

Laying of the Report The Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year end 31 March 2016 and his Report No. 67 on the results of value for money audits were laid in the Legislative Council ("LegCo") on 23 November 2016. The Public Accounts Committee ("the Committee")'s Report (Report No. 67) was subsequently tabled on 15 February 2017, thereby meeting the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be tabled within three months of the Director of Audit's Report ("Audit Report") being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 67 was laid in LegCo on 24 May 2017. A progress report on matters outstanding in the Government Minute was issued on 23 October 2017. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 68 below.

Buildings Department's actions on unauthorized building works
(Paragraphs 3 to 5 of Part 3 of P.A.C. Report No. 67)

3. Hon SHIU Ka-fai declared that he was engaged in the trading business of construction materials.

4. The Committee was informed in the Government Minute which was laid before LegCo in May 2017 that:

- to enhance the follow-up actions on actionable unauthorized building works ("UBWs") which were issued with removal orders, the Buildings Department ("BD") was upgrading its Building Condition Information System by adding new functions to record and capture information on the actionable and non-actionable UBWs identified through handling reports of UBWs and its large-scale operations. Upon completion of the upgrading, the Building Condition Information System could help BD apprehend the number of identified actionable UBWs;
- to effectively combat UBWs, BD considered it necessary to implement a "multi-pronged" approach, comprising legislation, enforcement, support and assistance to owners, and publicity and public education efforts. BD had adopted the "Building Coordinator" approach since

2011 for taking enforcement actions against individual buildings in relation to all general building safety issues. The same team of staff was responsible for taking various dedicated actions concerning building safety from time to time; and

- with new guidelines, work procedures and additional manpower on UBWs, the number of UBWs removed and irregularities rectified by BD had increased from approximately 15 000 in 2013 to approximately 23 000, 24 500 and 26 500 in 2014, 2015 and 2016 respectively. Nevertheless, having regard to the difference in the repair condition and the types and number of existing UBWs of the buildings concerned as well as the unique circumstances and background of each case, BD was unable to formulate an action plan for all cases.

5. The Committee wrote to Director of Buildings on 5 January 2018 to enquire BD's criteria and priorities on taking enforcement actions to remove UBWs and rectify irregularities, in particular the shop structures adjacent to the exits of staircases on ground floor of old tenement buildings. The replies from **Director of Buildings** are in *Appendix 3*.

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

Public cooked food markets managed by the Food and Environmental Hygiene Department

(Paragraphs 6 to 8 of Part 3 of P.A.C. Report No. 67)

7. Hon LAM Cheuk-ting declared that he was a member of the "Market Management Consultative Committee" of Shek Wu Hui Market under the Food and Environmental Hygiene Department ("FEHD").

8. The Committee was informed in the Government Minute which was laid before LegCo in May 2017 that:

Installation of fire safety measures and upgrading of electricity supply

- FEHD had set up an inter-departmental working group with the Architectural Services Department and the Electrical and Mechanical Services Department to resolve the technical feasibility of installing the six minimum fire safety measures¹ recommended by the Audit Commission ("Audit") in cooked food venues and of upgrading the electricity supply of the cooked food markets ("CFMs")/cooked food centres ("CFCs"), and to prioritize the installation/upgrading works;
- amongst the six minimum fire safety measures, almost all 72 public cooked food venues² were now provided with portable fire extinguishers, emergency lighting, manual fire alarms³ and automatic cut-off device for mechanical ventilating system⁴ where applicable. For the installation of the remaining two fire safety measures, as at April 2017, 46 cooked food venues had been equipped with automatic sprinkler system, and 52 with fire hydrant and hose reel system. The major challenge to provide fire hydrant and hose reel for the rest of the cooked food venues was to identify suitable space in the cooked food venues for construction of water tanks and the associated plant rooms. In some of the venues, the construction of a pump room, water tank and trench for sprinkler pipe would be infeasible without major alteration or extension;
- with the acceptance of the Fire Services Department ("FSD") and the Water Supplies Department ("WSD"), FEHD had begun installing improvised automatic sprinkler system with direct water supply from government mains at concerned venues where installation of

¹ The six minimum fire safety measures were: (i) portable fire extinguisher; (ii) emergency lighting; (iii) manual fire alarm; (iv) automatic cut-off device for mechanical ventilating system; (v) automatic sprinkler system; and (vi) fire hydrant and hose reel system.

² Excluding three cooked food hawkers bazaars which had been closed since the issue of the Audit Report in 2015.

³ All cooked food venues had been equipped with portable fire extinguishers. Emergency lighting and manual fire alarms had been installed in all cooked food venues, except in one cooked food hawkers bazaar which would be planned for closure and in Woosung Street cooked food hawkers bazaar of which installation of fire safety measures would be incorporated in its scheduled improvement works project.

⁴ Automatic cut-off device for mechanical ventilating system had been installed in 34 cooked food venues and relevant departments subsequently confirmed that the said installation was not applicable to the remaining 38 cooked food venues which were not provided with centralized ventilating system.

conventional automatic sprinkler system with construction of water tanks was infeasible. On the other hand, the installation of a conventional fire hydrant and hose reel system would normally require sufficient space to accommodate the fire service water tanks. Where such space could not be made available for the tank at the concerned venues, FEHD might propose a fire hydrant and hose reel system with reduced tank size, or seek the acceptance of FSD and WSD to have an improvised hose reel system with direct water supply from government mains as an alternative;

- FEHD would continue to liaise with the Architectural Services Department, the Electrical and Mechanical Services Department and related power companies to explore the feasibility of upgrading electricity supply system for those public cooked food venues with sub-standard systems. In some of the venues, power upgrade would not be practically feasible. FEHD issued in July 2015 an advisory letter attached with tips and guidelines on electrical safety and safe use of electrical appliances for attention and observance by operators of the cooked food venues. FEHD also imposed an additional condition on tenancy agreement in March 2016 requiring the tenants of CFCs/CFMs to ensure that the loading of the electrical appliances used at the stall would not overload the electricity supply of the stall; and

Retrofitting of air-conditioning system

- as at March 2017, 11 public markets⁵ had attained the threshold of tenants' support for retrofitting of air-conditioning system. FEHD was taking forward progressively the retrofitting of air-conditioning. The technical feasibility study for Tai Wai Market had been completed and the preliminary technical feasibility assessment for Shui Wo Street Market CFC, Aberdeen Market cum CFC and Ngau Tau Kok Market CFC was underway. FEHD was following up with the Architectural Services Department to conduct preliminary technical feasibility assessment for the other markets concerned. Taking into consideration factors such as the findings of the technical feasibility studies, extent of works required, cost effectiveness, impact on

⁵ These public markets were Shui Wo Street Market CFC, Tai Wai Market, Aberdeen Market cum CFC, Ngau Tau Kok Market CFC, Shek Tong Tsui Market CFC, Fa Yuen Street Market CFC, Electric Road Market CFC, Quarry Bay Market CFC, Ngau Chi Wan Market CFC, Yeung Uk Road Market and Tsuen Wan Market.

business and market operation, and whether the implementation details were acceptable to the tenants concerned, the Administration would decide whether there was a case for carrying out the works for retrofitting of air-conditioners.

