

THE GOVERNMENT MINUTE

in response to the

**REPORT OF
THE PUBLIC ACCOUNTS COMMITTEE
No. 67 and No. 67A**

of February 2017 and April 2017

24 May 2017

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 67
DATED FEBRUARY 2017**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS
(Report No. 64)**

MATTERS OUTSTANDING

Buildings Department's actions on unauthorised building works
(Chapter 1 of Part 4 of PAC Report No. 64)

Encl. 1

The Government has taken proactive and substantive actions to implement the recommendations of the Audit Commission (Audit) and Public Accounts Committee (PAC) on enforcement against unauthorised building works. Regarding the three recommendations contained in PAC Report No. 67, the progress is set out at Enclosure 1. As the recommendations will be implemented on an on-going basis, we recommend that this part should be deleted from the next report.

Public cooked food markets managed by the Food and Environmental Hygiene Department
(Chapter 3 of Part 4 of PAC Report No. 64)

2. Subsequent to Government's last report in October 2015 and the reply letter dated 2 February 2017 providing information concerning the installation of air-conditioning system in cooked food centres (CFCs) and cooked food markets (CFMs), the Food and Environmental Hygiene Department (FEHD) has made further progress in the implementation of improvement measures, including the installation of additional fire safety measures in public cooked food venues (comprising CFCs, CFMs and cooked food hawker bazaars). The latest progress is reported below.

Installation of Fire Safety Measures and Upgrading of Electricity Supply

3. FEHD is committed to improving fire safety and upgrading electricity supply in public cooked food venues under its management, and has worked with relevant departments to follow up the Audit's recommendations for the installation of six minimum fire safety measures¹ in these venues. It has set up an inter-departmental working group with the support of Architectural Services Department (ArchSD) and Electrical and Mechanical Services Department (EMSD) to resolve the technical feasibility of installing these fire safety installations in cooked food venues and of upgrading the electricity supply of the CFMs/CFCs, and to prioritise the installation/upgrading works.

4. Amongst the six minimum fire safety measures, all 72 public cooked food venues² are now provided with portable fire extinguishers, emergency lighting, manual fire alarms³ and automatic cut-off device for mechanical ventilating system⁴ where applicable. For the installation of the remaining two fire safety installations, as at April 2017, 46 cooked food venues have been equipped with automatic sprinkler system, and 52 with fire hydrant and hose reel (FH/HR) system. We would continue our work to provide these installations for the rest of the cooked food venues as far as practicable. The major challenge was to identify suitable space in the cooked food venues for construction of water tanks and the associated plant rooms. The location and operation of the water tanks or plant rooms should avoid affecting existing installations in the venues. In particular, detailed structural assessment was required to ensure that the cooked food venues could support the loading imposed by the additional structures. In some of the venues, the construction of a pump room, water tank and trench for sprinkler pipe would not be feasible without major alteration or extension.

¹ Six minimum fire safety measures are –
(a) portable fire extinguisher;
(b) emergency lighting;
(c) manual fire alarm;
(d) automatic cut-off device for mechanical ventilating systems;
(e) automatic sprinkler system; and
(f) fire hydrant and hose reel system.

² Excluding 3 cooked food hawker bazaars (CFHBs) which have been closed since the issue of the Audit Report in 2015.

³ All cooked food venues have been equipped with portable fire extinguishers. Emergency lighting and manual fire alarms have been installed in all the cooked food venues, except in one CFHB which will be planned for closure and in Woosung Street CFHB of which installation of fire safety measures will be incorporated in its scheduled improvement works project.

⁴ Automatic cut-off device for mechanical ventilating system has been installed in 34 cooked food venues and relevant departments subsequently confirmed that the said installation is not applicable to the remaining 38 cooked food venues which are not provided with centralised ventilating system.

5. For the automatic sprinkler system, with the acceptance of Fire Services Department (FSD) and Water Supplies Department (WSD), FEHD has begun installing improvised automatic sprinkler systems with direct water supply from government mains at concerned venues where installation of conventional automatic sprinkler systems with construction of water tanks is infeasible. Site works have commenced and/or works orders have been issued for venues where the installation applications had been accepted by the FSD/WSD. On the other hand, the installation of a conventional FH/HR system will normally require sufficient space to accommodate the fire service water tanks. Where such space cannot be made available for the tank at the concerned venues, FEHD may propose a FH/HR system with reduced tank size, or seek the acceptance of FSD and WSD to have an improvised hose reel system with direct water supply from government mains as an alternative.

6. FEHD will, in consultation with FSD, continue to explore effective measures to enhance the fire safety awareness of the market staff and operators of these cooked food venues. FEHD had promulgated guidelines together with advisory letters attached with fire safety tips and guidelines on safe use of electrical appliances to the tenants. In addition to issuing advisory letters to tenants, fire safety tips and electricity guidelines are displayed at conspicuous locations of cooked food venues. Fire drills and fire safety talks (by way of a video clip) have been organised annually to further enhance the awareness of market staff and operators. FEHD has also issued warnings to stall tenants on irregularities which may lead to termination of tenancy agreement.

7. On electricity supply for public cooked food venues, in view of the technical or site constraints involved in carrying out power upgrading works in existing venues, FEHD would try on a best endeavour basis to bring the electricity supply of the CFMs/CFCs on par with the latest standard of 60A/3-phase for each stall. In some of the venues, upgrading of existing main switchboard is technically infeasible and there were space constraints for a new transformer room. Power upgrade would not be practically feasible. FEHD will continue to liaise with ArchSD, EMSD and related power companies to explore the feasibility of upgrading electricity supply system for those public cooked food venues with sub-standard systems. In response to findings of the Audit in April 2015 on the use of many electric appliances in a crowded setting, FEHD issued in July 2015 an advisory letter attached with tips and guidelines on electrical safety and safe use of electrical appliances for attention and observance by operators of the cooked food venues. FEHD also imposed an additional condition on tenancy agreement in March 2016 requiring the tenants of CFCs/CFMs to ensure that the loading of the electrical appliances used at the stall will not overload the electricity supply of the stall.

8. Through the inter-departmental working group, FEHD and relevant departments will make the best endeavours to install the outstanding fire safety measures and upgrade the electricity supply having due regard to the site constraints and the technical issues involved.

Retrofitting of Air-conditioning System

9. As at March 2017, 11 public markets have attained the threshold of tenants' support for retrofitting of air-conditioning system. They are Shui Wo Street Market CFC, Tai Wai Market, Aberdeen Market cum CFC, Ngau Tau Kok Market CFC, Shek Tong Tsui Market CFC, Fa Yuen Street Market CFC, Electric Road Market CFC, Quarry Bay Market CFC, Ngau Chi Wan Market CFC, Yeung Uk Road Market and Tsuen Wan Market. FEHD is taking forward progressively the retrofitting of air-conditioning in accordance with the established procedures and mechanism. The technical feasibility study for Tai Wai Market has been completed and the preliminary technical feasibility assessment for Shui Wo Street Market CFC, Aberdeen Market cum CFC and Ngau Tau Kok Market CFC is underway. FEHD is following up with the ArchSD to conduct preliminary technical feasibility assessment for the other markets concerned. Taking into consideration factors such as the findings of the technical feasibility studies, extent of works required, cost effectiveness, impact on business and market operation, and whether the implementation details are acceptable to the tenants concerned, the Government will decide whether there is a case for carrying out the works for retrofitting of air-conditioners.

10. As the above improvement measures will be implemented on an on-going basis, we recommend deleting the relevant parts from the next progress report.

Management of water supply and demand (Chapter 4 of Part 4 of PAC Report No. 64)

11. The WSD has been taking follow-up actions as appropriate to address Audit's recommendations. A summary of progress of the outstanding items is set out in Enclosure 2.

Hong Kong Sports Institute Limited
(Chapter 5 of Part 4 of PAC Report No. 64)

Overall

12. Further to the last annual progress report for PAC Report No. 67 tabled in the Legislative Council (LegCo) Meeting held on 15 February 2017, the Government provides further updating on the following matters.

Administrative issues

Energy-saving measures

13. The energy audit for the sports complex has been conducted and the report shows that the Hong Kong Sports Institute's (HKSIL) energy usage is efficient.

14. As the Home Affairs Bureau (HAB) has taken forward the Audit's recommendation and follow-up actions have been completed, we recommend deleting this part from the progress report.

Redevelopment project

15. The Government and the HKSIL are consulting relevant departments with a view to devising the way forward on the construction of boat launching facilities, including consultation with the Lands Department (LandsD) regarding land application matters.

Lease arrangement

16. Upon the expiry of the tenancy agreement in March 2017, the Government has arranged a one-year tenancy agreement and aims to complete the review on the long-term leasing arrangement for the Fo Tan premises to the HKSIL before its expiry in March 2018.

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS
(Report No. 65)**

MATTERS OUTSTANDING

Planning, construction and redevelopment of public rental housing flats
(Paragraphs 3 to 5 of Part 3 of PAC Report No. 65)

Encl. 3

17. The Housing Department (HD) has taken appropriate actions to follow up on the subjects reported to PAC of the LegCo. A summary of the progress of implementing the recommendations is set out at Enclosure 3. As all the recommended measures have been completed or will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.

Recoverability of the outstanding advances to the United Nations High Commissioner for Refugees
(Paragraphs 5 and 6 of Part 4 of PAC Report No. 65)

18. The Government has continued to urge the United Nations High Commissioner for Refugees (UNHCR) to make renewed efforts to appeal to the international community for donations with a view to settling the outstanding advances, which remain at \$1,162 million. The Security Bureau wrote to the Hong Kong Sub-office of the UNHCR in January and March 2017 again to reiterate the Government's stance and register the Hong Kong community's expectation of an early recovery of the outstanding advances.

19. Although it is not optimistic that repayment can be made by UNHCR in the near future, the Government will continue to pursue an early repayment of the outstanding advances from UNHCR.

Footbridge connections between five commercial buildings in the Central District
(Paragraphs 7 to 9 of Part 4 of PAC Report No. 65)

20. The general building plan in respect of the proposed Footbridge A (the Building Plan) submitted by the owner of Building II in late July 2015 was disapproved by the Building Authority on 29 September 2015 mainly because of insufficient information provided. The owner indicated that he would resubmit the

general building plan to the Buildings Department (BD) after obtaining permission from the owner of Building I for the connection works relating to the construction of Footbridge A. On 3 August 2016, the owner of Building II received a counter-proposal from the owner of Building I on the location of the footbridge connection to Building I. The owner of Building II then submitted preliminary proposals on the feasibility of the proposed new connection in August and November 2016 respectively for consideration by the relevant government departments. In November 2016 and February 2017, the BD conveyed the initial comments from relevant departments to the owner of Building II for his follow-up.

