

## **ITEM FOR FINANCE COMMITTEE**

### **LOTTERIES FUND**

#### **HEAD 341 - NON-RECURRENT GRANTS**

#### **Subhead 138 Chinese Rhenish Church - Hong Kong Synod**

Members are invited to approve a grant of \$8,141,000 to the Chinese Rhenish Church Hong Kong Synod for meeting the cost of fitting-out, furnishing and equipping a care-and-attention home for the elderly at Kwai Shing East Estate, Kwai Chung, New Territories.

### **PROBLEM**

There is a need for additional residential care services for the elderly to meet the increasing demand.

### **PROPOSAL**

2. The Director of Social Welfare (DSW) proposes a grant of \$8,141,000 from the Lotteries Fund to the Chinese Rhenish Church Hong Kong Synod (CRCHK) for fitting-out, furnishing and equipping a care-and-attention (C&A) home for the elderly at Kwai Shing East Estate, Kwai Chung, New Territories.

### **JUSTIFICATION**

3. The proposed C&A home for the elderly will be located at Ground Floor and First Floor of the twin Blocks 6 and 7 at Kwai Shing East Estate. With a gross floor area of 2 744 square metres, the proposed C&A home will provide premises for 128 C&A places to meet the service needs. A location plan of the C&A home at Kwai Shing East Estate is at Enclosure 1.

Encl. 1

/4. ....

4. C&A homes provide accommodation with general personal care and some nursing care to elderly people who suffer from poor health or physical or cognitive disabilities. At present, there is a great demand for such residential care services. As at December 1998, the waiting list for C&A places is 19 000. The proposed C&A home will provide 128 subvented places and commence operation in March 1999. Together with other projects coming on-stream, an additional 7 980 subsidised places (including subvented places and places under the Bought Place Scheme) will be provided between 1998-99 and 2001-02 to help reduce the shortfall.

Encl. 2 5. A table showing the provision of subsidised residential care places for the elderly by 2001-02 as pledged is at Enclosure 2.

### FINANCIAL IMPLICATIONS

6. The estimated capital cost of this welfare project is \$8,141,000, calculated as follows -

	<b>\$'000</b>
(a) Fitting-out works	
(i) Builders works, including plumbing and drainage (for sanitary fittings only)	2,369
(ii) Building services	2,842
(iii) Preliminaries	262
(iv) 2% on-cost payable to Housing Department for fitting-out works	109
(b) Furniture and equipment	2,559
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<b>Total</b>	<b>8,141</b>
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7. DSW, in consultation with the Director of Housing, has vetted CRCHKS's plans and projected estimates and consider them reasonable. The cost of furniture and equipment is based on the current level of provision for C&A homes of the same capacity.

8. The estimated total recurrent subvention (including reimbursement of Government rent and rates) to CRCHKS for operating the proposed facilities is \$11.78 million per annum, details are as follows -

	<b>\$'000</b>
(a) Personal emoluments	9,929
(b) Other charges	2,355
(c) Rent and rates	1,986
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Sub-total	14,270
<u>Less</u> Fee income	(2,491)
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Total subvention required	11,779
	<b>Say</b>
	<b>11,780</b>
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### **OTHER ALTERNATIVES CONSIDERED**

9. In considering a similar Lotteries Fund project *vide* FCR(98-99)38 on 30 October 1998, some Members asked, inter alia, the comparative costs of a subvented residential care place and a place bought from the private sector. The recurrent cost of a subvented C&A home place is \$108,300 per annum in addition to an average capital cost of \$276,000 per place for stand-alone purpose-built projects, whereas the average price of purchasing a place under the Enhanced Bought Place Scheme, which has higher service standard requirements than places bought in the past, is \$92,000. We have provided more details in Finance Committee Information Note No. FCRI(98-99)19.

10. The Administration has developed a strategy to meet the demand for residential care by the elderly through a combination of subvented homes and places bought directly from the private market. We believe that a mixed mode of service provision will give the elderly more choices, expedite the provision of such places in a more cost-effective manner and help improve service quality in the private sector. We have been reviewing our strategy to meet the pledged

