surveillance cameras with new specifications at around 50 black spots of illegal disposal of construction and demolition materials, and will continue to install this type of surveillance cameras at new black spots (if any).</p> <p>EPD has updated the enforcement guideline with reference to the enforcement procedure of the HKPF. We have also reminded the front-line staff (a) to accord priority to processing prosecution cases; (b) to prosecute those cases with sufficient evidence as early as possible within the six-month time limit; and (c) to seek legal advice from DoJ as necessary to enhance the enforcement effectiveness.</p> <p>Besides, since the first quarter of 2018, EPD and FEHD have conducted senior level meetings on a need basis, with a</p>
------	---	---

Para. No.	Audit's Recommendations	Progress to date
	drivers claim that the waste dumping is based on the advice of site staff of the FEHD or its contractors, notify the FEHD of the incidents for taking follow-up actions on a timely basis.	view to further strengthening the communication for taking timely actions on enforcement cases. As the above measures will be taken on an on-going basis, we recommend deleting this part from the next progress report.
Part 5: Way Forward		
5.10	Audit has recommended that Secretary for the Environment in collaboration with Director of Civil Engineering and Development should explore destinations other than Taishan for receiving surplus fill materials generated in Hong Kong.	We will continue to explore destinations other than Taishan for receiving surplus fill materials, including local reclamations projects being undertaken or under planning. For example, reclamation works in the Three-Runway System under construction and the Tung Chung New Town Extension will utilise surplus fill materials. As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.
5.11	Audit has recommended that Director of Environmental Protection should – (a) in collaboration with Director of Civil Engineering and Development, further strengthen measures to encourage local reuse of fill materials generated in Hong Kong; and	We will continue to facilitate the reduction of fill material generation and the local reuse of fill materials as a matter of priority in our waste management strategy. To this end, major public works projects are required to draw up Construction and Demolition Material Management Plans, with a view to assessing the volume of construction and demolition materials produced and identifying outlets for beneficial reuse and recycling of any surplus excavated materials.

Para. No.	Audit's Recommendations	Progress to date
		<p>The PFC chaired by Director of Civil Engineering and Development will oversee the coordination of major capital works projects undertaken by the works departments and major public organisations to promote the local reuse of fill materials.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(b) complete the review of the trial scheme on installing surveillance camera systems on a timely basis and, based on the review results, formulate strategies and implementation plans for installing the systems to prevent and detect illegal dumping of C&D materials.</p>	<p>The relevant progress has been included in paragraph 4.33 above.</p> <p>We recommend deleting this part from the next progress report.</p>

**Hospital Authority's drug management
Progress of implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Management of the Hospital Authority Drug Formulary		
<i>Managing the use of drugs not listed on the Hospital Authority Drug Formulary</i>		
2.28	<p>Audit has recommended that the Chief Executive, Hospital Authority (HA) should –</p> <ul style="list-style-type: none"> (a) review what measures need to be implemented to ensure that patients attending different public hospitals and clinics have equitable access to non-HADF drugs when they have the relevant clinical needs; (b) regularly review the need for the continued use of non-HADF drugs which had failed the Drug Advisory Committee's new drug evaluation; (c) consider drawing up a detailed manual for managing the use of non-HADF drugs, and ensure compliance with the relevant provisions including the approval procedure for prescribing non-HADF drugs; (d) issue comprehensive guidelines on the charging of non-HADF drugs covering different situations, and ensure compliance with the guidelines; and (e) ensure that the drug classifications in hospital formularies for communication uses by clinical staff tally with those specified in the HADF. 	<p>HA has formulated and implemented a mechanism for monitoring and analysing the use of drugs outside the Hospital Authority Drug Formulary (HADF) (i.e. non-HADF drugs) and reviewed the current practices on approving, documenting and monitoring the use of non-HADF drugs in different clusters. HA has formulated an overall management framework and aligned the operating procedure for use of non-HADF drugs across clusters and the charging principles through expanding the existing guidelines on the use of immediate life-threatening emergency drugs to cover non-HADF drugs. HA issued an operation circular on management of non-HADF drugs in March 2018, which has been incorporated into the revised version of the HADF Management Manual in April 2018. In addition, system enhancements have been completed in the first quarter of 2018 to facilitate generation of local hospital drug formulary documents for internal communication purpose and to enable sharing of information on the use of non-HADF drugs at both corporate and hospital levels.</p> <p>As follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Procurement of Drugs		
<i>Establishing bulk contracts</i>		
3.12	<p>Audit has recommended that the Chief Executive, HA, should –</p> <ul style="list-style-type: none"> (a) for the 520 drug items purchased directly by hospitals using quotation procedures and with purchase amounts in 2015-16 exceeding \$100,000, review the direct purchase method to determine whether the demands of individual hospitals could be consolidated for establishing bulk contracts; (b) in particular, assess whether the purchase amounts of 193 of the 520 drug items (i.e. drug items with purchase amounts in 2015-16 exceeding \$500,000) in the coming three years would exceed \$1.5 million thus requiring establishing the bulk supply contracts by tender; (c) set up an effective mechanism for regularly analysing hospitals' demands for drug items not covered by bulk contracts to determine whether bulk contracts should be used to achieve the best value for money; and (d) review the practice of repeated purchases within a short period of time mentioned in paragraph 3.11 and provide hospitals with additional guidelines on direct purchases. 	<p>HA has reviewed Audit's list of 193 items and identified suitable candidates for bulk contract arrangement and launched the Pharmacy Business Intelligence System in April 2017 to facilitate bulk contract arrangements and overall monitoring. The HA Headquarters Office has centrally taken up quotation opening for direct purchases over \$100,000. HA has also reviewed the direct purchase practices and implemented the aligned workflow across clusters in the second quarter of 2017.</p> <p>The aligned workflow for direct purchase has been incorporated into corresponding guidelines in April 2018.</p> <p>As follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 4: Dispensing and Handling of Drugs		
<i>Dispensing of drugs</i>		
4.8	<p>Audit has recommended that the Chief Executive, HA, should –</p> <p>(a) regularly assess the extent of drug wastage among patients of the HA; and</p> <p>(b) based on the assessment in (a) above, take appropriate measures to tackle the problem of drug wastage.</p>	<p>A pilot scheme on drug refill services for targeted patient groups has been implemented in Prince of Wales Hospital and Tuen Mun Hospital in January 2018. HA has planned to roll out drug refill services to other hospital clusters in phases.</p> <p>As follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 5: Monitoring the Quality of Drugs		
<i>Sample testing of drugs</i>		
5.7	<p>Audit has recommended that the Chief Executive, HA, should –</p> <p>(a) formulate a strategy for sample testing of drugs, taking account of relevant factors such as coverage and results of other quality assurance work, level of HA procurement activities, risk associated with individual drug items and resources available;</p> <p>(b) lay down clearly the sampling methodology for implementing the drug testing strategy in (a) above; and</p> <p>(c) ensure that contractors submit reports on drug testing according to the time frame set out in the contracts.</p>	<p>HA has formalised the strategy and methodology for sample testing of drugs to become part of its standard operating procedure and built in multiple timeframes in service contracts to ensure feasible and timely submission of test reports.</p> <p>HA has implemented the new service requirements through contract renewal in the first quarter of 2018.</p> <p>As follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Sewerage systems in rural areas
Updated progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Pollution Control In Unsewered Areas		
<i>Control and Monitoring of Compliance with Water Quality Objectives on Escherichia coli</i>		
2.12	Audit has recommended that the Director of Environmental Protection should consider periodically conducting assessments of the extent of pollution of major rivers caused by village sewage discharge, and publishing the results of the assessments.	<p>EPD already completed the assessment of pollution load to major rivers and published the results in Annual River Water Quality Report 2016. EPD will continue to conduct the assessment every five years, with the next one due in 2021, and publish the findings.</p> <p>As the follow up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Control and Monitoring of Septic-Tank-and-Soakaway System</i>		
2.40	Audit has recommended that, in controlling and monitoring septic-tank-and-soakaway (STS) systems, the Director of Environmental Protection should explore ways and means to strengthen control over high-risk STS systems, particularly those located close to streams and rivers, to ensure that the operations would not cause pollution to the environment.	<p>To step up the supervision of septic tank system located in the environmentally sensitive areas and villages near rivers with water quality that required further improvement, EPD will continue to conduct regular inspections of the high risk STS systems once a year. In 2017, EPD inspected the STS systems covering about 6 500 households in 19 villages. In addition, EPD has distributed about 6 800 copies of simplified operational guidelines for STS systems to the relevant village households and village offices, to promote proper maintenance of the systems.</p> <p>As the follow up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
2.41	<p>Audit has also recommended that the Director of Lands, in collaboration with the Director of Environmental Protection, should review and revise the Certificate of Exemption (CoE) conditions for STS systems such that they are in line with the EPD's 1993 Practice Note as far as practicable.</p>	<p>The working group jointly set up by EPD and LandsD already completed the review of the CoE conditions for STS systems and agreed to adopt the same clearance distance requirements for beaches and wells. LandsD has adopted such distance requirements for STS systems in village house development to align the CoE with the Practice Note for Professional Persons 5/93 "Drainage Plans subject to Comment by the EPD" according to practical situations. EPD will continue to apply such distance requirement as an on-going measure. LandsD and EPD will update the relevant departmental instructions and practice note respectively. The working group will also consult the relevant stakeholders on the revisions.</p> <p>As the follow up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Control and Monitoring of Desludging Operations</i>		
2.54	<p>Audit has recommended that, in controlling and monitoring desludging operations, the Director of Environmental Protection and the Director of Food and Environmental Hygiene should –</p> <p>(a) explore ways and means to strengthen controls over desludging operations.</p>	<p>In collaboration with FEHD, EPD has finished reviewing the desludging operations by private operators. To strengthen the supervision over the desludging operations of the trade, EPD has prepared and promoted a best practice guide to upkeep the performance of the trade. The best practice guide will be continuously promoted to the trade with a view to reducing pollution to the environment.</p>

Para. No.	Audit's Recommendations	Progress to date
		As the follow up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.
Part 3: Planning and Implementation of Village Sewerage Programmes		
<i>Control of Sewage Discharge from Unsewered Squatters</i>		
3.13	<p>Audit has recommended that, in controlling sewage discharge from residential squatters, the Director of Environmental Protection should –</p> <p>(c) take measures to ascertain the extent and effectiveness of Dry Weather Flow Interceptors (DWFIs) in reducing pollution caused by untreated sewage generated from unsewered residential squatters.</p>	<p>EPD had, in collaboration with DSD, completed a pilot trial in the North District to review the effectiveness of DWFIs and no abnormalities were observed. The review of DWFIs in other districts would be conducted as part of their future sewerage planning exercise.</p> <p>As the follow up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Implementation of village sewerage programmes</i>		
3.39	<p>Audit has recommended that, in implementing the village sewerage programmes in future, the Director of Environmental Protection should –</p> <p>(b) make reference to the DSD's list of sewered and unsewered areas and the HAD's list of rural committees and villages in determining the total number of unsewered areas, and to formulate an appropriate strategy to address the sewage problems in each area; and</p>	<p>EPD has updated the record of sewered and unsewered areas based on the information provided by DSD and HAD and re-examined the need and priority of their sewerage works. EPD will, in collaboration with DSD, continue to enhance and implement the village sewerage programme in the most cost-effective and efficient manner.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) conduct a review of the environmental conditions and the need for provision of sewerage facilities for unsewered areas where public sewerage works would not be carried out in the near future, and inform LegCo of the EPD's action plans for these areas in a timely manner.</p>	<p>As the follow up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>EPD has conducted a review of the environmental conditions of rivers in unsewered areas where public sewerage would not be available in the near future. Based on the findings of the review, a preliminary action plan for providing appropriate sewerage facilities for the unsewered areas in the catchment of the Yuen Long Creek and Kam Tin River was prepared in consultation with DSD. EPD and DSD would take the action plan forward and consult the locals in due course accordingly. LegCo would also be kept informed of project progress and implementation.</p> <p>As the follow up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 4: Sewer Connection of Village Houses		
<i>Implementation of village sewerage programmes</i>		
4.19	<p>Audit has recommended that the Director of Environmental Protection should –</p> <p>(c) take measures to input into EPD computerised database information kept in paper files related to village sewerage works completed before mid-2004; and</p> <p>(g) periodically publish the progress of sewer-connection works of individual villages.</p>	<p>EPD already finished reviewing the records of information kept in the paper files for village sewerage projects completed before mid-2004, and these paper records have been inputted into the computer database. In addition, EPD has finished the enhancement works of the database system. EPD will publish annually the progress of the sewer connection works of individual villages on EPD's website. The first progress report for 2017 has been uploaded to the EPD's</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>website for reference of the general public.</p> <p>As the follow up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Joint-office operation on water seepage in buildings
Progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Investigation and Enforcement Actions		
2.34	<p>Audit has recommended that, in carrying out investigation actions under the Joint-office (JO) operation on water-seepage cases, the Director of Food and Environmental Hygiene and the Director of Buildings should jointly –</p> <p>(a) take measures to improve record keeping and the filing system for case files to prevent loss of files;</p> <p>(b) take measures to ensure that information of the Complaints Management Information System (CMIS) is updated in a timely manner;</p> <p>(c) strengthen measures with a view to ensuring that the JO operation actions on water-seepage cases are completed in a timely manner, and publish the ranges of time spent on completing the cases;</p>	<p>(a) to (c)</p> <p>The JO has taken measures to enhance and optimise the current CMIS (the existing system) to improve its record keeping and to timely update the information kept by the CMIS. For example, in addition to generating exception reports for obtaining the required management information, the existing system after enhancement can periodically generate lists of outstanding cases for supervising officers of the JO to monitor relevant work progress.</p> <p>Apart from enhancing and upgrading the existing system, the JO has engaged a contractor to develop an information system (the new system) specifically for handling and recording water-seepage cases. The JO staff will keep the relevant information of water-seepage cases in the new system, including whether nuisance notices (NN) are issued, reasons for screening out cases and the time of sending final replies to informant. The new system will also perform functions including case management, issuing reminders and alerts, monitoring contractors' performance and generating statistical reports for investigations at different</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) conduct a review to identify all cases involving missing case files and take necessary remedial actions; and</p> <p>(e) periodically send a list of referral cases to WSD and the BD Existing Buildings Divisions for reconciliation purposes.</p>	<p>stages.</p> <p>The new system will periodically generate management returns to help monitor investigation progress and follow-up actions together with counting the ranges of time spent on completing the cases. The establishment of the system has been completed and the system has been launched for use since 1 March 2018.</p> <p>As we have implemented the Audit's recommendation, we recommend deleting this part from the next progress report.</p> <p>(d) The JO has reviewed and handled all cases involving missing case files. In order to maintain an effective and accurate monitoring and tracking system of file movement and minimise the risk of file missing, a bar-code filing system had been provided in all district offices of the JO on 29 September 2017.</p> <p>As we have implemented the Audit's recommendation, we recommend deleting this part from the next progress report.</p> <p>(e) The new system has included functions of maintaining records of referral cases to the WSD and the BD Existing Buildings Divisions and generating periodic returns to help the JO staff record the related referral cases and send a list of referral cases to the WSD and the BD Existing Buildings Divisions for reconciliation purposes periodically (on a quarterly basis).</p>

Para. No.	Audit's Recommendations	Progress to date
		As we have implemented the Audit's recommendation, we recommend deleting this part from the next progress report.
2.35	<p>Audit has recommended that, in carrying out investigation actions under the JO operation on water-seepage cases, the Director of Food and Environmental Hygiene should –</p> <p>(a) take measures to maintain information on the time of sending final replies to informants of screen-out water-seepage cases.</p>	<p>Please refer to the response in relation to paragraph 2.34(a) to (c) above.</p> <p>As we have implemented the Audit's recommendation, we recommend deleting this part from the next progress report.</p>
2.58	<p>Audit has recommended that, in monitoring follow-up actions on NN issued, the Director of Food and Environmental Hygiene should –</p> <p>(a) conduct a review to ascertain whether FEHD JO staff have complied with FEHD instruction issued in March 2008 on maintaining Water-seepage Case Monitoring (WCM) Databases and whether the Databases have been maintained in full compliance with FEHD requirements, and take necessary actions on proper maintenance of the Databases;</p> <p>(b) issue clear guidelines on essential information for inclusion in Nuisance Notices Monitoring Lists (NNM Lists); and</p> <p>(c) take necessary actions with a view to preventing the recording of incomplete information in the NNM lists.</p>	<p>(a) to (c)</p> <p>In view of the incomplete and inadequate maintenance of the WCM Databases in the computer systems of the FEHD district offices, FEHD has reviewed the relevant departmental guidelines and whether the WCM Databases have been maintained in full compliance with the guidelines. FEHD has reminded repeatedly its frontline staff of the need to include in NNM Lists the essential information of water-seepage cases and to input information on the issuance of and follow-up actions on NN in the NN monitoring databases.</p> <p>To address the concern over different methods previously being used in FEHD district offices to record the NN issued, the JO has included a function</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>in the new system to maintain relevant information on the NN issued, in a bid to monitor the progress of the follow-up actions effectively, ensure the completeness of the information and improve the work efficiency.</p> <p>As we have implemented the Audit's recommendation, we recommend deleting this part from the next progress report.</p>
Part 4: Management Information System and Performance Reporting		
4.13	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) take measures to ensure that all functions of the new CMIS on water-seepage cases are fully implemented for the JO operation in a timely manner; and</p> <p>(b) consult JO staff on their difficulties encountered in implementing the new CMIS and provide necessary assistance to them to resolve the problems.</p>	<p>(a) and (b)</p> <p>From December 2014 onwards, FEHD has been implementing the existing CMIS (i.e. the new CMIS referred to by Audit) by phases in the 19 FEHD districts. Users of the then-new CMIS expressed their views that handling water-seepage cases involved large amount of reference materials, such as layout plans and photographs. As such, adopting the system to replace paper files in handling water-seepage cases had increased their workload. The efficiency and effectiveness of the handling of the cases had also been affected. In mid-July 2015, after extensively consulting the frontline staff and thoroughly reviewing the system functions, the work processes and nature of the cases and operational needs, FEHD decided that JO would continue to follow up water-seepage cases using paper files. The existing CMIS would be used to record progress of water seepage cases and carry out appropriate monitoring. FEHD considered it appropriate to adopt a</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>pragmatic approach to implement the above-mentioned measures to help its staff improve their efficiency and effectiveness in handling water-seepage cases while at the same time the existing system could generate necessary management information.</p> <p>Notwithstanding the above, the completed new system could be used to process and record information of water-seepage cases, together with the functions including case management, issuing reminders and alerts, monitoring contractors' performance and statistical reporting for investigations at different stages, so that JO staff can monitor the investigation and take follow-up actions more properly and effectively. For details, please refer to the response in relation to paragraphs 2.34(a) to (c) and 2.35(a).</p> <p>As we have implemented the Audit's recommendation, we recommend deleting this part from the next progress report.</p>
4.14	Audit has also recommended that the Director of Food and Environmental Hygiene and the Director of Buildings should jointly consider implementing a comprehensive database system for water-seepage cases under which handheld devices are used for recording and updating investigation results.	<p>Please refer to the response in relation to paragraphs 2.34(a) to (c) above.</p> <p>As we have implemented the Audit's recommendation, we recommend deleting this part from the next progress report.</p>
4.24	Audit has recommended that the Director of Food and Environmental Hygiene and Director of Buildings should jointly consider regularly publishing performance indicators for the JO operation.	Investigations on simple and straightforward water-seepage cases can usually be completed within 90 working days (i.e. around 133 calendar days). However, the time taken to complete a water-seepage case and the success rate of identifying the

