

ITEM FOR FINANCE COMMITTEE

LOTTERIES FUND HEAD 341 – NON-RECURRENT GRANTS

Members are invited to approve an allocation of \$104.647 million from the Lotteries Fund for meeting the capital costs of the redevelopment project of Heep Hong Society's Catherine Lo Centre at Sandy Bay Road, Pokfulam, for the provision of pre-school rehabilitation and other support services.

PROBLEM

The Catherine Lo Centre (CLC) of Heep Hong Society (HHS), which is in dilapidated conditions, has room for expansion through redevelopment to provide more pre-school rehabilitation services to meet the substantial demand.

PROPOSAL

2. The Director of Social Welfare, with the support of the Secretary for Labour and Welfare and the Lotteries Fund Advisory Committee (LFAC)¹, proposes to allocate \$104.647 million from the Lotteries Fund (LF) to meet the capital costs including the costs of construction and fitting out works for the redevelopment of CLC of HHS² at Sandy Bay Road, Pokfulam.

/JUSTIFICATION

Encl. 1

¹ The membership list and the terms of reference of LFAC are set out in Enclosure 1.

² This redevelopment project was submitted by HHS to the Government under the Special Scheme on Privately Owned Sites for Welfare Uses (Special Scheme). On 21 February 2014, the Finance Committee approved an injection of \$10 billion into the Lotteries Fund (LF) so as to ensure that LF has sufficient resources to implement feasible projects under the Special Scheme. The Government is processing 63 preliminary proposals submitted by 43 welfare organisations under the Special Scheme. 25 of these preliminary proposals (including the redevelopment of CLC of HHS which is the subject of this paper) would, according to the preliminary estimation of the welfare organisations concerned, provide 1 302 additional SCCC and 2 540 additional EETC places.

JUSTIFICATION

Encl. 2 3. CLC is a three-storey building commissioned in 1969. Its location plan is at Enclosure 2. At present, it accommodates a 66-place Special Child Care Centre (SCCC) which is operated with subvention provided by the Social Welfare Department (SWD). Having been used for more than 40 years with normal wear and tear, the conditions of CLC have become dilapidated with increasing recurrence of falling concrete and water seepage requiring constant repairs. A wholesale redevelopment of the site is considered necessary.

4. With the support of SWD, HHS will re-develop the existing three-storey building into a ten-storey building. The re-developed building will provide 54 additional SCCC places (thereby making a total capacity of 120 SCCC places) and 60 new Early Education and Training Centre (EETC) places under SWD subvention. Taking the re-development opportunity, HHS will also relocate part of its central administration office to the re-developed building and provide the following support services which will be operated on a self-financing basis to cater for the developmental and social needs of children and youth with disabilities and their families/carers –

- (a) **Community-based Support Centre** which provides a comprehensive range of community-based support services for persons with disabilities from birth to adult, including support services for autistic children and youth, training in social and community living skills for autistic youth, and other early support services for pre-school children with special needs other than autism;
- (b) **Parents Resource Centre** which provides emotional support, practical advice and relief for parents and carers of persons with disabilities to take proper care of the latter in the community;
- (c) **Social Adaptation Training Area** which provides a simulated environment to facilitate the learning of pre-school children through role play, especially for those with autism and hyperactivity; and
- (d) **Supportive Learning Project** which provides professional assessment, therapy and support services for children with special needs from birth to studying in primary schools and early secondary schools, as well as parent education and professional support services for schools.

5. The various facilities in the building will have a total net operational floor area of 1 839 square metres (m²). Details of the various services to be accommodated in the redeveloped building are as follows –

Facilities	Floor³	Net Operational Floor Area (m²)	Capacity
<i>Subvented units</i>			
SCCC	1 - 4/F	703	120
EETC	4 - 5/F	184	60
Sub-total	-	887	180
<i>Office Facility</i>			
<i>Central Administration Office as recognised by SWD</i>	8/F	225	Not applicable
Sub-total	-	225	
<i>Self-financing units</i>			
Social Adaptation Training Facilities	M/F	203	300
Parents Resource Centre	5 - 6/F	165	300
Community-based Support Centre	Part of 6/F	149	250
Supportive Learning Project	7/F	210	150 - 200
Sub-total	-	727	1 000 - 1050
Total	-	1 839	1 180 - 1230

6. Subject to funding approval of the Finance Committee, the redevelopment project is targeted for completion by 2017. The welfare facilities are expected to commence service in 2017-18.