Small house grants in the New Territories

(Paragraphs 10 to 12 of Part 4 of PAC Report No. 65)

21. The existing Small House Policy has been in operation for a long period of time and its review inevitably involves complicated issues in aspects such as legal, environment, land use planning and demand on land, all of which require careful examination. As we have stated previously, the review of this policy is not a priority task given the complexity of the issues involved and that the priorities of the Development Bureau have been given to more important issues such as increasing land supply and implementing cost control over key public works projects. In this connection, we have explained that it would not be pragmatic to expect the completion of the review within this term of Government. It is also noteworthy that the Small House Policy is currently subject to a judicial review. The Government is not in a position to make any public comment on issues that may prejudice its handling of the case.

Direct land grants to private sports clubs at nil or nominal premium

(Paragraphs 13 to 15 of Part 4 of PAC Report No. 65)

Review of the Private Recreational Lease (PRL) Policy

22. An inter-departmental working group has been set up by the HAB in mid-2014 to conduct the review. This review cuts across policy responsibilities of different bureaux and departments (B/Ds) and involves different types of PRL. Given the scope and complexity of the review and having regard to the need to strike a proper balance amongst various considerations including sports development needs, land use, interests of PRL lessees and their members, and the wider public interest, the working group has deliberated on a wide range of issues relating to the PRL policy with a view to formulating a practicable way forward. Based on the current progress, HAB aims to brief the LegCo Panel on Home Affairs on the review findings within the current legislative session and then commence public-cum-stakeholder consultation.

Implementation of the “opening-up” requirement

23. HAB placed another round of advertisements in the print media in February 2017 so as to encourage eligible bodies to make use of sport facilities operated by PRL lessees.

Monitoring of compliance with lease conditions

24. HAB has been monitoring the utilisation rates of sports facilities on PRL sites, in particular with regard to the implementation of the opening-up schemes. It will continue to conduct annual inspections of PRL sites held by 24 private sports clubs to ensure their compliance with the approved opening-up schemes.

25. LandsD, in consultation with HAB and other relevant B/Ds, has completed all the required follow-up actions on cases of irregularities and suspected non-compliance with lease conditions identified in the Audit Report. LandsD has also conducted site inspections of PRLs where lease renewal is not yet due and will follow up in consultation with HAB as appropriate.

Progress made in implementing Audit’s and PAC’s recommendations

Encl. 4 26. A summary of progress in implementing Audit’s and the PAC’s specific recommendations is at Enclosure 4.

Management of roadside skips

(Paragraphs 16 to 18 of Part 4 of PAC Report No. 65)

27. The Joint Working Group (JWG) led by the Environment Bureau (ENB) and the Environmental Protection Department (EPD) has put in place two short-term measures to address the problems arising from roadside skips. First, the Government has leased out a site at Tseung Kwan O Area 137 Fill Bank in Sai Kung through a short-term tenancy (STT), which has been commissioned since end January 2017 for use by the skips trade for storing idling skips, and identified another STT site at Siu Lang Shui in Tuen Mun, which is expected to be ready for use in the third quarter of 2017. Second, the Government has, in accordance with the recommendations of the JWG, engaged a dedicated term service contractor for removal of skips since February 2017 to assist enforcement departments in speeding up the removal of skips that are found to be posing serious obstruction to traffic and/or imminent danger to the public, so as to further enhance the

enforcement efficiency and the deterrent effect. With the co-ordination by the Sai Kung District Office, the Hong Kong Police Force (HKPF), the LandsD and the EPD have stepped up joint enforcement operations in Tseung Kwan O since end February 2017, and such operations will continue in order to deter irregularities of indiscriminate placement of skips on roadside.

28. To enhance the management of roadside skips and facilitate skips operations, the JWG has been actively liaising with the skips operator trade to explore ways to progressively enhance the standards of skips operation, including standardising the specifications for skips, promoting good operational practices, and exploring the feasibility of a voluntary registration system for skips operators. The JWG plans to review the effectiveness of the aforementioned short-term measures as well as the progress of the proposals put forwarded by the trade in around the third quarter of 2018, with a view to considering the need for introducing further measures in the long run, such as the need for putting in place a new regulatory system for skips operations.

Progress made in implementing Audit's Recommendations

Encl. 5 29. A summary of the progress of implementing the Audit's recommendations is set out at the Enclosure 5.

Provision of long-term care services for the elderly
(Paragraphs 19 and 20 of Part 4 of PAC Report No. 65)

30. The Government has been taking actions to implement the Audit's recommendations as appropriate and the subject was referred to LegCo Panel on Welfare Services for follow up on 24 February 2016. In light of the PAC's wish to be kept informed of the subject as stated in its Report No. 67, we highlight the latest development in the ensuing paragraphs.

Provision of new places for the elderly

31. The Social Welfare Department is planning to implement 25 development projects for provision of new contract homes and day care centres/units for the elderly. It is estimated that about 2 100 residential care places (including subsidised and non-subsidised places) and about 820 day care places for the elderly will be progressively provided starting from 2017-18. The Government is also actively implementing the Special Scheme on Privately Owned Sites for Welfare Uses. Based on the rough estimation of the applicant organisations, if all the projects under the scheme could be implemented smoothly, about 9 000 additional service places for the elderly would be provided, including about 7 000 residential care places and about 2 000 day care places for the elderly.

Additional choices for the elderly in need of long-term care services

32. We plan to provide, in the third quarter of 2017, an additional 2 000 vouchers under the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly to support ageing in place for elderly persons with moderate or severe impairment. The total number of vouchers under the entire pilot scheme will reach 5 000. Separately, the Government launched the Pilot Scheme on Residential Care Service Voucher for the Elderly in March 2017 to offer elderly persons in need of residential care service an additional choice. Under this pilot scheme, a total of 3 000 vouchers will be issued in phases from 2017 to 2019.

33. In addition, the Government will invite the Community Care Fund (CCF) to consider implementing two pilot schemes to support ageing in place for elderly persons. The first pilot scheme will provide the necessary transitional care and support for elderly persons discharged from public hospitals after treatment, with support to be provided for a preliminary estimate of at least 3 200 elderly patients in three years. The second pilot scheme will provide home care and support services for elderly persons with mild impairment, with a preliminary estimate of 4 000 places to be provided in three years. Upon approval of allocations from CCF, the former will be rolled out in the first quarter of 2018 and the latter in the fourth quarter of 2017.

Elderly Services Programme Plan

34. As regards the planning of elderly services, the Elderly Commission (EC) is pressing ahead with formulating an Elderly Services Programme Plan (ESPP). EC is expected to complete and submit the report of ESPP to the Government in the second quarter of 2017.

Looking ahead

35. The Government has announced in the 2017-18 Budget that a forward-looking approach will be taken and a total of \$30 billion will be earmarked to strengthen elderly services and rehabilitation services for persons with disabilities. The Government will introduce measures to ensure the quality of residential care services and enhance community care services for the elderly.

36. The Labour and Welfare Bureau will continue to report progress as appropriate to the LegCo Panel on Welfare Services.

Administration of the air traffic control and related services

(Paragraphs 3 to 5 of Part 5 of PAC Report No. 65)

37. The Government has been following up on the recommendations of the Audit and the PAC of the LegCo on administration of the air traffic control (ATC) and related services.

38. The Civil Aviation Department (CAD) fully commissioned the last system contract of the new ATC System – Air Traffic Management System (ATMS) on 14 November 2016. In the past six months since the full commissioning of the new ATMS, covering peak traffic seasons during Christmas, New Year, Lunar New Year and Easter, although teething issues were occasionally encountered by the system, CAD was able to work promptly with the contractor to address the issues without compromising aviation safety. The overall ATC operations have been smooth and feedback from frontline ATC staff is positive, which showcase that the new ATMS is capable of coping with increasing air traffic movements.

Encl. 6

39. A summary of the progress made is at Enclosure 6. As all the recommendations have been implemented or will be implemented on an on-going basis, we recommend deleting this part from the next progress report.

Government's efforts in managing municipal solid waste; and

(Chapter 1 of Part 8 of PAC Report No. 65)

Reduction and recycling of food waste

(Chapter 2 of Part 8 of PAC Report No. 65)

40. Secretary for the Environment and Director of Environmental Protection have taken actions to follow up on the outstanding recommendations made by the Audit and the PAC of the LegCo regarding the Government's efforts in managing municipal solid waste and promoting reduction and recycling of food waste. Details of the progress made are set out in Enclosures 7 and 8.

Encl. 7 & 8

41. As the outstanding recommendations will be implemented on an ongoing basis, we recommend deleting these two subjects from the next progress report.

Use and disposal of vacant school premises
(Chapter 3 of Part 8 of PAC Report No. 65)

Identifying vacant school premises

42. The LandsD has provided the land status of the remaining 108 addresses identified from the stocktaking exercise conducted earlier by the Education Bureau (EDB) which sought to reconcile the records in vacant school premises (VSP) database and the school registration database. It was confirmed that 14 addresses have already been handled by the Planning Department (PlanD) under the central clearing house mechanism. To avoid possible omissions, they were included in the list of the above-mentioned 108 addresses because the addresses used at the time of school registration were slightly different from the entries in the VSP database. EDB has reviewed the remaining 94 addresses according to the prevailing mechanism and considered that premises at 85 addresses cannot be reallocated by EDB for school or, with PlanD's consent, other educational uses, because of various reasons, e.g. they have been deployed for other educational use or non-educational use; the current land use restrictions are no longer related to school or other educational uses; they are situated on private land where the leases are virtually unrestricted or there is no cessation/diminution of user clause under the lease; they are situated on government land and with planned/proposed uses in line with the related site requirements; they are located within Military Closed Area, etc. EDB will therefore inform PlanD and other relevant departments (such as LandsD and HD) of these 85 addresses in accordance with the central clearing house mechanism for consideration of suitable alternative long-term uses.

43. Of the remaining nine addresses, the short-term use (under Short Term Tenancy with LandsD) at one premises has just ended in March 2017 and EDB has earmarked/retained this VSP for possible school or other educational use. As regards the remaining eight addresses which involve vacant premises on government land (mainly located in remote areas, with a small site area or in dilapidated conditions), EDB has preliminarily reviewed their size, location, physical conditions etc. and considered that the feasibility of reallocating them for school or other educational uses is limited. EDB will circulate these premises amongst internal divisions/sections to ascertain whether any of them are suitable for inclusion in the VSP database for the half-yearly updating exercise to confirm whether the premises are required for reallocation for school use or other educational use in accordance with the Procedural Manual on Identification, Screening, Allocation and Management of Vacant School Premises promulgated in June 2016. If none of these premises is considered suitable for inclusion in the database for further consideration, EDB will inform PlanD and other relevant departments (LandsD and HD) of them in accordance with the central clearing house mechanism for consideration of suitable alternative long-term uses.

