



Our Ref. : SWD 17/150/780/49
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Clerk to Public Accounts Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong.
(Attn : Miss Sandy Chu)

23 May 2002

Dear Miss Chu,

**The Director of Audit's Report on the
Results of value for money audits (Report No. 38)**

Chapter 5: Residential services for the elderly

Thank you for your letter of 15 May 2002. I am writing to provide additional information to facilitate consideration by the Public Accounts Committee (PAC). For easy reference, my response to the points raised seriatim is as follow.

(a) Supply of purpose-built RCHE premises

As we have pointed out in the Administration's response to the Audit report, one of the fundamental disparities between subvented homes run by NGOs and private homes lies in the availability of purpose-built premises for the former. We have therefore embarked on a major programme to secure purpose-built RCHE premises from various sources. Through competitive bidding, these purpose-built government premises will be available to NGOs as well as private homes for operating a mix of subsidized and non-subsidized services. As at April 2002, we have successfully secured such premises for a total of 6 726 places over the next ten years. A summary breakdown by source of supply is as follows –



Source of Supply	No. of RCHE places
Public Housing Estate developments	3,555
NGO sites	771
Government GIC sites	764
Urban Renewal Authority/MTCR/KCRC developments	646
Private developments through land sale conditions	990
	6,726

A detailed list of these planned RCHE premises is at the Annex.

Noting that public housing estate developments remain the main source of supply, the Director of Social Welfare has made an appeal to the Housing Authority to help supply such premises within public housing estates developments at suitable locations. A new funding arrangement to facilitate the provision of such RCHE premises with the Social Welfare Department (SWD) reimbursing the Housing Authority the construction cost of those premises through the Lotteries Fund has also been put in place.

To further boost the supply of purpose-built RCHE premises, the Administration has devised a scheme to encourage private developers to incorporate RCHE premises in their developments. Under the proposed scheme, we will exempt eligible purpose-built RCHE premises in new private developments under lease modification, land exchange or private treaty grant from the calculation of gross floor area and assessment of premium of the development. In return, the developer will have to pay the full cost of constructing the RCHE premises with basic provisions such as fire services installation, drainage connection, etc. suitable for operation as a RCHE. These RCHE premises, once built, while remaining the property of the private developers, will have to be used exclusively as RCHEs. We consulted the Legislative Council Panel on Welfare Services on this initiative at its meeting on 11 March 2002. Members of the Planning, Lands and Works Panel were also invited to the meeting. We are finalizing the legislative amendments needed to put the scheme in place. The supply of purpose-built RCHE premises over the next ten years reported above and in the Annex has not yet included any possible supply from this source.

Pending increased supply of purpose-built RCHE premises, we will continue to take various measures to upgrade the quality of private homes. These include upgrading the remaining Bought Place Scheme (BPS) places to Enhanced Bought Place Scheme (EBPS) standards, stipulating higher standards in the renewal of and purchase of additional EBPS places, and expanding training capacity for health workers and care staff working in private homes subject to the availability of resources. Details on these initiatives have been provided in the Administration's response to the Audit report. However, I need to reiterate what I said during the PAC hearing on the need to strike a



balance between imposing further requirements on the operation of private homes with a view to upgrading their standards and the commercial realities faced by these private homes. There is clearly a limit to how much public resources we could mobilize to induce quality improvements in private homes through Government directly purchasing places from these homes to operate as subsidized places.

We believe that consumer choice would also be a powerful tool to raise standards in private homes. As reported earlier, we have commissioned the Hong Kong Association of Gerontology to undertake a two-years' project to develop and establish an accreditation system for RCHEs in Hong Kong to ensure the delivery of quality care and continuous performance improvement through promulgation of the quality process and outcome monitoring of RCHEs. We are happy to make regular progress reports on this project to the LegCo Panel on Welfare Services.

(b) & (c) A uniform level of service for all subsidized C&A homes

Government subsidized C&A services are now provided through the traditional NGO homes operating on Government recurrent subventions, places purchased from private homes under the BPS/EBPS and subsidized places provided in contracted homes arranged through competitive bidding. With the exception of a few homes developed by NGOs with or without Government subventions, the policy intent is to put all future homes under competitive bidding. These contracted homes will be subject to the same set of quality standards, output/outcome indicators and other requirements. In other words, we are confident that all new RCHEs will be provided at a uniform level of service and at a competitive cost achieved through open tendering.

It should be noted that the level of service and the cost of the service are two sides of the same coin. In the case of the traditional subvented NGO homes, given the high personnel cost they carry, it would be extremely difficult to reduce their cost to the level of the contracted homes over a short period. Instead, we have been trying to enhance their productivity through in situ expansion or inviting them to make use of the premises to provide added services. In the case of private homes providing subsidized services, we have narrowed the disparity by increasing the space requirement and staff numbers of EBPS and we intend to phase out all BPS. On the part of staff competency, we have revamped the course for care staff and obtained additional resources for providing more training to care staff in elderly services from both the subvented and private sector. Details of these initiatives are described below --

- (i) We have secured resources of \$11.8 million annually to upgrade a total of 1 200 BPS places to EBPS level places by 2003;
- (ii) we have earmarked \$8 million to provide 2 160 multi-skilled training places for care staff by 2004-05. Of the 400 training places provided in 2001-02, a total of 100 trainees came from the private sector; and



- (iii) we have adopted a new schedule of accommodation for all new homes optimizing the use of premises and narrowing the space standards difference between subvented and private homes.