7. To provide a safe environment for existing service users and pave the way for the redevelopment of CLC, two sets of premises at Wah Kin House in Wah Fu (I) Estate and Wah Tai House in Wah Fu (II) Estate in Pokfulam have been identified and are being used for the temporary reprovisioning of the SCCC at CLC during the period of redevelopment.

/FINANCIAL

³ The building will have ten storeys, including G/F, M/F, 1/F to 8/F. The ground floor of the building will mainly be used for car-parking facilities and such other communal facilities as lobby, etc. and are thus not counted towards the net operational floor area.

FINANCIAL IMPLICATIONS

Capital cost estimates

8. HHS has through its own means appointed a consultant to carry out a technical feasibility study (TFS) of the redevelopment project. The estimated total cost of the redevelopment, including the construction and fitting-out works but excluding the provision for furniture and equipment (F&E) items, is \$113.937 million. The TFS report has been vetted by the Architectural Services Department, which recommends that \$104.647 million of the total project cost should be supported by LF. The remaining portion is for above-standard provisions⁴ which are not eligible for support under LF, and HHS has set aside resources of its own to cover this part of the project costs. When the construction is nearly completed, the funding for the procurement of F&E items will be separately sought under LF in accordance with the established mechanism. The breakdown of the redevelopment project costs is as follows –

Item	Cost (\$)	Cost supported under Lotteries Fund (\$)
(a) Construction and fitting-out costs		
(i) SCCC	41,697,000	41,697,000
(ii) EETC	10,158,000	10,158,000
(iii) Other rehabilitation and support services ⁵	50,932,000	42,542,000
(b) Professional fee/ lithography	11,150,000	10,250,000
Total project cost	113,937,000	104,647,000

/Recurrent

⁴ The non-supported area refers to those facilities which are above the standard provision in accordance with the Schedule of Accommodation of welfare facilities, e.g. a covered sitting-out area for SCCC, a larger area for the Parents Resource Centre, a non-standard item of a hydrotherapy pool to be fully financed by HHS, etc. For communal facilities, the funding support would be based on the proportion of supported areas for the functional and operational facilities.

⁵ These refer to the support services as set out in paragraph 4(a) to (d) above. Although these services are to be operated on a self-financing basis, they are conducive to the enhancement of the subvented mainstream pre-school rehabilitation services provided in the redeveloped building. As such, the construction and fitting-out costs of these facilities are also supported under the LF except for the above-standard provisions.

Recurrent financial implications

9. The estimated recurrent funding requirement for operating an additional 54 SCCC places and 60 EETC places under SWD's subvention in a full year, including personal emoluments, other charges, reimbursement of rates and government rent and after netting off income from service users' fees, is \$10.675 million. The recurrent funding estimate is derived with reference to the standard notional staffing of the relevant welfare facilities at present. The necessary recurrent provision will be included in the draft Estimates of the relevant years.

PUBLIC CONSULTATION

10. The Community Affairs and Tourism Development Committee of the Southern District Council was consulted on the proposed redevelopment of CLC on 19 November 2012. Members unanimously supported the redevelopment plan. On 14 April 2014, we also consulted the Legislative Council Panel on Welfare Services. The Panel supported the proposal.

BACKGROUND***Pre-school Rehabilitation Services***

11. The policy objective of the Government in respect of the provision of pre-school rehabilitation services is to provide children from birth to the age of six years with disabilities or at risk of becoming disabled with early intervention to enhance their physical, psychological and social developments; improve their opportunities for participating in ordinary schools and daily life activities; and help their families meet their special needs.

12. At present, the Government provides children with special needs with a wide range of pre-school services, including among others SCCC and EETC. SCCC provides services for children with moderate or severe disabilities aged between two and six. The objective of these services is to develop such children's fundamental developmental skills, and intellectual ability, as well as the perceptual-motor, cognitive, communication, social and self-care skills, to facilitate their smooth transition from pre-school education to primary education. As for EETC, it provides services for children with disabilities from birth to six years old. The objective of these services is to maximise the developmental functioning of children with disabilities by enabling their parents, through support and assistance, to accept, understand, care for and train their children with disabilities. The provisions and the numbers of children on the waiting lists in respect of SCCC and EETC services are tabulated at Enclosure 3.

13. The Government has been continuously increasing the provision of pre-school rehabilitation places. Up to end of 2013-14, there were a total of 6 245 subvented pre-school rehabilitation places⁶. It is anticipated that about 832 additional places will come on stream in 2014-15. We are conscious of the need to provide children with disabilities with pre-school training in a timely manner, and SWD will continue to actively identify additional sites for provision of more places and to explore other feasible measures to meet the service demand.