Para. No.	Audit's Recommendations	Progress to date
		<p>source of seepage depend on the circumstances of each case and other external factors that are beyond the control of the JO. Notwithstanding, after collecting sufficient data from the new system, the JO will formulate pragmatic performance indicators for handling straightforward cases and publish the performance results on the websites of FEHD and BD regularly.</p> <p>As we have continuously implemented the Audit's recommendation, we recommend deleting this part from the next progress report.</p>

Maintenance and safety-related improvements of public rental housing flats
Progress of implementing Audit's and PAC's Recommendations

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 2: In-flat maintenance of PRH flats		
Para. 2.32 (b) of the Audit Report	<p><i>Implementation of the Responsive In-flat Maintenance Services</i></p> <p>Audit has recommended that the Director of Housing should –</p> <p>(b) take measures to improve the performance of the estate offices, in particular those which failed to meet the service standards repeatedly.</p>	<p>The Housing Department (HD) has completed the review and implemented the Responsive In-flat Maintenance Services service standards to focus on service quality and operational effectiveness. HD will continue to monitor the effectiveness of new service standards.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
Part 3: Follow-up actions on PRH's water sampling tests for lead		
Para. 3.31 (b) of the Audit Report	<p>Audit has recommended that the Permanent Secretary for Transport and Housing (Housing) should –</p> <p>(b) continue the effort in contacting those households in the 11 affected PRH developments, whose flats had not been installed with water filters, to consider installing water filters or take other precautionary measures such as drawing water from the temporary water points for consumption.</p>	<p>The HKHA's contractors have been carrying out rectification works inside the flats in the 11 affected PRH estates. Overall, as at March 2018, the contractors have completed around 70% of the works inside the flats. When the works inside the flats are completed, the contractors will conduct water sampling tests in accordance with the Water Authority's requirements to ensure the safety of drinking water. Subject to satisfactory water test results, form WWO46 Part V will be issued by the WSD under the Waterworks Ordinance to certify</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>completion. The contractors will then inform tenants that the water in their units is safe for drinking and remove their water filters, as well as withdraw the temporary water points on each floor and standpipes in stages. The temporary water supply measures will continue to be in force until the rectification works inside the flats are completed.</p> <p>As the rectification works in the 11 affected PRH estates will be on-going until the works are completed, we recommend that this part should be deleted from the next progress report.</p>
<p>Page 41 of the PAC Report (point (c))</p>	<p>PAC strongly urges and cautions HD to –</p> <p>(c) expedite the rectification works to replace non-compliant pipes in the common areas and within domestic flats.</p>	<p>HKHA's contractors have been carrying out rectification works inside the flats in the 11 affected PRH estates. Overall, as at March 2018, the contractors have completed around 70% of the works inside flats. HKHA will continue to monitor the quality and progress of the rectification works, and ensure that the works can be completed as soon as possible.</p> <p>As the rectification works in the 11 affected PRH estates will be on-going until the works are completed, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 4: Management of asbestos-containing materials in PRH estates		
<p>Para. 4.24 (c) of the Audit Report</p>	<p><i>Monitoring of asbestos-containing materials (ACM) in PRH estates</i></p> <p>Audit has recommended that the Director of Housing should –</p> <p>(c) consider providing more guidelines on assessing the nature of damage found in condition surveys of ACMs in PRH estates in light of the six cases.</p>	<p>The new guidelines on assessing the nature of ACM damage were implemented in half-yearly condition surveys in 2017 and were well received by frontline staff.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
<p>Para.4.35 (b) of the Audit Report</p>	<p><i>Control over works affecting ACMs in PRH estates</i></p> <p>Audit has recommended that the Director of Housing should –</p> <p>(b) strengthen the monitoring and control of the maintenance, repair and demolition works involving ACMs in PRH estates, including those undertaken by third parties.</p>	<p>The works of fixing warning labels for asbestos grilles at staircases and lobbies and other ACM, such as in-flat balcony grilles and chimneys as mentioned in item (iv) in the last progress report, were completed in April 2018.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
<p>Para. 4.35 (d) of the Audit Report</p>	<p>Audit has recommended that the Director of Housing should –</p> <p>(d) take measures to prevent accidental disturbance to ACMs, including labelling all ACMs and posting the ACM notice on the notice boards of relevant</p>	<p>To alert the tenants and other stakeholders about the presence of ACM in the estates and prevent accidental disturbance to the ACM, HD has adopted the measures mentioned in</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>estates at all times.</p>	<p>para. 4.35(b) above and has completed all labelling work in April 2018.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
<p>Page 42 of the PAC Report (point (a))</p>	<p>PAC strongly urges and cautions HD to –</p> <p>(a) take measures to ensure that all tenants, workers and stakeholders are fully informed of the locations of ACMs through effective dissemination channels and have all ACMs properly labelled.</p>	<p>HD will continue to promulgate ACM information in the estates, and take the measures mentioned in para. 4.35(b) above and has completed all labelling work in April 2018.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
<p>Part 5: Replacement of laundry pole-holders</p>		
<p>Para. 5.21 (b) and (c) of the Audit Report</p>	<p><i>Implementation of the 2014 programme for replacing laundry pole-holders</i></p> <p>Audit has recommended that the Director of Housing should –</p> <p>(b) carry out a post-implementation review of the 2014 programme for replacing laundry pole-holders in good time; and</p>	<p>HD has conducted a post-implementation review to evaluate the overall result.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	(c) closely monitor the works progress of the 2014 programme for replacing laundry pole-holders to ensure that the target completion date of 2017 would be met.	<p>HD has stepped up the monitoring mechanism of work progress in monthly meetings and has urged contractors to deploy adequate manpower and resources to ensure satisfactory completion of the replacement works. The programme was completed with tenants agreed laundry pole holders replaced by laundry racks or sealed.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>

Procurement and Maintenance of Government Vessels
Updated progress of implementing Audit's and PAC's Recommendations

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 2: Procurement of Government Vessels		
<p>Para 2.36 (a)(i) of the Audit Report</p> <p>Page 102 of the PAC Report</p>	<p>Audit has recommended that the Director of Marine should improve the overall planning for the procurement of new and replacement government vessels, including expediting action to complete the review of the Government Fleet Division (GFD) Circular No. 10/2008 regarding its requirement on compiling a five-year rolling plan.</p> <p>PAC urges Marine Department (MD) to have good planning and execution for the procurement of government vessels.</p>	<p>MD has reviewed GFD Circular No. 10/2008. The review was completed and a revised GFD Circular was issued in March 2018.</p> <p>Given a vessel procurement/replacement project takes at least three to five years to complete, it is considered that a five-year rolling plan is insufficient to fulfil the purpose of long-term planning for user departments. MD has therefore adopted a more pragmatic approach in preparing a 10-year vessel replacement plan for user departments, which is a more comprehensive planning to meet the needs of operations of user departments, and provides a more accurate forecast on the manpower resources requirement for MD to take forward these projects in a practicable and longer term basis. Besides, a longer term planning provides the opportunity for bundling similar procurement projects into a single tender to shorten tender preparation time, reduce cost of tender administration and achieve economy of scale in procurement. Subsequent to the preparation of a 10-year vessel replacement plan for the Fire Services Department in December 2016, MD has also worked with other user departments and user sections within MD to formulate their 10-year vessel replacement plans.</p> <p>As the review of GFD Circular No. 10/2008 has been completed and follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
<p>Para 2.36 (a)(ii) of the Audit Report</p> <p>Page 102 of the PAC Report</p>	<p>Audit has recommended that the Director of Marine should improve the overall planning for the procurement of new and replacement government vessels, including closely monitoring the safety of aged vessels by conducting condition assessments in a timely manner and in consultation with user departments, taking prompt follow-up actions on the assessment results.</p> <p>PAC urges MD to continue to closely monitor the government vessels that have served beyond their expected lifespans and take proactive and effective measures to ensure they are maintained in good operational conditions in a timely manner until they are retired/replaced by new vessels.</p>	<p>As of February 2018, the condition assessments for the vessels mentioned in the Audit Report and the required follow-up actions on the assessment results have already been completed.</p> <p>For government vessels which have reached their reference serviceable lifespan but are still in operation, apart from conducting regular preventive service, the Maintenance Section (MS) has already adopted the practice of conducting interim inspection between two scheduled preventive services to ensure the safety standard of vessels since the first quarter of 2018.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 2.36 (b) of the Audit Report</p> <p>Page 105 of the PAC Report</p>	<p>Audit has recommended that the Director of Marine should sustain the improvement measures taken in monitoring the GFD's work to ensure the timely delivery of vessel procurement projects.</p> <p>PAC urges MD to closely monitor the implementation of ongoing government vessel procurement projects to ensure that their target vessel delivery dates are met in the future.</p>	<p>To strengthen the management oversight of GFD, the Director of Marine has changed the reporting line of GFD to the Deputy Director of Marine (Special Duties) (DD(SD)) in phases since December 2015. Furthermore, Director of Marine and DD(SD) have attended the Government Dockyard management meetings since February 2016 on a regular basis.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 2.36 (c)(i) of the Audit Report</p>	<p>Audit has recommended that the Director of Marine should expedite action to clear the backlog of vessel procurement projects, including implementing the Steering Committee's recommendations in</p>	<p>The Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) has completed a grade structure review (GSR) for the two professional grades of MD, i.e. the Marine Officer and SoS</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
<p>Page 105 of the PAC Report</p>	<p>addressing the manpower shortage and succession problems of the Surveyor of Ships (SoS) grade staff.</p> <p>PAC urges MD to liaise with the relevant bureaux to take effective new measures to address the critical manpower shortage and succession problems of SoS and the Marine Officer grades staff of MD and conduct a review of their effectiveness in due course.</p>	<p>grades, and submitted its report (Report No. 57) to the Chief Executive on 31 October 2017. The Panel on Public Service (PS Panel) of the LegCo was consulted on the recommendations of the Standing Commission on 22 December 2017. At the meeting on 13 February 2018, the Executive Council advised and the Chief Executive ordered that the recommendations of the GSR in Report No. 57 of the Standing Commission should be accepted in full. The Administration has briefed the PS Panel on 13 April 2018 and will seek the approval of the FC of LegCo soon. Subject to the approval of FC, MD will implement the recommendations of the GSR as soon as possible to resolve the manpower shortage and succession problems of the two grades in the long run.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 2.36 (c)(ii) of the Audit Report</p> <p>Page 104 of the PAC Report</p>	<p>Audit has recommended that the Director of Marine should expedite action to clear the backlog of vessel procurement projects, including speeding up the outsourcing of project management work to consultants.</p> <p>PAC urges MD to –</p> <p>(a) expedite actions to clear the backlog of vessel procurement projects; and</p> <p>(b) closely liaise with relevant B/Ds to ascertain in a timely manner the government vessels requirements and to</p>	<p>MD has implemented a series of measures to expedite the procurement of vessels as a means to lower the average age of the government fleet. Such measures include strengthening the manpower of the SoS grade in the Government New Construction Section (GNCS) and proactively adopting the outsourcing approach so as to further expedite the progress of shipbuilding work. With the creation of additional SoS grade posts, MD is able to form two procurement teams comprising a total of eight SoS grade posts for clearing the vessel procurement backlogs. In addition, two Supplies Officer grade staff with rich procurement experience have been deployed to GNCS since</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	commence the procurement procedures expeditiously.	<p>early 2016 to assist in the vessel procurement work. With their assistance, GNCS has implemented a series of measures to fine-tune the procurement procedures since early 2016, including standardisation of provisions of tender documents and contracts, and the bundling of procurement projects involving vessels of the same type in tendering. Moreover, MD has been proactive in outsourcing some of the work of shipbuilding projects to external consultants on the condition that the work shall be subject to the supervision of MD staff, so as to further expedite the progress of procurement work.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Pages 106 and 107 of the PAC Report	<p>PAC urges the Transport and Housing Bureau (THB) to –</p> <p>(a) closely monitor the performance of MD to prevent further delays in the implementation of the procurement projects for major vessels and to catch up with the progress of the delayed projects;</p> <p>(b) step up its supervisory role to proactively identify the problems faced by MD, such as arranging regular meetings and visits to MD, and take effective measures to address MD's problems; and</p>	<p>Regular meetings chaired by the Secretary for Transport and Housing and the Permanent Secretary for Transport and Housing (Transport) alternately will continue to be held, generally on a monthly basis, with the senior management of MD including Director of Marine. At these meetings, THB will closely monitor MD's overall work performance and progress, provide steer and guidance on issues from a policy angle, as well as take forward and keep track of follow-up actions required.</p> <p>Other than the aforementioned meetings, THB also maintains ongoing daily communications with MD to closely monitor its progress on different work tasks. Visits to the facilities and offices of MD by the senior management of THB are also arranged from time to time. For example, Secretary for Transport and</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(c) consider conducting a study on the maritime industry in Hong Kong to adjust its policy to render timely assistance to the industry to meet the new challenges, including measures to address the severe shortage of maritime manpower and vessel maintenance contractors.</p>	<p>Housing visited the offices of MD including the Hong Kong Shipping Registry, and met with various staff of MD in February 2018. This enables THB to better understand the issues MD is facing at the operational level, so as to enable the formulation of more appropriate policies to address them.</p> <p>Furthermore, THB assesses and monitors the performance of MD in various aspects with reference to a series of indicators published in the Controlling Officer's Report (COR). THB will examine the issues and reasons with the management of MD in case a target is not met or when the performance has deteriorated, and consider whether further steer and guidance from THB is necessary.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The Government attaches great importance to the manpower training of the maritime sector. The Maritime and Aviation Training Fund (MATF), established in April 2014 with a commitment of \$100 million, aims to attract and encourage young people and in-service practitioners to receive aviation and maritime education and training, thereby enhancing the overall competitiveness and the professional standards of these industries. As at end-2017, 12 maritime-related training subsidy and incentive schemes were implemented under MATF, benefitting over 2 780 students and maritime practitioners and involving an amount of \$31 million. The Manpower Development Committee (MDC) has</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>also been set up under the Hong Kong Maritime and Port Board since the Board's inception in April 2016 with a view to facilitating the formulation of manpower development strategies.</p> <p>Specifically, in response to the manpower shortage problem faced by the industry, THB has been working closely with MDC, industry stakeholders and relevant education institutions to explore and devise new measures or enhancements to the existing initiatives under the MATF. Besides, THB would embark on a review of the overall implementation and effectiveness of the Fund, with a view to mapping out its way forward.</p>
Para 2.36 (d) of the Audit Report	Audit has recommended that the Director of Marine should step up the checking of the accuracy and consistency of tender documents.	<p>The two procurement teams under GNCS would cross-check and verify each other's work to strengthen the checking of tender documents. In addition, a checklist has been devised to ensure the effective and comprehensive checking of the tender documents. The new measure has taken effect since the fourth quarter of 2017. It is considered an effective tool to ensure accuracy and consistency of tender documents and will be kept as an on-going practice.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para 2.36 (e) of the Audit Report	Audit has recommended that the Director of Marine should carry out a review on the long downtime of the two new vessels delivered in February 2015 with a view to preventing recurrence of similar problems.	<p>The review on the long downtime of the two new vessels concerned was completed in December 2017.</p> <p>MD has taken forward the following improvement measures on an on-going basis –</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Page 109 of the PAC Report	PAC urges MD to consider formulating a penalty mechanism against contractors with repeated substandard performance, such as the introduction of points deduction system in future tenders or barring the contractor concerned from submitting any tenders for a specific period of time.	<p>(i) in order to reduce the waiting time for spare parts, MD has enhanced the availability of essential spare parts by including the items in new shipbuilding contracts. In addition, regular reviews on the stock level of essential spare parts for vessels are conducted to ensure that maintenance needs can be met effectively taking into account the trend of utilisation of relevant items;</p> <p>(ii) to improve internal work co-ordination, MD has strengthened GNCS's monitoring on ship construction work and a checklist has been devised to ensure that all necessary items are in satisfactory condition at inspections during shipbuilding stage and vessel acceptance. A special team comprising the project surveyor and technical staff has been set up to look after the vessels under warranty; and</p> <p>(iii) MD has been engaging consultants to supervise the construction of vessels at the shipyard to ensure the quality of the design, craftsmanship and construction of the vessels.</p> <p>Concerning the penalty mechanism against contractors with repeated substandard performance, MD considered that the existing arrangement is sufficient to protect the government's interest. In accordance with Clause 27 (Contractor Performance Monitoring) of the Conditions of Tender, the contractor is advised that its subsequent performance will be monitored and taken into account when its future tenders are evaluated.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.
Part 3: Maintenance of Government Vessels		
Para 3.26 (a) of the Audit Report	Audit has recommended that the Director of Marine should closely monitor the decreasing trend in vessel availability rates and take effective measures to achieve the target rate of 87%.	<p>Since late 2017, MD has taken forward the following measures to closely monitor the decreasing trend in vessel availability rates and to achieve the target rate of 87% –</p> <ul style="list-style-type: none"> (i) setting up a special vessel inspection team in MS to arrange on-site inspection and maintenance at the marine bases of user departments; and (ii) conducting weekly liaison meetings among MS, the Supplies Services Unit and the team responsible for ship repair co-ordination and sea trial, etc. to plan for the maintenance work by arranging spare parts and co-ordinate the use of the shipyard maintenance facilities as early as possible so as to shorten the waiting time for spare parts and shipyard maintenance facilities. <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para 3.26 (b) of the Audit Report	Audit has recommended that the Director of Marine should – in consultation with relevant stakeholders (including user departments and the THB), explore if there are better ways to report vessel availability rates in the	<p>MD has already implemented the following measures to improve the reporting and calculation of vessel availability rates –</p> <ul style="list-style-type: none"> (i) The Task Force on Reform of MD has reviewed and implemented the revised Arrival and Completion