Apart from the above measures aiming at facilitating and assisting in service upgrading, we have no plans to resort to imposing further requirements through statutory means. To put things in context, it has taken the Administration and the sector as a whole over five years to bring all existing homes up to the licensing standards since the implementation of the Residential Care Homes (Elderly Persons) Ordinance (the Ordinance). This licensing regime has helped ensure that residents in care homes receive services of acceptable standards that are of benefits to them physically, emotionally and socially. The licensing scheme regulates the operation of all care homes in terms of staff requirement, space standard, building and fire safety and the provision of health and care services at acceptable and minimum level. The complete licensing of all private homes in March 2001 was achieved through vigorous efforts on the part of SWD and operators and supported by Lotteries Fund grants to subvented homes for upgrading and a financial assistance scheme for private homes¹. Since completion of licensing, we have been pursuing various measures as mentioned in (a) above to further improve the standard of services. Mindful of the overall business environment, reduced affordability for non-subsidized services as a result of the economic downturn and rising unemployment, we have doubts on the practicability of contemplating legislative amendments to stipulate higher space and manpower standards at this time juncture. The last thing we would like to see is massive closures of private homes as a result of the toughened operating environment and as a result, large numbers of elders being displaced.

(d) Planning target for nursing home places

In line with the concepts of “ageing in place” and “continuum of care” and to ensure flexible and optimal use of resources, we do not see the advantage of pursuing separate planning targets for the provision of nursing home places. The intention is to enable homes to be able to continue to take care of their residents when their physical conditions deteriorate. To achieve this objective, all contracted homes put out for competitive tendering will include such requirements for continuum of care. However, noting that there are now a considerable number of elders of nursing home frailty

¹ The Financial Assistance Scheme (FAS) introduced in 1995 aimed at assisting those private homes already in existence upon the coming into effect of the Ordinance to comply with safety precaution, design and structural requirements as stipulated under the Ordinance. It is not confined to private homes providing subsidized services under the BPS/EBPS schemes. It is therefore not quite relevant to the point raised about providing a uniform level of service for all subsidized places. As a matter of fact, it is doubtful whether the existing premises occupied by private homes could be upgraded to a similar standard of subvented homes without total re-provisioning. For PAC's information, SWD received a total of 233 applications from private homes under the FAS. Total grants of some \$20 million were made to 154 successful applications.



wait-listing for nursing home care, we are planning to provide additional nursing home places in some of the new contracted homes so that these homes may admit elders on the waiting list for nursing home placement immediately to provide them with better care. We will closely monitor the proportions of nursing home places versus C&A places in the new contracted homes to ensure an optimal mix and to reduce waiting times for nursing home admission. Looking ahead, with further development of enhanced home and community care and taking account of elders' preference, we may be able to take care of elders with C&A level of impairment at home and only elders of nursing home frailty would in future require admission into residential care. The entire long term care scene will undergo some significant changes with the benefit of recent developments including the findings and recommendations of the Audit report. It would not be timely to settle on planning targets for services one way or the other without taking reference from those likely changes.

(e) Transfer of infirmity care to the social welfare sector

What I said at the public hearing is that because of the shortage of infirmity places in hospitals, some transfer of cost in looking after these infirmed elders, though not directly from the Hospital Authority (HA) to SWD, has already taken place in the form of SWD on its own finding extra funding to pay for home operators looking after these elders in the welfare setting in the form of cash-limited infirmity supplements. Given overall fiscal stringency, I can foresee major difficulties for SWD to secure further additional resources on its own to take care of infirmed elders in the welfare setting. I have therefore expressed the view that any delineation of respective responsibilities in long term care should be accompanied by the corresponding budget transfers from HA to SWD, otherwise we would be faced with the consequence of the provision of care to other elders currently in the welfare setting being adversely affected, such as lengthened waiting times for nursing home places.

Yours sincerely,

(Mrs Carrie Lam)
Director of Social Welfare

c.c. SHW (Attn: Mr Patrick Nip)

