

**For discussion
on 30 October 1998**

FCR(98-99)38

ITEM FOR FINANCE COMMITTEE

LOTTERIES FUND

HEAD 341 - NON-RECURRENT GRANTS

Subhead 820 Sheng Kung Hui Diocesan Welfare Council

Members are invited to approve a grant of \$104,223,000 in money-of-the-day prices to the Sheng Kung Hui Diocesan Welfare Council for constructing, furnishing and equipping a purpose-built welfare complex for the elderly at Tseung Kwan O Area 22, Sai Kung.

PROBLEM

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

PROPOSAL

2. The Director of Social Welfare (DSW) proposes a grant of \$104,223,000 in money-of-the-day (MOD) prices from the Lotteries Fund to the Sheng Kung Hui Diocesan Welfare Council (DWC) for constructing, furnishing and equipping an elderly service complex at Tseung Kwan O Area 22, Sai Kung.

/JUSTIFICATION

JUSTIFICATION

3. The proposed welfare complex, which will have three storeys with a gross floor area of 5 765 square metres, will provide premises for the following services -

Service	Capacity
(a) Care-and-attention (C&A) home for the elderly (self-financing)	60 places
(b) C&A home for the elderly (subvented)	186 places
(c) Multi-service centre for the elderly (subvented)	Open membership

Encl. 1 A location plan of the building is at Enclosure 1.

4. C&A homes provide accommodation with general personal care and some nursing care to elderly who suffer from poor health or physical or cognitive disabilities. At present, there is a great demand from the elderly for such residential care services. According to the demand assessment conducted by the Elderly Commission, there are currently about 13 000 people on the waiting list who have genuine demand for residential care. The proposed welfare project will provide 60 self-financing C&A places and 186 subvented C&A places. Together with other projects coming on-stream, an additional 7 980 subsidised places (including subvented places and places purchased 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.

6. Multi-service centres for the elderly provide community support services for the elderly including social and recreational activities, laundry, bathing and canteen facilities, counselling and home help service. According to projection, the Sai Kung District will have an estimated elderly population of some 20 000 by 2000-01 and will therefore require at least one multi-service centre for the elderly (M/E) based on the planning ratio of one M/E per 17 000 persons aged 65 and above. At present, there is no M/E in the Sai Kung District. The provision of an M/E in this project will be the first one to meet the service demand in the District.

/FINANCIAL

FINANCIAL IMPLICATIONS

7. The estimated capital cost of this purpose-built welfare complex is some \$130.279 million in MOD prices, calculated as follows -

	\$'000
Construction	
(a) Foundation and sub-structure	5,776
(b) Builders works	33,054
(c) Plumbing and drainage	4,211
(d) Building services	17,582
(e) External works	10,424
(f) Contingencies	7,816
(g) Professional fees and site supervision	10,399
(h) Preliminaries	7,573
(i) Furniture and equipment	6,729
Sub-total	<u>103,564</u> (December 1997 prices)
(j) Inflation adjustment to convert to MOD prices	<u>26,715</u>
Total	<u>130,279</u>

8. DWC has undertaken to contribute 20% of the recognised final capital cost of the project in return for naming after the project. We therefore propose a grant of \$104,223,000 from the Lotteries Fund, calculated as follows -

/Total

		\$'000
	Total capital cost	130,279
<u>Less</u>	Contribution from DWC	(26,056)
	Grant required	104,223

9. DSW, in consultation with the Director of Architectural Services, has vetted DWC's plans and projected estimates and consider them reasonable.

10. The estimated cashflow for the project is as follows -

	\$'000 (December 1997)	Price adjustment factor	\$'000 (MOD)
1999-2000	14,646	1.14878	16,825
2000-2001	64,147	1.24642	79,954
2001-2002	24,771	1.35237	33,500
Total	103,564		130,279

11. The estimated total recurrent subvention (including reimbursement of rates and government rent) to DWC for operating the proposed facilities is \$20.2 million per annum, calculated as follows -

	\$'000
C&A home for the elderly	
(a) Personal emoluments	14,613
(b) Other charges	3,439
(c) Government rent and rates	630
Sub-total	<u>18,682</u>

/Less

		\$'000
<u>Less</u>	Fee income	(3,620)
	Subvention required	15,062
		<hr/>
	Multi-service centre for the elderly	
	(a) Personal emoluments	4,766
	(b) Other charges	310
	(c) Government rent and rates	69
	Sub-total	<hr/> 5,145
<u>Less</u>	Fee income	(89)
	Subvention required	5,056
		<hr/>
	Total subvention required	20,118
	Say	\$20.2 million
		<hr/>

Feasibility Study

12. DWC has conducted a feasibility study on the project. The outcome of the feasibility study demonstrates that the project is viable and detailed planning can proceed.

Land Acquisition

13. The Sai Kung District Lands Conference has examined the site plan and the draft building layout plan and considered that the proposed level of site utilisation is acceptable. A piece of government land under a lease up to 30 June 2047 at Area 22, Tseung Kwan O was granted to DWC on 15 March 1997 for developing the proposed welfare complex. No land clearance is required.

14. We expect to commence the piling works for the proposed welfare development in February 1999 and to complete the building in December 2000.