Para. No.	Audit's/PAC's Recommendations	Progress to date
<p>Page 106 of the PAC Report</p>	<p>COR, including –</p> <ul style="list-style-type: none"> (i) expanding the scope of reporting to cover all four major classes of vessels; (ii) reviewing the current practice of calculating the vessel availability rate without taking into account the downtime for repair outside the Government Dockyard; and (iii) providing an explanatory note in the COR in case of any limitation in the scope of reporting vessel availability rates (such as classes of vessels and downtime excluded from the calculation of the reported rates). <p>PAC urges MD to consider expanding the scope of reporting vessel availability rates to cover all four major classes of vessels and reviewing the current practice of calculating the vessel availability rates without taking into account the downtime for repair outside the Government Dockyard.</p>	<p>Form for reporting and recording repair services conducted for government vessels, so as to improve the reporting, record keeping and calculation of vessel availability rates. The new form has taken effect since February 2018;</p> <ul style="list-style-type: none"> (ii) MD is currently working on a user survey for the purpose of reviewing the calculation methods of vessel availability rates and the record keeping method for the maintenance and repair work outside the Government Dockyard. It is anticipated that the survey result will be ready in the third quarter of 2018; and (iii) an explanatory note has been added in the COR of 2018-19 to account for the classes of vessels involved and downtime excluded from the calculation of vessel availability rate.
<p>Para 3.26 (c) of the Audit Report</p>	<p>Audit has recommended that the Director of Marine should closely monitor the increasing trend in downtime and take effective measures to minimise the extra downtime for preventive service, such as –</p> <ul style="list-style-type: none"> (i) improving the pre-docking inspection of vessels to ensure all necessary maintenance and repair work 	<p>With effect from the fourth quarter of 2017, the scope for pre-docking inspection has been extended to ensure all maintenance work will be included in the specifications of the service contracts as far as practicable. Hence, the extra work arising from unexpected maintenance items after the award of a contract during preventive maintenance can be kept to the minimum.</p> <p>At the same time, weekly liaison</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>requirements are incorporated in the maintenance contracts as far as possible;</p> <p>(ii) improving material planning and management to minimise waiting time for spare parts;</p> <p>(iii) improving the scheduling arrangement to minimise interference of dockyard facilities/unavailability of dry-berth for maintenance work; and</p> <p>(iv) improving the co-ordination between the crew staff of user departments and the maintenance staff to ensure timely conduct of dock and sea trials.</p>	<p>meetings have been conducted to enhance communication among different sections in GFD in the course of carrying out the maintenance work to achieve the timely ordering of spare parts and better co-ordination in the use of the shipyard maintenance facilities with a view to shortening the waiting time for spare parts and shipyard maintenance facilities.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para 3.26 (d) of the Audit Report	Audit has recommended that the Director of Marine should review running repair cases occurring shortly after preventive service to see whether there are lessons to be learnt.	Subsequent to the initial investigation conducted by MD on the vessel at issue, inspection on other similar vessels was also carried out in the third quarter of 2017. The investigation was further extended to examining all running repair cases occurred within three months after preventive services. The examination was completed in the fourth quarter of 2017. No irregularity was found in the investigations. The final investigation report is expected to be finalised in the second quarter of 2018.
Para 3.26 (e) of the Audit Report	<p>Audit has recommended that the Director of Marine should continue to enhance competition in the procurement exercises of vessel maintenance services, such as –</p> <p>(i) sustaining the efforts to review the duration of one-year term contracts with</p>	MD is all along committed to enhancing the competition of procurement of vessel maintenance services. Starting from early 2017, a range of measures to enhance competition have been introduced. For example, the contract periods of a total of 20 fixed-term maintenance contracts have been increased from one year to two years. So

Para. No.	Audit's/PAC's Recommendations	Progress to date
Page 106 of the PAC Report	<p>a view to enhancing their viability to attract bidders; and</p> <p>(ii) considering bundling related maintenance services into reasonably sizable contracts to reduce the cost of contract administration and make them more attractive to potential bidders where appropriate.</p> <p>PAC urges MD to closely monitor the implementation of new measures to enhance competition in the procurement of vessel maintenance services.</p>	<p>far, out of a total of 39 fixed-term service contracts, the contract periods of 30 contracts have been designated as two years. For the remaining nine fixed-term service contracts, MD will also consider extending their contract periods from one year or 18 months to two years.</p> <p>With due regard to market affordability and its impact on small businesses, MD has started to adopt the tendering strategy of consolidating the same type of maintenance service contracts as far as possible to enhance the attractiveness of the contracts to bidders. The first trial will be bundling similar contracts on “provision of servicing for fire-fighting appliances onboard government vessels”. It is envisaged that the tender can be issued in the fourth quarter of 2018.</p> <p>To promote competition in the procurement exercises and examine whether anti-competition conduct/agreement might be involved, MD has requested the Corruption Prevention Department of the Independent Commission Against Corruption to examine the existing arrangements in procurement exercises to examine whether there is any risk of corruption. MD has also invited the Competition Commission to conduct a study to ensure that the procurement process is fair and competitive to potential bidders. The study is expected to be completed in the third quarter of 2018.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
<p>Para 3.26 (f) of the Audit Report</p> <p>Page 106 of the PAC Report</p>	<p>Audit has recommended that the Director of Marine should closely monitor the implementation of the new measures introduced (see para. 3.23) to tighten job order and payment control under maintenance term contracts.</p> <p>PAC urges MD to tighten job order and payment control under maintenance term contracts.</p>	<p>Subsequent to the incident of long outstanding payments, a new GFD Circular was issued by MS in August 2016 to remind officers concerned of the proper procedures in processing invoices/job sheets.</p> <p>As measures recommended in para. 3.23 of the Audit Report have been implemented, we recommend deleting this part from the next progress report.</p>
Part. 4 Management of Maintenance Materials		
<p>Para 4.12 (a) of the Audit Report</p>	<p>Audit has recommended that the Director of Marine should step up stock review to identify slow-moving stock items and take timely follow-up actions to dispose of any obsolete/dormant stock.</p>	<p>MD engaged a technical advisor in July 2017 to expedite the handling of slow-moving items (i.e. items without movement for five years). The technical advisor has completed the review on over 2 000 items that have no movement for more than 20 years and is now reviewing the slow-moving items without movement for less than 20 years. The disposal of obsolete/dormant items, in accordance with the procedures stipulated in Stores and Procurement Regulations (including commercial disposal or dumping, etc.), has been conducted in phases following the review. On the basis of the progress made, it is expected that the review of all slow-moving items would be completed by end 2018 tentatively.</p>
<p>Para 4.12 (b) of the Audit Report</p>	<p>Audit has recommended that the Director of Marine should take prompt action to enhance the functions of the Government Fleet Information System (GFIS) to ensure that it can support the Government Dockyard in effectively managing its vast stock of maintenance materials.</p>	<p>MD is now working on the enhancement of the GFIS with a view to strengthening its analytical capacity and management reporting functions. Amongst others, the enhancement will include compilation of the re-order levels, and the use of barcodes for stock management. The enhancement of the GFIS can facilitate MD in implementing the "Just-in-time" stock strategy to increase efficiency in stock re-ordering, reduce stock level and</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Page 112 of the PAC Report	PAC urges MD to consider reviewing the procurement strategy of maintenance materials having regard to the availability of storage space.	storage space, and minimise the downtime of vessels due to waiting for spare parts. User requirements on the enhancement are being collected and the necessary funding is being sought. The system enhancements are targeted to be completed by mid-2019.
Para 4.21 (a) of the Audit Report	Audit has recommended that the Director of Marine should closely monitor the progress of the ongoing consultancy study and feasibility study to develop long-term measures for further improving the management of dangerous goods (DG) in the Government Dockyard.	<p>The Electrical and Mechanical Services Department (EMSD) assists MD to conduct a pre-feasibility study of the modernisation of the Government Dockyard. The scope of the pre-feasibility study is to review the entire operation of the Government Dockyard and the corresponding installations including equipment, facilities, site layout, logistics and operating methods with a view to proposing and giving direction to a further feasibility study. The final report of the pre-feasibility study will propose a selection of available technology and methods of operation, facilities, logistics for the servicing, handling and storage of vessels, parts equipment and other materials and technologies for a further feasibility study.</p> <p>The pre-feasibility study is close to the final stage and will be completed in the second quarter of 2018. Upon completion of the current study, the Government will embark on the feasibility study.</p>
Para 4.21 (b) of the Audit Report	Audit has recommended that the Director of Marine should implement additional interim measures to minimise the safety hazards in the Government Dockyard, such as closely monitoring the compliance with the Safety Management Manual requirements on the storage of DG	Although the provisions of the Dangerous Goods Ordinance (Cap. 295) and the Factories and Industrial Undertakings Ordinance (Cap. 59) do not apply to the Government, MD is committed to ensuring all staff and workers are working in a safe and healthy environment. Additional resources were given to upgrade the

Para. No.	Audit's/PAC's Recommendations	Progress to date
Page 112 of the PAC Report	<p>and considering the issue of paints and thinner to contractors based on their actual daily operational needs.</p> <p>PAC urges MD to ensure the compliance with the safety requirements on the storage of DG by the contractors working in the Government Dockyard.</p>	<p>Industrial Safety Sub-Unit to an Industrial Safety Unit starting from 2017-18. A full-time industrial safety manager has been engaged to lead three industrial safety inspectors to step up daily inspections of the Government Dockyard to ensure that vessel maintenance works comply with relevant safety requirements and the requirements stipulated in the Government Dockyard Safety Management System Manual.</p> <p>All along contractors are well informed that the store facilities for DG provided by MD are available for their use as and when required. MD will inspect the amount of DG held by the contractors on each working day to ensure that the amount will not exceed the exempted quantity specified in the Dangerous Goods Ordinance. In case the exempted quantity is exceeded, the excessive DG will be stored in the licensed DG stores.</p> <p>MD has engaged a DG consultant in March 2017 to provide advice on how the Government Dockyard could better manage DG to meet both its operational needs and the requirements of the Dangerous Goods Ordinance/Regulations. The study is in progress and will be completed by the second quarter of 2018. The study will help clarify further the responsibilities and liabilities of MD and its maintenance contractors.</p>

**Hospital Authority's management of public hospital projects
Progress of implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Project management of the Redevelopment of Caritas Medical Centre (Phase 2)		
<i>Project planning</i>		
2.15	<p>Audit has recommended that the Chief Executive, HA should take measures, when implementing hospital projects in future –</p> <p>(a) to ensure that the project cost is estimated as accurately as possible; and</p>	<p>HA will –</p> <ul style="list-style-type: none"> continue to undertake new initiatives, such as the adoption of “Building Information Modelling” in the planning and design of hospital projects by the fourth quarter of 2018, to ensure that the project estimates can be as accurate as possible. <p>As follow-up actions will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(b) to enhance the vetting of the HA consultants' design and contract strategy.</p>	<ul style="list-style-type: none"> introduce a mechanism for vetting the efficiency of HA Consultants' design and contract strategy by the third quarter of 2018.
<i>Project implementation</i>		
2.25	<p>Audit has recommended that the Chief Executive, HA should –</p> <p>(a) when implementing hospital projects in future –</p> <p>(i) conduct more thorough site investigations with a view to identifying unrecorded utilities as far as possible, particularly for those projects involving redevelopment of old hospital buildings and at</p>	<p>HA will –</p> <ul style="list-style-type: none"> continue to incorporate provisions regarding identification of unrecorded underground utilities by the contractor and specification of noise and vibration limits in the HA's construction contracts having regard to nearby hospital operations; and

Para. No.	Audit's Recommendations	Progress to date
	<p>critical works locations;</p> <p>(ii) strengthen the coordination between works and medical staff on the scheduling and interfacing of construction works and medical operations at nearby hospital buildings; and</p> <p>(iii) explore the feasibility of specifying more stringent noise and vibration limits in hospital works contracts affecting medical operations at nearby hospital buildings during the construction works; and</p>	
	<p>(b) take measures to ensure that the assessment of extension of time (EOT) claims is completed within a reasonable time period.</p>	<ul style="list-style-type: none"> review the relevant provisions in its construction contracts and consultancy agreements to see whether appropriate measures can be incorporated to ensure early completion of EOT assessments by the third quarter of 2018.
Construction site safety		
2.43	<p>Audit has recommended that the Chief Executive, HA should –</p> <p>(a) when implementing hospital projects in future –</p> <p>(i) step up efforts to ensure safety of construction sites with a view to minimising site accident rate;</p> <p>(ii) strengthen measures to ensure that contractors report all site accidents to the HA and its consultants; and</p>	<p>HA will –</p> <ul style="list-style-type: none"> implement measures identified in an on-going review for further safety enhancements, including measures to ensure that its contractors report all site accidents to the HA and its consultants by the third quarter of 2018; and start to report and publish its accident statistics regularly by the fourth quarter of 2018.

Para. No.	Audit's Recommendations	Progress to date
	(iii) report the accident statistics regularly to the HA Board/its relevant Committees, and publish them for enhancing transparency and public accountability; and	
	(b) conduct a review of the HA's guidelines for assessing contractors' performance on site safety, making reference to the related government requirements (e.g. stipulating a list of prescribed events that would trigger giving an adverse overall safety rating to a contractor).	HA issued revised guidelines for assessing contractors' performance on site safety in the first quarter of 2018, as part of the enhancement measures to be introduced following an overall review of its performance appraisal system concluded in October 2017. As the recommendation has been implemented, we recommend deleting this part from the next progress report.
Construction defects		
2.52	<p>Audit has recommended that the Chief Executive, HA should –</p> <p>(a) step up measures to ensure that the outstanding defects under the contracts of CMC Phase 2 are rectified as soon as possible; and</p>	<p>HA has rectified all outstanding defects of CMC Phase 2 by end October 2017.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
	<p>(b) when implementing a hospital project in future –</p> <p>(i) take measures to ensure that all defect rectification works are completed in a timely manner; and</p> <p>(ii) conduct thorough investigations before commissioning of the related hospital facilities with a view to identifying all the construction defects posing</p>	<p>HA will –</p> <ul style="list-style-type: none"> strengthen deployment of resident site staff for more thorough identification of construction defects posing safety risks and closer monitoring of defect rectification works to ensure timely completion; and continue to implement quality assurance of construction works in order to minimise the need for

Para. No.	Audit's Recommendations	Progress to date
	safety risks to hospital users.	<p>defects rectification after works completion.</p> <p>As follow-up actions will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 3: Commissioning of facilities of the North Lantau Hospital (Phase 1)		
<i>Commissioning of medical services</i>		
3.17	<p>Audit has recommended that the Chief Executive, HA should, regarding North Lantau Hospital (NLTH) Phase 1 and major hospital projects to be implemented in future –</p> <p>(a) keep track of the medical service demand of residents at the related districts, and commission the planned medical services of the completed hospital projects (including NLTH Phase 1) in a timely manner to meet the demand as soon as practicable; and</p>	<p>HA will –</p> <ul style="list-style-type: none"> include the service utilisation analysis in the annual proposals to open appropriate services of the completed hospital projects (including NLTH Phase 1) starting from 2019-20;
	<p>(b) keep under review the anticipated timeline for commissioning all medical services at completed hospital projects (including NLTH Phase 1), and regularly report to the HA Board (or its relevant Committees) and the FHB the progress of commissioning the medical services vis-a-vis the anticipated timeline for monitoring purpose.</p>	<ul style="list-style-type: none"> review and report the updated timeline for opening all medical services of completed hospital projects (including NLTH Phase 1) at the respective hospital governing committee meeting (including NLTH) starting from the second quarter of 2018; and schedule annual reporting at the Medical Services Development Committee (MSDC) starting from the third quarter of 2018 until all the medical services of all completed hospital projects (including NLTH Phase 1) are fully commissioned.

Para. No.	Audit's Recommendations	Progress to date
3.18	Audit has recommended that the Secretary for Food and Health should keep under review the HA's commissioning of all medical services at completed hospital projects with a view to meeting the demand for public hospital services.	<p>HA will report to FHB the remaining facilities/services yet to be opened when reporting the progress of funded programmes in HA's quarterly report starting from the second quarter of 2018.</p> <p>As follow-up actions will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Utilisation of hospital building</i>		
3.28	Audit has recommended that the Chief Executive, HA should –	<p>HA will –</p> <ul style="list-style-type: none"> continue to explore measures to put the unused areas at NLTH Phase 1 into gainful use and report NLTH's updated assessment and implementation plan at MSDC by the third quarter of 2018.
	(a) before the vacant areas at NLTH Phase 1 could be utilised, explore measures to put such areas into gainful uses in the interim period;	
	<p>(b) for areas temporarily used for other unintended functions (e.g. storage) at NLTH Phase 1, review whether such areas could be put into better alternative use; and</p> <p>(c) revisit the feasibility of providing the canteen service at NLTH Phase 1, and before the canteen and kitchen area could be used for the intended purpose, explore measures to put the area into gainful uses in the interim period.</p>	<p>HA has issued the tender for the Provision of Canteen Services for NLTH on 17 November 2017.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Utilisation of medical equipment</i>		
3.35	Audit has recommended that the Chief Executive, HA should –	HA will –
	(a) for medical equipment already put into use, strengthen measures to further improve their utilisation in the interim period before the full commissioning of medical services at NLTH Phase 1;	<ul style="list-style-type: none"> • examine the feasibility of referring additional types of patients to better utilise the spare capacity of the in-use medical equipment and report at MSDC by the third quarter of 2018 NLTH's assessment and implementation plan;
	(b) for medical equipment not put into use since their procurement, take measures to put them into gainful use; and	
	(c) when implementing hospital project in future, take measures to ensure that the procurement programme for medical equipment dovetails with the commissioning of the related medical services as far as possible.	<ul style="list-style-type: none"> • monitor the implementation of the procurement plan for medical equipment items as a standing agenda item by the respective Project Equipment Procurement Group starting from the second quarter of 2018; and • report the standardised system of procurement planning at the Supporting Services Development Committee (SSDC) by the third quarter of 2018.
Part 4: Management of minor hospital projects		
<i>Project planning</i>		
4.9	Audit has recommended that the Chief Executive, HA should –	HA will –
	(a) strengthen the planning of minor works projects to meet the HA's 90% planning target; and (b) monitor the ageing conditions of public hospital buildings and take measures to ensure that the survey	<ul style="list-style-type: none"> • review its internal guidelines for future planning of minor works projects, including the requirement to report the survey results of the building condition to the HA's senior management in future, by the third quarter of 2018.