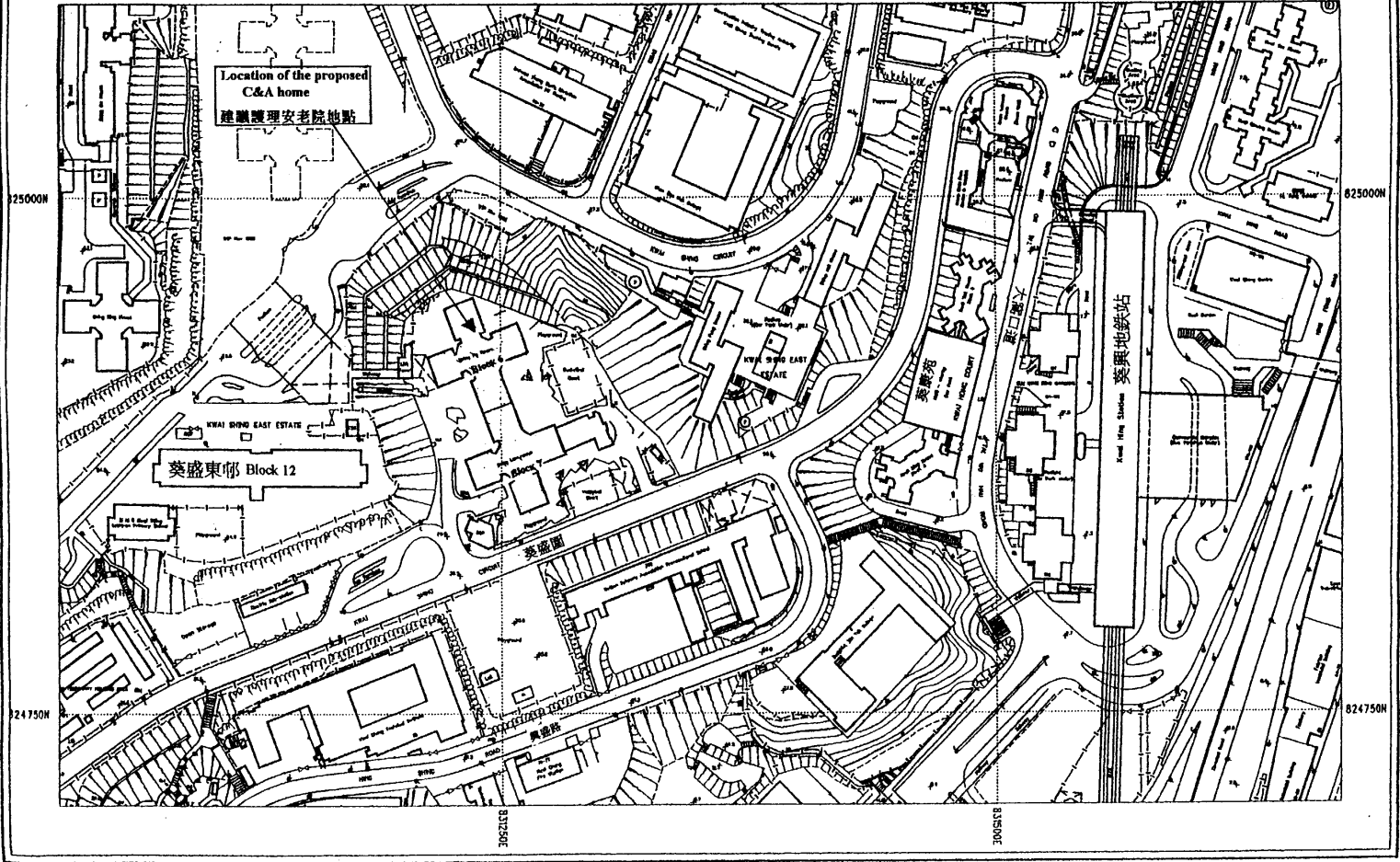
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increase in subsidised places. To date, the approved projects over the past few years under the Lotteries Fund in building and furnishing subvented homes will produce over 2 000 places (including the 128 places from this proposed project). We have been successful in purchasing the first batch of 660 places from private care homes under the Enhanced Bought Place Scheme. Given the encouraging market response and the availability of more quality places in the private sector, we are making preparations to purchase 200 to 300 additional places in the remaining months of 1998-99. In the meantime, we will continue with a premises-led approach to ensure adequate supply of suitable premises in future for elderly homes. We will closely monitor the market response and the mixed mode of service delivery to provide more subsidised places for the elderly in need in a cost-effective manner.

## **BACKGROUND INFORMATION**

11. Under section 6(4) of the Government Lotteries Ordinance, the Financial Secretary has the authority to approve payments from the Lotteries Fund to finance the development of social welfare services. However, as a matter of practice, he would seek Members' approval for any proposal that has recurrent financial implications exceeding a certain limit. That financial limit has been raised to \$10 million since October 1996 when Members revised the limit of delegated authority to the Financial Secretary in approving supplementary provision under recurrent expenditure subheads to \$10 million. As this project will incur recurrent Government expenditure in excess of \$10 million per annum, we are seeking Members' approval for this proposal. The project has the support of the Subventions and Lotteries Fund Advisory Committee.

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Health and Welfare Bureau  
January 1999



Date: 8-1999  
 District Survey Office, Kwai Tsing  
 Lands Department

SCALE 1 : 2500

Sheet Number  
 7-SF-215  
 7-SF-22A

## Provision of subsidised residential care places for the elderly

Service	Provision up to end of 1997-98  (a)	Pledged targets		Total provision by 2001-02  (a)+(c)
		Additional provision to be made available by end of 1998-99 (including CRCHKS's project)  (b)	Additional provision To be made available by 2001-02  (c)	
		(a) Subsidised residential care places	15 966	
(b) Nursing home places	-	1 400	1 400	1 400
<b>Total provision</b>	15 966	3 026	7 980	23 946

Note - We will closely monitor the market response and mixed service provision situation to ensure that we will meet our pledge target for additional subsidised places.