9. The Committee wrote to Director of Food and Environmental Hygiene on 5 January 2018 to enquire the progress of installing air-conditioning system in CFMs and CFCs; the CFMs and CFCs for which preliminary technical feasibility assessment would be conducted for the installing/retrofitting of air-conditioning system; and whether any CFMs and CFCs were identified as infeasible to install/retrofit the air-conditioning system due to technical constraints as well as the alternative measures to improve the conditions of these CFMs and CFCs. The replies from **Director of Food and Environmental Hygiene** are in *Appendix 4*.

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

Management of water supply and demand

(Paragraphs 9 to 11 of Part 3 of P.A.C. Report No. 67)

11. The Committee was informed that:

Water supply management

Use of reclaimed water

- WSD commenced the core infrastructure works related to the supply of reclaimed water for flushing in Northeast New Territories, which comprised a service reservoir and trunk water mains, in April 2017. The remaining infrastructure works including a chlorination plant, a pumping system and local distribution mains were currently under design. On the other front, WSD's consultant had completed a review on the financial and legal framework having regard to international experience and were in the process of developing an appropriate framework in Hong Kong for completion by end 2017;

- WSD was carrying out a comprehensive review of the Total Water Management Strategy, including a strategy for promoting grey water reuse and rainwater harvesting for non-potable purposes. The consultant had liaised with the Architectural Services Department and the Drainage Services Department to review the results of the trial schemes for the use of grey water and rainwater for non-potable purposes at government/school buildings. The consultant had also recommended a strategy for promoting grey water reuse and rainwater harvesting in government and private buildings;
- WSD had been driving departments to adhere to the policy on grey water reuse and rainwater harvesting in government buildings through the joint technical circular on Green Government Buildings by the Development Bureau and the Environment Bureau;
- the Hong Kong Green Building Council was conducting a review for the Building Environmental Assessment Method Plus New Buildings, including giving more credits for grey water reuse and rainwater harvesting in the assessment criteria so as to encourage grey water reuse and rainwater harvesting in private buildings. WSD had provided technical support in this connection and the review was expected to be completed by end 2017;

Protecting existing water resources

- the review of the detailed design, method statements and related environmental impact assessments of the Inter-Reservoirs Transfer Scheme was making satisfactory progress and the initial conclusions were positive. In line with the proposals of the review, the Drainage Services Department was refining the detailed design and method statements of the Scheme; and

Way forward

- the review of the Total Water Management Strategy covering water conservation measures to address the long-term water demand was nearing completion. WSD was taking into account of the findings of the review for a study on setting a water saving target and achievement date, including water saving per capita per day, for Hong Kong.

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

Planning, construction and redevelopment of public rental housing flats
(Paragraphs 3 to 5 of Part 4 of P.A.C. Report No. 67)

13. Hon Kenneth LEUNG declared that he was a former member of the Hong Kong Housing Authority ("HKHA"); and Hon SHIU Ka-fai declared that he was currently a member of HKHA and engaged in the trading business of construction materials.

14. The Committee was informed that:

Management of public rental housing construction projects

- 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 2016-2017 to 2020-2021, 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 LegCo at an appropriate time for funding to be drawn from the Housing Reserve;

Public Housing Construction Programme 2016-2017 to 2020-2021

- 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, and the estimated production number of public housing under HKHA in the next five years on its website and LegCo submission; and

- as stated in the Long Term Housing Strategy 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 2017-2018 to 2026-2027. 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 2017-2018 to 2021-2022 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 2017-2018 to 2026-2027 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.

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

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

(Paragraphs 6 to 8 of Part 4 of P.A.C. Report No. 67)

16. The Committee was informed that:

- the Administration had continued to urge the United Nations High Commissioner for Refugees ("UNHCR") to make renewed efforts to appeal to the international community for donations with a view to settling the outstanding advances, which remained at \$1,162 million. Although it was not optimistic that repayment could be made by UNHCR in the near future, the Administration would continue to pursue the issue; and
- the Security Bureau wrote to the Hong Kong Sub-office of UNHCR in August 2017 again to reiterate the Administration's stance and register the Hong Kong community's expectation of an early recovery of the outstanding advances.

17. The Committee wrote to Secretary for Security on 5 January 2018 to enquire whether the Administration had assessed the possibility of recovering the outstanding advances and studied alternative solutions to recover the outstanding advances (e.g. making reference to other overseas countries/cities which had similar experience), and under what circumstances the Administration would consider writing off an outstanding sum. The replies from **Secretary for Security** are in *Appendix 5*.

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

Footbridge connections between five commercial buildings in the Central District

(Paragraphs 9 to 11 of Part 4 of P.A.C. Report No. 67)

19. Hon Abraham SHEK Lai-him declared that he had an office in one of the five concerned commercial buildings.

20. The Committee was informed that in late June 2017, the owner of one of the five concerned commercial buildings (i.e. Building II) indicated that he would submit a general building plan to BD once the owner of another commercial building (i.e. Building I) had confirmed the connection point of the new footbridge.

21. The location of the proposed Footbridge A is shown in *Appendix 6*.

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

Small house grants in the New Territories

(Paragraphs 12 to 16 of Part 4 of P.A.C. Report No. 67)

23. Hon Paul TSE Wai-chun declared that he was an indigenous villager of the New Territories and had exercised his small house concessionary right to build a New Territories small house.

24. The Committee was informed in the Government Minute which was laid before LegCo in May 2017 that:

- the existing small house policy had been in operation for a long period of time and its review inevitably involved complicated issues in aspects such as legal, environment, land use planning and demand on land, all of which required careful examination;
- the review of small house policy was not a priority task given the complexity of the issues involved and that the priorities of the Development Bureau had been given to more important issues such as increasing land supply and implementing cost control over key public works projects; and
- it was also noteworthy that the small house policy was currently subject to a judicial review. The Administration was not in a position to make any public comment on issues that might prejudice its handling of the case.

25. The Committee also noted that "Small house policy and rural planning strategy" had been put on the list of outstanding items for discussion of LegCo Panel on Development.

26. The Committee wrote to Secretary for Development on 5 January 2018 to enquire whether the current term Government had planned/would plan to take any action, including initiating a review on the small house policy, and the timetable. The replies from **Secretary for Development** are in *Appendix 7*.

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

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

28. Hon Abraham SHEK Lai-him declared that he was a member of Hong Kong Country Club, Hong Kong Football Club, Hong Kong Golf Club, Hong Kong Jockey

Club, Royal Hong Kong Yacht Club and Shek O Country Club; Hon Paul TSE Wai-chun declared that he was a member of Hong Kong Jockey Club, Scout Association of Hong Kong and South China Athletic Association; and Hon Kenneth LEUNG declared that he was a member of the Ladies Recreation Club, Craigengower Cricket Club and Foreign Correspondents' Club, Hong Kong.