Para. No.	Audit's Recommendations	Progress to date
	results of the building condition of public hospitals are reported to the HA's Chief Executive for vetting and approval of the three-year rolling plans.	
<i>Project implementation</i>		
4.27	<p>Audit has recommended that the Chief Executive, HA should –</p> <p>(a) closely monitor the progress of minor works projects to ensure timely completion and take measures to initiate more projects to improve the conditions of the HA's ageing facilities;</p>	<p>HA will –</p> <ul style="list-style-type: none"> • strengthen mechanism for monitoring the progress of minor works projects against the work plan for the delivery of committed targets for the \$13 billion one-off grant by the third quarter of 2018 through – <ul style="list-style-type: none"> (i) reviewing the progress of minor works projects against committed targets in the monthly meetings held with individual clusters and hospitals by the HA Head Office; and (ii) strengthening the endorsement and reporting mechanism regarding changes in committed targets proposed by clusters and the annual progress update of projects respectively;
	<p>(b) take measures to enhance the planning and implementation of works orders, including the finalisation of works design before commencement of works and the timely handover of works sites;</p>	<ul style="list-style-type: none"> • launch the new information system for processing of works orders by the second quarter of 2018 to facilitate closer monitoring of minor works projects;

Para. No.	Audit's Recommendations	Progress to date
	(c) set a target time for finalising the accounts of minor works projects and endeavour to meet the target time; and	<ul style="list-style-type: none"> • set a target time for finalising the accounts of minor works projects by the third quarter of 2018; and
	(d) in collaboration with the Director of Electrical and Mechanical Services, explore the possibility of stipulating under the Electrical and Mechanical Services Trading Fund service contract a definite time limit for finalising accounts of electrical and mechanical (E&M) works in minor works projects after works completion.	<ul style="list-style-type: none"> • seek agreement with Director of Electrical and Mechanical Services on a definite time limit for finalising accounts of E&M works by the third quarter of 2018.
<i>Information management and performance reporting</i>		
4.37	<p>Audit has recommended that the Chief Executive, HA should –</p> <p>(a) take measures to ensure that the HA's new information system is timely launched, and to better use technology to generate comprehensive management information for monitoring the implementation progress of minor works projects and the related works orders; and</p>	<p>HA will –</p> <ul style="list-style-type: none"> • launch the new information system for processing of works orders for minor works projects by the second quarter of 2018; and
	(b) consider reporting regularly the information relating to the implementation progress (including delays encountered) of minor works projects and the finalisation of accounts of the projects to the HA Board and its relevant Committees to facilitate their monitoring of the progress of minor works projects.	<ul style="list-style-type: none"> • start to regularly report the implementation progress of minor works projects, including the status of account finalisation, to the HA's SSDC by the third quarter of 2018.

Regulation of non-franchised bus and school private light bus services
Progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
PART 2: ADMINISTRATION OF LICENSING REQUIREMENTS		
2.15	<p>Audit has recommended that the Commissioner for Transport should –</p> <p>(a) in consultation with the Secretary for Transport and Housing, conduct a review of the implementation of the sourcing requirement, in particular in relation to the TD's internal guideline requirement on further sourcing when an applicant is unable to source a non-franchised bus (NFB) from the existing fleet for six months;</p>	<p>TD has reviewed the arrangement of implementing the sourcing requirement and considered it necessary to continue the implementation of the sourcing requirement so as to meet the policy objectives of appropriately regulating the operation of NFBs while ensuring that service demands are met. In order to meet the market need in an effective manner and at the same time ensure that the relevant arrangement is consistent with the policy objective, TD has revised its relevant internal guidelines. When applicants fail to source a vehicle from the existing fleet in the market by the end of the six-month period, TD will expeditiously process the applications, having regard to the prevailing overall utilisation rate of NFB fleet, the number of transfers of NFBs in the past three months or more and the merit of individual cases. TD will notify the applicant of the result of the application accordingly, instead of requesting the applicant who is not able to source a vehicle from the existing fleet to further source from the existing NFB fleet. TD has consulted THB on the above arrangement.</p> <p>As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) uphold the requirement on a Passenger Service Licence (PSL) holder to submit a service contract or other relevant documents for supporting each service endorsement when applying for PSL renewal; and</p> <p>(c) consider tightening the requirements on service contracts provided for each service endorsement to justify the number of vehicles required.</p>	<p>Having communicated with the NFB trade, TD has taken measures to strictly enforce the requirements for processing the renewal applications since January 2018. PSL holders are required to submit contracts or other supporting documents for supporting the renewal of each service endorsement when applying for PSL renewal. The approving officers shall also strictly examine each application to ensure compliance with the relevant requirements.</p> <p>As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p> <p>TD is studying the requirement to ask PSL holders to provide service contracts in a standardised manner so as to justify the number of vehicles required for each service endorsement. TD will consider the operational needs of NFB services and allow flexibility in vehicle deployment, in order to minimise the impacts on service users resulting from the stringent requirement on the vehicle number.</p>
2.29	<p>Audit has recommended that the Commissioner for Transport should –</p> <p>(a) consider publicising the estimated processing time for all types of new applications of NFBs and school private light buses (SPLBs) through more channels;</p>	<p>Since January 2018, TD has published the processing time for the following applications of NFBs and SPLBs at its departmental website and the relevant application forms –</p> <p>(i) application for new PSL;</p> <p>(ii) application for additional vehicles under existing PSL;</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>(iii) application for additional service endorsements under existing PSL (applicable to NFBs); and</p> <p>(iv) application for operation of new scheduled service (applicable to public NFBs).</p> <p>As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p>
	(b) explore possible measures to expedite the processing of applications for scheduled contract hire service to meet the applicants' expectation;	<p>In order to expedite the processing of the applications for contract hire service, TD has reviewed the approval workflow. In November 2017, TD put in place targeted measures to streamline the approval procedures. For example, repeated internal consultation will no longer be required for pick-up/drop-off points which are normally approved, with a view to completing the approval work within 14 working days after the applicants' submission of the required supporting documents for the sake of better meeting the applicants' expectations.</p> <p>As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p>
	(c) uphold the more stringent vetting requirement on renewal applications of expired PSLs;	<p>TD is studying feasible measures to enforce the more stringent approval requirements for renewal applications for expired PSLs.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) consider streamlining the licensing requirements of Passenger Service Licence Certificates (PSLCs), such as examining the feasibility of –</p> <ul style="list-style-type: none"> (i) merging the two types of PSLC for public NFBs; and (ii) aligning the validity periods of PSLCs and related PSLs; and 	<p>TD is reviewing and studying the feasibility of merging the PSLCs for scheduled services and non-scheduled services of public NFBs, as well as aligning the validity periods of PSLCs and related PSLs.</p>
	<p>(e) improve the implementation of performance pledges for licensing services of NFBs and SPLBs, including –</p> <ul style="list-style-type: none"> (i) considering the extension of the scope of the performance pledges to cover renewal cases of PSL/PSLC of SPLBs and PSLC of public NFBs; (ii) shortening the lead time for issuing approval letters and considering standardising the use of issue date of approval letters for measuring the achievement of the target processing time of licence applications of NFBs and SPLBs; and 	<p>TD is reviewing the extension of the scope of performance pledges to cover other licensing services for NFBs and SPLBs. The review is expected to be completed in the second half of 2018.</p> <p>Since January 2018, TD has improved the method for measuring the achievement of the target processing time. At present, the processing time for all licensing applications of NFBs and SPLBs covered by performance pledges will be standardised to calculate from the date of receipt of an application to the date of issue of the approval letter or the approval-in-principle letter.</p> <p>As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	(iii) taking measures to ensure that the reported results of performance measurement are fully substantiated.	<p>Since August 2017, TD has introduced a new regular mechanism and updated its internal guidelines to electronically record the processing time of all licensing applications of NFBs and SPLBs covered by the performance pledges, in order to ensure the accuracy of the calculation results for measuring the achievement of performance pledges and comprehensively monitor the achievement on a monthly basis. Meanwhile, TD has also reminded the relevant officers to strictly adhere to the prescribed procedures and requirements for measuring the achievement of performance pledges.</p> <p>As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p>
PART 3: REGULATORY CONTROLS OVER UNAUTHORISED OPERATIONS		
3.35	<p>Audit has recommended that the Commissioner for Transport should strengthen enforcement actions against unauthorised NFB operations. In particular, the Commissioner for Transport should –</p> <p><i>Investigative work of the Regional Offices</i></p> <p>(a) use a risk-based approach to determine the mix of on-board and terminal surveys for detecting different types of unauthorised NFB operations;</p>	<p>Since mid-2017, TD has progressively conducted terminal surveys and on-board surveys for residents' service on a regular basis, so as to monitor the operation of residents' service more closely. TD will strengthen the monitoring guidelines on field surveys (including terminal surveys and on-board surveys), which will specify that staff should consider the format of</p>

Para. No.	Audit's Recommendations	Progress to date
		field surveys having regard to the situation of each case and the principles of risk management (for example, on-board surveys will be conducted for suspected non-adherence to approved routings and stopping points of residents' service). TD has formulated the relevant guidelines in the first quarter of 2018 and will put on trial on some routes before full-scale promulgation.
	(b) tighten control to ensure that all preliminary findings/reports on unauthorised NFB operations are properly followed up in accordance with the laid-down procedures;	TD set up a central register in December 2017, which has standardised the collection and storage of all cases of unauthorised NFB operations and follow-up details, so as to facilitate more effective monitoring of follow-up actions, with a view to ensuring that the cases can be properly followed up in accordance with the established procedures.
	(c) strictly enforce the laid-down requirements on maintaining management information and statistics for better case management, and consider making better use of technology in monitoring compliance and case progress;	As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.
	<p><i>Enforcement actions against unauthorised operations</i></p> <p>(d) improve the efficiency and effectiveness of the enforcement actions, including –</p> <p>(i) endeavouring to shorten the lead time in completing the investigation and inquiry process;</p>	TD has reviewed the time required for the various workflows in the inquiry procedures, so as to complete the inquiry within a reasonable period of time with a view to timely rectifying the irregularities and imposing sanction on the offending operators. Meanwhile, TD established in January 2018 an internal shared

Para. No.	Audit's Recommendations	Progress to date
	<p>(ii) exploring feasible measures to plug the loophole in the existing inquiry mechanism whereby an offending PSL holder can avoid sanctions by transfer of ownership of vehicles; and</p> <p>(iii) exploring additional enforcement tools for tackling common breaches of PSL conditions;</p>	<p>database on inquiry to effectively monitor the progress of arranging the inquiry procedures.</p> <p>As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p> <p>As regards short-term measures, TD will continue its efforts to shorten the time required for completing investigations and inquiries. TD is also exploring the long-term feasible measures with due regard to the relevant legal restrictions (especially the legal issues relating to property rights) to prevent PSL holders from avoiding sanctions. TD will consult DoJ on the proposed measures.</p> <p>TD is exploring the feasibility of additional enforcement tools for tackling common breaches of PSL conditions which are easily identified. TD will consult the DoJ and the HKPF on the proposal.</p>
	<p><i>Publicity of authorised NFB services</i></p> <p>(e) complete the review on the need for the provision of stop signs for residents' service as soon as possible and in the interim –</p> <p>(i) take measures to keep the information displayed on the authorised stop signs up-to-date; and</p> <p>(ii) take necessary actions against those operators who have erected stop signs without the TD's approval; and</p>	<p>In January 2018, TD established an inter-departmental working group to review the situation of the erection of stop signs for residents' service. At the same time, a review will also be conducted on the situation of stop signs erected by individual operators on public roads, with a view to formulating practicable arrangements to rationalise the situation. TD expects to complete the relevant work in mid-2018.</p> <p>Before the completion of the review, TD will strengthen the monitoring work</p>

Para. No.	Audit's Recommendations	Progress to date
		and update its internal working guidelines regarding stop sign updating, in order to ensure the accuracy of information displayed on the stop signs for residents' service. Meanwhile, if any stop signs are found to impose serious obstruction or danger to traffic or pedestrians, TD will request the operators to remove them.
	(f) consider publicising approved schedules of service of all regular NFB services, in particular for hotel and contract hire services, for easy identification by the general public.	<p>Since end-January 2018, TD has uploaded onto its departmental website and will update regularly the schedules of service for approved hotel service which is regular in nature and approved contract hire service operating for more than 15 days.</p> <p>As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p>
PART 4: SAFETY MEASURES OF STUDENT SERVICE VEHICLES		
4.20	<p>Audit has recommended that the Commissioner for Transport should –</p> <p>(a) explore measures to speed up the progress of phasing in student service vehicles with safer seats, such as stepping up publicity on the benefits of safer seats so that operators would have to respond to the increasing demand for safer student service vehicles by parents or guardians; and</p>	<p>TD, together with the Road Safety Council, has strengthened the publicity on the benefits of the use of safer seats, with a view to urging the operators to use vehicles with safer seats for carrying students. TD has incorporated information on safer seats in the latest issue of the Road Safety Bulletin which was published in March 2018 and distributed to schools via the EDB. At its meeting held on 19 January 2018, the Road Safety Campaign Committee of the Road Safety Council also agreed to update the pamphlet of school transport safety within this year.</p>

Para. No.	Audit's Recommendations	Progress to date
		As the recommendation has been implemented and will continue to be carried out on an on-going basis, we suggest deleting this part from the next progress report.
	(b) continue to keep abreast of the latest developments in enhancing the safety of student service vehicles, and consider conducting a survey of stakeholders when necessary to gauge their views, preference and willingness to pay for possible enhancement options that suit the Hong Kong's context and address operational and implementation issues that may arise.	<p>TD will continue to keep abreast of the latest overseas development relating to enhancing the safety measures for student passengers, and will listen to various views.</p> <p>As the recommendation will be carried out on an on-going basis, we suggest deleting this part from the next progress report.</p>

Operation of the Land Registry
Updated Progress of Implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Provision of Services		
2.22(a)	The Land Registrar should update the Land Registry (LR)'s target completion date for the tidying up exercise of the land registers and endeavour to meet the target date.	<p>The LR has reviewed the remaining two tasks of the tidying up exercise of land registers, namely, (i) filling in information of historical transactions not shown in the land registers; and (ii) filling in the nature of registered documents of some historical transactions not shown in the land registers, and updated their target completion dates.</p> <p>The LR targets to complete tasks (i) and (ii) by early 2019 and end 2019 respectively.</p>
2.22(b)	The Land Registrar should keep under review the errors corrected in the land registers and, where warranted, perform more detailed analysis of the corrected errors (e.g. seriousness and possible causes of the errors) for monitoring and taking measures to enhance the accuracy of the land registers.	<p>The enhancement to Integrated Registration Information System (IRIS) for tracking and monitoring errors will be implemented by two phases. Phase 1 is to enhance IRIS to generate log reports for tracking and monitoring amendments made to the land registers and the officers concerned. It was completed in March 2018.</p> <p>As for Phase 2, IRIS will be enhanced to capture more information (e.g. types of errors) to facilitate analysis of errors. System development work is in progress. The target implementation date is by end 2018.</p>
2.22(c)	The Land Registrar should take measures to further promote the use of e-Memorial Form.	With a view to further boosting the usage rate of the e-Memorial Form, the LR has from time to time promoted the e-Memorial Form and solicited customers' feedback on it for continuous service enhancements through various channels such as the Customer Liaison Group meetings, "Meet the Clients" sessions, etc. We have implemented a number of enhancements to the existing

Para. No.	Audit's Recommendations	Progress to date
		<p>two versions of the e-Memorial Form such as increasing the maximum number of Property Reference Numbers that can be retrieved through the auto-fill function from 20 to 100, adding more pre-set options for some fields in the form and adding the auto-fill function to the e-Memorial Form with data import function, etc. These enhancements can further relieve users from the repetitious and error prone data entry process. The two enhanced versions of e-Memorial Form were released in end March 2018. As measures to promote and collect users' feedback on the e-Memorial Form and enhancement of the user-friendliness of the e-Memorial Form will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
2.22(d)	<p>The Land Registrar should in collaboration with the Commissioner of Inland Revenue, explore the way forward for the one-stop stamp duty collection and deed registration service.</p>	<p>The one-stop stamp duty collection and deed registration service (one-stop service) was initiated and proposed to the LR by Inland Revenue Department (IRD) in 2003. Since then, there have been substantial developments in the services provided by IRD for the payment of stamp duty including the launch of e-Stamping service in 2004 and the provision of more and more convenient payment points. In view of the availability of the e-Stamping means and about 1 000 convenient payment points (such as convenient stores, post offices, etc.) are being provided to the public for paying stamp duty at present, the benefits that the proposed one-stop service would bring to the public have become much less than originally envisaged. LR and IRD have discussed the way forward and IRD decided not to pursue the proposed one-stop service so as to save limited public resources for service initiatives that may bring greater benefits to the public.</p>

Para. No.	Audit's Recommendations	Progress to date
		As follow up actions on this recommendation have been completed, we recommend deleting this part from the next progress report.
2.38(a)	The Land Registrar should keep under review and take measures to further improve the performance of New Territories Search Offices (NTSOs), taking into account the cost-effectiveness of operating these offices and the need for their services.	The LR is reviewing the office accommodation for NTSOs to see if there is room for optimising the utilisation of the office space concerned. Related proposal is being worked out.
2.38(b)	The Land Registrar should in collaboration with the Director of Home Affairs, explore the feasibility of computerising the owners' corporation records.	The LR made proposals on computerisation of the owners' corporation records to HAD in July 2017. A meeting was held with HAD in October 2017 to discuss the proposals. We will continue to work on the proposals in consultation with HAD.
2.38(c)	The Land Registrar should ascertain the reasons for the low subscription of the e-Alert service for property owners and make continued efforts to improve and promote the service.	<p>The LR has continuously been making committed efforts to promote the e-Alert service. We solicit customers' feedback on the service through various channels such as the Customer Liaison Group meetings, "Meet the Clients" sessions, etc.; and actively explore measures to enhance the service that can meet customers' needs so as to encourage property owners to subscribe to the service and to increase its take-up rate.</p> <p>Following the previous two rounds of publicity work, we have made further efforts to promote the service from the fourth quarter of 2017 to early 2018 through various publicity activities such as issuing promotional emails to The Hong Kong Association of Property Management Companies and Hong Kong Real Estate Agencies General Association, displaying posters and/or distributing leaflets at the Customer</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>Advice Centres of the Consumer Council, introducing the service at the meeting of the Overseas Liaison Committee and Overseas Advisory Committee of the Heung Yee Kuk and posting publicity message at the websites of Central Cyber Government Office and the Sales of First-hand Residential Properties Authority, etc.</p> <p>The LR will continue to actively explore other appropriate channels and venues to further promote the service with a view to boosting its take-up rate. As the follow up measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 3: Implementation of Land Title Registration System		
3.31(a)	The Secretary for Development and the Land Registrar should fully assess the complexity of the issues and the work involved in taking forward the implementation of the Land Title Registration System (LTRS).	The LTRS is inherently complicated. It involves complex legal issues and carries significant implications. The Government has never underestimated the complexity of the issues and the work involved in implementing the Land Titles Ordinance (LTO) and LTRS, and has been endeavoring to bridge different expectations of the pertinent stakeholders on the LTRS. We will keep up with our close engagement with key stakeholders and strive to resolve the outstanding issues, which include the mechanism of converting existing land and properties to the LTRS, and the rectification and indemnity arrangements under the LTO. Meanwhile, we are actively forging consensus among the key stakeholders on the “new land first” proposal to enable early implementation of the LTRS in Hong Kong.

