



中華人民共和國香港特別行政區政府總部食物及衛生局
Food and Health Bureau, Government Secretariat
The Government of the Hong Kong Special Administrative Region
The People's Republic of China

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Ms Maisie Lam
Clerk to Panel
Panel on Health Services
Legislative Council Complex
1 Legislative Council Road
Central
(Fax: 2509 0775)

Dear Ms Lam,

Proposed One-off Grant to the Hospital Authority for Minor Works Projects

I refer to item 9 of LC Paper No. CB(2)254/13-14(02). At the Panel meeting held on 28 October 2013, the Administration was requested to provide the following information in relation to the proposed one-off grant to the Hospital Authority (HA) –

- (a) details of the respective governance mechanism within the Food and Health Bureau (FHB) for the use of fund under the existing annual block allocation under Capital Work Reserve Fund Head 708 Subhead 8100MX and the proposed one-off grant; and
- (b) the monitoring role of the Legislative Council (LegCo) in the use of fund under the existing annual block allocation under Subhead 8100MX and the proposed one-off grant.

Response to item (a)

Governance mechanism within FHB for Subhead 8100MX

There has been a well-established governance mechanism within FHB for the use of fund under the existing annual block allocation under Capital Work Reserve Fund Head 708 Subhead 8100MX. The governance mechanism is outlined in the ensuing paragraphs.

Under the mechanism, HA is required to submit for each individual project item proposed to be funded by the block allocation a standard application form to FHB for consideration and approval. HA is not allowed to commence works or incur any expenditure for any project items for which approval from FHB has not been granted. HA has been complying with this requirement since its establishment.

In the standard application form for individual project item, HA is required to provide all the important information of the proposed project item necessary for FHB's consideration, including project number, project title as well as scope, objectives and estimated costs of the proposed item. HA's contractor and hospital / clinic staff have to sign on individual application forms to confirm technical feasibility and availability of site for the proposed projects. HA Head Office staff is also required to sign on the forms to confirm that the proposed projects are supported by the Head Office and funds have been earmarked from the block allocation to meet the funding requirements arising from the proposed projects.

On receipt of the application forms from HA, FHB first vets the forms to ensure that the forms have been duly completed with the necessary information provided and the forms duly signed by the HA's contractor, hospital/clinic staff as well as HA Head Office staff. Only those forms which are duly completed and signed will be further processed. Forms which are not duly completed or signed will be returned to HA Head Office for rectification. HA has a sound track record in this respect in that all the application forms submitted to FHB for consideration during the past few years are duly completed and signed.

FHB considers and processes proposed project items from HA by taking into account the relevant factors including the following-

- (i) estimated costs of the projects (only projects at cost not exceeding the financial ceiling of \$30 million for the 8100MX block vote will be considered);
- (ii) availability of funding;
- (iii) technical feasibility and site availability for the projects;

- (iv) recommendations from HA Head Office as well as the hospital or clinic concerned; and
- (v) objectives of the projects.

In considering the objectives of the projects, FHB will take into consideration, among others, whether the proposed project items serve to meet any of the following major objectives -

- (i) statutory requirements (e.g. periodic inspection, testing and certification of fixed electrical installation works as stipulated in the Electricity Ordinance);
- (ii) HA's corporate initiatives (e.g. "Filmless HA"¹ or preparatory works for major capital works projects);
- (iii) risk mitigation (e.g. planned maintenance and urgent repair works for ageing buildings and buildings with unsatisfactory conditions found to avoid pipeline and drainage leakage, concrete debonding and power failure); and
- (iv) service quality improvement or operational requirements (e.g. facility conversion or additional works)

FHB's decision on the applications from HA is made at directorate level. HA will be notified of FHB's decision as soon as possible. All applications including those approved and rejected will be properly documented by both FHB and HA.

Governance mechanism within FHB for the proposed one-off grant

The governance mechanism within FHB for the proposed one-off grant will mirror the existing mechanism for Subhead 8100MX as outlined above except that the financial ceiling for individual project will be revised to \$75 million per item as proposed. The revised financial ceiling of \$75 million per item, which takes into consideration the scale and complexity of many of the planned improvement works (e.g. construction of hillside lifts or escalators which may entail associated geotechnical works), is in line with the arrangement for the implementation of the Universal Accessibility Programme funded under the block allocation Subhead 6101TX.

¹ The "Filmless HA" project is an on-going HA-wide initiative to enable capturing, archiving and distributing radiology images in digital formats through electronic network and new generations of X ray machines.

Response to item (b)

Monitoring role of the LegCo in the use of fund under Subhead 8100MX

Under the prevailing mechanism, the Finance Committee (FC) has authorised the Administration to seek funding for the Capital Works Reserve Fund (CWRP) block allocations (including Subhead 8100MX) on a lump-sum basis once every year. Within the lump-sum approved for Subhead 8100MX, FC has further delegated to the Administration the power to approve expenditure on individual projects subject to the financial ceiling of \$30 million per item not being exceeded. Only those expenditure items exceeding the financial ceiling or beyond the ambit of the subhead are to be approved by FC on a project-by-project basis.

As with other CWRP block allocation subheads, HA is required to submit the following to LegCo to ensure transparency and accountability on the use of fund under Subhead 8100MX:

- (a) a full list of all the items proposed to be funded by Subhead 8100MX in the following financial year, which is deposited with the LegCo Secretariat annually;
- (b) annual reports on the key minor works projects implemented and the actual expenditure in the past financial year, as well as key minor works projects planned to be implemented and the forecast expenditure under Subhead 8100MX in the coming year; and
- (c) quarterly reports on the expenditure under the Subhead.

Monitoring role of the LegCo in the use of fund under the proposed one-off grant

To ensure the LegCo will continue to have a monitoring role in the use of fund under the proposed one-off grant, HA has undertaken to comply with a number of requirements. In brief, HA will :

- (a) deposit with the LegCo Secretariat annually a full list of all the items proposed to be funded by the one-off grant;
- (b) provide annual reports on the key minor works projects implemented and the actual expenditure in the past financial year, as well as key minor works projects planned to be implemented and the forecast expenditure under the one-off grant in the coming year; and
- (c) prepare separate audited financial statements on the use of the one-off grant on annual basis. Such audited financial statements and the report on the key minor works projects mentioned in (b) above will be

submitted to the Health Services Panel and the Public Works Subcommittee annually.

Yours sincerely,



(Ms Angela Lee)

for Secretary for Food and Health

c.c. Hospital Authority

(Attn.: Dr W L CHEUNG, Director (Cluster Services)

Dr S V Lo, Director (Strategy & Planning)

Ms Clara CHIN, Director (Finance)

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