29. The Committee was informed that:

Review of the Private Recreational Lease ("PRL") policy

- the Home Affairs Bureau ("HAB") aimed to brief LegCo Panel on Home Affairs on the review findings of the PRL policy within 2017⁶ and then commence public-cum-stakeholder consultation;

Implementation of the "opening-up" requirement

- HAB placed another round of advertisements in the print media in September 2017 to encourage eligible bodies to make use of sports facilities operated by PRL lessees, and would consider other publicity measures as necessary;

Monitoring of compliance with lease conditions

- the Lands Department ("LandsD"), in consultation with HAB and other relevant bureaux/departments, had completed all the required follow-up actions on cases of irregularities and suspected non-compliance with lease conditions identified in the Audit Report;
- upon expiry of existing PRLs, LandsD and HAB would consider whether additional conditions should be added on a case-by-case basis;
- in future cases of sufficient importance, HAB would seek the advice of the Executive Council before granting PRLs where necessary; and

⁶ As at 31 December 2017, the Administration had not yet briefed LegCo Panel on Home Affairs the review findings.

Progress of the renewals for the 16 expired PRLs

- when considering applications for PRL renewal, HAB would examine the Memorandum and Articles of Associations of the clubs concerned to ensure that they met the non-discriminatory membership policy requirement. As at mid-May 2017, of the 16 expired PRLs, 13 had been renewed as PRLs and one had been granted a special purpose lease. HAB would complete the renewal of the remaining two PRLs as soon as the outstanding issues were resolved.

30. The Committee wrote to Secretary for Home Affairs on 5 January 2018 to enquire the difficulties encountered by the Administration in conducting the PRL policy review, the latest progress of the review, as well as the timeline to brief LegCo Panel on Home Affairs and to make public the review findings. The replies from **Secretary for Home Affairs** are in *Appendix 8*.

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

Management of roadside skips

(Paragraphs 20 to 23 of Part 4 of P.A.C. Report No. 67)

32. Hon Steven HO Chun-yin declared that the business he and his family members engaged in might involve skips.

33. The Committee was informed that:

Strategies and action plans for regulating and facilitating skip operations

- the Administration had provided one site 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 skip trade for storing idling skips. For the site at Tseung Kwan O, the occupancy rate had been on the rise since its commissioning in early 2017, averaging about 80%. For the site at Siu Lang Shui, Tuen Mun District Lands Office had granted the

short-term tenancy in the end of July 2017, and the tenant was expected to commence operation by September/October 2017;

- through stepping up joint enforcement operations against roadside skips⁷ since February 2017, the indiscriminate placement of roadside skips in Tseung Kwan O area had been effectively improved. The Joint Working Group led by the Environment Bureau and the Environmental Protection Department ("EPD") would progressively organize joint operations in other black spots as necessary and, through a dedicated term service contractor, assist enforcement departments to expedite the removal of non-complying skips so as to enhance enforcement efficiency and deterrent effect;
- the Joint Working Group was liaising with the skip operator trade to support and facilitate the setting up of a trade-led skips registration system, under which skip specifications would be standardized and adoption of appropriate safety measures and good operational practices would be promoted, thereby progressively enhancing the standards of skip operations;
- the Joint Working Group organized a seminar with the trade in September 2017 to promote safe practices in skip operations and wider adoption of the Transport Department's "Guidelines for Mounting and Placing of Skips" among skip operators. The Transport Department would monitor the compliance of skips, by making use of the data gathered via periodic surveys conducted at the two skip storage sites regarding compliance with the guidelines on colour and outlook; and

Introduction of regulatory system

- taking into account the progress of the work proposed, the Administration would consider whether there was a need to introduce a new regulatory system to regulate skip operations in the long run.

34. The Committee wrote to Secretary for the Environment on 5 January 2018 to enquire the removal progress of roadside skips; the number of skips that had been removed; measures/strategies to deal with skips at black spots; the clearance

⁷ These joint operations were co-ordinated by the Sai Kung District Office under HAD, and participated by EPD, the Hong Kong Police Force and LandsD.

timetable of roadside skips; the progress of setting up a skips registration system; and the latest position on the adoption of safe practices and compliance of "Guidelines for Mounting and Placing of Skips". The consolidated replies from **Secretary for the Environment** and **Director of Environmental Protection** are in *Appendix 9*.

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

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

36. The Committee was informed that:

Increasing service places for the elderly

- the Social Welfare Department ("SWD") was planning to implement 27 development projects for provision of new contract homes and day care centres/units for the elderly. It was estimated that about 2 420 residential care places (including subsidized and non-subsidized places) and about 880 day care places for the elderly would be progressively provided from 2017-2018;
- SWD had started to provide, since August 2017, additional 2 000 vouchers under the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly to support ageing in place for elderly persons with moderate or severe impairment;
- in May 2017, the Commission on Poverty agreed to implement two pilot schemes, through allocations from the Community Care Fund, to support ageing in place for elderly persons. The first pilot scheme would be rolled out in the first quarter of 2018 and the second pilot scheme in the fourth quarter of 2017 at the earliest;

Strengthening the monitoring of residential care homes for the elderly and enhancing the service quality

- SWD had been implementing various improvement measures to strengthen the monitoring of residential care homes for the elderly and

enhance their service quality, including strengthening inspection strategy and inspection back-up; handling and follow-up of complaints; reviewing the legislation and code of practice and formulating care-related guidelines; enhancing monitoring and quality/skills of home operators/managers/staff; stepping up law enforcement and increasing transparency, etc. On the review of the legislation and code of practice, SWD set up in June 2017 a working group comprising different stakeholders to make recommendations on amendments;

- SWD set up a new Licensing and Regulation Branch on 2 May 2017 to regulate residential care homes or centres licensed or registered by SWD, including residential care homes for the elderly;

Elderly Services Programme Plan ("ESPP")

- the Elderly Commission submitted ESPP to the Administration in June 2017. ESPP had made recommendations on the future development of elderly services, including the planning of subsidized services in terms of service quota, premises and manpower, etc. The Administration accepted in principle the recommendations and had begun follow-up work. The Elderly Commission and its Working Group on ESPP would monitor the implementation of the recommendations. LegCo Panel on Welfare Services was briefed on ESPP and the Administration's follow-up plan in July 2017; and

Looking ahead

- it was announced in the 2017-2018 Budget that a forward-looking approach would be taken and a total of \$30 billion would be earmarked to strengthen elderly services and rehabilitation services for persons with disabilities.

37. The Committee wrote to Chief Secretary for Administration on 5 January 2018 to enquire about the latest progress on the implementation of the two pilot schemes to support ageing in place for elderly and the development projects for the provision of new contract homes and day care centres/units for the elderly; the annual number of new service places for the elderly available in the next ten years; and measures to shorten the waiting time for residential care places by the elderly. The replies from **Secretary for Labour and Welfare** are in *Appendix 10*.

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

Administration of the air traffic control and related services

(Paragraphs 28 to 31 of Part 4 of P.A.C. Report No. 67)

39. Hon Steven HO Chun-yin declared that he was a non-executive director of the Airport Authority Hong Kong.

40. The Committee was informed that:

Commissioning of the new Air Traffic Management System ("ATMS")

- the Transport and Housing Bureau ("THB") had been monitoring closely the progress of the new ATMS project, the performance of the new ATMS after its full commissioning, and the follow-up actions taken by the Civil Aviation Department ("CAD"). THB received regular updates from CAD and provided policy advice to CAD;
- although the new ATMS had experienced some teething issues during the initial commissioning, CAD's staff members had handled those occurrences with professional expertise and experience, as per established procedures, without compromising aviation safety. By benchmarking international best practices and the International Civil Aviation Organization's safety management system process, the ATMS Expert Panel set up by CAD pointed out that CAD had in place an effective and established mechanism for responding to different situations occurring after the full transition;
- for the teething issues encountered during the initial commissioning of the new ATMS, CAD and THB reported to the Committee in writing on 3 and 21 April 2017 (*Appendices 11 and 12* respectively) on the occurrences and the follow-up actions, and would continue to keep LegCo informed of the progress;
- CAD would continue to work closely with the contractor with a view to completing the optimization of the new ATMS as soon as possible.