Para. No.	Audit's Recommendations	Progress to date
3.31(b)	The Secretary for Development and the Land Registrar should set a target LTRS implementation date and devise an action plan with timetable for implementing the LTRS as soon as practicable, having regard to the assessment of the complexity of the issues and the work involved, views of stakeholders and the experience gained in the past years.	The Government has all along been keeping the members of the LTO Steering Committee (LTOSC) informed of the progress of the LTO review, and has introduced preliminary details of the “new land first” proposal to the members. We are actively pursuing the “new land first” proposal, including introducing details of the proposal to the key stakeholders through briefings as needed, so that the LTRS can be implemented early in Hong Kong.
3.31(c)	The Secretary for Development and the Land Registrar should report the target LTRS implementation date and submit the action plan to the LTOSC for consideration.	Tentatively, subject to a broad consensus being reached with key stakeholders on the “new land first” proposal by mid-2018, we plan to consult the LTO Review Committee and the LTOSC in the fourth quarter of 2018 on details of the “new land first” proposal. In light of their comments, we will refine the “new land first” proposal, with a view to coming up with a more concrete timetable for the preparation and introduction of the Land Titles (Amendment) Bill (LT(A)B) to the LegCo for scrutiny.
3.31(d)	The Secretary for Development and the Land Registrar should make additional efforts to implement the LTRS as early as possible, taking into account LegCo Members' concerns and the audit findings on the implementation of the LTRS.	<p>Conversion of land and properties (involving over 3 million land registers) under the Deed Registration System dating back to over a hundred years to the LTRS is a very challenging task. Throughout the years, regarding the main issues of conversion mechanism, rectification and indemnity arrangements which are closely interrelated, different proposals have been made to address and balance the conflicting views of the stakeholders.</p> <p>In order to enable early implementation of the LTRS in Hong Kong, the Government is actively pursuing the “new land first” proposal. It is expected that after a broad consensus has been reached on the “new</p>

Para. No.	Audit's Recommendations	Progress to date
		land first" proposal, the Government will embark on the legislative work and submit the LT(A)B for scrutiny by the LegCo as soon as practicable, so that the LTRS may be implemented early in Hong Kong.
Part 4: Financial Issues and Performance Reporting		
4.14(a)	The Land Registrar should conduct regular fee reviews of all fee items and revise the fees where necessary.	<p>Under the Trading Funds Ordinance (Cap. 430) (TFO), the LR is required to achieve a reasonable return on the fixed assets employed. To meet this financial objective, the LR sets its fees at levels adequate to recover the full cost of providing its services on an overall basis and to attain the target rate of return on average net fixed assets (ANFA). Hence the LR conducts a fee review on an overall basis annually.</p> <p>Apart from continuing to conduct a fee review on an overall basis annually, the LR will also ensure that all fee items will be subject to a fee review at regular intervals of once around every four years. Service fees will be revised when necessary. As the relevant measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
4.14(b)	The Land Registrar should keep under review the LR's business operation and the cost recovery of its services, particularly the registration of document services, with a view to taking measures as far as possible to address the impact of the property market conditions on the services.	<p>The LR has all along been keeping closely in view its business operation and the cost recovery of the LR's services and take appropriate measures to contain its expenditures and explore new business opportunities to seek additional revenue with a view to addressing the impact of the property market conditions on its services and to stabilizing the LR's financial position.</p> <p>To meet the property market conditions in the past few years, the LR has implemented various cost saving</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>measures including re-engineering the registration workflow by separating the data input function from the registration function, temporarily leaving some vacant permanent establishment posts unfilled, redeploying staff flexibly to perform other duties, employing contract staff to cope with fluctuations in workload, etc. As for new business, the LR launched the e-Alert Service with modified features for Authorized Institutions under the Banking Ordinance (Cap. 155) (i.e. licensed banks, restricted licence banks and deposit-taking companies) in February 2017 with a view to generating additional and relatively steady income.</p> <p>The financial result of the LR improved in 2016-17, i.e. its rate of return on ANFA improved from 4.1% in 2015-16 to 8.1% in 2016-17. As the relevant measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
4.14(c)	The Land Registrar should consider adopting differential pricing for different means of providing a service.	To meet the financial objective stipulated in the TFO, the LR sets its fees at levels adequate to recover the full cost of providing its services on an overall basis and to attain the target rate of return on ANFA. Adopting differential pricing for different means of providing a service is a change in the fees structure and has far-reaching impacts. When devising the LR's fees, we will take careful consideration a number of factors such as the LR's financial position and its overall fees structure, impact of fees changes to the service users, etc. We will keep in view the above factors and explore from time to time the feasibility and impact of adopting differential pricing for different means of providing a service. As the above measures will be implemented on an on-going basis, we recommend

Para. No.	Audit's Recommendations	Progress to date
		deleting this part from the next progress report.
4.26(a) and (c)	The Land Registrar should critically review the compilation of actual performance information for the 24 performance targets to ensure that the actual performance information is fairly presented and consider using more technology in compiling the LR's actual performance information as far as practicable.	<p>The LR has completed the upgrading of IRIS so as to cater for additional loading to perform other functions, including compiling information on the LR's performance of the 30 performance targets under the nine service types.</p> <p>In order to perform such functions using IRIS while at the same time protect the stable and smooth running of the existing IRIS services, the LR commenced a feasibility study in November 2017 for the enhancements to IRIS including analysing sample data and reviewing user requirements. We plan to implement the enhancements for providing the performance information of six service types by end 2018. As regards the remaining three service types concerning registration services, the implementation schedule is subject to the findings of the feasibility study, which is expected to be completed by the third quarter of 2018.</p>
4.26(b)	For registration of land documents, the Land Registrar should disclose the basis for compiling the actual performance information for the performance target.	The relevant information will be released upon publication of the actual performance on all performance pledges in the LR Trading Fund Annual Report which is published in October annually. As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
4.26(d)	The Land Registrar should consider setting more challenging performance targets and productivity targets.	The LR critically reviews its performance pledges and productivity targets as well as explores the feasibility of setting more challenging performance and productivity targets annually. We recommend deleting this part from the next progress report.

Para. No.	Audit's Recommendations	Progress to date
4.26(e)	To enhance accountability, the Land Registrar should enhance accountability, consider including the productivity targets and actual performance in the LR's Corporate-cum-Annual Business Plans.	Productivity targets and actual performance have been included in the LR's Corporate-cum-Annual Business Plans starting from 2018-19. As this recommendation has been implemented, we recommend deleting this part from the next progress report.
4.26(f)	The Land Registrar should, in consultation with the Director of Home Affairs, consider setting and publishing performance targets for the owners' corporation services.	We are drafting the performance targets for processing applications for registration of owners' corporation and search of owners' corporation records and will consult HAD in the second quarter of 2018. Our plan is to implement the performance targets in our 2019/2020 performance pledges.

Regulation of hotels and guesthouses
Progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Regulating Licensed Establishments		
2.15(a)	Audit has recommended that the Director of Home Affairs should keep the lead time for granting licences under closer monitoring, with a view to taking timely action to improve the lead time where necessary.	<p>The HAD has submitted a funding application to the Office of the Government Chief Information Officer for a comprehensive upgrading of the Licence Application Tracking Information System, which will include additional functions to facilitate monitoring of the lead time for granting hotel and guesthouse licences.</p> <p>Meanwhile, the Office of Licensing Authority (OLA) enhanced the monitoring mechanism by holding more frequent internal meetings and including more details in the regular reports, so that steer and advice from the senior level could be given in a timely manner.</p> <p>As this recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
2.15 (b) and (c)	<p>Audit has recommended that the Director of Home Affairs should –</p> <p>(b) expedite action to enhance the HAD's practices in managing performance on internal targets, taking into account factors such as the need for setting and publishing appropriate target times (see para.2.8); and</p> <p>(c) take measures to ensure that the internal target times set are satisfactorily attained.</p>	<p>HAD has enhanced the internal practices in managing performance on internal targets by compiling relevant performance reports for senior management's monitoring.</p> <p>Besides, HAD is reviewing the workflows for processing applications for new and renewal of licences, with a view to streamlining the procedures and rationalising the time required.</p> <p>HAD will then review the applicability of the current internal targets with reference to the new workflows, with a view to publishing more targets within 2018.</p>

Para. No.	Audit's Recommendations	Progress to date
2.15(d)	Audit has recommended that the Director of Home Affairs should step up efforts to facilitate applicants' submission of the required information on the completion of improvement works.	<p>To expedite the vetting and approval of licence applications, the OLA has employed part-time technical staff to help clear the backlog.</p> <p>HAD has reviewed and updated the frequently-asked questions, relevant guidelines and checklists with a view to facilitating applicants' submission of all the required information on completion of the improvement works. The relevant materials have been uploaded onto OLA's website since May 2018.</p> <p>As this recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
2.26(a)	Audit has recommended that the Director of Home Affairs should look into the considerable and persistent disparities in lead times between protected cases and unprotected cases, and take necessary action to rectify the situation.	HAD is reviewing the workflows for protected cases and unprotected cases of licence renewal applications, with a view to rectifying disparities in respective lead time.
2.26(b)	Audit has recommended that the Director of Home Affairs should step up the OLA's efforts in promoting timely submission of applications under section 9(1) of the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) (HAGAO).	<p>OLA has launched a new reminder mechanism since May 2018, by forewarning the licensees of the serious consequences of untimely applications for licence renewal.</p> <p>As this recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
2.34 (a) and (b)	<p>Audit has recommended that the Director of Home Affairs should –</p> <p>(a) monitor the effectiveness of annual inspections in identifying non-compliance with licence requirements; and</p> <p>(b) take necessary measures to enhance the conduct of annual inspections, having regard to the need for taking a risk-based approach, incorporating surprise elements into inspections, and compiling adequate management information.</p>	<p>The existing Licence Application Tracking Information System will be enhanced to support random selection of premises for annual inspection and provision of management reports for better monitoring of the inspections.</p> <p>HAD is reviewing the framework and selection criteria for annual inspections of licensed premises, with a view to incorporating risk-based and surprise elements into the inspections starting from mid-2018.</p>
Part 3: Combatting Unlicensed Establishments		
3.7 (a) and (b)	<p>Audit has recommended that the Director of Home Affairs should –</p> <p>(a) ensure that adequate management information for monitoring outstanding suspected cases is compiled; and</p> <p>(b) keep the number of outstanding suspected cases, particularly those long outstanding cases, under close watch, with a view to taking timely measures for enhancing follow-up actions on suspected cases.</p>	<p>The OLA has comprehensively reviewed and concluded the 270 suspected cases outstanding for more than three years, and will continue to compile adequate management information for monitoring outstanding suspected cases in future.</p> <p>The Enforcement Management Information System has also been refined to cater for compilation and generation of reports for management's information and monitoring.</p> <p>As these recommendations have been implemented, we recommend that these parts should be deleted from the next progress report.</p>
3.17(a)	<p>Audit has recommended that the Director of Home Affairs should explore further measures to facilitate the investigations of suspected unlicensed establishments.</p>	<p>The OLA has conducted more inter-departmental joint operations and organised experience sharing sessions with other law enforcement agencies, such as the Police and the ImmD, with a view to combating unlicensed establishments more effectively.</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>The OLA will also hire more staff with investigation experience to carry out enforcement duties.</p> <p>Moreover, the proposed amendments to HAGAO will, among others, enhance OLA's enforcement powers including search warrants, to facilitate investigations of suspected unlicensed establishments.</p>
3.17(b)	<p>Audit has recommended that the Director of Home Affairs should step up efforts in appealing to online platform operators to post only licensed hotels and guesthouses on their websites.</p>	<p>In November 2017, HAD met and exchanged views with relevant stakeholders to solicit their cooperation to post only licensed premises and include licence numbers on their platforms, remind their users to patronise licensed guesthouses, and encourage their hosts to apply for licences before putting up listings.</p> <p>OLA has also stepped up regular appeals to online platform operators seeking their cooperation to post only licensed establishments on their platforms. The list of operators has been updated more frequently and more letters were issued to expand the coverage of the message. OLA will continue to take such actions on a regular basis.</p> <p>As this recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
3.17(c)	<p>Audit has recommended that the Director of Home Affairs should, in exploring further measures to combat unlicensed establishments, consider making reference to overseas experiences as appropriate.</p>	<p>HAD has completed the review of HAGAO and will propose amendments to enhance OLA's enforcement powers, including search warrants, closure orders for second convictions, etc. The proposals are generally similar to overseas experience to which we have made reference. We aim to introduce</p>

Para. No.	Audit's Recommendations	Progress to date
		the Amendment Bill into the LegCo within 2018.
3.26	Audit has recommended that the Director of Home Affairs should keep in view, for warranted cases, the possible invoking of the continuous offence provision under the existing HAGAO, as well as the possible invoking of other relevant offence provisions (e.g. issuing closure orders) in the future.	<p>In late 2017, HAD identified an applicable case and instigated prosecution under the continuous offence provision. Defendants of the case were fined for operating unlicensed guesthouses and for the period in which the offences continued. HAD will consider invoking the continuous offence provision in other suitable cases with similar facts in the future.</p> <p>As this recommendation is going to be implemented on an ongoing basis, we recommend that this part should be deleted from the next progress report.</p>
Part 4: Other Administrative and Licensing Issues		
4.10 (a) to (c)	<p>Audit has recommended that the Director of Home Affairs should –</p> <p>(a) take measures to ensure that a work plan for revising the licence fees of hotels and guesthouses is formulated in a timely manner;</p> <p>(b) in formulating the work plan, take into account the need for recovering the costs in issuing and transferring licences, as well as the costs in processing rejected/withdrawn licence applications; and</p> <p>(c) monitor the implementation of the work plan to ensure that the objective of cost recovery is achieved.</p>	<p>HAD has formulated a work plan for the review of licence fees, comprising the following major steps –</p> <p>(a) conducting costing exercise by updating the existing cost elements in preparation for the review of licence fees, taking into account the need for recovering the costs in issuing and transferring licences, as well as processing rejected/withdrawn licence applications, with a view to ensuring that the objective of cost recovery is achieved; and</p> <p>(b) conducting a fee review after the amendments to the HAGAO are finalised, as the on-going HAGAO review will bring about changes to the licensing requirements, application procedures and cost elements.</p>

Para. No.	Audit's Recommendations	Progress to date
		HAD will closely monitor the progress of amending the HAGAO and regularly review the work plan for the review of licence fees.
4.19 (a) and (b)	<p>Audit has recommended that the Director of Home Affairs should –</p> <p>(a) more closely monitor the caseloads of Licensing Inspectors (LIs); and</p> <p>(b) take early measures to rectify any unsatisfactory caseload situation where necessary.</p>	<p>Since January 2018, OLA has stepped up monitoring the caseloads of LIs by introducing a monthly review of individual LI's performance and caseload to facilitate early identification of any backlog. Supervisors will review the situation and assign other LIs to assist as appropriate or conduct inspections personally if the situation warrants. HAD will also deploy additional manpower to cope with the increasing workload.</p> <p>As this recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
4.24	<p>Audit has recommended that the Director of Home Affairs should, in drawing up the proposed guidelines for home-stay lodging, in collaboration with the relevant B/Ds, conduct a comprehensive review of issues relevant to home-stay lodging, including those issues raised by Audit in para. 4.23.</p>	<p>Currently, HAGAO does not preclude licence applications for "home-stay lodging". Any premises, including "homestay-like" guesthouses, may apply for a licence, provided that they comply with the relevant fire and building safety requirements. The OLA has all along been issuing guesthouse (holiday flat) licences to village-type houses in the New Territories operating in the mode of "home-stay lodging" with reference to "A Guide to Licence Application for Holiday Flat". OLA will continue to adopt a flexible and pragmatic approach in processing the relevant licence applications.</p> <p>HAD has been liaising with relevant B/Ds and stakeholders to explore the idea of issuing guidelines for home-stay</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>lodging. We have also made reference to overseas examples and noted that the regulation of hotels and guesthouses, including home-stay lodging, varies in different jurisdictions depending on the overall environment and living conditions without any uniform standard.</p> <p>In considering the way forward, HAD will fully consider the views of different stakeholders and the actual circumstances, for instance, the prevalence of densely populated multi-storey buildings in Hong Kong, etc. to ensure that the licensing regime will keep pace with the times and suit the needs of Hong Kong.</p>