Land grant for CLC

14. CLC occupies a site of about 650 m² at Inland Lot (IL) No. 8246 at Sandy Bay, Pokfulam. The site was granted to HHS by way of Private Treaty in October 1970 for 75 years at nil premium for a non-profit making centre for children with physical disabilities. A strip of government land adjoining the lot (about 57 m²) has also been leased to HHS under a Short Term Tenancy (STT) for use as a children playground of the Centre since 1999. The proposed redevelopment will be effected through a land exchange involving the surrender of IL No. 8246 by HHS in exchange for the grant of the same lot together with the STT site (upon which the STT will be terminated) for 50 years.

Funding for capital cost of social welfare facilities

15. The costs of construction, fitting-out works and acquisition of F&E (for the subsidised section only) of social welfare facilities are funded by the LF. Under section 6(4) of the Government Lotteries Ordinance (Cap. 334), the Financial Secretary has the authority to approve payments from the LF to finance the development of social welfare services. In line with the established practice, the Finance Committee's approval is sought for this proposal, as the redevelopment of HHS CLC is estimated to incur recurrent financial implications exceeding \$10 million per annum with details provided in paragraph 9 above.

Labour and Welfare Bureau
Social Welfare Department
May 2014

⁶ Places provided by SCCCs, EETCs and integrated programmes in kindergarten-cum-child care centres are included.

Lotteries Fund Advisory Committee

Membership

(1 September 2013 – 31 August 2015)

	<u>Name</u>	<u>Professional Background</u>
Chairperson:	Ms YIP Man-kuen, Carol	Director of Social Welfare
Member:	Mr CHAN Wai-ming, David	Tsuen Wan District Councillor
	Mr CHENG Wai-hung, Nelson	Director K L Partnership Limited
	Professor LAM Ching-man	Vice Chairperson Department of Social Work The Chinese University of Hong Kong
	Dr LEUNG Sai-man, Sigmund	President The Hong Kong Dental Association
	Ms LO Yee-hang, Loretta	Central and Western District Councillor
	Mr MA Kam-wah, Timothy	Committee Member Senior Citizen Home Safety Association
	Mr MAN Hung-yee, Joseph	Deputy Director Hong Kong Sheng Kung Hui Welfare Council Limited
	Professor MENG Mei-ling, Helen	Chairperson Department of Systems Engineering and Engineering Management The Chinese University of Hong Kong
	Mr SUEN Lai-sang	Director Hong Kong Christian Service
	Ms WONG Wai-ching, Connie,	Managing Director Wong Sun Hing Limited
Official Representative:	Secretary for Labour and Welfare or representative	
Secretary:	Senior Executive Officer (Lotteries Fund) Social Welfare Department	