During the process, CAD would duly seek independent professional advice from the ATMS Expert Panel; and

- in November 2017, the ATMS Expert Panel issued the final report to sum up its findings and recommendations after a year-long review of the various aspects of ATMS since its full commissioning on 14 November 2016, as follows:
 - (a) the ATMS Expert Panel was of the view that safety was never compromised in all of the occurrences that ATMS experienced during the run-in period and all issues had been duly addressed. It was satisfied with the implementation progress of the recommendations;
 - (b) the performance of ATMS exceeded international requirements, and was also within expectations and in line with experiences of the air navigation service provider overseas;
 - (c) the overall performance of the new ATMS was satisfactory and smooth after a run-in period. It had effectively enhanced aviation safety and acquired international recognition. CAD's front-line staff also became more conversant with the operation and maintenance of ATMS. The system performance had testified that the new ATMS was capable of handling all weather, traffic peaks and contingent situations; and
 - (d) ATMS and other air traffic control systems would have to be optimized and enhanced when circumstances warranted to enhance efficiency by introducing new features progressively according to operational necessity, to review and formulate a long-term air traffic control manpower plan, and to keep up CAD's internal and external communication with relevant parties in a timely manner. The ATMS Expert Panel encouraged CAD to make use of the international users group of AutoTrac III in further optimizing the new ATMS system in Hong Kong.

41. The Committee conducted a visit on 15 March 2017 to CAD to observe the operation of the new ATMS. On 5 January 2018, the Committee wrote to Director-General of Civil Aviation to enquire the implementation details of the

international users group of AutoTrac III and whether the Administration had implemented all the recommendations in the final report of the ATMS Expert Panel. The replies from **Director-General of Civil Aviation** are in *Appendix 13*.

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

Government's efforts in managing municipal solid waste
(Paragraphs 32 to 35 of Part 4 of P.A.C. Report No. 67)

43. Hon Steven HO Chun-yin declared that the business he and his family members engaged in might involve recycling.

44. The Committee was informed in the Government Minute which was laid before LegCo in May 2017 that:

Reduction in municipal solid waste ("MSW")

- the Organic Waste Treatment Facilities Phase 1 was under construction and scheduled for commissioning by end 2017. The Administration expected that subject to funding approval by LegCo Finance Committee, the Organic Waste Treatment Facilities Phase 2 would be commissioned in 2021. Regarding the Design-Build-Operate tender contract of the Integrated Waste Management Facilities Phase 1, the Administration expected that the tender evaluation would be completed and the contract be awarded in early 2018 with a view to commissioning the facility in 2024;
- the Administration had been reviewing the implementation progress of the "Hong Kong Blueprint for Sustainable Use of Resources (2013-2022)" from time to time and keeping LegCo informed. The Administration also published the waste disposal and recovery data on EPD's website annually for public information;
- following the enactment of the enabling legislation for the producer responsibility schemes on waste electrical and electronic equipment and glass beverage containers in 2016, the Administration aimed to

bring the two schemes into operation in phases in 2017 and 2018.⁸ The Administration would then commence a feasibility study to explore how to implement a producer responsibility scheme for suitable plastic containers;⁹ and

- the Administration had been actively undertaking preparatory work for implementing MSW charging and planned to introduce into LegCo the necessary legislation in the second quarter of 2017.¹⁰

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

Use and disposal of vacant school premises

(Paragraphs 38 to 40 of Part 4 of P.A.C. Report No. 67)

46. Hon Abraham SHEK Lai-him declared that he was the Chairman of Board of Governors of English Schools Foundation and a council member of the St. Stephen's Girls' College.

47. The Committee was informed in the Government Minute which was laid before LegCo in May 2017 that:

Identifying vacant school premises ("VSP")

- of the remaining 108 addresses identified from the stocktaking exercise conducted earlier by the Education Bureau ("EDB"), it was confirmed that 14 addresses had already been handled by the Planning Department under the central clearing house mechanism. EDB had reviewed the remaining 94 addresses according to the prevailing

⁸ At the LegCo Panel on Environmental Affairs meeting held on 23 January 2017, the Administration briefed members on the preparatory work for the implementation of the producer responsibility scheme on waste electrical and electronic equipment.

⁹ The Scheme would mainly involve plastic bottles carrying beverages or personal care products.

¹⁰ The Administration informed LegCo Panel on Environmental Affairs at its meeting on 30 October 2017 that the Administration planned to introduce the Amendment Bill into LegCo by end of 2017. Assuming that the scrutiny of the Bill would take 12 months and a preparatory period of 12 to 18 months would be in place before the legislation came into effect, MSW charging would be implemented towards the end of 2019 at the earliest.

mechanism and considered that premises at 85 addresses could not be reallocated by EDB for school or, with the Planning Department's consent, other educational use, because of various reasons.¹¹ EDB would therefore inform the Planning Department and other relevant departments (such as LandsD and the Housing Department) of these 85 addresses in accordance with the central clearing house mechanism for consideration of suitable alternative long-term use;

- of the remaining nine addresses, the short-term use (under Short Term Tenancy with LandsD) at one premises had ended in March 2017 and EDB had earmarked/retained this VSP for possible school or other educational use. As regards the remaining eight addresses which involved vacant premises on government land (mainly located in remote areas, with a small site area or in dilapidated conditions), EDB had preliminarily reviewed their size, location, physical conditions etc. and considered that the feasibility of reallocating them for school or other educational use was limited. EDB would circulate these premises amongst internal divisions/sections to ascertain whether any of them were suitable for inclusion in the VSP database for the half-yearly updating exercise to confirm whether the premises were required for reallocation for school or other educational use in accordance with the Procedural Manual on Identification, Screening, Allocation and Management of Vacant School Premises promulgated in June 2016. If none of these premises was considered suitable for inclusion in the database for further consideration, EDB would inform the Planning Department, LandsD and the Housing Department in accordance with the central clearing house mechanism for consideration of suitable alternative long-term use;

Allocating VSP for educational or other uses

- as regards the two VSP on private land that had not been earmarked for any use, the proposed other educational use of one of them had already had EDB's in-principle support and the school sponsoring body

¹¹ Reasons included: these premises 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 use; they were situated on private land where the leases were virtually unrestricted or there was no cessation/diminution of user clause under the leases; they were situated on government land and with planned/proposed uses in line with the related site requirements; they were located within Military Closed Area, etc.