Hong Kong Design Institute
Progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Management of Programmes		
<i>Enrolment of new students</i>		
2.11	<p>Audit has recommended that the Executive Director, the Vocational Training Council (VTC) should –</p> <p>(a) ensure as far as possible that the number of students enrolled should not exceed the plan by a significant margin and any significant deviation from the plan should be fully justified;</p> <p>(b) take measures to mitigate the possible adverse impact of over-enrolment on the programmes;</p> <p>(c) take into account the actual number of enrolment in previous years in planning the number of students to be enrolled; and</p> <p>(d) take measures to plan the teaching staff requirement more accurately and to address the high percentage of short contract staff.</p>	<p>With due adjustment of the programme plan for the academic year (AY) 2017/18, the number of students enrolled has exceeded the programme plan by 7%, down from 20% in AY 2016/17.</p> <p>Taking into full consideration of all factors including the actual number of enrolment in previous year, the Hong Kong Design Institute (HKDI) had arrived at a holistic programme plan for AY 2018/19 at the meeting with all Department Heads of HKDI on 28 September 2017 with a view to minimising over-enrolment of students.</p> <p>HKDI has continued to take measures to improve planning for student enrolment and teaching staff requirement. Internal meetings were held with all Department Heads of HKDI to remind them to closely monitor actual registration number against the number of conditional offer with a view to ensuring that actual enrolment will align with targeted planned places as far as possible.</p> <p>Department Heads have also been reminded to strictly adhere to the short contract staff ratio of around 15% for AY 2017/18 under the prevailing human resources policy.</p> <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Programme planning</i>		
2.20	<p>Audit has recommended that the Executive Director, VTC should –</p>	

Para. No.	Audit's Recommendations	Progress to date																																					
	(a) include in the programme proposals more details on the planned number of student intake and impact on teaching staff, for instance, how the number of student intake is derived and how the additional teaching staff resources are to be met; and	<p>After a review conducted by VTC's Headquarters, more details, other than the planned intake and the manpower requirement, would be included in the feasibility study report of new programmes, including –</p> <p>(a) Emerging manpower needs from specific industries;</p> <p>(b) New expertise of teaching staff required; and</p> <p>(c) New technology or equipment required.</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>																																					
	(b) consider conducting a manpower survey on the design industry periodically and take into account the results of the survey in its programme planning and review.	<p>VTC Training Boards have conducted manpower surveys which cover industries relevant to the Design Discipline's programmes –</p> <table><tr><th>Programme Title (Higher Diploma in)</th><th>Training Board</th></tr><tr><td>Creative Media</td><td rowspan="8">Media and Communications</td></tr><tr><td>Film and Television</td></tr><tr><td>Digital Music and Media</td></tr><tr><td>Advertising Design</td></tr><tr><td>Visual Arts and Culture</td></tr><tr><td>Visual Design for Journalism</td></tr><tr><td>Stage and Set Design</td></tr><tr><td>Transmedia</td></tr><tr><td>Publication Design and Print Media</td><td>Print Media and Publishing</td></tr><tr><td>Visual Communication</td><td rowspan="2">Beauty Care and Hairdressing</td></tr><tr><td>Fashion Image Design</td></tr><tr><td>Fashion Branding and Buying</td><td rowspan="5">Fashion and Textile</td></tr><tr><td>Fashion Design</td></tr><tr><td>Fashion Media Design</td></tr><tr><td>Costume Design for Performance</td></tr><tr><td>Fashion Design Menswear</td></tr><tr><td>Architectural Design</td><td>Building, Civil</td></tr><tr><td>Landscape Architecture</td><td>Engineering and</td></tr><tr><td>Interior Design</td><td>Built Environment</td></tr><tr><td>Exhibition Design</td><td>Hotel, Catering and Tourism</td></tr><tr><td>Product Design</td><td>Manufacturing Technology</td></tr><tr><td>Jewellery and Image Product Design</td><td rowspan="2">Jewellery, Watch and Clock</td></tr><tr><td>Jewellery Design and Technology</td></tr><tr><td>Furniture and Lifestyle Product Design</td><td>Real Estate Services</td></tr></table>	Programme Title (Higher Diploma in)	Training Board	Creative Media	Media and Communications	Film and Television	Digital Music and Media	Advertising Design	Visual Arts and Culture	Visual Design for Journalism	Stage and Set Design	Transmedia	Publication Design and Print Media	Print Media and Publishing	Visual Communication	Beauty Care and Hairdressing	Fashion Image Design	Fashion Branding and Buying	Fashion and Textile	Fashion Design	Fashion Media Design	Costume Design for Performance	Fashion Design Menswear	Architectural Design	Building, Civil	Landscape Architecture	Engineering and	Interior Design	Built Environment	Exhibition Design	Hotel, Catering and Tourism	Product Design	Manufacturing Technology	Jewellery and Image Product Design	Jewellery, Watch and Clock	Jewellery Design and Technology	Furniture and Lifestyle Product Design	Real Estate Services
Programme Title (Higher Diploma in)	Training Board																																						
Creative Media	Media and Communications																																						
Film and Television																																							
Digital Music and Media																																							
Advertising Design																																							
Visual Arts and Culture																																							
Visual Design for Journalism																																							
Stage and Set Design																																							
Transmedia																																							
Publication Design and Print Media	Print Media and Publishing																																						
Visual Communication	Beauty Care and Hairdressing																																						
Fashion Image Design																																							
Fashion Branding and Buying	Fashion and Textile																																						
Fashion Design																																							
Fashion Media Design																																							
Costume Design for Performance																																							
Fashion Design Menswear																																							
Architectural Design	Building, Civil																																						
Landscape Architecture	Engineering and																																						
Interior Design	Built Environment																																						
Exhibition Design	Hotel, Catering and Tourism																																						
Product Design	Manufacturing Technology																																						
Jewellery and Image Product Design	Jewellery, Watch and Clock																																						
Jewellery Design and Technology																																							
Furniture and Lifestyle Product Design	Real Estate Services																																						

Para. No.	Audit's Recommendations	Progress to date
		<p>In addition to manpower surveys, the Design Discipline and its Programme Boards also exercise due diligence to obtain relevant information published by external trade or design bodies and the government statistics, and through consultation with the advisory boards served by industry members such as the Design Discipline Advisory Board and the Design Institute Advisory Board. Such information is found useful (for programme planning) as industry practitioners who sit on these bodies/boards have provided the most up-to-date manpower market information.</p> <p>HKDI Departments foster strong connections with professional bodies, trade associations, and industry partners on regular basis to collect feedback from industries on manpower needs. Some are listed below –</p> <ul style="list-style-type: none"> (a) Federation of Hong Kong Industries; (b) Federation of Hong Kong Watch Trades and Industries; (c) Hong Kong Arts Development Council; (d) Hong Kong Graphic Arts Association; (e) Hong Kong Institute of Architects; (f) Hong Kong Institute of Landscape Architects; (g) Hong Kong Interior Design Association; (h) Hong Kong Jewellery & Jade Manufacturers Association; (i) Hong Kong Printers Association; (j) Hong Kong Watch Manufactures Association Limited; (k) Industrial Designers Society of Hong Kong; and (l) M+ etc. <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Evaluation of programme performance</i>		
2.40	<p>Audit has recommended that the Executive Director, VTC should –</p> <p>(a) consider monitoring the programme completion rates in addition to the module retention rates;</p>	<p>VTC is exploring to formulate a mechanism to monitor programme completion rates. The related issue was discussed at VTC's Statistics Committee Meeting and VTC's Vocational Education and Training Management Committee Meeting in March and April 2018 respectively. While the committees have addressed technical requirements in extracting the figures for the programme completion rate, such implementation will be further discussed in the next meeting scheduled for June 2018.</p>
	<p>(b) ascertain the reasons for lower completion rates of some programmes and identify areas for improvement;</p>	<p>Concerning the low completion rate of the graduates of Higher Diploma in Architectural Design and Higher Diploma in Landscape Architecture, the main reason is that the curricula of the two programmes consist of a number of core modules with pre-requisites requiring the students to pass specific modules before starting those core modules. Also, other programmes offered by HKDI often require students to satisfy the skill building sequence according to their industry nature. Such curricular design aims to train up each student to join the industry workplace with stronger confidence and readiness upon graduation, but such industry simulated training approach becomes quite a challenge for some of the pre-employed youths. As a result, some students of Architecture, Interior and Product Design may take more than two years to complete their study programme.</p> <p>In view of the above, HKDI will provide additional assistance to students in making informed programme choices which can positively attribute to the completion rate by including more programmes into subject groups to be formed to provide students with deeper understanding of different programmes before making programme option.</p> <p>In AY 2018/19, the Higher Diploma in Furniture and Lifestyle Product Design will be grouped into the existing "Higher Diploma in Product, Interior and</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>Exhibition Design (Subject Group)". In addition, the Higher Diploma in Jewellery and Image Product Design and the Higher Diploma in Jewellery Design and Technology will be subsumed under one newly formed Subject Group named the "Higher Diploma in Jewellery Design (Subject Group)".</p> <p>In AY 2019/20, HKDI also plans to form a new "Built Environment Design (Subject Group)" which covers the subject areas of Architectural Design, Landscape Architecture, and Interior Design. The subject group arrangement enables the students to understand about their individual abilities, needs and aspirations for a well-informed choice on the Higher Diploma studies.</p> <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(c) take measures to improve the employment rate of HKDI graduates with a view to meeting the target employment rate of 90%;</p>	<p>HKDI is considering the implementation of the following measures with a view to improving the employment rate of HKDI graduates –</p> <p>(a) in view of the latest recruitment trend and practice, online design portfolios and Facebook page would be prepared to assist graduating students in job searching; and</p> <p>(b) given the Mentorship Scheme can possibly generate employment opportunities, the Scheme will be strengthened and broadened for more HKDI programmes as far as possible.</p>
	<p>(d) take measures to improve the response rate of Graduate Employment Survey of HKDI graduates to enhance the usefulness and representativeness of the information collected from the survey; and</p>	<p>To allow more time for graduates to complete the questionnaire and boost response rate, starting from AY 2017/18, the Graduate Employment Survey of HKDI graduates will be commenced earlier in December (instead of January).</p> <p>HKDI is exploring different approaches to improve the response rate of the Graduate Employment Survey, including sending reminders through channels such as SMS or social media by Statistics Section or Campus staff.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(e) review the criteria for selecting employers for the employer satisfaction survey and take measures to encourage graduates to give consent for VTC to contact their employers, with a view to covering more graduates' employers in the survey.</p>	<p>VTC has reviewed the criteria for selecting employers for the employer satisfaction survey, and will encourage graduates to give consent for VTC to contact their employers. The following improvement measures will be implemented –</p> <p>(a) considering that the probation period for employees in most companies are less than three months which is long enough for employers to know about the abilities and performance of their employees, graduates with employment in a company for three months or above, instead of six, would be included in the survey starting from the 2015/16 cohort; and</p> <p>(b) HKDI will encourage student to give consent in advance in the last semester and career talk; and students who did not provide the consent at that time will be asked again during the fieldwork of the Graduate Employment Survey.</p> <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Performance reporting</i>		
2.44	<p>Audit has recommended that the Executive Director, VTC should consider –</p> <p>(a) disclosing separately the key performance information and statistics of the HKDI and those of other member institutions, such as the enrolment rate, completion rate, employment rate and employers' satisfaction on its graduates; and</p>	<p>This matter will be reviewed and discussed by VTC's External Relations Office.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) disclosing on its website information on graduates who successfully obtained employment and graduates who successfully articulated to full-time degree programmes in terms of –</p> <p>(i) the number of graduates; and</p> <p>(ii) the percentage of graduates.</p>	
Industrial attachment		
2.51	<p>Audit has recommended that the Executive Director, VTC should –</p> <p>(a) take measures to increase the proportion of Category A of industrial attachment (IA) for the HKDI's Higher Diploma programmes;</p> <p>(b) ascertain the reasons for the low response rates of the students' opinion survey on IA for the HKDI and take improvement measures; and</p>	<p>Departments of HKDI will reach out for more IA opportunities, in particular, different NGOs which have been identified with great demand for IA of Category A, such as Engineers Without Borders, UNESCO, Saint James' Settlement, Salvation Army, etc. HKDI students may take up attachment works such as assisting in the design/production of promotion materials and designing home tools for the improvement of the living of people with special needs, etc.</p> <p>HKDI noted that students did not submit their survey forms upon the completion of IA. In this connection, HKDI had proposed and carried out improvement actions, such as distributing and collecting the survey questionnaires in class by IA Supervisors or Programme Leaders.</p> <p>The latest student opinion survey had showed a significant improvement in the number of response (a total of 1 185 responses), which has been increased by 6.8 times as compared to the previous year.</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(c) conduct a review on the minimum duration of IA for the HKDI's Higher Diploma programmes and consider if there is merit in extending the minimum duration.</p>	<p>VTC has conducted an internal review on the prevailing IA guidelines and considered that the current guidelines are appropriate in providing suitable flexibility for disciplines/programmes to determine the optimal IA duration in consideration of the learning outcomes in consultation with IA employers</p> <p>In practice, HKDI has always allowed its departments the flexibility in arranging IA for students with a requirement of minimum duration of 90 hours in accordance with the academic and personal needs of students. Currently, some IA of more than 90 hours have been arranged.</p> <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Part 3: Campus Development and Management</p>		
<p><i>Design competition of HKDI</i></p>		
<p>3.10</p>	<p>Audit has recommended that the Executive Director, VTC should, for future design competitions, if the competition requires the entry designs to fulfil the mandatory budget requirements, thoroughly assess the cost estimates submitted by the contestants before the Jury Panel made its final decision on the result of the competition.</p>	<p>In the Divisional Meeting of VTC held in February 2018, all staff were reminded the recommended procedures be strictly adhered in all capital work projects.</p> <p>VTC will draw up relevant guidelines for future design competitions.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Project development of HKDI</i>		
3.31	<p>Audit has recommended that the Executive Director, VTC should, for future capital projects –</p> <p>(a) provide up-to-date cost estimate to the ArchSD for comments in seeking funding from the FC of the LegCo ;</p>	<p>VTC has, since 2014, provided up-to-date cost estimates for a subvented project to the ArchSD for comments in seeking funding from the FC.</p> <p>VTC will draw up relevant guidelines for future projects.</p>
	<p>(b) take measures to ensure that agreement from the ArchSD is sought according to VTC's Notes for Guidance on Capital Subventions before issuing tenders for the projects;</p>	<p>Comments and agreement from the ArchSD have been sought since late 2017 for a subvented project before issuing its tender invitation.</p> <p>VTC will revise relevant procedures in relevant guidelines for future projects.</p>
	<p>(c) enhance project information provided to the Council and the relevant committees to facilitate them to make informed decisions;</p>	<p>VTC has, since 2014, provided to the Estates Committee details of relevant project information.</p> <p>VTC will set out relevant procedures in relevant guidelines for future projects.</p>
	<p>(d) take measures to ensure that before adopting a development scheme, the various schemes should be thoroughly discussed and the decision to adopt a particular scheme should be well justified and approved; and</p>	<p>VTC will set out relevant procedures in relevant guidelines for future projects.</p>