Allocating VSP for educational or other uses

44. As regards the two VSP on private land that had not been earmarked for any use, the proposed other educational use of one of them has already had EDB's in-principle support and the school sponsoring body (SSB) is taking active follow up actions. EDB is continuing the discussion with other relevant departments regarding the surrender of the other premises by the SSB. As regards the three VSP located on government land that were partially utilised for their current uses, one has been allocated for office use by three education-related organisations and renovation works is being arranged. The remaining two (involving the covered playground and staff quarters of an ex-VSP and 3/F to 6/F of a school premises) were included in the list for being considered for school or other educational uses as well as suitable short-term use on a half-yearly basis. No suitable shared uses had been identified so far.

45. As at 30 April 2015, 73 VSP under LandsD's purview were not being used. Subsequently, four VSP which were previously under EDB's purview and not being used as at 30 April 2015 were also referred to LandsD under the central clearing house mechanism. Among these 77 VSP, the Government is not in a position to take further action in respect of 28 cases, including 21 cases where the land leases for the private land concerned do not contain a cessation/diminution of user clause allowing the Government to re-enter the land after cessation of school use, one case where uses other than school use are allowed under the lease, and six cases where alternative long-term uses had been approved/earmarked. For the remaining 49 VSP, as at end-March 2017, six VSP were on private land that had a cessation/diminution of user clause in the land lease and 43 VSP were on government land. In respect of the six VSP on private land, LandsD is processing two proposals submitted for other uses and one application for one repossessed lot, and would continue to take appropriate actions to recover possession of three VSP. Of the 43 VSP on government land, planned uses/applications in respect of 24 VSP are being processed by LandsD (including two VSP the possession of which had been recovered subsequent to the last report tabled in February 2017), 15 VSP had been included into the list of VSP sites available for application for short-term uses, and four VSP (including one VSP the possession of which had been recovered subsequent to the last report tabled in February 2017) were not available for short-term use for the time being due to technical reasons, including possible slope problems.

Handling cases of VSP not surrendered

46. With regard to the 71 VSP, the physical possession of which had not been delivered to the Government after cessation of school operation as at 30 April 2015, the Government's follow-up actions focus on the 41 cases for which action is warranted. The Government is not in a position to take further action on

the remaining 30 cases, including 28 cases where the land leases for the private land concerned do not contain a cessation/diminution of user clause allowing the Government to re-enter the land after cessation of school use and two cases where uses other than school use are allowed. Among the 41 VSP warranting further action, 25 are under EDB's purview. As at end-March 2017, 22 of them are being used for educational purpose (including five under temporary waiver granted by LandsD); the proposed educational uses of two have already had EDB's in-principle support, with the relevant SSBs taking active follow-up actions; and EDB is discussing with other relevant departments regarding the surrender of the remaining one by the SSB. For the 16 VSP under LandsD's purview, LandsD has repossessed five VSP and would continue to recover possession of three VSP and to process the proposals submitted for other uses in respect of the remaining eight VSP.

47. EDB is continuing the discussion with the relevant SSBs and relevant government departments with regard to Case 6 of the Audit Report and the VSP arising from reprovisioning which is on both private land and government land (the premises of which is currently being used as the decanting premises of a secondary school during its in-situ redevelopment till August 2018). EDB will continue to handle these two cases in accordance with the enhanced mechanism on handling of VSP on private land in Appendices 33 and 34 of PAC Report No. 65.

Access to information about VSP available for application for short term uses

48. In response to the recommendations of the Audit Report and the PAC Report, LandsD, on 28 March 2017, uploaded the list of VSP under LandsD's management and available for application for non-government organisations for short-term uses onto its website to facilitate public access and will update the list in accordance with the latest position.

49. B/Ds concerned have been pursuing the Audit's and PAC's recommendations to improve the use and disposal of VSP, and worked out the enhanced mechanism for this purpose. Since all follow-up actions have either been completed or are being handled under the enhanced mechanism on an on-going basis, we recommend deleting this item from the next progress report.

Operation of Hongkong Post
(Chapter 4 of Part 8 of PAC Report No. 65)

50. Hongkong Post (HKP) continues to take proactive follow-up actions to implement the recommendations made by the Director of Audit and the PAC on HKP's operation.

Performance of the HKP as a trading fund

51. While it is the Government's policy that HKP will continue to operate as a trading fund, HKP will build on the efforts made hitherto and pursue with relevant B/Ds additional measures to provide a conducive environment for the Post Office Trading Fund (POTF)'s sustainable development in the long run.

52. In the course of the regular review of the target rate of return for the POTF, HKP and the Commerce and Economic Development Bureau have informed the Financial Services and the Treasury Bureau (FSTB) of the importance of taking into account the inherent constraints faced by POTF and the universal service obligation imposed on HKP when setting the target rate of return for the POTF. In addition, we are exploring with relevant B/Ds the scope for granting enhanced flexibility to the POTF (e.g. with regard to human resource management, financial management and procurement, and accommodation for postal facilities) to facilitate its sustainable operation.

53. As the recommendations for item (a) and (c) set out on page 200 of the PAC Report have been implemented/will continue to be implemented on an ongoing basis, we recommend deleting these two items from the next progress report.

Management of mail processing

Procurement of airfreight services

54. We have revised the contract deposit arrangements which have been implemented in the tendering exercise for airfreight services from April 2017 to October 2018. Contract deposits from contractors with air operator certificate or agreement/confirmation letter of the airline(s) providing the airfreight services are waived by the Postmaster General.

55. As the recommendation set out in paragraph 2.29(a) of the Audit Report has been implemented, we recommend deleting this section from the next progress report.

Control and administration of overtime work in HKP

56. The review on standard time for processing and delivering different types of mail items was completed in December 2016. The new yardsticks are being implemented at delivery offices alongside the beat revision cycle commencing from Q1 of 2017-18 for completion by early 2019.

57. It is expected that by May 2017, we will have completed about 60% of the beat surveys to be conducted. We plan to complete the survey exercise for the overdue beats by end 2017.

58. In addition, the Beat Revision Analysis System will adopt equipment provided with the Global positioning system (GPS) technology to capture data on the travelling and delivery time of delivery postmen. We plan to complete the system enhancement by September 2017 and commence trial use of the GPS equipment in October 2017.

59. To reduce the overtime hours incurred by staff at the Air Mail Centre (AMC), we conducted in July 2016 the annual exercise to invite staff to perform cross-divisional overtime with a view to enlarging the pool of staff to perform overtime at AMC. Also, we completed the relocation of the Air Registered Mail Section to the General Post Office (GPO) Building in end 2016 to help alleviate manpower shortage at the AMC and expedited the process to create and fill the permanent posts to cope with the new business in the airport area approved in December 2016. As a result of the measures taken for the year 2016-17, the overtime hours incurred by AMC staff have reduced by 11% and the number of staff working overtime in excess of the monthly departmental ceiling of 60 hours has reduced by 40% year-on-year and the vacancy rate of NCSC staff in the AMC has dropped from 10.6% as at 31 March 2015 to a relatively low level of 5.4% as at 28 February 2017.

60. As the recommendations set out in paragraphs 2.55(a) and 2.66(a) to (c) of the Audit Report will continue to be implemented on an ongoing basis, we recommend deleting these sections from the next progress report.

Management of postal vehicles

61. GPS has been installed on all departmental vehicles in the Speedpost/Parcel Teams to enhance outdoor control and resource management. The extension of the GPS device to hired vehicles at Speedpost Centres and Hubs was also completed in February 2017 to support more efficient performance management of these vehicles.

62. As the recommendation set out in paragraph 4.18(d) of the Audit Report has been implemented, we recommend deleting this section from the next progress report.

Management of Central Mail Centre and General Post Office Building

63. In support of the future development of “Site 3” in accordance with the recommendations of the Urban Design Study for the New Central Harbourfront, HKP has all along been working closely with the relevant B/Ds, and has been making its best endeavour to take forward those tasks falling within its purview in a timely manner in accordance with the established public works procedures. The reprovisioning of the GPO Building comprises two parts, viz. reprovisioning of the

district-tied facilities (i.e. the GPO Counter Office and the Post Office Box Section, the GPO Delivery Office and the Speedpost Section) in the future development of Site 3 to meet the postal needs of the local community, and reprovisioning of the HKP Headquarters to a government site adjacent to the Central Mail Centre in Kowloon Bay. Consultation on the necessary reprovisioning works was conducted with the Central and Western District Council and the Kwun Tong District Council on 20 October and 1 November 2016 respectively. We will submit the necessary funding application to the Public Works Subcommittee for consideration and Finance Committee for approval. We will also ensure that available floor space within the GPO Building will be put to gainful use before reprovisioning.

64. As the recommendation set out in paragraph 5.20(b) of the Audit Report has been implemented, we recommend deleting this section from the next progress report.

Progress of implementing Audit's and PAC's recommendations

65. A summary of the progress of implementing Audit's and the PAC's recommendations is set out at Enclosure 9.

Encl. 9

Burial and cremation services
(Chapter 5 of Part 8 of PAC Report No. 65)

66. Subsequent to the Government's last report on 25 May 2016, the FEHD has continued to follow up on the recommendations made by the Audit regarding burial and cremation services. The progress made is reported below.

Supply of Public Niches

67. FEHD has all along been committed to taking forward the district-based columbarium development scheme such that the 18 districts would collectively share the responsibility of developing public columbarium facilities. Between the second quarter of 2011 and the end of 2016, we have obtained support from the relevant District Councils for 14 projects⁵ offering about 589 000 niches, which account for about two thirds of the projected total provision. We are planning to consult the relevant District Councils on two projects⁶ in 2017. We will also draw up the timeline for taking forward the remaining projects in due course.

⁵ The 14 sites are at Diamond Hill (Wong Tai Sin), Cheung Chau (Islands), Tsang Tsui (Tuen Mun), Tsing Tsuen Road (Kwai Tsing), Wo Hop Shek (Phase 1) (North), Sandy Ridge (North), Chai Wan (Eastern), Wong Nai Chung Road (Wan Chai), Shek Mun (Sha Tin), Kwai Chung (two sites) (Kwai Tsing), Lai Chi Yuen Cemetery (Islands) and Siu Ho Wan (two sites) (Tsuen Wan).

⁶ The two sites are at Shuen Wan (Tai Po) and San Tin (Yuen Long).

68. As regards temporary storage service for ashes, FEHD currently has about 23 000 temporary storage spaces in place to meet the demand for such services, and expects to increase the capacity to about 65 000 urns by end 2018. We also collaborate with the funeral trade in promoting co-location of ashes in public niches by posting up promotional posters and distributing educational leaflets at the premises of licensed funeral parlours and undertakers of burials, and through broadcasting of Announcements in Public Interest on radio. Both FEHD and the Board of Management of the Chinese Permanent Cemeteries (BMCP) have removed the cap on the number of sets of ashes that may be placed in a niche. FEHD estimates that if we could make the best use of co-location in niches, there are about 181 000 and 300 000 urn spaces in the niches at the columbaria of FEHD and BMCP respectively. We in conjunction with the BMCP will continue to conduct promotional and publicity activities to encourage the public to place additional urns in niches.