Secured Premises for Operation as RCHE

<u>District</u>	<u>Address</u>	<u>Capacity</u>	<u>Target Operation Date</u>
<u>2002/03</u>			
TAI PO	* SHUEN WAN PHASE III	203	Aug/2002
KOWLOON CITY	HOMANTIN SOUTH ESTATE PHASE 3	148	Nov/2002
TUEN MUN	* TUEN MUN MIU FAT BUDDHIST MONASTERY REDEVELOPMENT	82	Jan/2003
WONG TAI SIN	TSZ CHING ESTATE PHASE 3	147	Mar/2003
SOUTHERN	* HK SOCIETY FOR REHABILITATION MMRC (PHASE 1)	58	Mar/2003
KOWLOON CITY	* LUTHERAN HK SYNOD MARTHA BOSS COMMUNITY CENTRE	100	Mar/2003
Sub-total:		<u>738</u>	
<u>2003/04</u>			
EASTERN	ALDRICH BAY PHE PHASE III	137	Aug/2003
KWUN TONG	SAU MAU PING ESTATE PHASE 15	140	Aug/2003
KWUN TONG	LAM TIN SOUTH PHASE 8 (TAK TIN ESTATE) CC SITE (1/F to 3/F)	100	Dec/2003
KWUN TONG	LAM TIN SOUTH PHASE 8 (TAK TIN ESTATE) CC SITE (4/F to 8/F)	100	Dec/2003
SHAM SHUI PO	CHEUNG SHA WAN ESTATE PHASE 3	105	Dec/2003
SAI KUNG	SHEUNG TAK ESTATE PHASE 9 CC SITE	200	Dec/2003
KWAI TSING	KWAI SHING EAST ESTATE CC SITE	200	Dec/2003
CENTRAL & WESTERN	URA DEVELOPMENT AT QUEEN STREET, SHEUNG WAN	96	Dec/2003
Sub-total:		<u>1078</u>	
<u>2004/05</u>			
KWAI TSING	* ELCSS FUNG YAT SOCIAL SERVICE COMPLEX PHASE III	168	Jun/2004
WONG TAI SIN	TSZ ON ESTATE PHASE 3 CC SITE	200	Jul/2004
EASTERN	ALDRICH BAY PHE PHASE IV CC SITE	150	Aug/2004
TSUEN WAN	LEI MUK SHUE ESTATE PHASE 4 CC SITE	200	Nov/2004
YUEN LONG	TIN SHUI WAI AREA 101 PH 2	125	Nov/2004
KWUN TONG	SHUN LEE CINEMA SITE	178	Feb/2005
Sub-total:		<u>1021</u>	
<u>2005/06</u>			
KWAI TSING	KWAI CHUNG ESTATE PHASE 4	120	Jun/2005
SHAM SHUI PO	* CORNWALL STREET	180	Jun/2005
NORTH	PUBLIC HOUSING AT FANLING AREA 36 PHASE 1	125	Aug/2005
KWAI TSING	SHEK YAM ESTATE PHASE 5	180	Sep/2005
SHAM SHUI PO	UN CHAU STREET ESTATE PHASE 4 CC SITE	150	Nov/2005
Sub-total:		<u>735</u>	
<u>2006/07</u>			
TUEN MUN	TUEN MUN AREA 51 CC SITE	150	Jun/2006
SAI KUNG	TSEUNG KWAN O AREA 15	264	Aug/2006
KWUN TONG	SAU MAU PING CENTRAL CC SITE	200	Aug/2006
SHAM SHUI PO	NKIL 6317 MEI LAI ROAD MEI FOO	100	Aug/2006
KWUN TONG	LAM TIN NORTH PHASE 10 CC SITE	200	Sep/2006
Sub-total:		<u>914</u>	

Secured Premises for Operation as RCHE

<u>District</u>	<u>Address</u>	<u>Capacity</u>	<u>Target Operation Date</u>
<u>2007/08</u>			
YAU TSIM MONG	TAI KOK TSUI WORKERS HOUSING SITE	100	Jul/2007
EASTERN	CH SITE AT J/O LEI KING ROAD AND TAI ON STREET	200	Aug/2007
YAU TSIM MONG	URA DEVELOPMENT AT CHERRY STREET	100	Nov/2007
WONG TAI SIN	REDEVELOPMENT OF TUNG TAU ESTATE PHASE 9	100	Nov/2007
Sub-total:		<u>500</u>	
<u>2008/09</u>			
WAN CHAI	URA DEVELOPMENT AT LEE TUNG STREET/MCGREGOR STREET	100	Apr/2008
KOWLOON CITY	HOMANTIN ESTATE REDEVELOPMENT PHASE 2 (CC Site)	200	May/2008
KWUN TONG	CHA KWO LING KAOLIN MINE HOUSING SITE	200	Feb/2009
CENTRAL & WESTERN	URA DEVELOPMENT AT FIRST STREET/SECOND STREET	100	Mar/2009
Sub-total:		<u>600</u>	
<u>2008/10</u>			
YUEN LONG	KCRC WEST RAIL DEVELOPMENT (LONG PING)	125	Aug/2009
Sub-total:		<u>125</u>	
<u>2010/11</u>			
YUEN LONG	YUEN LONG AREA 15 CDA	150	Aug/2010
TSUEN WAN	KCRC WEST RAIL TSUEN WAN WEST CDA	125	Aug/2010
Sub-total:		<u>275</u>	
<u>2011/12</u>			
NIL		0	—
Sub-total:		<u>0</u>	
<u>Others</u>			
	FOUR LAND SALE SITES	740	—
Sub-total:		<u>740</u>	
Total:		<u>6726</u>	

* These are RCHE premises developed by specific NGOs with sites granted on PTG and will not therefore be available for competitive bidding.

Social Welfare Department
MAY 2002