("SSB") was taking active follow-up actions. EDB was continuing the discussion with other relevant departments regarding the surrender of the other premises by SSB;

- as regards the three VSP located on government land that were partially utilized for their current uses, one had been allocated for office use by three education-related organizations and renovation works were being arranged. The remaining two (involving the covered playground and staff quarters of an ex-VSP and 3/F to 6/F of a school premises) were included in the list for being considered for school or other educational use as well as suitable short-term use on a half-yearly basis. No suitable shared uses had been identified so far;
- 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, the Administration was not in a position to take further action in respect of 28 cases, including 21 cases where the land leases for the private land concerned did not contain a cessation/diminution of user clause allowing the Government to re-enter the land after cessation of school use, one case where uses other than school use were allowed under the lease, and six cases where alternative long-term use had been approved/earmarked;
- for the remaining 49 VSP under LandsD's purview but not being used, as at end-March 2017, six VSP were on private land that had a cessation/diminution of user clause in the land leases and 43 VSP were on government land. In respect of the six VSP on private land, LandsD was processing two proposals submitted for other uses and one application for one repossessed lot, and would continue to take appropriate actions to recover possession of three VSP. Of the 43 VSP on government land, planned uses/applications in respect of 24 VSP were being processed by LandsD (including two VSP the possession of which had been recovered subsequent to the last report tabled in February 2017), 15 VSP had been included into the list of VSP sites available for application for short-term use, and four VSP (including one VSP the possession of which had been recovered subsequent to the last report tabled in February 2017) were not

available for short-term use for the time being due to technical reasons, including possible slope problems;

Handling cases of VSP not surrendered

- 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, the Administration's follow-up actions focused on the 41 cases for which action was warranted. The Administration was not in a position to take further action on the remaining 30 cases, including 28 cases where the land leases for the private land concerned did not contain a cessation/diminution of user clause allowing the Government to re-enter the land after cessation of school use and two cases where uses other than school use were allowed;
- among the 41 VSP warranting further action, 25 were under EDB's purview. As at end-March 2017, 22 of them were being used for educational purpose (including five under temporary waiver granted by LandsD); the proposed educational use of two had already had EDB's in-principle support, with the relevant SSBs taking active follow-up actions; and EDB was discussing with other relevant departments regarding the surrender of the remaining one by SSB. For the 16 VSP under LandsD's purview, LandsD had repossessed five VSP and would continue to recover possession of three VSP and to process the proposals submitted for other uses in respect of the remaining eight VSP;
- EDB was continuing the discussion with the relevant SSBs and relevant departments with regard to Case 6¹² of the Audit Report and VSP arising from reprovisioning which was on both private land and government land (the premises of which was currently being used as the decanting premises of a secondary school during its in-situ redevelopment till August 2018); and

¹² In this school reprovisioning case, only part of VSP was proposed to be carved out from the private treaty grant site for returning to the Government. However, there were road access and utility connection problems for the carved-out site as it was blocked from the main road, and the other side of the carved-out site was connected to a narrow service road not intended for road traffic and utility connection. This rendered it impractical for the Government to make use of the carved-out site.

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

- on 28 March 2017, LandsD uploaded the list of VSP under its management and available for application by non-government organizations for short-term use onto its website to facilitate public access and would update the list in accordance with the latest position.

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

Operation of the Hongkong Post

(Paragraphs 41 and 42 of Part 4 of P.A.C. Report No. 67)

49. The Committee was informed that:

Performance of Hongkong Post ("HKP") as a trading fund

- having regard to the Post Office Trading Fund's business environment, the Financial Secretary had approved to adopt the target rate of return for Post Office Trading Fund as 2.6% from 2017-2018 to 2021-2022 (the target rate of return for Post Office Trading Fund was 5.9% from 2012-2013 to 2016-2017);

Management of mail processing

Control and administration of overtime work in HKP

- the review on standard time for processing and delivering different types of mail items was completed in December 2016. The new yardsticks were being implemented at delivery offices alongside the beat revision cycle commencing from the first quarter of 2017-2018 for completion by early 2019;
- by 7 November 2017, HKP had completed 70% of the surveys for the overdue beats to be conducted. Due to the office reprovisioning work planned for the first half of 2018, beat surveys at Shau Kei Wan Delivery Office, Eastern Delivery Office, Shek Wu Hui Delivery Office and Yuen Long Delivery Office would be conducted at a later

stage in order to avoid abortive efforts. Except for these four offices, the beat survey exercise for the overdue beats would be completed by end 2017;

- Personal Digital Assistants for delivery postmen in the Mail Delivery Division to instant record the delivery status of mail items were due for replacement in 2017. HKP aimed to implement the Personal Digital Assistants replacement programme in phases starting from September 2017 until March 2018, and the tendering exercise for procurement of Personal Digital Assistants was in progress. Meanwhile, additional functions including camera, global positioning system, e-signature capturing and touch screen would be included in the device for enhancing control of outdoor duties;
- the Beat Revision Analysis System would adopt equipment provided with global positioning system to capture data on the travelling and delivery time of delivery postmen. The system enhancement was completed in October 2017. The user acceptance test of global positioning system equipment and enhanced functions were completed in mid-November 2017, and the equipment had been put on trial use at selected delivery beats; and

Management of the Central Mail Centre and the General Post Office Building

- LegCo Panel on Economic Development discussed and supported the plan to re-provision the HKP Headquarters to Kowloon Bay at its meeting held on 21 July 2017. A funding submission to the Public Works Subcommittee and the Finance Committee of LegCo would be made in 2017-2018.

50. The Committee wrote to Postmaster General on 5 January 2018 to enquire whether the beat survey exercise for the overdue beats would evaluate the carriage of excessive loads by postmen in delivering the bulk packets ordered through online platforms, and whether such carriage would have adverse impact on the postmen and the delivery time required for completing the delivery tasks. The replies from **Postmaster General** are in *Appendix 14*.

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

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

52. Hon Abraham SHEK Lai-him declared that he was currently a member of the Court and Council of the University of Hong Kong, and a member of the Court of The Hong Kong University of Science and Technology.

53. The Committee was informed that:

Administration of recurrent grants

Provision of recurrent grants

- regarding the future allocation of knowledge transfer funding to the University Grants Committee ("UGC")-funded universities, the UGC Secretariat would review the earmarked knowledge transfer funding allocation for the 2019-2022 triennium, taking into account Audit's views and recommendations;

Review of tuition fees

- the Administration had no plan to increase the indicative tuition fee level at present and would maintain the indicative tuition fee at the current level during the 2016-2017 to 2018-2019 triennium, i.e. \$42,100 per student per year for UGC-funded programmes at degree level;
- UGC's consultancy study showed, 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, varied from jurisdiction to jurisdiction. There was no standard model. The current tuition fee level in Hong Kong did not stand out as particularly high or low when compared with the countries covered in the UGC's consultancy study. The Administration would consider carefully the indicative tuition fee level during the 2019-2022 triennium planning;

Administration of capital grants

Assessment of academic space

- the UGC Secretariat had commenced the selection exercise for the engagement of consultants to conduct: (a) the review on the space requirement formulae; (b) space utilization surveys; and (c) external audit of the space inventories of universities. The UGC Secretariat expected that the consultants to be appointed should start work by the end of 2017 with a view to completing the review study by 2019;

Finalization of project final accounts

- as at 1 September 2017, there were 20 major capital works projects and one Alterations, Additions, Repairs and Improvements project pending finalization of final accounts;

Governance and other administrative issues

Need to promulgate rules of procedure for meetings

- the UGC Secretariat had drawn up the rules of procedure for meetings and promulgated them on 3 July 2017;