Burial Grounds and Cremation Services

69. With regard to the results of the full-scale survey of urn graves, FEHD has been taking follow-up actions on mismatch cases in a pragmatic manner by rectifying the inconsistency in the names of the deceased as shown on the grave and in official records as and when the descendants of the deceased come forward to apply for exhumation of the remains of the deceased or for grave repairs.

70. With the commissioning of the six new cremators at Cape Collinson Crematorium (Phase II) by phases since December 2015, the overall capacity of cremation sessions has been increased by 20%. In 2016, amongst the 47 878 cremation sessions provided by FEHD, 43 556 cremation sessions were booked. The utilisation rate was about 91%. FEHD would continue to maintain its performance pledge that “an applicant may book a cremation session within the next 15 days from the day of application”.

Regulation of Private Columbaria

71. The Government tabled in the LegCo the Private Columbaria Bill (the Bill) on 25 June 2014. Through the Bill, the Government would set up a licensing scheme and regulate the operation of private columbaria, with a view to enhancing protection of consumer interests and putting the further development of the trade on a sustainable path. However, the resumption of second reading debate of the Bill by the Fifth LegCo was derailed by filibustering on another bill preceding it. The Government reintroduced the Bill to the Sixth LegCo on 23 November 2016. The LegCo Bills Committee completed scrutiny of the Bill in March 2017. The Second Reading debate on the Bill was resumed and completed at the Council meeting of 13 April 2017. The Bill is expected to pass its

third reading and the Private Columbaria Ordinance (the Ordinance) will come into operation within the 2016-17 legislative session. FEHD has set up a dedicated website (www.rpc.gov.hk) in December 2016 to better inform the public and the private columbarium operators of the proposed licensing scheme for private columbaria. Upon enactment of the Ordinance, FEHD will step up publicity and public education on the regulation of private columbaria, and put in place all necessary preparatory arrangements in support of the new regulatory regime.

Way Forward

72. Upon completion of new niche allocation in Wo Hop Shek Kiu Tau Road Columbarium Phase V in late March 2016, the following stock of niches is expected to be available for allocation in the coming two years: 855 niches in the Wong Nai Chung project, 360 niches in the Peng Chau Columbarium Extension project and 1 250 niches in the Cheung Chau Columbarium Extension project by FEHD; 12 344 niches in Southern District by BMCPC and some 37 000 niches in private cemeteries run by religious organisations that are yet to be allocated. For the new niches to be provided in late 2019 under the Tsang Tsui project, we will closely monitor the progress of the project, and intend to start pre-sale of the first batch of niches in 2018 so that successful applicants may deposit their ancestors' ashes into the allocated niches as early as possible upon the commissioning of the project.

73. To promote green burial, FEHD has enhanced efforts and allocated additional resources which included the launch of exhibitions, public seminars and talks; production and broadcast of promotional videos; hanging of posters and banners; and collaboration with relevant Non-government organisations. Apart from this, FEHD continues to monitor the usage of memorial walls in Gardens of Remembrance. In late 2016, 5 925 new plaque spaces in the Cape Collinson Columbarium were open for public use. In addition, in January 2017, 752 and 528 new plaque spaces were provided in the Kwai Chung Columbarium and Fu Shan Columbarium respectively. Further, some 1 200 additional plaque spaces will be provided in the Diamond Hill Garden of Remembrance in early 2018 tentatively.

74. As the above measures will be implemented on an on-going basis and implementation of some of these, including matters regarding the supply of niches, will be reported to the LegCo Panel on Food Safety and Environmental Hygiene, we recommend deleting the relevant parts from the next progress report.

Protection of revenue on dutiable commodities and motor vehicle first registration tax

(Chapter 7 of Part 8 of PAC Report No. 65)

Licence and Permit controls of Dutiable Commodities

75. The Customs and Excise Department (C&ED) has launched the Dutiable Commodities System since January 2017, enabling system integration with the Road Cargo System to allow electronic transfer of data between the two systems for C&ED's actions on the control of Dutiable Commodities. C&ED has also taken steps to clear all idle dutiable commodity stocks at bonded warehouses. Hence, C&ED has completed all follow-up actions under "Licence and Permit controls of Dutiable Commodities".

Enforcement against illicit Dutiable Commodities and management of seized items

76. C&ED has taken measures to improve stock recording and checking of volatile seized goods and their storage, and ensure the compliance of guidelines on safe custody of documentary exhibits. Mechanisms have also been put in place to monitor the progress of seizure disposals. The enhancements have formed part of C&ED's work and C&ED will monitor the implementation continuously.

Administration and protection of Motor Vehicle First Registration Tax

77. C&ED has completed all follow-up actions under "Administration and protection of Motor Vehicle First Registration Tax". C&ED will closely monitor the situation and continue its efforts in carrying out its duties relating to first registration tax.

Progress made in implementing the Audit's recommendation

78. A summary of the latest progress in implementing the Audit's recommendations is at Enclosure 10.

REPORT ON THE RESULTS OF VALUE FOR MONEY AUDITS (Report No. 67)

Chapter 2 – Funding of universities by University Grants Committee

79. The Government and the University Grants Committee (UGC) generally accept the views and recommendations made by the Audit and the PAC on the funding of universities by the UGC. The UGC Secretariat has taken follow-up actions as appropriate in collaboration with relevant government B/Ds. The progress made is reported below.

Administration of Recurrent Grants

Provision of recurrent grants

80. The Government and the UGC are mindful of the need to take into account research impact in the allocation of recurrent grants to universities with a view to incentivising the conduct of research of local relevance with high economic and social benefits. In the 2017 Policy Address, the Government announced that universities would be requested to conduct more impactful and translational research projects that meet Hong Kong's needs, so as to tie in with the work promoting the development of industries and re-industrialisation. The Government also announced that the UGC would be requested to complete the review on the allocation of research grants and to expand the assessment criteria to include research impact and effectiveness of knowledge and technology transfer. To this end, the UGC, with the support of the Heads of universities, is now actively planning another Research Assessment Exercise (RAE) in 2020, with the inclusion of research impact as one of the elements of assessment.

81. Regarding the future allocation of knowledge transfer (KT) funding to UGC-funded universities, noting that the KT culture has already been fully embedded in universities' strategies and operations, the Research Group under the UGC agreed in September 2016 to consider changing the way KT funding was to be provided to universities for the next 2019-22 triennium, e.g. by integrating the earmarked KT funding into the Block Grant to universities. The UGC Secretariat will review the earmarked KT funding allocation in due course, taking into account Audit's views and recommendation.

Compliance with enrolment rules

82. The UGC has made several improvements to the Notes on Procedures (NoP) to ensure compliance with enrolment rules, by setting out in the NoP the action that would be taken in cases of non-compliance. In January 2017, the UGC Secretariat communicated the changes to UGC-funded universities and published them on the UGC's website. The NoP has also been updated to reflect the policy change for admission of non-local students of UGC-funded sub-degree, undergraduate and taught postgraduate programmes.

83. On teacher education programmes, upon finalisation of the implementation details of the "sub-cap proposal" in consultation with the EDB and the teacher education universities (TEUs), the UGC Secretariat has written to TEUs requesting them to take into account the Government's suggestion that the various streams of teacher education programmes be treated as distinct manpower-planned programmes for the purpose of applying the sub-cap on under-enrolment for manpower-planned programmes. In October 2016, the UGC Secretariat informed the TEUs in writing of the implementation details, taking into account the views expressed by the TEUs, including the exemption from the sub-cap proposal for programmes with small intake.

Review of tuition fees

84. There is no plan to increase the indicative tuition fee level at present and the Government will maintain the indicative tuition fee at the current level during the 2016/17 to 2018/19 triennium, i.e. \$42,100 per student per year for UGC-funded programmes at degree level. It is, however, noted that the tuition fee level has remained at the same level for nearly two decades. Hence, the Government has invited the UGC to conduct a study on the practices in other jurisdictions and propose options to the Government for consideration with due regard to the situation in Hong Kong.

85. The above-mentioned study was completed in late September 2016 and the final report has been submitted to the EDB. The EDB is now carefully studying the findings of the report and will decide the way forward for the 2019/20 academic year and beyond in due course.

Administration of Capital Grants

Assessment of academic space

86. The UGC-funded universities have been informed of the plan to conduct (a) a review on the space requirement formulae; (b) space utilization surveys; and (c) external audit of the space inventories of universities. Subject to UGC's endorsement and taking into account the lead time required for selection and engagement of consultants for the review exercise, the UGC Secretariat expects that the consultants to be appointed shall start work by the end of 2017 with a view to completing the review study by 2019.

Shortfall in student hostel places

87. Both the EDB and the UGC recognise that hostel experience is an integral part of higher education, and are committed to supporting the development of publicly-funded student hostels in accordance with well-established policies and calculation criteria.

88. Having regard to the importance of hostel life to students and the promotion of internationalisation, the UGC has since 2013 accorded higher priority to hostel projects than academic building projects when seeking capital funding from the Capital Works Reserve Fund. In the past few years, the UGC had been working very hard to secure funding support from the Government and will continue to do so. Universities are also encouraged to consider alternative ways to support campus and hostel development, apart from modifying and/or reprioritizing their projects under planning with a view to enhancing the chance in obtaining funding from the Government.

89. The UGC agrees that the scarce land resources allocated for the construction of student hostels should be better utilized with a view to maximizing the number of hostel places. Universities are encouraged to optimize the utilization of the project site as far as possible.

90. Looking ahead, the UGC will continue to work closely with the EDB and the UGC-funded universities with a view to increasing the number of hostel places.

Finalisation of project final accounts

91. The UGC Secretariat agrees that the finalisation of project accounts should be expedited. The UGC Secretariat has been working closely with the ArchSD and the universities with a view to finalising the project final accounts as soon as practicable.