Para. No.	Audit's Recommendations	Progress to date
	(e) take measures to ensure that the foundation of the project is developed according to the design of the superstructure.	<p>In practice, project consultants of VTC always take measures to ensure that the foundation of the project is developed to suit the superstructure design. VTC will continue to monitor the work of its project consultants, having regard to the need for necessary adjustments.</p> <p>As the follow-up actions of the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
3.32	<p>Audit has recommended that the Secretary for Education should, for future government subvented projects, in accordance with Financial Circular No. 9/2004, take measures to ensure that VTC submits to the EDB project progress reports together with updated budget forecasts and outturn income and expenditure statements upon approval of capital subventions and thereafter at quarterly intervals.</p>	<p>Since March 2017, EDB has requested VTC to submit progress reports on the on-going capital works projects at a quarterly interval. EDB will ensure that quarterly progress reports are submitted for upcoming capital works projects. EDB will closely monitor the progress of the projects to ensure compliance with the relevant Financial Circular.</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Management of campus		
3.53	<p>Audit has recommended that the Executive Director, VTC should –</p> <p>(a) further explore the feasibility of opening the tennis court to the public during non-school hours;</p>	<p>The sports facilities of HKDI, such as basketball courts and the swimming pool, have been opened to the public during free hours.</p> <p>HKDI is not able to open the tennis court for public use since there are a number of student activities arranged. The campus management will review the use of its facilities on a regular basis, in order to achieve higher utilisation.</p> <p>HKDI would provide information of its facilities on a new web site for easy public access.</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>(Note: Basketball courts are open at 7 pm to 9 pm, Monday to Friday; 1 pm to 9 pm, Saturday; and 9 am to 9 pm, Sunday and public holidays. Members of the public may call the campus at 3928 2000 or visit the Information Centre at B001, Tower B for information on the opening facilities and rental procedures.)</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(b) take measures to ensure the correctness of the utilisation rates of teaching venues;	<p>VTC plans to revise the calculation on the utilisation rate in the future system enhancement of the central timetabling system to improve accuracy of the data. The enhancement work is expected to be carried out in AY 2018/19.</p>
	(c) review the reasons for the large number of days on which the Auditorium was closed for maintenance and take measures to address the problem;	<p>HKDI has reviewed the upcoming schedule of maintenance in the Auditorium and worked with Facilities Management Office in shortening the maintenance period accordingly. In addition, it plans to arrange the routine maintenance work in summer holiday instead of weekends to increase the utilisation of the Auditorium.</p> <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(d) step up the promotion effort on the availability of the Auditorium for event rental;	<p>HKDI has strengthened its promotion efforts on the event rental of the Auditorium. Furthermore, HKDI is revamping its website in order to achieve the marketing strategy and goals. With best endeavour, there are at least 18 confirmed external events with total number of 59 booking days recorded since September 2017.</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	(e) consider taking measures to facilitate the booking of the basketball courts and the multi-purpose hall by the public;	<p>The booking rules of the basketball courts have been reviewed. For the bookings during Monday to Friday, on-the-day booking is accepted on or before 12:00 noon on the booking day. Booking form has been revised accordingly since 13 November 2017.</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(f) monitor the problem of repeated breakdown cases of the lifts and escalators and, if necessary, take action to address the problem;	<p>Since 2016, the building management company of HKDI strengthened the control of material delivery to avoid damage to the lift doors by trolleys. VTC has employed Consultants since mid-2017 to investigate the breakdown cases of the long escalators.</p> <p>EMSD noted and welcomed the stepped up measures of VTC and its building management company which would enhance the safety and reliability of the concerned lifts and escalators. EMSD shall conduct risk-based audit inspections on compliance with the Lifts and Escalators Ordinance and requirements in relevant Code of Practices.</p> <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(g) ensure that the contractor attain the performance target on maintenance services under the maintenance and service contract of escalators at Tiu Keng Leng Campus, including the service availability and response time to breakdown;	<p>Since July 2017, the contractor has submitted service availability reports according to contract requirements. In recent months, their performance is satisfactory.</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	(h) explore whether any measures can be taken to increase the operating time of the two short escalators;	<p>The operation hours of the two short escalators have been extended to weekends and public holidays from 7:30 am to 12:30 am.</p> <p>As the follow-up action of the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
	(i) endeavour to resume as soon as possible the service of the long escalator which had been suspended;	<p>The Consultant briefs VTC regularly on its work and findings. In August 2017, the Consultant submitted Interim Reports on its findings on the breakdown cases, and suggested remedial measures and alternatives to the incident. VTC is currently studying different options in order to achieve a long-term solution.</p> <p>EMSD noted the latest development in rectifying the identified defect(s) of the long escalator. Once the repair works for the long escalator has been completed, VTC shall submit application for renewal of the use permit for the concerned escalator. EMSD will conduct audit inspection, where necessary, to the escalator.</p>
	(j) take measures to prevent unauthorised overnight parking at the campus carpark; and	<p>HKDI has revised the parking conditions on unauthorised overnight parking. It will send warning emails to users who parked their vehicles without prior approval. HKDI will not allow users who offend repeatedly to apply for the carpark permit.</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(k) take measures to keep the emergency vehicular access unobstructed at all time.	<p>The campus management company has strengthened the patrol and reports to the Police if illegal parking is spotted.</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 4: Administrative Issues		
<i>Inventory management</i>		
4.10	<p>Audit has recommended that the Executive Director, VTC should ensure that the HKDI –</p> <p>(a) conducts annual stocktaking in a timely manner in each financial year according to the inventory guidelines;</p> <p>(b) strengthens its inventory control to minimise loss of inventories;</p> <p>(c) takes the remedial measures to contain the harm or damage that might cause to the data subjects as stipulated in the guidance note on data breach incident handling and notifications;</p> <p>(d) effectively implements the improvement measures proposed after each stocktaking exercise and closely monitors the progress of implementation;</p> <p>(e) conducts internal stock verification immediately prior to and immediately following the transfer of stores from one storage area to another; and</p>	<p>Audit's recommendations were deliberated with all Department Heads of HKDI at the Academic and Management Committee meeting in November 2017.</p> <p>HKDI has launched a full inventory checking for more than 20 000 items since June 2017. Review meeting was held with all responsible HKDI staff in January 2018 to follow up on the progress. The checking is targeted to be completed by May 2018.</p> <p>In addition, HKDI has been reminded to adhere to VTC's guidelines on data security and protection. The relevant circulars will be re-circulated to all staff every six months. Finance & Supplies Division at VTC's headquarters has been undertaking the review of the stocktaking guidelines.</p> <p>Finance & Supplies Division at VTC's headquarters has enhanced the stocktaking module and common functions of Inventory Management System (IMS) with introduction of electronic handheld devices and mobile app to increase the efficiency and accuracy of stocktaking procedures and records. Such measures have been implemented in stocktaking exercises since 2018. Campus Supplies staff attended relevant workshops in mid-January 2018 to better understand such enhancement and refresh the IMS operations.</p> <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	(f) conducts surprise stock and security checks on each store unit at irregular intervals at least once every year.	
<i>Staff recruitment</i>		
4.15	<p>Audit has recommended that the Executive Director, VTC should –</p> <p>(a) ensure that the HKDI allows sufficient application period in the recruitment exercises;</p> <p>(b) ensure that late applications are not accepted unless fully justified; and</p> <p>(c) ensure that the reasons for accepting late applications are properly documented.</p>	<p>All Department Heads of HKDI were reminded not to accept late job applications in accordance with the staff recruitment guidelines set out by VTC's Human Resources Division. For special cases, staff are required to obtain proper approval with full justifications and the approval should be properly documented.</p> <p>As the follow-up actions of the recommendations have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Campus environment performance</i>		
4.26	<p>Audit has recommended that the Executive Director, VTC should –</p> <p>(a) endeavour to achieve the campus environmental targets;</p>	<p>The Corporate Environmental Office (CENO) of VTC have taken the following measures to enhance environmental awareness among staff and students in the HKDI –</p> <p>(a) activities have been organised for VTC staff to enhance their environmental awareness including talks, seminars, workshops, visits, guided tours, etc.;</p> <p>(b) mass emails have been sent to all VTC staff promoting behaviour on mitigating emission of greenhouse gases, energy saving;</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>(c) environmental guidelines have been promulgated for staff including guidelines of good practices of saving electricity and water use and guidelines of greening measures to be taken in organising events and meetings;</p> <p>(d) about 7 000 sticker labels of “Please switch off before you leave” and “離開前請關掉電源” have been distributed to campuses for posting since March 2017;</p> <p>(e) a set of “慳啲啦” series of posters (three posters on reducing consumption of electricity, water and paper respectively) was printed and distributed to campuses for posting in December 2017;</p> <p>(f) a set of public notices on environmental behaviours (on conserving water, electricity and paper; and waste reduction and recycling) was prepared for campuses’ use in March 2017;</p> <p>(g) student environmental ambassadors have participated in volunteer service of community environmental events; and</p> <p>(h) VTC’s headquarters has been promoting environmental programmes, charters and award schemes to campuses and facilitating their participation.</p> <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(b) review the environmental measures periodically to ensure that they are effective; and</p>	<p>The CENO reviewed the environmental measures in January 2018 and presented their report to VTC Vocational Education and Training Management Committee in March 2018. The review found the measures effective. The management of the HKDI campus will continue to monitor the consumption of resources closely.</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(c) devise an implementation plan to take forward the consultant's recommendations so as to enhance the overall energy performance.</p>	<p>The Estates, Health and Safety Division of VTC has devised an implementation plan to enhance the overall energy performance in the campus.</p> <p>The following measures have been adopted –</p> <ul style="list-style-type: none"> (a) replacing downlight, fluorescent lamps and flood light by energy efficient LED lamps; (b) replacing split type air conditioners by inverter types to save energy; (c) raising temperature set points of air conditioning systems in summer months; (d) exercising stringent control of switching off electrical services, equipment and appliance during non-operating hours; and (e) adjusting temperature settings of chiller plants to cope with the cooling load. <p>As the follow-up actions of the recommendation have been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Management of computer retail shop</i>		
4.30	<p>Audit has recommended that the Executive Director, VTC should ensure that the computer service provider (CSP) complies with all the requirements laid down in the service contracts.</p>	<p>HKDI has deliberated the requirements laid down in the service contract with the CSP. The required information for the contract period of 2017/18 is to be submitted by CSP by contract end on 14 May 2018.</p>

**Provision of government office accommodation and utilisation of government sites
Progress of implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Provision of Government-owned Office Accommodation		
2.9	Audit has recommended that the Government Property Administrator should take measures, including planning for more joint-user general office buildings (JUBs), to meet the additional office accommodation needs of B/Ds.	<p>The Government Property Agency (GPA) continues to take steps to meet Government's needs for general office accommodation through construction of new JUBs and/or other alternatives such as direct purchase, provision through lease conditions in private developments and leasing.</p> <p>GPA is examining B/Ds' latest returns on their accommodation needs and new accommodation requirements. Should there be a justified long-term need for additional office accommodation, GPA is prepared to initiate the planning of new JUBs.</p>
2.25	Audit has recommended that the Secretary for Financial Services and the Treasury, in collaboration with the Government Property Administrator and the Director of Architectural Services, should closely monitor the implementation of the nine replacement building projects for the relocation of the Wan Chai Government Offices Compound (WCGOC) to ensure their timely completion.	<p>Relevant B/Ds are actively taking forward the implementation of the nine replacement building projects under the WCGOC relocation exercise.</p> <p>We expect that the first substantive move away from the WCGOC (involving a total floor area of about 9 900m² and three departments) may start in 2019, after the completion of the construction works of the West Kowloon Government Offices in early 2019. The subsequent phases of relocation will take place when the other replacement buildings are ready for occupation. To this end, the Government has sought/is seeking funding approval of the FC of the LegCo for the proposed construction of the Inland Revenue Tower in Kai Tak, and the Government Data Centre Complex as well as the Treasury Building in Cheung Sha Wan. At the same time, the relevant B/Ds are working on the preparation of the remaining five building projects with a view to seeking</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>funding support from FC in due course. It is the Government's target to complete all the replacement building projects under the WCGOC relocation exercise by 2026.</p> <p>The FSTB will continue to monitor the implementation of the WCGOC relocation exercise closely in collaboration with GPA and ArchSD.</p>
2.26	<p>Audit has recommended that the Government Property Administrator should –</p> <p>(a) in implementing a JUB project in future –</p> <p>(i) when there is new development affecting the progress of certain separable parts of the project, conduct a cost-benefit analysis to evaluate the possible options for taking forward the project such as adopting a phased implementation approach; and</p> <p>(ii) in consultation with the Director of Architectural Services, conduct public consultation at an early stage to facilitate addressing any public concerns/objections in a timely manner; and</p> <p>(b) in planning for the reprovisioning of a government-office building in future –</p> <p>(i) request all affected users to critically review whether their accommodation requirements can be met within their existing</p>	<p>While GPA does not anticipate the new JUB projects currently undertaken will encounter similar situations, if in future such circumstances affecting the progress of separable parts of JUB projects arise, GPA will consider conducting a cost-benefit analysis to assess the possible options if sufficient information (e.g. construction costs as advised by the works agent) is available and when reasonable assumptions can be made.</p> <p>GPA will collaborate with ArchSD and conduct public consultation at an early stage for future projects where appropriate. In general, GPA follows the agreed timeframe for conducting public consultation as set out in the project programme of the approved Technical Feasibility Statement.</p> <p>GPA will continue to request the affected users to conduct a comprehensive and critical review of their accommodation requirements, taking into account any long-term plan for re-organisation,</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>accommodation stock, including sites with residual development potential; and</p> <p>(ii) consult the users and the works departments at an early stage the planning assumptions/parameters used for estimating the achievable gross floor area/net operational floor area to ensure that any proposed sites can fully meet the accommodation and operational needs of the users concerned.</p>	<p>downsizing and other initiatives when drawing up their reprovisioning requirements.</p> <p>In future reprovisioning projects, GPA will continue to consult the user B/Ds and the works departments at an early stage on the planning assumptions/technical parameters to ensure the suitability of the proposed site before firming up the reprovisioning proposals.</p> <p>As the recommendations in (a) and (b) above will be implemented on an on-going basis in future planning and implementation of new government office building projects, we recommend deleting these parts from the next progress report.</p>
Part 3: Administration of Leased Government Offices		
3.17	<p>Audit has recommended that the Government Property Administrator should –</p> <p>(a) remind Acquisition, Allocation and Disposal Division (ADD) staff to –</p> <p>(i) document the reasons for rejecting/not recommending offers in the selection of premises for leasing office accommodation in accordance with the Divisional Instruction; and</p>	<p>ADD staff has been reminded to comply with the Divisional Instruction concerned.</p> <p>In December 2017, GPA further checked all leasing cases concluded in the past few months and confirmed that the relevant documentation to be in order. Sample supervisory checks will also be conducted periodically to ensure compliance.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(ii) explore suitable alternative premises with lower-rental implication before exercising option for lease renewal, and document the reasons for the decision taken in this regard;</p> <p>(b) meet the non-location-tied storage requirements of B/Ds (including the Central Casefile Depository) in a more cost-effective manner;</p>	<p>GPA has asked ADD staff to explore suitable alternative premises with a lower rental implication before exercising an option for lease renewal. To determine if such exploration is warranted, they will consider the circumstances of each case, including justifications for the continued need for the leased premises, the proposed rental package and lease terms, availability of suitable premises in the market, economics of a new lease, new fitting-out costs, cost of removal and unamortised fitting out costs of the existing leased premises. The reasons for the decisions made in this regard will also be documented.</p> <p>As the recommendations in (a)(i) and (ii) above is implemented on an on-going basis, we recommend deleting these parts from the next progress report.</p> <p>In January 2018, GPA completed a review of all existing leases involving non-location-tied storage accommodation with regard to factors including justifications for the continued need for the leased premises, the proposed rental package and lease terms, availability of suitable premises in the market, economics of a new lease, new fitting-out costs, cost of removal and unamortised fitting out costs of the existing leased premises. The review has not indicated any accommodation with potential for reprovisioning, mainly due to no suitable alternative premises with lower rentals. We will conduct such review in future where appropriate.</p> <p>As the recommendation is implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) improve the planning for the relocation of offices from leased accommodation by –</p> <p>(i) identifying potential users (e.g. by circulation to B/Ds) at an early stage to take up the vacated premises for any remaining lease period; and</p> <p>(ii) negotiating with the landlord on incorporating a break clause in the lease, and failing which, critically considering whether it is still appropriate to enter into/renew such lease or whether there is a need to look for better alternatives; and</p> <p>(d) urge the Commissioner for Labour to put the vacant office under Lease F (see para. 3.16(b)) into gainful use as soon as possible or release the office to meet any short-term need of other B/Ds.</p>	<p>GPA will inform B/Ds of the vacated premises at an early stage for identifying potential users to take up the premises for any remaining lease period.</p> <p>Subject to the prevailing market conditions, GPA will continue to strive for the best terms including incorporation of break clause for every tenancy renewal, and will critically consider the appropriateness for entering into a lease without a break clause or looking for more favourable alternatives, if any.</p> <p>As the recommendations in (c)(i) and (ii) above will be implemented on an on-going basis, we recommend deleting these parts from the next progress report.</p> <p>GPA advised Labour Department (LD) on 9 October 2017 to put the vacant office under Lease F into gainful use. LD later confirmed that its Employees' Compensation Division had taken up the premises for use until May 2018 to tie in with the expiry of the current tenancy agreement on 28 May 2018.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
3.18	Audit has recommended that the Chief Electoral Officer and the Commissioner for Census and Statistics should, in consultation with the Government Property Administrator, explore the feasibility of developing a joint-user specialist and departmental building (SDB) to meet	The Registration and Electoral Office, with the assistance of GPA, is liaising with other B/Ds for joining their planned multi-user SDB projects and will continue to explore the feasibility of developing a joint-user SDB, with a view to devising an approach which would be most efficient and cost-effective from the overall