Need to improve management of conflicts of interest

- the UGC Secretariat had taken appropriate follow-up actions, including locating and safe keeping of all the Register of Interests forms in respect of the current appointment of existing UGC/Quality Assurance Council members; setting up since January 2017 a central database on the Register of Interests forms submitted by members and putting in place a bring-up mechanism to closely monitor the progress of submission from members; requiring UGC/Quality Assurance Council members to submit annually the updated Register of Interests forms, with the first annual updating exercise conducted in July 2017; and seeking advice of the Independent Commission Against Corruption on management of conflicts of interest whenever needed;

Attendance rates of members

- the UGC Secretariat had taken appropriate follow-up actions, including reminding the members concerned to attend meetings as far as possible; fixing the meeting dates as early as possible to facilitate members to arrange for their attendance of meetings; arranging video conferences as far as practicable for members who could not attend the meetings in Hong Kong; setting up a mechanism to alert members on their attendance rates and urging them to make efforts to attend meetings as far as possible; and considering not renewing the service of members whose attendance had been poor;

Need to produce a strategic plan

- at its meeting in May 2017, UGC considered the need to prepare a document in the form of a strategic plan which would set out the principles, strategies and strategic priorities of UGC and tasked the UGC Secretariat to conduct further research;

Need to improve procurement practices

- upon review, UGC considered it appropriate to maintain the provision of suitable hotel accommodation at the existing standard for non-local members, who were renowned academics from around the world, when attending meetings in Hong Kong. The UGC Secretariat had enhanced the quotation exercises to cover all appropriate hotels which were located in the vicinity of the meeting venues; and would regularly review the list of hotels included in the exercises to ensure that it reflects the latest situation in the vicinity;
- the UGC Secretariat had taken the Government Logistics Department's advice that as a general rule, procurement of air tickets for the same activity should be consolidated as far as practicable; and that the supplier list on travel agents should be followed to invite submission of quotations according to the sequence in the supplier list;

Internationalization of the universities

- information on the mix of academic staff would be collected from the universities in the next 2017-2018 regular data collection exercise, and

the UGC Secretariat had consulted the universities on the data collection arrangement;

- in August 2017, the Task Force on Implementation of Governance Report Recommendations under UGC met the universities to finalize the draft written accountability framework which would include key performance indicators on, amongst others, internationalization for monitoring the universities' performance; and
- the Administration had maintained statistics of non-local graduates who had remained to work or stayed in Hong Kong after graduation. EDB was following up with the Immigration Department to enhance the system and compile more detailed statistics in this regard.

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

Procurement and maintenance of fire services equipment

(Chapter 3 of Part 7 of P.A.C. Report No. 67)

55. The Committee was informed in the Government Minute which was laid before LegCo in May 2017 that:

Communications systems

Delay in commissioning of the Third Generation Mobilising System

- FSD had established a multi-disciplinary in-house project team to draw up the user requirements through engaging frontline staff members and relevant stakeholders, with a view to minimizing the need for making substantial changes to the user requirements after the award of contract. Moreover, FSD would establish a communication mechanism to engage relevant works agents with a view to reviewing the progress and sorting out unresolved issues at the earliest opportunity in future procurement projects. In addition, FSD set up a new Major Procurement Projects Steering Committee to monitor the implementation of procurement issues in future procurement projects;

- when preparing tenders involving extensive system testing before final acceptance, FSD would include effective penalty clauses in the contract and put in place a more stringent control mechanism, so as to ensure the timely delivery of the project and full compliance of performance targets by the contractors;

Maintenance issues of the Third Generation Mobilising System

- FSD had instructed Contractor A to strengthen the control of its staff in respect of site arrival time to meet the two-hour response time for arriving on scene for maintenance and the six-hour turnaround time for rectifying critical faults targets as stipulated in the contract;
- since the introduction of improvement measures in October 2016, the average rate of the contractor's failure in meeting the maintenance response time target had decreased from 43% (average for 2015-2016) to 2% in March 2017, while that for the turnaround time target had decreased from 30% (average for 2015-2016) to 7% in March 2017;
- the claim for the actual damages caused by Contractor A's past cases of delayed maintenance services on half-yearly basis up to 30 September 2016 had been settled by the contractor. The Fire Services Equipment Maintenance Steering Committee would ensure that contract damages were claimed in a timely manner in case of a contractor's default in meeting performance targets in accordance with the contract provisions in future;
- FSD completed the post-implementation review of the Third Generation Mobilising System in April 2017 and the lessons learnt from the review would be taken into account when developing the next generation mobilizing system. FSD would conduct post-implementation reviews of major procurement projects in future according to the relevant guidelines issued by the Efficiency Unit;

Other enhancements for planning the next generation mobilizing system

- following an initial study of the technical feasibility of the function, FSD would include a mobile phone location identification function in the next generation mobilizing system. FSD would consider setting a

target of answering time for emergency calls and included the relevant technical specifications in the tender documents;

- the Fire Services Equipment Maintenance Steering Committee would monitor the maintenance services provided by Electrical and Mechanical Services Trading Fund ("EMSTF"). Enhancement measures for improving the preventive maintenance services had been implemented. Upon implementation of the measures since October 2016, the completion rates of the first and second half-yearly preventive maintenance for the digital trunked radio system terminal equipment in 2016-2017 had reached 93.61% (as at 30 September 2016) and 100% (as at 31 March 2017) respectively;
- a monitoring mechanism on corrective maintenance services had been agreed with EMSTF and put in place. Since August 2016 and up to end February 2017, there were a total of 440 and 67 corrective maintenance jobs handled by the maintenance team and contractor of EMSTF respectively. All the corrective maintenance jobs were completed in compliance with the Service Level Agreement requirements in respect of the response time and rectification time;
- FSD had provided a preliminary proposal on the feasibility of setting key performance indicators as well as incorporating suitable clauses for claiming damages into the existing Service Level Agreement to EMSTF for consideration;

Fire appliances and support vehicles

- the Fire Services Equipment Maintenance Steering Committee had examined ways to enhance the monitoring of the effectiveness of the Workshops and Transport Division's remedial measures in attaining the 90% target availability rate of the fire appliances and support vehicles. Upon implementation of the new measures, the availability rates of fire appliances and support vehicles had met the 90% target from November 2016 to February 2017 consistently;
- FSD had taken stock of the vehicle spare parts kept at its workshops and obsolete items identified were being disposed of in accordance with the Stores and Procurement Regulations. The Asset Management and Maintenance System had been enhanced for

management of dormant stock, management reporting and generating reminders on the need to arrange scheduled maintenance;

Fire-fighting and rescue vessels

- the Marine Department had drawn up a 10-year FSD vessel replacement/procurement plan with FSD. FSD and the Marine Department would have meetings on a quarterly basis to review the progress of FSD's vessel procurement/replacement projects. The tender evaluation for the two speedboats had been completed while the tender evaluation for Fireboat 7 was underway;

Other fire services support equipment

- the fine-tuning of all outstanding functions of the Asset Management and Maintenance System on inventory control, repair and maintenance management and business intelligence analysis had been completed. The functions had been put in use since October 2016;
- FSD completed the post-implementation review of the Asset Management and Maintenance System in April 2017 and would make reference to the lessons learnt from the review when developing similar information technology systems in future; and
- the Workshops and Transport Division had established a mechanism to monitor cases where preventive maintenance was not carried out in a timely manner, and the mechanism was the same as the one for monitoring non-compliances in scheduled maintenance requirements.