92. With the concerted efforts of universities, ArchSD and the UGC Secretariat, the progress of finalisation of final accounts (as at 2 May 2017) is as follows –

	Major Capital Works Projects	AA&I Projects
(i) Total number of projects with finalisation of final accounts overdue as at 30 June 2016	36	98
(ii) Total number of projects with final accounts finalised between 1 July 2016 and 11 October 2016 (as shown in the Director of Audit's Report No. 67)	5	25
(iii) Total number of projects with final accounts finalised between 12 October 2016 and 2 May 2017	8	51
(iv) Total number of projects pending finalisation of final accounts (i.e. (i)-(ii)-(iii))	23	22

Governance and Other Administrative Issues

Need to improve management of conflicts of interest

93. The UGC Secretariat has reviewed the system for the management of Register of Interests forms submitted by the UGC members. The UGC currently adopts a two-tier reporting system for managing conflict of interest. Apart from the completion of Register of Interests forms upon first appointment/reappointment or significant change of circumstances, UGC members are requested to declare interests whenever they see a reason to do so. When UGC members are aware of any potential conflict with the discussion items on the meeting agendas, they are required to make a declaration, and if necessary, be excused from the relevant discussions. In response to the Audit's recommendation, the UGC Secretariat has set up a central database on Register of Interests forms submitted by members. A bring-up mechanism has also been put in place to closely monitor the progress of submission from members. Besides, members would be invited to submit annually an updated Register of Interests forms in accordance with the proposed Rules of Procedures for meetings, which was considered by the UGC at the meeting on 12 May 2017.

Attendance rates of members

94. The UGC Secretariat has taken the following measures to address the concerns on members with low attendance records –

- (a) remind the members concerned to attend meetings as far as possible;
- (b) continue the practice to fix the meeting dates as early as possible to facilitate members to arrange for their attendance of meetings;
- (c) arrange video conference as far as practicable when members cannot attend the meetings in Hong Kong. Committee papers will be prepared for issue as soon as possible so that the views and contributions can be solicited in advance from members who cannot attend the meetings; and
- (d) set up a mechanism to alert members on their attendance rates urging them to make efforts to attend meetings as far as possible.

Need to produce a strategic plan

95. The UGC Secretariat will follow up if the UGC considers that there is a need to prepare a document in the form of a strategic plan which will set out the principles, strategies and strategic priorities of the UGC in May 2017.

Meeting expenses

Hotel accommodation

96. The UGC Secretariat has reviewed the current hotel accommodation arrangement for non-local members. Having regard to the status of non-local members who are renowned academics from around the world, it is considered appropriate to maintain the provision of upmarket hotel/5-star hotel accommodation for them when attending meetings in Hong Kong. In order to enhance the procurement arrangement, the UGC Secretariat has invited four additional hotels, on top of the five hotels normally invited, for submission of quotations with effect from December 2016. The enhanced quotation exercise has covered all appropriate hotels which are located in the vicinity of the meeting venues. The UGC Secretariat will regularly review the list of hotels included in the exercise to ensure that it reflects the latest situation in the vicinity.

Air passage

97. The UGC Secretariat has consulted the Government Logistics Department (GLD) and the FSTB on the procedures for procurement of air tickets. It is noted from GLD that as a general rule, procurement of air tickets for the same activity should be consolidated as far as practicable. The UGC Secretariat has taken the advice of GLD and has put in place suitable arrangements in the procurement of air tickets.

Internationalisation of the universities

98. The UGC recognises that internationalisation may come in many forms, including international strategies, curriculum development, international networks, non-local student recruitment and integration, and international faculty, etc. For the 2016-19 triennium, the UGC has continued to provide funding to the universities to continue their efforts to attract more diversified sources of non-local students, including the setting up of the Hong Kong Pavilion in international education conferences to enable the universities to explore new markets and attract more non-local students from different regions as well as to promote the UGC sector as a united front. The UGC Secretariat will keep in view and see whether and how the universities may be encouraged to attract more diversified non-local students.

99. In addition, the UGC Secretariat will consider collecting information on the mix of academic staff from the universities in the next 2017/18 regular data collection exercise. The UGC will also, under the context of the accountability framework, discuss with the universities the key performance indicators including those on internationalisation.

Governance of the universities

100. The Task Force on Implementation of Governance Report Recommendations under UGC has been and will continue to closely monitor the implementation progress. Separately, on implementation of the recommendations of the review report on universities' financial affairs, the universities have been carrying out necessary enhancements to incorporate the requirements as stipulated in the new set of cost allocation guidelines and accounting and disclosure practices in their accounting operations. The UGC will continue to work with universities to ensure compliance of the new requirements in their financial reporting in the designated timeframes.

Progress of implementing Audit's and PAC's recommendations

101. A summary of the latest progress in implementing Audit's and the PAC's specific recommendations is at Enclosure 11.

Chapter 3 – Procurement and maintenance of fire services equipment

102. The FSD accepts the recommendations made by Audit and notes the views of the PAC of the LegCo. To take forward the Audit's recommendations, the FSD has set up two steering committees, each chaired by a directorate officer, to monitor the procurement and maintenance of fire services equipment respectively. The key progress made is reported below.

Communications systems

103. On the maintenance of the Third Generation Mobilising System (TGMS), the FSD has strengthened its monitoring over the contractor's performance, in particular the site arrival time to meet the 2-hour response time for arriving on scene for maintenance and the 6-hour turnaround time for rectifying critical faults targets as stipulated in the contract. The contractor has also settled the actual damages caused by its delayed maintenance services up to 30 September 2016. The FSD will ensure that any future contract damages will be claimed in a timely manner in accordance with the contract provisions.

104. To ensure a timely installation of TGMS equipment on new fire appliances and ambulances, the FSD will tie in the procurement schedule of the TGMS equipment with the delivery of new emergency vehicles and monitor the progress through periodic progress review with the GLD.

105. The FSD also set up a new Major Procurement Projects Steering Committee, chaired by a directorate officer, to closely monitor the implementation of procurement issues, e.g. procurement authorisation, project planning, tendering, service/equipment delivery and contractor performance management, in future procurement projects.

106. For a better planning and smooth implementation of the next generation mobilising system to replace the TGMS, the FSD has set up a multi-disciplinary in-house project team to draw up the user requirements of the next generation mobilising system, through widely engaging frontline staff members and relevant stakeholders, with a view to minimising the need for making substantial changes to the user requirements after the award of contract. The project team will closely monitor the project implementation to ensure timely completion of the key milestones. Taking into account the Audit's recommendations, the FSD will include a mobile phone location identification function in the next generation mobilising system and consider setting a target of answering time for emergency calls.

107. With a view to closely monitoring the maintenance of the Digital Trunked Radio System (DTRS) provided by the Electrical and Mechanical Services Trading Fund (EMSTF), the FSD has designed a dynamic preventive maintenance schedule for DTRS terminal equipment in collaboration with the EMSTF. Furthermore, the FSD and the EMSTF are jointly exploring the feasibility of setting key performance indicators as well as incorporating suitable clauses for claiming damages into the existing Service Level Agreement.

Fire appliances and support vehicles

108. With respect to the maintenance of fire appliances and support vehicles, the Department has assigned a designated officer to monitor the maintenance schedule of fire appliances and issue reminders to the user units for conducting maintenance for the vehicles in good time. Moreover, the FSD has agreed with the EMSTF to arrange, upon request, supplementary on-site inspection service to vehicles which have missed the scheduled maintenance. Upon implementation of the above measures since October 2016, the availability rate of fire appliances has consistently met the 90% target.

Fire-fighting and rescue vessels

109. To expedite the processing of the fire-fighting and rescue vessel replacement projects of the FSD, the Marine Department (MD) has strengthened its manpower in handling related work, and outsourced the preparation of technical specifications for tender documents and the project management of vessel construction to further alleviate the workload.

110. FSD and MD have arranged quarterly meetings for reviewing the progress of the vessel procurement/replacement projects according to the 10-year implementation plan as well as the seaworthiness and conditions of the vessels to be replaced to ensure that FSD's operational efficiency will not be affected. For the replacement of Fireboat 7 (FB 7) and the two speedboats, the tender evaluation for two speedboats has been completed while the tender evaluation for FB 7 is underway.

Other fire services support equipment

111. The FSD has completed the fine-tuning of the Asset Management and Maintenance System (AMMS). All the outstanding functions in the AMMS on inventory control, repair and maintenance management as well as business intelligence analysis have been completed and put into use since October 2016.

112. As regards the supply and maintenance of different types of fire services support equipment, the FSD has been adopting open tendering as far as practicable for invitation of tenders so as to promote fair, competitive and open bidding and will continue to explore the feasibility of diversifying the sources of supply. A Fire Services Equipment Maintenance Steering Committee, chaired by a directorate officer, has also been set up to closely monitor the preventive maintenance for specialised equipment.

Progress made in implementing the Audit's recommendations

Encl. 12 113. A summary of the progress in implementing the Audit's recommendations is at Enclosure 12. As all the recommended measures have been implemented or will be implemented on an on-going basis, we recommend that this part should be deleted from the next report.

Chapter 4 – Management of abandoned construction and demolition materials

114. The Government accepts the recommendations made by the Director of Audit regarding “Management of abandoned construction and demolition materials” as well as the comments by the PAC.

115. The EPD and Civil Engineering and Development Department (CEDD) have taken appropriate follow up actions in accordance with the recommendations with a view to further improving our work on management of abandoned construction and demolition materials. The progress made on actions taken is reported below.

Construction Waste Disposal Charging Scheme

116. We have reviewed the charging levels under the Construction Waste Disposal Charging Scheme and implemented the new charges on 7 April 2017, pursuant to the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Amendment of Schedules) Notice 2016. We will conduct further reviews of the construction waste disposal charges on an annual basis. Meanwhile, as announced in the 2017 Policy Address, the Government is also preparing the legislation required to mandate the use of a GPS on construction waste collection vehicles to combat illegal depositing of construction waste.

117. We have completed reviewing our enforcement guidelines on prosecution actions against non-compliance of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation. Enforcement staff have been reminded to obtain proper endorsement of their recommendations for all prosecution cases.

Measures to Increase Reuse of Fill Materials

118. In collaboration with CEDD, EPD conducted another inert content survey in October 2016 to review the percentage of vehicle loads meeting the inert content requirement (i.e. containing more than 50% by weight) at sorting facilities. The survey results indicated that the current screening methodology remains effective. EPD will continue to work with CEDD to closely monitor the effectiveness of the screening methodology at the sorting facilities.

Measures to Prevent and Detect Illegal Dumping

119. In response to the recommendations of the Audit, the EPD has implemented a number of improvement measures. Based on experience gained from the trial, we will devise surveillance camera systems with suitable specifications to capture better images of registration marks of vehicles involved in illegal dumping of waste. On reviewing the prosecution procedures, we had made reference to the good practices adopted by HKPF in handling speeding and red-light jumping cases to facilitate our identification and investigation of illegal dumping cases. We shall continue to seek Department of Justice's advice as early as possible on any potential legal issues; and to update the enforcement guidelines accordingly. We have been working closely with the FEHD and will notify FEHD of incidents where their staff or contractors are involved for taking follow-up actions on a timely basis.

120. Based on experience gained and issues identified, we are working on a new service contract for installation of enhanced surveillance camera systems at serious waste dumping black spots to help reinforce enforcement work against illegal waste dumping.