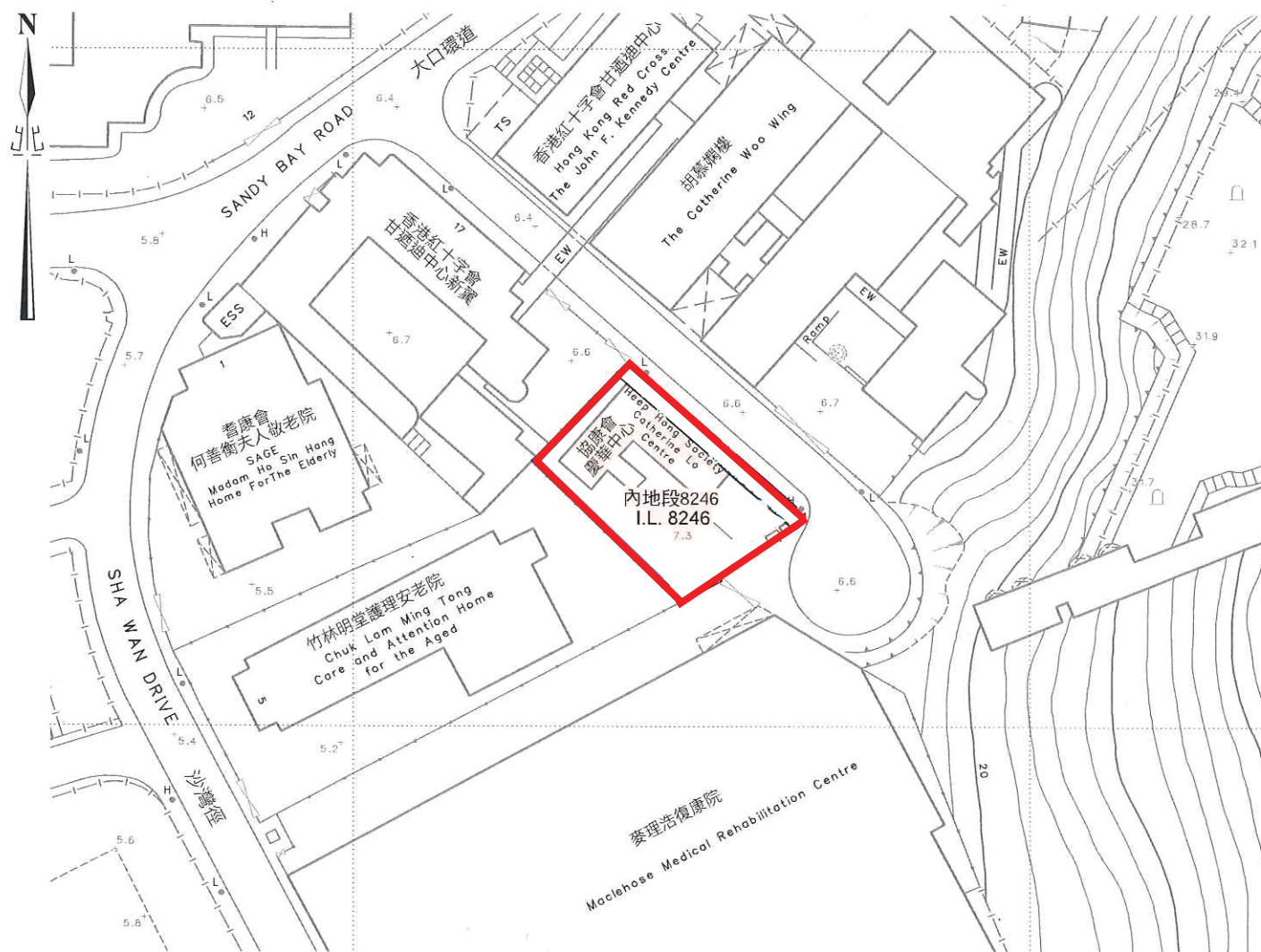
Terms of Reference

The terms of reference of the Lotteries Fund Advisory Committee are as follows –

to advise the Director of Social Welfare on applications from welfare organisations for allocations from the Lotteries Fund and on charitable fund-raising issues including the allocation of flag days.

Location Map

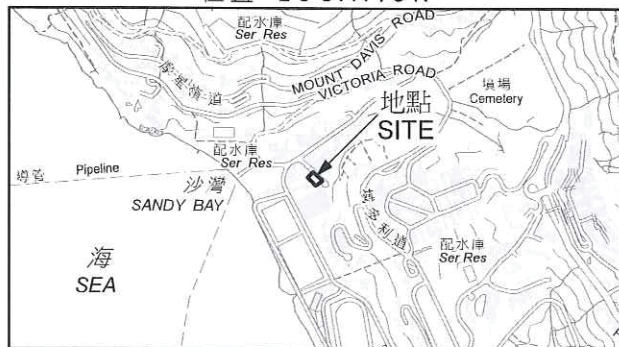
位置圖



比例尺 SCALE 1:1 000

metres 20 0 20 40 60 80 100 metres

位置 LOCATION



比例 SCALE 1:20 000

只作識別用 FOR IDENTIFICATION PURPOSES ONLY

地政總署 港島西及南區地政處
District Lands Office, Hong Kong West and South
Lands Department

圖則由港島測量處繪製

Plan Prepared by District Survey Office, Hong Kong

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檔案編號 File No. DLO/HS L/M 204/SHLT/82

測量圖編號 Survey Sheet No. 11-SW-11D

發展藍圖編號 Layout Plan No. ---

參考圖編號 Reference Plan No. ---

圖則編號 PLAN No. HKM9411-X

日期 Date: 16/04/2013

**Provisions, Waiting Lists and Average Waiting Time
for Special Child Care Centre
and Early Education and Training Centre
(As at end-March 2014)**

Service type	Provision as at end of March 2014 (places)	Persons with Disabilities on the waiting list as at end of March 2014	Average waiting time in 2013-14 (months)
Early Education and Training Centre	2 628	3 945	19
Special Child Care Centre	1 757	1 335	18.5
Integrated Programme in Kindergarten-cum-Child Care Centre	1 860	1 784	14.1
Total	6 245	7 064	