Para. No.	Audit's Recommendations	Progress to date
	their periodic accommodation requirements.	government perspective. Census and Statistics Department is examining the case and will consult GPA on the feasibility of developing a joint-user SDB.
3.25	Audit has recommended that the Government Property Administrator should continue to assist the Social Welfare Department (SWD) in identifying suitable accommodation for meeting its relocation requirements out of Wan Chai.	GPA has been working closely with SWD and has identified some potentially suitable accommodations to facilitate the relocation of SWD offices out of Wan Chai. GPA will continue to assist SWD in this respect. As the recommendation has been implemented, we recommend deleting this part from the next progress report.
Part 4: Utilisation of Government Sites		
4.17	<p>Audit has recommended that the Government Property Administrator should –</p> <p>(a) for the redevelopment of the ex-Harbour Hydraulics Laboratory site in Tuen Mun (i.e. Case 5 in para. 4.9) –</p> <p>(i) seek the steer of the Property Strategy Group (PSG) on the unresolved issue of identifying a project proponent and invite the relevant departments to consult their policy bureaux for a decision having regard to the PSG's views if the issue remains unresolved after the PSG's intervention; and</p> <p>(ii) expedite action in assisting the Leisure and Cultural Services Department (LCSD) to identify a reprovisioning</p>	<p>GPA reported, and will continue to report to the PSG, the development of the case regularly. GPA has been working with the B/Ds concerned to identify potential user(s) for the redevelopment of the site. GPA will seek PSG's steer on any unresolved issue as and when appropriate.</p> <p>As the recommendation is implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>GPA has approached LCSD to offer assistance in identifying and securing premises to meet the latter's reprovisioning needs where appropriate</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>site for its museum collections in order to speed up the site redevelopment;</p> <p>(b) maintain records of justifications for selecting government sites for site-utilisation review;</p> <p>(c) for the 1 569 government sites pending site-utilisation reviews (see para. 4.14), set priority in selecting sites with better development potential for review and follow-up action; and</p>	<p>under the existing mechanism. Subject to LCSD's advice, GPA will follow up the matter accordingly.</p> <p>Starting from the 2017 site utilisation review, records of justifications for selecting government sites for review have been documented. This will continue as a standing practice.</p> <p>As the recommendation is implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>Whether any developed government site possesses development potential depends on a range of factors including land use, zoning, topography, availability of vehicular access, feasibility of reprovisioning existing facilities, presence of conservation elements, changes to neighbouring developments, etc. In addition, the total number of developed government sites is not static due to site disposal, change in zoning, land use and redevelopment, etc.</p> <p>In future annual site utilisation reviews, GPA will continue to set priority to review those more deserving sites meeting specific criteria applicable to that particular year, including facilitation of new policy initiatives, completion of new infrastructure and changes to the locality, etc. in addition to site specific characteristics as mentioned above.</p> <p>Guidelines were strengthened and issued to staff for adopting the above-mentioned criteria in selecting priority sites with better development potential in the 2018 and future site utilisation reviews.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) take measures to ensure that information recorded in the Government Property Information System (GPIS) is accurate and up-to-date.</p>	<p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p> <p>All discrepancies/omission of government site records in the GPIS identified by the Audit were rectified in December 2017.</p> <p>With a view to capturing more up-to-date government site information in the GPIS, GPA has been liaising with the data providers (including the works agents of the sites) to achieve more frequent and regular updates of the site particulars.</p> <p>Reviewing government site information is an on-going process as site particulars are not static and will change from time to time. Since such review processes often require input from relevant B/Ds and are very labour intensive, GPA will accord priority to reviewing the information of those developed government sites selected in annual site utilisation reviews. GPA will also consider adopting a targeted approach in reviewing those records with obvious data discrepancies in the GPIS taking into account resource deployment and other work priorities. Separately, GPA has since August 2017 been undertaking a computer development project to enhance the GPIS, and will take the opportunity to strengthen the system capabilities to perform more automatic cross-checking of various processes to prevent data omissions/discrepancies during routine data updating exercises.</p>
4.18	<p>Audit has recommended that –</p> <p>(a) the Secretary for Transport and Housing should task the Commissioner for Transport to review whether there is still a need to implement the Kwai Chung Circumferential Road project and</p>	<p>In view of the proposed public housing development at Shek Pai Street in Kwai Chung, TD has requested CEDD to conduct a traffic impact assessment under the feasibility study for the “Site Formation and Infrastructure Works for</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>if not, release the site for other uses as soon as possible; and</p> <p>(b) the Director of Civil Engineering and Development should, in consultation with the Secretary for Development –</p> <p>(i) consider issuing guidelines reminding project offices to acquire sites/properties for their projects after confirming the project implementation programmes; and</p> <p>(ii) if there are exceptional circumstances warranting the acquisition of a site/property before there is a firm project implementation programme, keep the project under regular review to ensure the best use of the acquired site/property.</p>	<p>the Development at Shek Pai Street, Kwai Chung” to review the traffic impact on the adjoining road network and propose traffic improvement measures, if necessary. It is anticipated that the concerned traffic impact assessment would be completed in mid-2018. TD will then review the need for the Kwai Chung Circumferential Road project with reference to the findings of the aforementioned traffic impact assessment.</p> <p>The Director of Civil Engineering and Development, in consultation with the Secretary for Development, has reviewed the relevant guidance notes for project implementation and considered that the current guidelines in respect of timing for land acquisition are adequate to address the concern. In gist, works departments have been specifically reminded by the Environment, Transport and Works Bureau Technical Circular (Works) No. 4/2006 ‘Delivery of Capital Works Projects’ issued in August 2006 to critically consider the need for clearing/resuming land before the funding approval of the FC vis-à-vis the risk of not proceeding with the projects. Works departments are also particularly required to keep the LandsD closely informed of the funding situation, or if there is any change in circumstances in which a project (involving land resumption) might be put on hold.</p> <p>Nevertheless, CEDD has drawn project offices’ attention to the above guidelines on delivery of capital works projects in February 2018.</p> <p>As the recommendation has been fully addressed, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
4.27	<p>Audit has recommended that the Government Property Administrator should –</p> <p>(a) remind relevant B/Ds to explore other measures to put the 27 vacant or under-utilised premises of specialist and departmental accommodation into gainful use in accordance with the requirements of the Accommodation Regulations; and</p> <p>(b) in collaboration with the Director of Planning and the relevant owner B/Ds, determine the long-term use of the sites of the four unusable properties and work out a suitable disposal option.</p>	<p>As of February 2018, nine out of 27 premises were taken up by B/Ds for alternative use, and three were being considered for use by departments and one NGO. Regarding the remaining premises, the user B/Ds have been reminded periodically to explore measures to put them into gainful use in accordance with the Accommodation Regulations. The last reminder was sent in April 2018. GPA will continue to assist B/Ds to explore alternative uses by identifying other interested user B/Ds or, failing that and if conditions permit, exploring commercial lettings or letting out to NGOs.</p> <p>As the recommendation has been implemented and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>As these properties are invariably constrained by factors such as being graded as historic building, remote accessibility or zoning, so far no B/D or NGO has expressed interest in using these properties.</p> <p>To explore the long-term land uses of these four properties, PlanD prepared the planning assessments in end February 2018. GPA is studying PlanD's assessments for devising suitable disposal options in collaboration with relevant B/Ds.</p>

Occupational Safety and Health
Progress of implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Occupational safety: inspection and enforcement		
2.11	<p>Audit has recommended that the Commissioner for Labour should –</p> <p>(a) step up measures to strengthen the enforcement of the notification requirement for Notifiable Workplaces;</p> <p>(b) consider reviewing the need to tighten the exemption criteria of the notification requirement for the building and engineering construction workplaces with work that will be completed in a period of less than six weeks or not more than ten workmen are or will be employed on the work at any one time;</p>	<p>(a) The LD agrees that it is necessary to step up enforcement action concerning compliance with the notification requirement, including to consider taking immediate prosecution against duty holders who fail to notify LD of notifiable workplaces pursuant to the law. In the meantime, LD will also enhance promotion of the statutory requirement to the relevant duty holders. LD is currently reviewing the law enforcement and prosecution strategies and expects the review to be completed by mid-2018. LD will then step up the relevant law enforcement and promotion work. Upon reviewing the effectiveness of these initiatives, LD will, where necessary, consider amending the relevant legislation with a view to enforcing the workplace notification requirement more effectively.</p> <p>(b) and (c) LD is reviewing the notification mechanism with a view to expanding its scope to include more construction workplaces. LD is now conducting a research on the relevant legislation and aims to come up with an amendment proposal as soon as possible.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) review the reasonableness of the submission deadline for notification of construction work and if necessary, tighten the deadline;</p> <p>(d) closely monitor the progress of the review of the list of hazardous trades to ensure that it is completed in a timely manner; and</p> <p>(e) take measures to ensure that the list of hazardous trades is reviewed regularly in future.</p>	<p>(d) and (e) LD commenced a review in July 2017. The relevant task force is now conducting the review in full gear and plans to complete the relevant work in the second quarter of 2018. The task force will also establish a management system and review the relevant internal guidelines to ensure that such reviews will be conducted as scheduled in the future.</p>
2.26	<p>Audit has recommended that the Commissioner for Labour should –</p> <p>(a) take measures to ensure that there is no delay in –</p> <p style="padding-left: 40px;">(i) bringing up cases for inspection; and</p> <p style="padding-left: 40px;">(ii) conducting inspections after the cases were brought up for inspection;</p> <p>(b) take measures to clear the existing backlog of inspections as soon as practicable;</p> <p>(c) improve the documentation of the inspection work performed;</p>	<p>(a) and (b) LD has examined the backlog inspection cases mentioned by the Audit and confirmed that all these cases belonged to the low risk category. LD is conducting a review on the handling of low risk cases according to the prevailing risk-based approach, and aims to clear the backlog cases as soon as possible after the review. It is expected that the relevant review will be completed in the second quarter of 2018.</p> <p>(c) To improve the documentation of inspection work and strengthen the supervision work by Divisional Occupational Safety Officers (DSOs), LD is devising a checklist of inspection records for use by the concerned officers and revising the relevant internal guidelines. It is expected that the relevant work will be completed in the first half of 2018.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) stipulate in the guidelines the frequency of supervisory visits (for example, as a percentage of the total number of inspections conducted);</p> <p>(e) take measures to ensure that the requirements on supervisory visit are complied with;</p> <p>(f) set suitable performance targets for the inspections and promotional visits conducted by the Operations Division at a level that is challenging and achievable; and</p>	<p>(d) LD has conducted a review on the frequency of supervisory visits and will revise relevant internal guidelines accordingly. It is expected that the relevant work will be completed in the first half of 2018.</p> <p>(e) According to the current guideline, DSOs are required to re-inspect randomly the workplaces inspected by their subordinates to check and verify whether the items inspected and the observations documented in the workplace files are appropriate. The number of such re-inspections shall not be less than 20% of the total number of supervisory inspections. LD has reminded DSOs that they should adhere to the relevant requirements, and requested them to report the situation of their supervisory inspections to the management on a regular basis in order to strengthen the supervision.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p> <p>(f) In formulating its performance targets, LD mainly takes into account the manpower situation and enforcement strategy during the period concerned. As far as enforcement strategy is concerned, LD has been adopting the risk-based principle in formulating targeted measures to enhance the overall safety and health performance of Hong Kong. Taking into account the</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(g) separately disclose in the COR the number of cases where the workplaces were locked, removed or not in operation, and the number of workplaces inspected.</p>	<p>enforcement strategy and manpower situation in 2018-19, LD has set challenging and practicable performance targets for inspections and promotional visits.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p> <p>(g) In the past, LD did not keep breakdown of inspections of workplaces found to be locked, removed or not-in-operation. Since January 2018, LD has started to log such information and will include it in the COR in 2019 and beyond.</p> <p>In the 2018 COR, LD has explained that the number of inspections included those of workplaces found to be locked, removed or not-in-operation.</p> <p>As the recommendation has been implemented, we recommend that this part be deleted from the next progress report.</p>
2.32	<p>Audit has recommended that the Commissioner for Labour should monitor closely the need to review the labour legislation with a view to strengthening the deterrent effect of the legislation.</p>	<p>LD is reviewing the relevant legislation in full swing, including whether it is appropriate to increase the maximum fines by pegging them with the financial means of the convicted, thus enabling the courts to impose penalties with sufficient deterrent effect to alert the industry. LD aims to come up with a direction for amending the relevant legislation within the current legislative session.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Occupational Safety: Training		
3.10	<p>Audit has recommended that the Commissioner for Labour should –</p> <p>(a) arrange inspections on the training course providers (TCPs) during time period when there are course sessions taking place as far as practicable; and</p> <p>(b) expedite the implementation of the improvement measures recommended by the 2009 review on mandatory safety training (MST) courses.</p>	<p>(a) Starting from November 2017, LD has taken administrative measures to arrange more during-class inspections. Moreover, LD is reviewing the relevant internal inspection guidelines to formalize the increase in proportion of during-class inspections.</p> <p>LD has been adopting various modes of inspection, including during-class inspection, outside-class inspection and covert inspection to monitor the training course providers. Different modes of inspection have different focuses and complement one another. LD will continue to adopt different modes of inspection to achieve the best monitoring impact.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p> <p>(b) LD plans to complete the improvement measures by phases for the remaining five types of MST courses by mid-2021.</p>

Para. No.	Audit's Recommendations	Progress to date
3.25	<p>Audit has recommended that the Commissioner for Labour should –</p> <p>(a) review whether there is a need to revise the Factories and Industrial Undertakings (Safety Management) Regulation to address the shortcomings that some registered safety auditors (RSAs) are not registered safety officers (RSOs) and, where necessary, consider initiating action to revise the Regulation;</p> <p>(b) take measures to strengthen the monitoring of the Safety Auditor Training Scheme Operators;</p>	<p>(a) LD is studying different options to ensure RSAs are RSOs. We expect to decide on the feasible way forward by the third quarter of 2018.</p> <p>(b) Since November 2017, LD has established a management system and given clear instruction to relevant officers to ensure that the Safety Auditor Training Scheme Operators are monitored in accordance with the relevant monitoring guidelines.</p> <p>In addition, LD has strengthened the monitoring in the following areas in accordance with the monitoring guidelines –</p> <p>(i) Training Scheme Operators shall submit the summary of students' feedback or evaluation of the schemes to LD;</p> <p>(ii) LD shall issue a copy of the completed monitoring checklist to the Training Scheme Operators within seven working days after the monitoring visits; and</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) promulgate guidelines on applications for academic courses as recognized qualifications for RSOs with a view to facilitating applications; and</p> <p>(d) devise internal guidelines on inspections on recognized academic courses for RSOs with a view to enhancing the effectiveness and efficiency of the inspections.</p>	<p>(iii) LD shall conduct random independent follow-up inspections to the Training Scheme Operators.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p> <p>(c) LD is drafting the relevant guidance notes on applications for recognized qualifying academic courses for RSOs. We expect to promulgate the guidance notes in the third quarter of 2018.</p> <p>(d) LD will devise relevant internal guidelines. We expect to issue the guidelines in the third quarter of 2018.</p>
3.29	<p>Audit has recommended that the Commissioner for Labour should –</p> <p>(a) strengthen the monitoring of the processing time of applications for –</p> <p>(i) registration as RSOs or RSAs;</p> <p>(ii) renewal or revalidation as RSOs; and</p> <p>(iii) recognition of MST courses;</p> <p>(b) keep proper records to substantiate the achievement of performance pledges; and</p>	<p>(a) and (b)</p> <p>Since November 2017, LD has started to keep records on the handling of the various types of applications for registration/recognition systematically. LD reviews these records on a weekly basis to monitor compliance of the performance pledges.</p> <p>As the recommendation has been implemented, we recommend that this part be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) consider developing performance pledges for processing applications for the recognition of Safety Auditor Training Scheme Operator and academic course for Safety Officers.</p>	<p>(c) LD has developed the relevant performance pledges and uploaded the pledges to LD's web page in February 2018. These two performance pledges are –</p> <p>(i) complete processing applications for registration as safety auditor training scheme operators within two weeks upon receipt and verification of all relevant information and documentation; and</p> <p>(ii) complete processing applications for recognition of academic qualifications for the purpose of registration as safety officers within two weeks upon receipt and verification of all relevant information and documentation.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p>
Part 4: Occupational health		
4.16	<p>Audit has recommended that the Commissioner for Labour should –</p> <p>(a) in collaboration with the Director of Health, take measures to reduce the no-show rate of radiation workers for medical examinations;</p>	<p>(a) To better utilize each of the medical examination sessions, Director of Health has worked with LD to introduce improvement measures. These include informing the employers of the radiation workers four weeks before the scheduled examination session (instead of the current practice of</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>two to three weeks), and reminding them to inform Director of Health within ten days from the date of the notification letter if their radiation workers cannot attend the examination as scheduled. These measures enable the employers and the radiation workers concerned to make early arrangement for the medical examination, and allow more time for Director of Health to arrange other radiation workers to substitute in case any workers are unable to attend the scheduled appointment. In view of the fact that some radiation workers have chosen not to provide their mobile phone numbers and hence cannot receive reminding messages from Director of Health through SMS three days before the scheduled appointment, staff of Director of Health will call the employers of these radiation workers three to four working days prior to the scheduled appointment so as to remind the employers of the coming medical examination scheduled for their radiation workers.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) monitor the utilization of time slots reserved for medical examinations for radiation workers to ensure that the clinical resources are optimally utilized as far as practicable;</p> <p>(c) in collaboration with Director of Health, review the justifications for not charging radiation workers or their employers for periodic medical examinations carried out at the Kwun Tong Occupational Health Clinic after the workers' first employment; and</p>	<p>(b) Director of Health has worked with LD to improve the mechanism for assessing the yearly number of medical examination sessions and suitably reduce the number of medical examination sessions each year. The yearly number of medical examination sessions from 2014 to 2016 ranged from 36 to 38 and decreased to 30 for 2018. At the same time, utilization of the medical examination sessions is closely monitored by Director of Health on a monthly basis to enable moderation of the number of sessions in accordance with actual need. This helps to ensure that scheduled sessions can be fully utilized whilst the medical examination services for radiation workers will not be affected.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p> <p>(c) LD and Director of Health are studying the relevant provisions of the regulations in detail and the justifications for the existing practices. Legal advice from the DoJ will be sought when necessary. In addition, views of relevant stakeholders including the Radiation Board, employers and employees concerned will be taken into account before any decision is taken on legislative amendments or chargeable fees. LD will complete the study with Director of Health as soon as possible.</p>

Para. No.	Audit's Recommendations	Progress to date
	(d) spell out clearly that the performance pledge is to provide clinical service to clients within 30 minutes of the appointment time.	<p>(d) LD has revised its service pledge in 2018 to make it clear that the occupational health clinic will provide clinical services to patients within 30 minutes of the appointment time. The performance pledge has been uploaded to LD's website.</p> <p>As this recommendation has been implemented, we recommend that this part be deleted from the next progress report.</p>
4.21	<p>Audit has recommended that the Commissioner for Labour should –</p> <p>(a) closely monitor the progress of workplace inspections;</p> <p>(b) compile management information on the outstanding inspections, e.g. the number of and the ageing analysis of such inspections;</p> <p>(c) take measures to minimize the number of outstanding inspections in future; and</p>	<p>(a) to (c)</p> <p>LD adopts a risk-based approach in conducting inspections on occupational health. The relevant Technical Note stipulates that low-risk cases are not required to be brought up for inspection and there is no prescribed inspection deadline. Regarding the cases of outstanding and delayed brought-up inspections as noted by the Audit, LD has examined all such cases and confirmed that all (except for one) were low-risk cases. These low-risk cases were brought up not in accordance with the Technical Note. In light of this, LD has enhanced the internal monitoring system of Occupational Health Division to ensure effective implementation of the current bring-up mechanism.</p> <p>Besides, since 1 January 2018, LD has implemented a monitoring system to ensure effective implementation of the file bring-up mechanism. The mechanism involves monitoring the</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) ascertain the number of existing backlog inspections and take effective measures to clear the backlog as soon as practicable.</p>	<p>number of high/moderate-risk brought-up cases and their inspection status. The inspection progress is also reported monthly to the management to facilitate follow-up.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p> <p>(d) LD has cleared all existing backlog cases by April 2018.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p>
4.25	<p>Audit has recommended that the Commissioner for Labour should –</p> <p>(a) with a view to enhancing transparency, consider reporting separately in the COR the number of investigations, surveys, examinations, assessments and clinical consultations; and</p> <p>(b) review the appropriateness of the existing method of calculating and presenting the number of surveys reported in the COR.</p>	<p>(a) In the COR from 2018 onwards, LD has separately reported the number of investigations, surveys, examinations, assessments and clinical consultations related to occupational health with a view to enhancing transparency.</p> <p>As the recommendation has been implemented, we recommend that this part be deleted from the next progress report.</p> <p>(b) According to the recommendations of the Audit, LD has reviewed the existing method of calculating and presenting the number of surveys and considered that the method of calculating the number of surveys has to accurately reflect the manpower deployed and the workload involved. If a survey is</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>jointly conducted by two officers due to its complexity, it should be counted as two surveys. If a survey is conducted at two work locations of a workplace and the environments of the two locations are significantly different, it should also be counted as two surveys. LD therefore considers the existing method of calculation appropriate.</p> <p>For the purpose of enhancing transparency, LD has since the 2018 COR clearly stated that depending on its complexity, a survey may need to be undertaken by more than one officer. A joint survey undertaken by two officers is counted as two surveys.</p> <p>As the follow-up work on this recommendation has been carried out, we recommend that this part be deleted from the next progress report.</p>