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

Management of abandoned construction and demolition materials

(Chapter 4 of Part 7 of P.A.C. Report No. 67)

57. The Committee was informed that:

Construction Waste Disposal Charging Scheme

- EPD would conduct a review 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, it would also take into account factors including the effectiveness of the charges in reducing waste, environmental considerations, as well as the impact of the charges on the trade and relevant stakeholders;
- the Administration was considering imposing a gate fee on MSW disposed of at landfills under the proposed MSW Charging Scheme. When the Administration reviewed the construction waste disposal charges in future, it would 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;

Measures to increase reuse of fill materials

- in October 2016, the 20th survey on the percentage of number of vehicle loads meeting the inert content requirement (i.e. containing more than 50% by weight) and on the screening methodology was conducted. The survey results revealed that the percentage of vehicle loads meeting the inert content requirement at sorting facilities was about 70%, which was comparable to the average compliance rate since the new waste acceptance criteria had come into effect in December 2010. EPD considered that the current screening methodology remained effective;
- the Public Fill Committee would continue to oversee the coordination of major capital works projects undertaken by the works departments and major public organizations to promote the local reuse of fill materials. In the coming few years, it was expected that some fill-absorbing projects would commence public fill intake;

Measures to prevent and detect illegal dumping¹³

- EPD had upgraded the technical specifications and functions of the new surveillance camera system with a view to capturing clear images of vehicle registration marks under different situations. Surveillance cameras would be progressively installed at about 30 illegal dumping black spots at various districts to step up monitoring and deter illegal dumping of construction and demolition waste by vehicles;
- EPD had drawn reference from the Hong Kong Police Force's prosecution arrangement to facilitate the identification and investigation of illegal waste dumping cases. EPD had also reminded the enforcement staff of the six-month time limit for taking prosecution actions. EPD would notify FEHD of incidents involving FEHD staff or its contractors for taking follow-up actions on a timely basis. On any potential legal issues, EPD would seek legal advice from the Department of Justice as early as possible and update the enforcement guidelines accordingly;

Way forward

- the Administration would explore destinations for receiving surplus fill materials, both locally and outside Hong Kong; and
- major public works projects were 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 material.

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

¹³ The Administration briefed LegCo Panel on Environmental Affairs at its meeting on 19 December 2016 on the actions being taken in tackling illegal land filling and fly-tipping of construction and demolition waste, and LegCo Panel on Environmental Affairs received public views on the issue at its meeting on 3 March 2017.

Hospital Authority's drug management
(Chapter 5 of Part 7 of P.A.C. Report No. 67)

59. The Committee was informed that:

Management of the Hospital Authority Drug Formulary ("HADF")¹⁴

- the Hospital Authority ("HA") had formulated an overall management framework and a monitoring mechanism for the use of drugs that were not listed on HADF (i.e. non-HADF drugs), and had aligned the operating procedure 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. Upon completion of internal consultation within HA, the aligned arrangements would be formalized through the promulgation of operation guidelines in the first quarter of 2018 and would be incorporated into the next revised version of HADF Management Manual in the second quarter of 2018. In addition, system enhancements would be completed by the first quarter of 2018 to facilitate generation of local hospital drug formulary documents and information sharing at both corporate and hospital levels;

Procurement of drugs

- HA had reviewed the Audit's list of 193 drug items and identified suitable candidates for bulk contract arrangement;
- HA had maintained multi-source tender exercises on existing and new drug items meeting the pre-set criteria, and had reviewed the current criteria for conducting multi-source tender exercises. In addition, HA had implemented key performance indicators in the Pharmacy Business Intelligence System, which was launched in April 2017 to facilitate bulk contract arrangements and overall monitoring, to enhance monitoring of delivery performance and had regularized the Performance Review Group meetings to strengthen monitoring of drug manufacturers and suppliers' performance;

¹⁴ The Administration briefed LegCo Panel on Health Services at its meetings on 20 March and 11 April 2017 on the policy on and drugs for rare diseases, and the Panel received public views on the issue at its meeting on 11 April 2017.

- HA Headquarter Office had centrally taken up quotation opening for direct purchases over \$100,000. HA had also reviewed the direct purchase practices and implemented the aligned workflow for direct purchase across clusters in the second quarter of 2017. HA would incorporate the aligned workflow into corresponding guidelines in the fourth quarter of 2017;

Dispensing and handling of drugs

- HA had set the framework of drug refill services and started the preparatory work. HA would implement drug refill services for targeted patient groups in two specialist outpatient clinics on a pilot basis in the first quarter of 2018. Subject to satisfactory review of the pilot programme, drug refill services would be rolled out to other specialist outpatient clinics in phases;
- in December 2016, HA updated the guidelines with standardized workflow on reporting of missing dangerous drug incidents and a standard template to guide incident investigation. HA had also established a set of compliance checklists to facilitate dangerous drug audits and developed a new e-learning courseware to enhance staff training on dangerous drugs handling. HA would further enhance its information technology system to facilitate reporting, notification and monitoring of dangerous drug incidents. These would be implemented in the second quarter of 2017;

Monitoring the quality of drugs

- HA had formalized 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 would implement the new service requirements through contract renewal in the first quarter of 2018;

Administration of financial assistance programmes for purchasing self-financed drugs

- HA had an established mechanism to regularly consider the inclusion of specific self-financed drugs under the coverage of safety net provided through the Samaritan Fund and the Community Care Fund

Medical Assistance Programme. Since August 2016, HA had supported 26 and 13 self-financed drugs respectively under the Samaritan Fund and the Community Care Fund Medical Assistance Programme to benefit more patients; and

- HA had started developing, since the first quarter of 2017, additional performance indicators to monitor the performance of post-approval checks on the Samaritan Fund and the Community Care Fund applications. From the second quarter of 2017 onwards, HA would select more samples from cases involving a substantial amount of subsidy for post-approval checks, expand the scope of checking and extend the bank search period up to the expiry of the validity period of financial assistance.

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

Funding of academic research projects by Research Grants Council

(Chapter 6 of Part 7 of P.A.C. Report No. 67)

61. Hon Abraham SHEK Lai-him declared that he was currently a member of the Court and Council of the University of Hong Kong, and a member of the Court of The Hong Kong University of Science and Technology.