ENVIRONMENTAL IMPLICATIONS

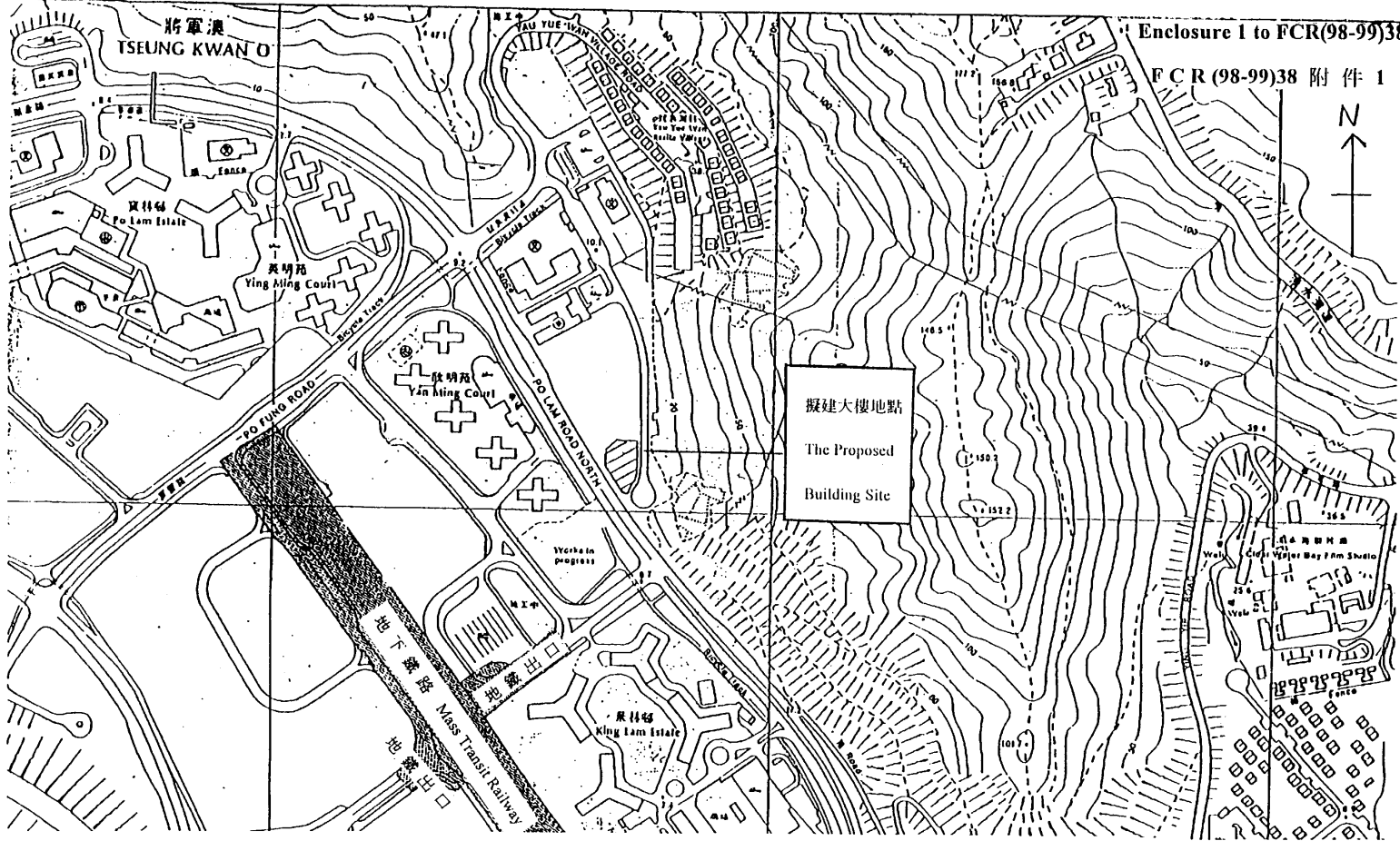
15. DWC completed a Preliminary Environmental Review (PER) of this project in January 1998 which concluded that traffic noise is the only major issue. The PER recommended that noise mitigation measures, including site boundary noise barrier, acoustic insulation and air-conditioning at affected facades, should be provided to protect the development from the traffic noise impacts to within established criteria. The PER has also confirmed that sufficient buffer distances have been incorporated into the layout plan of the development to avoid adverse impacts from vehicle emissions. DWC has agreed to implement all the mitigation measures as recommended by the PER. Appropriate pollution control clauses will also be incorporated into relevant contracts to control the environmental impacts during construction to within established standards and guidelines.

Public Consultation

16. The project has the support of the Sai Kung District Board and the Subventions and Lotteries Fund Advisory Committee.

BACKGROUND INFORMATION

17. 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 the proposal.



西貢將軍澳第 22 區聖公會教區福利協會護理安老院暨長者綜合服務中心
 DWC's Care and Attention Home cum Multi-service Centre for the Elderly at Tseung Kwan O Area 22, Sai Kung

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 (b)	Additional provision to be made available by 2001-02 (including DWC's project) (c)	
(a) Subvented residential care places	14 766	821	3 300	18 066
(b) Bought places	1 200	600	3 280	4 480
(c) Nursing home places	-	1 400	1 400	1 400
Total provision	15 966	2 821	7 980	23 946