

財經事務及庫務局

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Translation

**FINANCIAL SERVICES AND THE
TREASURY BUREAU**

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11 March 2020

The Hon CHAN Kin-por, GBS, JP
Chairman of the Finance Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Chairman,

**Finance Committee
Follow-up to the meeting on 9 March 2020**

Further to our earlier reply, we have prepared our response to the remaining items (i.e. follow-up items (c) and (j)), in consultation with the relevant policy bureaux/departments. Relevant information is provided at **Enclosure** for reference.

Yours sincerely,

(Original signed)

(Howard LEE)
for Secretary for Financial Services
and the Treasury

Works for quarantine facilities funded by the Lotteries Fund

- (c) (i) the sequence of major events from the submission of paper(s) to the Lotteries Fund Advisory Committee (LFAC) by relevant policy bureaux/departments to apply for a grant of \$1.1 billion (to cover the non-recurrent expenditure on the provision of temporary quarantine camps) to the approval by the Financial Services and the Treasury Bureau (FSTB) for creation of a new commitment under the Lotteries Fund (LF); and (ii) disclosure of the contents of the paper(s) on the above funding application without compromising the principle of confidentiality of the LFAC

Confidentiality of business of the LFAC

The LFAC is an advisory body to advise the Director of Social Welfare on funding applications and proposals under the LF. According to the Standing Order of the LFAC, meetings of the LFAC should be held in closed session. Members shall maintain the confidentiality of all information relating to LFAC's business. As such, the LFAC papers and discussions are generally restricted to its members only. The LFAC protocol aims to encourage members' frank and candid exchange of views during deliberations and to protect any sensitive information contained in individual funding applications.

Nevertheless, in response to the request of the Finance Committee, and as an exception to the LFAC protocol, the Labour and Welfare Bureau sets out in the ensuing paragraphs the salient points contained in the submission for LFAC's consideration of the quarantine camp proposal.

Sequence of Events

The Social Welfare Department (SWD), in its capacity as the secretariat of the LFAC, received on 7 February 2020 an urgent application from the Applicant (viz. the Development Bureau, in conjunction with the Civil Engineering and Development Department (CEDD) and the Architectural Services Department (ArchSD)) for a non-recurrent grant of \$1.1 billion from the LF to procure Modular Integrated Construction (MiC) modules and site-enabling works for provision of about 1 800 quarantine camp units, as an important part of the Government's strategy in combating COVID-19. In view of the urgency of the

matter, the SWD made a prompt assessment and circulated the funding application, together with its views, to the LFAC members on 10 February 2020. Replies from all the LFAC members were received by 11 February 2020, indicating unanimous support for and endorsement of the funding application. The SWD also received from the LFAC member(s) the advice that consideration should be given to using the facilities in a constructive way upon decommissioning of the quarantine units. In following up LFAC's decision, the SWD proceeded to seek approval from the FSTB for creation of a commitment for the project, which was granted on 12 February 2020.

Consideration by the LFAC

The justifications for the urgency of the project and the amount of funding required as provided by the Applicant (based on the situation as at 7 February 2020) are set out below:

The Department of Health received the first notification from the Wuhan authorities on 31 December 2019 about a cluster of 27 pneumonia cases with unknown causes. In the ensuing few weeks, an increasing number of cases had been confirmed in Hubei, which had quickly spread to many other provinces in the Mainland and places including Hong Kong. The Government had been staying on high alert and monitoring the epidemic situation for developing the Government's response measures.

It was noted that as at early February 2020, the Mainland had recorded more than 30 000 confirmed cases, with over 600 deaths. Hong Kong had 25 confirmed cases, with one death. There had been an increasing number of cases without history of travelling outside Hong Kong or contact with known confirmed cases, showing possible signs of a community outbreak.

The Applicant pointed out that the Government had been adopting, based on the advice of experts, a strategy of "containment" with specific measures to achieve early detection of cases and swift control measures such as quarantine, isolation and timely treatment of the infected. On quarantine, the Government had put in place the arrangement of sending close contacts of confirmed cases and persons with a history of visit to the Hubei Province to designated quarantine facilities or requiring the persons concerned to undertake home quarantine involving the wearing of traceable wristband. The Government had also put in place new measures taking effect from 8 February 2020 to mandate a person who arrived in

Hong Kong from the Mainland or a place outside the Mainland but had stayed in the Mainland for any period of time during 14 days preceding the date of arrival to be subject to a compulsory quarantine for a period of 14 days beginning on the date of arrival. While the measures introduced provide for home quarantine for eligible cases, quarantine facilities are nevertheless required for some of those subject to mandatory quarantine.

The Applicant stated that it was then a top priority for the Government to make available suitable premises or sites for stepping up the provision of quarantine facilities in the shortest time possible, such that the Government would have the capacity to cope with additional demands as the circumstances evolve. At that time, quarantine facilities involving a total of 100 units were being provided in the Lei Yue Mun Park and Holiday Village, the Lady MacLehose Holiday Village and the Po Leung Kuk Jockey Club Pak Tam Chung Holiday Camp. The Heritage Lodge of Jao Tsung-I Academy in Mei Foo providing over 50 units would also be commissioned shortly. The Government was going to further increase the provision by in-situ expansion of facilities on a handful of readily usable sites¹ with a capacity to provide an additional 600 quarantine units (out of which the first batch of 100 quarantine units was anticipated to be completed in six weeks and the remaining 500 units would be completed as soon as practicable thereafter). The Government's work on this front, however, had run into great difficulty due to vehement local objections, as evident in the cases of the Fai Ming Estate in Fanling (withdrawn) and the Heritage Lodge in Mei Foo. The Government expected that the units readily available or being built might soon be exhausted, and it was imperative that the Government planned well ahead to construct more quarantine units.