Progress of implementing Audit's recommendations

121. The progress made on actions taken by the Government, in light of the recommendations of Audit and PAC, is summarized at the Enclosure 13.

Encl. 13

Chapter 5 – Hospital Authority's drug management

122. Public hospital services in Hong Kong are heavily subsidised by the Government. It is the Government's public healthcare policy to ensure that no one is prevented, through lack of means, from obtaining adequate medical treatment. The Government generally agrees with the recommendations made by the Audit. The Hospital Authority (HA) has taken follow-up actions to take forward Audit's recommendations.

Management of the Hospital Authority Drug Formulary (HADF)

123. Since 2005, HA has been implementing the HADF to standardise the drug policy and drug utilisation in all public hospitals and clinics, thereby ensuring equitable access by patients to cost-effective drugs of proven safety and efficacy. Under the HADF mechanism, each hospital may select drugs from the HADF to draw up its own formulary to suit its specific needs.

124. HADF drugs are intended for corporate-wide use benefiting the entire local population while drugs outside the HADF are sometimes prescribed to cater for the clinical needs of individual patients in exceptional situations. HA has formulated and implemented mechanism for monitoring and analysing the use of drugs outside the HADF and reviewed the current practice on approving, documenting and monitoring the use of drugs outside the HADF in different clusters. HA will align the procedure for use of drugs outside the HADF across different clusters, and define the charging principles through expanding the existing guidelines on the use of immediate life-threatening emergency drugs to cover drugs outside the HADF. This will be incorporated into the next revised version of the HADF Management Manual.

Procurement of drugs

125. It is HA's on-going drug procurement strategy to optimise bulk contract arrangements in order to ensure supply continuity, to save procurement costs and to achieve economies of scale. In response to the Audit recommendation of reviewing HA's direct purchase method to determine whether the demands of individual hospitals can be consolidated for establishing bulk contracts, HA has reviewed Audit's list of 193 drug items and identified suitable candidates for bulk contract arrangement, and has implemented the Pharmacy Business Intelligence System in April 2017 to facilitate bulk contract arrangements and overall monitoring. Besides, after reviewing the direct purchase practice, HA is formalising it through incorporation into corresponding guidelines.

126. HA has maintained multi-source tender exercises on existing and new drug items meeting the pre-set criteria, and has reviewed the current criteria for conducting multi-source tender exercises. In addition, HA has implemented key performance indicators in the Pharmacy Business Intelligence System to enhance monitoring of delivery performance and has regularised the Performance Review Group meetings to strengthen monitoring of drug manufacturers and suppliers' performance. HA is also exploring relevant factors to assist decision making on drug re-ordering at the hospital level.

Dispensing and handling of drugs

127. The increase in service demand has led to extended prescription durations. HA has been exploring options to minimise potential drug wastage, and has set the framework of implementing drug refill services to break long-duration prescriptions into refills and provide drug counseling for targeted patients between refills in order to reduce drug wastage and improve patient care. HA has started the preparatory work on operation logistics for pilot implementation of the said services in the first quarter of 2018 for targeted patient groups in selected specialist outpatient clinics. Subject to satisfactory review of the pilot implementation, drug refill services will be rolled out to other specialist outpatient clinics in other clusters in phases.

128. On the other hand, HA has established guidelines on the proper handling, safe custody, record keeping and disposal of dangerous drugs in hospitals. To ensure staff compliance, HA has updated the guidelines in December 2016 with standardised workflow on reporting of missing dangerous drug incidents and a standard template to guide incident investigation. HA has established a set of compliance checklists to facilitate dangerous drug audits and developed a new e-learning courseware to enhance staff training on dangerous drugs handling. HA will further enhance its information technology system to facilitate reporting, notification and monitoring of dangerous drug incidents. These will be implemented in the second quarter of 2017.

Monitoring the quality of drugs

129. HA regularly commissions local laboratories to conduct sample testing of drugs procured by HA and auditors to conduct inspection of premises of drug manufacturers. Inspection of premises of drug suppliers has also been incorporated into the current risk-based inspection programme in the second quarter of 2017, taking into account the volume of supply as an additional prioritisation criterion. To address cases involving different levels of requirements, HA will build in multiple timeframes in service contracts in the first quarter of 2018 to ensure feasible and timely submission of test reports.

130. In addition, HA has established mechanism in place for frontline hospitals and clinics to report drug quality complaints for central investigation on product quality compliance. HA will develop performance indicators to effectively monitor the investigation of these complaints and take measures to ensure timely completion of investigations.

Administration of financial assistance programme for purchasing self-financed drugs

131. HA has an established mechanism to regularly consider the inclusion of specific self-financed drugs under the coverage of safety net provided through the Samaritan Fund (SF) and the Community Care Fund (CCF) Medical Assistance Programme. Since August 2016, HA has supported 26 and 13 self-financed drugs under SF and the CCF Medical Assistance Programme respectively to benefit more patients. HA is continuing its efforts to include appropriate self-financed drugs under the coverage of safety net, based on safety, efficacy and cost-effectiveness considerations and other relevant factors as described in the HADF Management Manual.

132. To safeguard public fund, HA adopts various measures to prevent and deter fraud. Apart from patient education and publication, HA conducts post-approval checks on SF and CCF applications. To strengthen the effectiveness of post-approval checks, HA has started developing, since the first quarter of 2017, additional performance indicators to monitor the performance of post-approval checks. Moreover, from the second quarter of 2017 onwards, HA will select more samples from cases which involve a substantial amount of subsidy for post-approval checks, expand the scope of checking and extend the bank search period up to the expiry of the validity period of financial assistance.

Progress made in implementing Audit's recommendations

Encl. 14 133. A summary of the progress of implementing Audit's recommendations is at Enclosure 14.

Chapter 6 – Funding of academic research projects by Research Grants Council

134. The Research Grants Council (RGC) and the Government generally welcome the views of the Audit and broadly accept Audit's recommendations regarding the funding of academic research projects by the RGC. The UGC Secretariat has taken appropriate follow-up action on the recommendations. The progress made is reported below.

Governance and Management Issues

Appointment of Council members

135. The Government has always been taking into consideration the six-year rule as well as other relevant factors when considering appointment and re-appointment of the Council members. The Government will continue to ensure a healthy turnover of Council members.

Matters related to Council/committee/panel meetings

136. The UGC Secretariat is taking action to consolidate the existing documents governing the major meeting proceedings of the RGC Council/committees/panels into a single set of document called “Rules of Procedures”. This formal set of rules of procedures will be submitted to the RGC for endorsement at its meeting scheduled for June 2017 and the UGC Secretariat will arrange for promulgation upon RGC’s approval.

137. The UGC Secretariat has all along prepared records of decisions for all meetings. Starting from June 2016, the Secretariat has refined the arrangements in note-recording for the committees/panels by consolidating the information which used to be recorded in various form of documents and presenting it in the form of “Minutes of meetings” which includes members’ attendance, main conclusion, follow-up action etc.

Award of research project grants

138. The UGC Secretariat has consulted the RGC and the Council has agreed that starting from the next RGC meeting in June 2017, details including project title, recommended duration and recommended budget will be provided on the lists of recommended projects which will be made available in members’ laptops for scrutiny.

Management of conflict of interest

139. The RGC is fully committed to the principle of honesty, integrity and fair play in the conduct of its business. It will continue to enforce the mandatory requirement of declaration of conflict of interest by Council/committee/panel members and ensure proper documentation of all matters related to declaration of interest.

140. With regard to the missing forms, all current and former RGC Council members have re-submitted the Register of Interests Forms for the past five years from academic year 2011/12 to 2015/16. The completed forms have been properly filed by the UGC Secretariat. The UGC Secretariat will continue to take action to ensure that all RGC Council/committee/panel members will complete and update the forms in a timely manner. Paper forms will be kept in the custody of designated officers while electronic back-up copies are stored in a central repository. Reminders will also be issued to expedite action from the members concerned where necessary. Besides, members would be invited to submit annually an updated Register of Interests Forms in accordance with the proposed Rules of Procedures for meetings, which will be considered by the RGC at the meeting in June 2017.

141. To avoid any perceived conflict of interest, the UGC Secretariat will continue with the existing practice that RGC members who have submitted their own applications shall be excused from the conference room and shall refrain from discussing the relevant items.

Monitoring of funded projects

142. The UGC Secretariat formed a panel in April 2017 to clear the backlog of assessing completion/concluding reports for research projects funded by the RGC as a one-off ad hoc exercise. To ensure that the assessment of progress/completion/concluding reports will be completed in a timely manner, a dedicated session will be reserved in the Panel meetings held in every June for members to rate the outstanding reports in the UGC Secretariat.

Handling of alleged misconduct cases by RGC

143. In respect of Audit's concern on the five substantiated misconduct cases pending RGC's determination of the level of penalty, the RGC decided the level of penalty for these cases at its meeting in December 2016. The institutions concerned were notified of the results in the same month.

144. Since the formation of the Disciplinary Committee (DC) under the RGC in December 2013 (which was later re-established as three DCs, namely DC (Investigation), DC (Penalty) and DC (Appeal)), the DCs have considered a total of 49 alleged misconduct cases. As at 1 March 2017, the DCs completed investigation of all 49 alleged misconduct cases, and among them 25 cases were found substantiated and penalties were imposed as appropriate. The institutions concerned were notified of the results accordingly. The UGC Secretariat will continue to provide support to the DCs and the RGC to facilitate the processing of alleged misconduct cases. The on-going Review of the RGC will holistically examine, among others, the existing structure and procedures for handling alleged misconduct cases. In particular, the Review will consider how to enhance public accountability and transparency, having regard to the prevailing practice in the higher education sector.

Research output

145. Research output is one of the indicators for evaluation of research performance and research funding. Analysis on research output per academic staff as an indicator of universities' research productivity only reflects quantity. The RAE is a more sophisticated, comprehensive and appropriate assessment which covers the number of eligible staff in units of research assessment, the quality of research outputs, research inputs and esteem measures etc. The UGC is actively planning for another RAE in 2020 with the inclusion of research impact as one of the elements of assessment.

Progress made in implementing Audit's recommendations

Encl. 15 146. A summary of the progress of implementing Audit's recommendations is set out at Enclosure 15.

Chapter 7 – Sewerage systems in rural areas

147. The Government has taken actions to progressively improve Hong Kong's water environment through environmental law enforcement and implementation of Sewage Master Plans (SMPs) in the territory to protect Hong Kong's water environment and various beneficial uses. The Government agrees with the recommendations made by the Audit. ENB, EPD and Drainage Services Department (DSD) have taken follow-up actions on the recommendations.