62. The Committee was informed that:

Governance and management issues

Matters related to Council/committee/panel meetings

- a single set of "Rules of Procedures" on major meeting proceedings of the Research Grants Council ("RGC") and its committees and panels was promulgated in early July 2017 and uploaded onto UGC's website for public information;
- the UGC Secretariat had consolidated the information which used to be recorded in various form of documents and presented it in the form of

"minutes of meetings" which included members' attendance, main conclusion, follow-up actions etc.;

Award of research project grants

- starting from June 2017, the lists of projects recommended by assessment committees/panels with project title, recommended duration and recommended budget etc. were uploaded to each member's laptop for their scrutiny at RGC meetings. To avoid conflicts of interest, members who had submitted applications in the exercise concerned were not provided with such information;

Management of conflicts of interest

- in accordance with the "Rules of Procedures", a member should return his/her Register of Interests Forms to the UGC Secretariat within 30 days of his/her appointment or re-appointment, and thereafter on an annual basis. If there were changes to the particulars of a Member's registrable interests during the year, he/she should report such changes within 21 days of any changes. The UGC Secretariat would monitor the submission of the Register of Interests Forms and if required, issue more frequent reminders to members;
- the findings and recommendations of the RGC Review (Phase I) had been accepted by UGC in May 2017. An integrated action plan had been drawn up to implement the recommendations;

Monitoring of funded projects

- up to October 2017, 652 (67%) out of the 973 completion/concluding reports mentioned in the Audit Report had been assessed;
- in March 2017, a contractor was engaged to develop the proposed new electronic system to cover funding schemes operated in paper mode. It was anticipated that Phase 1 of the project would be completed in mid-2018 and Phase 2 of the project would be completed in mid-2019;

Handling of alleged misconduct cases by RGC

- as at 1 March 2017, the Disciplinary Committee (Investigation), Disciplinary Committee (Penalty) and Disciplinary Committee (Appeal) under RGC completed investigation of 49 alleged misconduct cases and found 25 of them substantiated. Penalties were imposed as appropriate. RGC agreed to publish on its website the summaries of each substantiated misconduct case with names withheld and the relevant statistics. The RGC Review would also examine the existing structure and procedures for handling alleged misconduct cases;

Research output

- RGC made use of the information on research outcome and research output in the completion reports of projects funded by RGC funding schemes for monitoring purposes. RGC would be consulted on how to take this matter forward at its meeting in December 2017; and

Way forward

- the RGC Review (Phase I) confirmed that the current system of RGC had worked well and kept reasonable pace with comparable jurisdictions.

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

Sewerage systems in rural areas

(Chapter 7 of Part 7 of P.A.C. Report No. 67)

64. The Committee was informed that:

Pollution control in unsewered areas

- EPD had completed the assessment of the extent of pollution of major rivers caused by village sewage discharges and the results had been included in the Hong Kong River Water Quality Report 2016. Future

assessment would be conducted every five years and the results would be published;

- EPD had started conducting annual proactive inspections in 2017 at villages located within the three environmentally sensitive country park enclave areas with septic-tank-and-soakaway ("STS") systems near rivers and streams, and at villages near rivers with water quality that required further improvement. EPD had also prepared simplified operational guidelines for STS systems and was promoting proper maintenance of the systems to the villages located within the above-mentioned areas during proactive inspections;
- the working group jointly set up by EPD and LandsD had reviewed the Certificate of Exemption conditions for STS systems and agreed to revise the minimum distance requirements of beaches and wells to align with the Practice Note for Professional Persons 5/93 "Drainage Plans subject to Comment by the EPD" ("1993 Practice Note"). The working group would consult the Heung Yee Kuk on the proposed revisions and LandsD would update the relevant departmental instructions to incorporate the revisions to the Certificate of Exemption. Moreover, the working group had agreed to take the following ongoing measures to deal with STS systems being/to be used in village house developments:
 - (a) identified more locations where the village house STS systems could be "upgraded" to align with the 1993 Practice Note, and take follow-up action; and
 - (b) for those STS systems that could not be "upgraded" due to practical constraints, the working group would review their Certificate of Exemption conditions with a view to further aligning with 1993 Practice Note as far as practicable, or explore other measures which could produce equivalent or similar effects as required in 1993 Practice Note;
- EPD was, in collaboration with FEHD, reviewing the existing desludging operations by private operators and exploring ways and means to strengthen the control over desludging operations, as well as preparing a best practice guide to help the trade upkeep quality

performance. The review and the guide were expected to be completed by the end of 2017;

Planning and implementation of village sewerage programmes

- EPD had, in collaboration with the Drainage Services Department, initiated a pilot trial in the North District to review the effectiveness of Dry Weather Flow Interceptors. This exercise would be extended to other districts and regions;
- EPD had updated the record of sewered and unsewered areas based on the information provided by the Drainage Services Department and the Home Affairs Department, and re-examined the need and priority of their sewerage works;
- EPD had conducted a review of the environmental conditions of rivers in unsewered areas where public sewerage would not be available in the near future. EPD found that the Yuen Long Creek and Kam Tin River were the most polluted rivers. In this connection, EPD was formulating an action plan for these areas by mid-2018 and would report to LegCo on the progress as appropriate; and

Sewer connection of village houses

- EPD was inputting the available records kept in the paper files for village sewerage projects into the existing computer database and expected to complete the work in the second quarter of 2018. Upon completion of the database improvements, EPD would publish annually the progress of the sewer connection works of individual villages during the preceding year on its website. The first report was expected to be published in 2018.

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

Joint-office operation on water seepage in buildings

(Chapter 8 of Part 7 of P.A.C. Report No. 67)

66. The Committee was informed that:

Investigation and enforcement actions

- the Joint-office ("JO") had taken measures to enhance and optimize the current Complaints Management Information System to improve its record keeping and to update the information in the System in a timely manner;
- JO had engaged a contractor to develop a new information system specifically for handling and recording water-seepage cases. Information such as whether nuisance notices ("NN") were issued, reasons for screening out cases and the time of sending final replies to informants would be kept in the system. The new system would also perform functions including case management, issuing reminders and alerts, monitoring contractors' performance, maintaining records of referral cases to WSD and BD, generating statistical reports and management returns etc. JO would consult frontline staff and adopt their views when developing the new system, so as to meet their operational needs. The new system was expected to be completed and launched within 2017;
- in view of the incomplete and inadequate maintenance of the Water-seepage Case Monitoring Databases in FEHD district offices, FEHD had reviewed the relevant departmental guidelines and checked whether the Databases had been maintained in full compliance with the guidelines. FEHD had reminded its frontline staff of the need to include in the NN Monitoring Lists the essential information of water-seepage cases and to input information on the issuance of and follow-up actions on NN in the monitoring databases;
- at present, different methods were used in FEHD district offices to record NN issued. JO would include a function in the new information system to maintain relevant information on NN issued, in a bid to monitor the progress of the follow-up actions, ensure the completeness of the information and improve the work efficiency;

- in order to monitor and trace file movements more effectively and accurately, and to minimize the risk of loss files, JO had introduced a bar-code filing system in 15 of its district offices. As for the remaining four district offices, provision of bar-code filing system was anticipated to be completed in October 2017;

Management information system and performance reporting

- after extensively consulting the frontline staff and thoroughly reviewing the functions of the Complaints Management Information System, the work processes, nature of the cases and operational needs, FEHD decided that JO would continue to follow up water-seepage cases using paper files. The existing Complaints Management Information System would be used to record progress of cases and carry out appropriate monitoring; and
- upon completion and implementation of the new information system, JO would formulate practicable performance indicators for straightforward cases and publish the performance indicators on the websites of FEHD and BD on a regular basis.

67. The Committee wrote to Director of Buildings and Director of Food and Environmental Hygiene on 5 January 2018 to enquire about the measures that had been undertaken by BD and FEHD to enhance their coordination in handling water-seepage cases, and whether there were any guidelines in place that delineated their powers, authority and responsibilities in handling water-seepage cases. The consolidated replies from **Director of Buildings** and **Director of Food and Environmental Hygiene** are in *Appendix 15*.

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