The Applicant further expressed that the Government had made all-out efforts to search for suitable sites for quarantine camps, targeting not just readily usable sites (which were scarce), but also vacant land. Initially, the Government aimed to gear up for the provision, in a progressive manner, of about 1 800 quarantine units on sites identified/to be identified to help meet the imminent demand, and on this basis, seek funding allocation from the LF. The Government would keep in view the adequacy of the quarantine units as the epidemic developed.

The Applicant pointed out that site-enabling works would be carried out on vacant land by the CEDD for erection of quarantine units. To compress the delivery time,

¹ Including Lei Yue Mun Park and Holiday Village, Sai Kung Outdoor Recreation Centre and the former fire services training school in Pat Heung.

MiC technology would be adopted by the ArchSD for providing the proposed quarantine units. The construction standards had to comply with the requirements of the Department of Health (DH) (e.g. independent bathroom for each unit) and all other applicable provisions including structural, fire, and building safety. The 1 800 units were expected to come on stream in phases in the ensuing few months, with the exact phasing subject to consultation with the Food and Health Bureau and the DH taking into account changing developments.

The Applicant considered that the proposal was in line with the objective of using the LF to support the social welfare services of the community for the following reasons:

- (a) Unlike ordinary healthcare facilities, the proposed quarantine facilities would serve to meet urgent and critical needs for the welfare of the entire community. They are an integral part of the Government's strategy to combat the current crisis to reduce the risks of infection, and minimise resultant public health impact including physical disabilities and psychological distress. The provision of adequate quarantine facilities to support the mandatory quarantine arrangement would also reduce chances of spread of the disease within residential buildings and neighbourhoods, reduce conflicts in society and allay fears of the community.
- (b) Based on the prevailing situation, the disease was highly infectious. Allowing the virus to spread unchecked in the community would lead to dire consequences, causing adverse impact on different fields and services, including the consequential need for a full range of welfare support including services for the elderly, family, medical social services and general community work. The Government had to make strong and quick response to avoid snowballing effect on all walks of life and to minimise pressure on the welfare support network.
- (c) The proposed quarantine facilities would provide the much needed capacity for accommodating persons who might not be suitable for "home quarantine" for reasons related to social circumstances such as unsatisfactory living conditions, presence of vulnerable members in the family (such as elderly and children), or family relationship problems.
- (d) Upon decommissioning of the quarantine use, the units might be deployed for supporting social welfare and other community purposes, either in-situ

or elsewhere (with full cleansing/disinfection to be arranged for the facilities before the new use).

The Applicant expressed that the estimated capital cost of the project was around \$1.1 billion for about 1 800 quarantine units, which covers the procurement of the MiC modules and provision of site-enabling infrastructure. The amount was estimated with reference to the transitional housing projects underway (around \$550,000 for each unit provided through erection of temporary structure on vacant land), plus a contingency (around 10%) due to considerations of the particularly tight delivery timeframe and the difficult situation faced by the manufacturers in the Mainland due to the epidemic. The Applicant also pointed out that as the quarantine units would be operated on a time-limited basis with government resources, the application for the grant would not have any additional recurrent financial implications.

Assessment by SWD

The SWD would assess each application made to the LFAC. Based on the background and rationale provided by the Applicant in this case, the SWD considered that the project was necessary and urgently required for providing adequate quarantine facilities to support the mandatory quarantine arrangement and to safeguard the welfare of the community. It was also noted that after decommissioning of the quarantine use, the units might be deployed for supporting welfare and other community purposes. The SWD considered that the project was within the ambit of the LF². Unspent balance must be returned to the LF. The SWD recommended that the funding application be endorsed by the LFAC and reminded its members that since the recommended amount of grant allocation exceeded \$15 million, it would, upon their endorsement, seek approval from the FSTB for creation of a new commitment.

Head 708 Subhead 8001SX – Residential Care Homes for Persons with Disabilities (RCHDs)

- (j) the estimated reduction in average waiting time for various services upon the commissioning of all the service facilities for persons with disabilities set out in LC Paper No. PWSC106/19-20(01)**

² The ambit of the LF is set out in the Government's note submitted to the Finance Committee on 9 March 2020.

As pointed out in LC Paper No. PWSC98/19-20(01), the waiting time for RCHDs (including hostels for mentally handicapped persons) is influenced by a number of factors, including an applicant's choice of service providers or locations of hostels, the number of places provided by the hostel chosen, the number of new applicants, and the actual completion dates of the service facilities concerned etc. As there are changes in these factors from time to time, it is difficult to estimate the reduction in average waiting time for various services upon completion of all those facilities for persons with disabilities. The Government will continue its efforts to increase the number of residential care homes with a view to shortening the waiting time for such places.