Pollution Control in Unsewered Areas

Control and monitoring of compliance with Water Quality Objectives on Escherichia coli (E. coli)

148. EPD agrees with the recommendations in the Audit Report to conduct periodical assessments of the extent of pollution of major rivers caused by village sewage discharges. EPD has put in place a comprehensive river water quality monitoring programme to collect water samples at 82 river monitoring stations every month for physical, chemical and biological analyses, and publish the monitoring results in the annual Hong Kong River Water Quality Report as well as on EPD's website. The monitoring data showed that since 1980s, Hong Kong's river environment has been substantially improved through enforcement of environmental laws and implementation of SMPs in the territory. The water quality of all rivers in Hong Kong has improved, with 84% of Hong Kong rivers graded "Good" or "Excellent" in 2016, compared with only 26% in 1987 (See **Figures 1 to 3**). The *E. coli* level of our rivers has also reduced by 80% as compared with that in 1980s. The pollution load of most major rivers had been largely reduced by up to 96%. EPD is assessing the extent of pollution in the major rivers caused by village sewage discharges and the assessment is expected to be completed by the end of 2017. EPD will report the results in the next annual Hong Kong River Water Quality Report.

Control and monitoring of septic-tank-and-soakaway systems

149. EPD is now reviewing and developing plans for controlling the high-risk septic tank systems in villages located in environmentally sensitive areas, as well as areas where the river water quality required further improvements. This review is expected to be completed by the end of 2017. To support the above pollution control measures, EPD has prepared simplified operation guidelines for the septic tank system and is promoting proper maintenance of the septic tank systems in the abovementioned areas. These actions are expected to be completed in the third quarter of 2017.

150. To monitor the construction and design of septic-tank-and-soakaway (STS) systems, EPD is, in collaboration with LandsD, reviewing the requirements for STS systems in the Certificate of Exemption to ensure that it is in line with the “Drainage Plans subject to Comment by the EPD” Practice Note for Professional Persons 5/93 as far as practicable, in order to resolve the pollution problems in the most effective and feasible manner.

Control and monitoring of desludging operations for septic tanks

151. EPD is, in collaboration with the FEHD, exploring ways and means to strengthen the control over desludging operations. To cope with future work, EPD has contacted the desludging operators still in service and compiled a directory. Such directory has been uploaded to EPD’s website for public’s reference. EPD has also completed a review of the complaints in recent years relating to desludging operation and their locations, and no blackspot of illegal dumping of sludge was found. Enforcement staff will continue to remain vigilant. Once a new blackspot is identified, it will be included in the priority list for installation of surveillance cameras system to step up enforcement.

Planning and Implementation of Village Sewerage Programmes

Control of sewage discharge from unsewered squatters

152. For control of pollution from squatter areas, experience showed that provision of public sewerage is not the best solution in terms of cost and environmental effectiveness. Hence, EPD will pursue a multi-pronged approach to improve the water quality of nearby rivers in the most efficient and cost-effective manner through the prioritized installation of dry-weather-flow interceptors (DWFIs) at high risk or polluting areas; provision of public toilets for squatter areas; and cleansing of surface drainage systems. EPD will assess the performance of DWFIs in controlling pollution from squatter areas and will also expedite actions to complete the village sewerage programmes where possible.

Implementation of village sewerage programmes

153. The purpose of implementing village sewerage programmes is to improve water quality. EPD achieves this objective in the most cost effective and efficient manner by taking into account the recommendations of the SMPs, the downstream river water quality and beneficial uses of water bodies. As shown in **Figure 3**, the water quality of most rivers has significantly improved to “Good” or “Excellent” gradings. At present, the six monitoring stations in the upstream of Tuen Mun River, Yuen Long Creek and Kam Tin River are still being graded as “Bad”. In view of the condition of Tuen Mun River, the Government has installed a DWFI at Siu Hong West Rail Station to divert the polluted flow from upstream to public sewers and sewage treatment plant for proper treatment and disposal. The water quality of Tuen Mun River is thus not affected by the upstream unsewered areas. In respect of the unsatisfactory water quality of Yuen Long Creek and Kam Tin River, EPD is preparing a pollution load inventory and working out an appropriate action plan. The relevant tasks are expected to be completed by the end of 2017.

154. To reduce slippage due to objections to land resumption, DSD will continue to maintain close communication with village representatives and villagers, carefully clarify any queries they might have, explain the improvements brought by such works projects, and at the same time handle objections received after commencement of a village sewerage project in a timely manner with a view to resolving conflicts as early as possible. On identification of existing underground utilities within works areas, DSD will strive to take all necessary and practicable measures to identify existing underground utilities during the planning and design stages as far as possible. For similar nature of works in which temporary closure of roads are required, DSD will seek legal advice on gazettal issues in a timely manner. As regards cost estimation, DSD has made reference to the latest costing information on aspects including labour, construction plants, materials and construction location, in preparing more accurate cost estimates for works projects in particular for those located at remote areas such as outlying islands.

155. Since 2010, DSD has set up an internal “Village Sewerage Support Group” (VSS Group) which comprises experienced professionals in DSD with an aim to improving the management of village sewerage projects. The VSS Group meets on a regular basis to discuss in detail issues and problems encountered in individual projects, as well as to share experience on the effectiveness of the related solutions. DSD has drawn lessons from the projects mentioned in the Audit Report and has shared the relevant experiences in the VSS Group.

Sewer Connection of Village Houses

Connection of village houses to public sewers

156. EPD is progressing to issue statutory notices under the Water Pollution Control Ordinance to households suitable for sewerage connection to connect their sewage to the public sewers. EPD had revised the internal guidelines to timely record information relating to house connection works. EPD will also enhance the computer database and related workflow, and strengthen the monitoring of the progress of the sewer connection works. In addition, EPD plans to publish the progress of sewer connection of individual villages during the preceding year annually at EPD's website starting in 2018.

Progress made in implementing Audit's recommendations

Encl. 16 157. A summary of the progress of implementing Audit's recommendations is at the Enclosure 16.

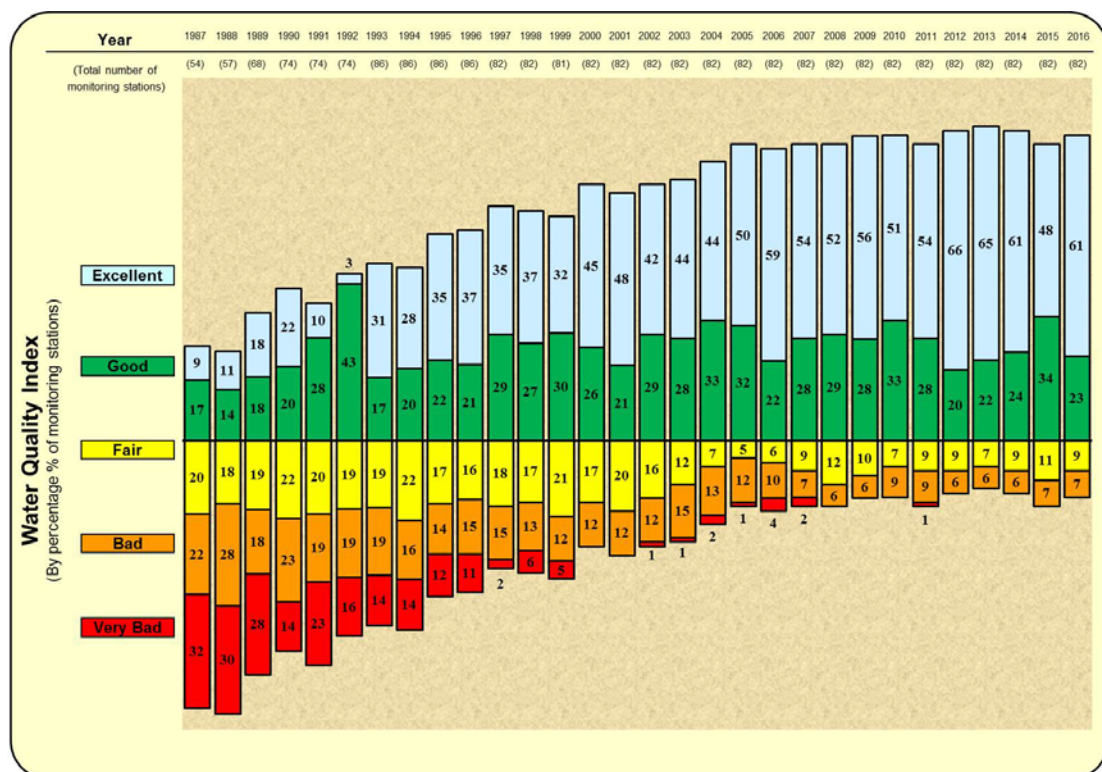


Figure 1 River Water Quality Improvements over the Past 30 years

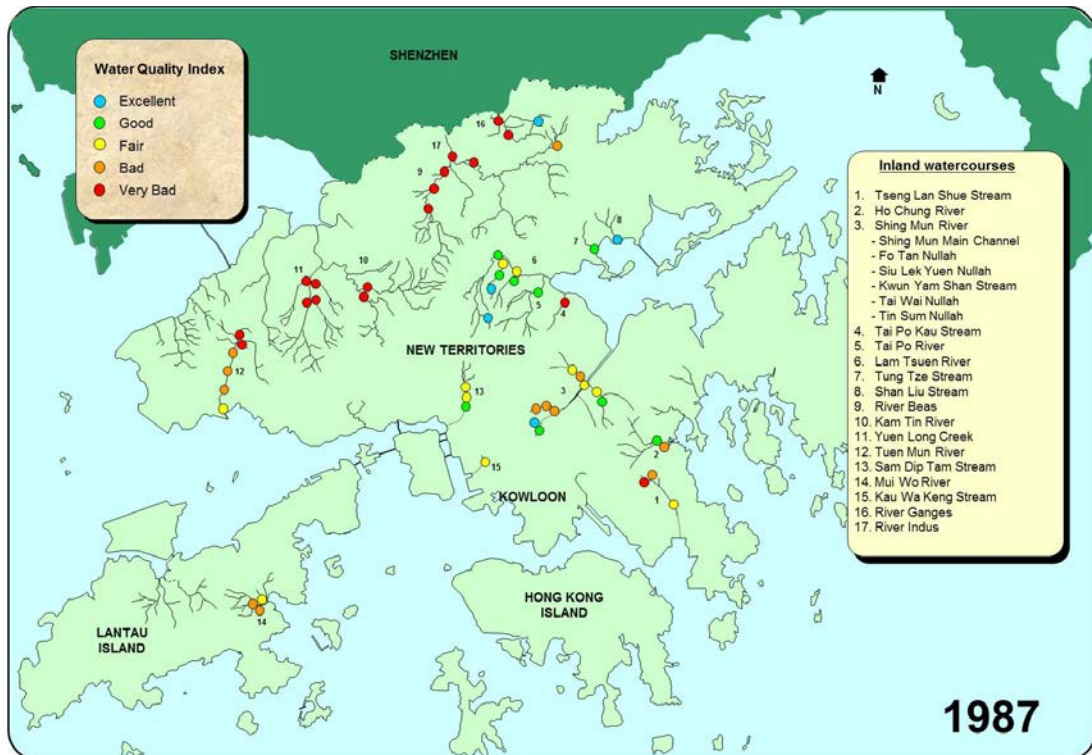


Figure 2 Hong Kong's River Water Quality in 1987

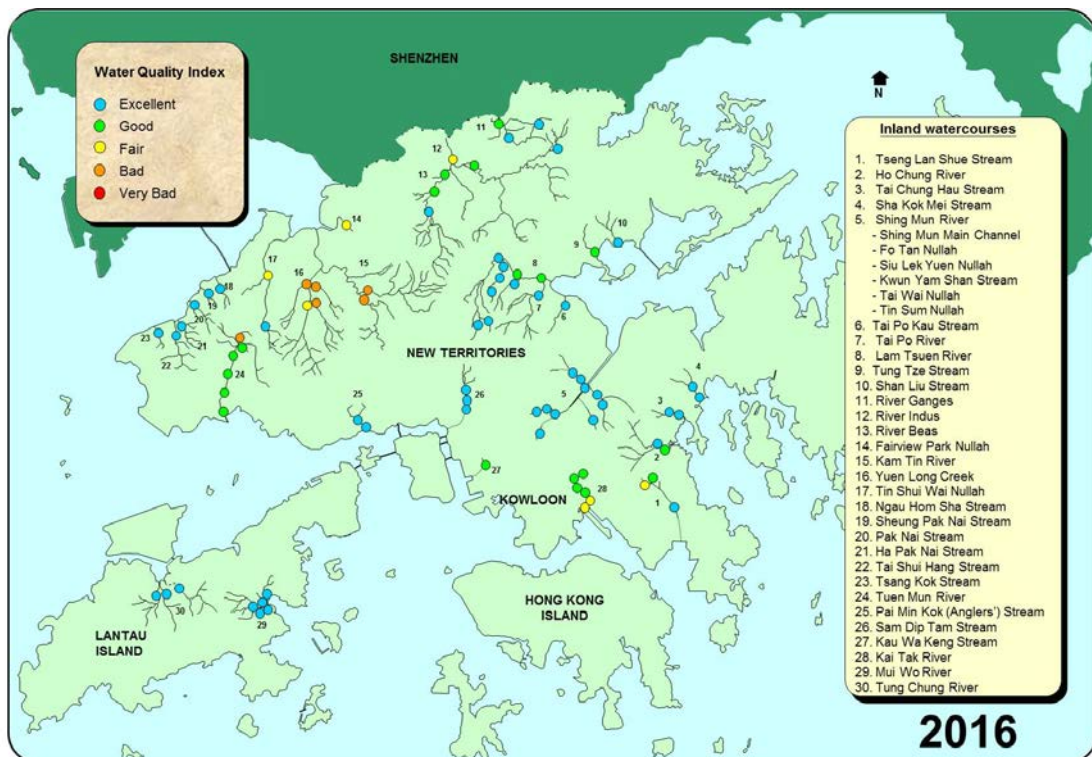


Figure 3 Hong Kong's River Water Quality in 2016

Chapter 8 – Joint-office operation on water seepage in buildings

158. The Government welcomes the comments made by the Audit on the Joint-office (JO) operation on water seepage in buildings, and generally agrees to Audit's recommendations. We have taken proactive follow-up actions to implement the recommendations as far as practicable.

159. In our view, proper management, maintenance and repair of buildings are the responsibilities of building owners. If water seepage is found in private buildings, the owners should first arrange their own investigation of the cause of seepage and co-ordinate with the relevant occupiers and other owners concerned for repairs depending on the circumstances and needs. However, where the water seepage poses a health nuisance, a risk to the structural safety of the building or results in wastage of water, the Government would intervene in accordance with the powers respectively conferred by the Public Health and Municipal Services Ordinance (PH&MS) (Cap 132), the Buildings Ordinance (Cap 123) or the Waterworks Ordinance (Cap 102).

160. The JO's joint operations aim to improve the coordination of the FEHD, which has the enforcement power under the PH&MS Ordinance, and the BD, which possesses building-survey expertise, in handling water seepage cases. To improve the effectiveness of water seepage investigation, the JO commissioned a consultancy study at the end of 2014 to review the latest technologies for identifying the source of water seepage in buildings. The study conducts research into the technological development both locally and overseas, and carries out field tests on selected cases. It also assesses and recommends the most suitable testing methods for use in private buildings, as well as formulates technical guidelines for the JO. The study is expected to be completed in 2017.

161. The JO is enhancing and optimising the current Complaints Management Information System (CMIS) (the existing system) to improve its record keeping and to update the information kept by the CMIS in a timely manner. For example, in addition to generating exception reports for obtaining the required management information, the existing system after enhancement would periodically generate lists of outstanding cases for supervising officers of the JO to monitor the relevant work progress.

162. Apart from enhancing and upgrading the existing system, the JO has started developing an information system (the new system) specifically for handling and recording water-seepage cases. The JO staff will keep the relevant information of water-seepage cases in the new system, including whether nuisance notices are issued, the recorded reasons for screening out cases and the time of sending final replies to informants, together with the functions including case

management, issuing reminders and alerts, monitoring contractors' performance and statistical reporting for investigations at different stages. The new system will periodically generate management returns to help monitor investigation progress and follow-up actions more effectively. The new system is expected to be completed and launched for use by end of 2017.

Way forward

Encl. 17

163. Taking into account Audit's comments, the JO has implemented a series of improvement measures. A summary of the progress of implementing Audit's recommendation is set out at the Enclosure 17. The JO will make continued efforts to shorten the time of investigation of reported water seepage cases and improve the success rate in identifying the source of seepage. The JO will also let building owners understand their responsibilities on building maintenance through publicity and public education.

Chapter 9 – Audience building activities for performing arts

164. The Government generally accepts the recommendations made by the Director of Audit regarding the audience building activities for performing arts in his Report No. 67. The Leisure and Cultural Services Department (LCSD) has been taking appropriate follow-up actions to take forward Audit's recommendations. The progress is set out below.

Planning of audience building activities

165. LCSD has reviewed its procedures and mechanisms with a view to facilitating better co-ordination among various offices/sections on the planning of audience building activities. LCSD has set up the Task Force on Audience Building Activities since December 2016 to review the strategic positioning of audience building activities and facilitate co-ordination among different offices/sections as well as compile relevant key indicators and management information. Besides, LCSD will formulate an overarching annual programme plan on audience building covering all relevant offices/sections including the Music Office (MO) by early 2018. A survey on performing arts activities which will include the views of non-participants is tentatively scheduled for 2018-19.

166. To make good use of expert advice, the Urban and New Territories Venues Sections will forward their annual programme plans on audience building activities to the Programme and Development Committee for advice starting from the 2018-19 planning exercise. Given the unique role of MO in music education, LCSD will set up a group of expert advisers within 2017-18 to advise MO on music education and appreciation.

Audience building activities of the Audience Building Office

167. LCSD has stepped up the monitoring of audience building activities conducted by arts groups under the Community Cultural Ambassador Scheme. In December 2016, the Audience Building Office issued guidelines on the counting of participants to arts groups under the Community Cultural Ambassador Scheme. The guidelines require the arts groups to provide record sheets and on-site photos as supporting documents. Subject officers of LCSD will also strengthen their spot checks by raising the percentage of activities checked from 40% to 45%.

168. LCSD will continue to review the schedule and adequacy of each of the audience building programme series. The programme mode and content of some school schemes will be modified and extended to junior secondary students in the 2017/18 school year to attract more schools and students to participate. LCSD will continue to help arts groups secure venues for audience building activities, and encourage them to further utilise vacant time slots at LCSD's music centres and minor facilities.

Audience building activities of the Music Office

169. LCSD has reviewed the development of MO over the years and the Government concluded in 2015 that MO should continue to be managed under the auspices of LCSD and be re-incorporated into the civil service as a long-term arrangement having regard to MO's unique role in providing quality music training for young talents at affordable fee; promoting cultural exchange between Hong Kong and other places; fostering synergy with LCSD and other government departments; complementing school education and promoting arts at the district and territory-wide levels.

170. After reviewing the skills mix and the actual duties performed by the MO grade staff, it is considered necessary to engage part-time instructors with expertise in individual musical instrument to complement the full-time staff since the instrumental music training and ensemble training programmes cover a wide range of musical instruments that form part of a band/orchestra and MO full-time staff cannot teach every type of instruments. MO has set minimum class size for its training courses and will merge those single-trainee classes, especially for those conducted by part-time instructors.

171. MO has also set up a working group on utilisation of music centres. Without affecting the use of music centres for organising activities targeting school students, MO has organised more outreach interest music courses at the centres during non-peak hours. Options will also be explored in consultation with other departments, non-profit-making music institutes/organisations and arts groups on the demand and feasibility of using the music centres for audience building activities, training and rehearsals.

172. The newly formed Task Force on Audience Building Activities will foster alignment and synergy among all relevant offices/sections including MO in promoting appreciation of performing arts more cost-effectively.

Audience building activities of Urban and New Territories Venues Sections

173. LCSD will continue to organise foyer and piazza events on audience building. In 2017-18, three fun days will be organised at three venues. For cost-effectiveness, LCSD will continue to enhance collaborations with district arts organisations, non-government organisations, youth organisations and Consulates-General.

174. LCSD has consulted the Committee on Venue Partnership in January 2017 on measures to enhance the operation of the Venue Partnership Scheme (VPS) for implementation in the fourth round VPS commencing in April 2018. LCSD will keep in view the operation on an on-going basis.

Progress made in implementing Audit's recommendations

175. A summary of the latest progress in implementing Audit's recommendations is at the Enclosure 18.

Encl. 18

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 67A
DATED APRIL 2017**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS (Report No. 67A)**

Maintenance and safety-related improvements of public rental housing flats

176. Over the years, the HD, as the executive arm of the Hong Kong Housing Authority (HKHA), has been providing affordable homes for those in need and helping them to improve their living standard. On the one hand, we have been expediting public housing production and increasing supply to address the demand-supply imbalance in housing. At the same time, we are committed to delivering quality property management and maintenance services to PRH tenants, with a view to improving the overall living environment and satisfying tenants' needs.

177. The "excess-lead-in-water" incident has been one of the major challenges faced by HKHA and HD in recent years. Admittedly, there have been some inadequacies in the process of handling and following up on the incident. We accept the Audit and the PAC's criticisms and would make improvement in this regard, with a view to exercising good governance in handling crises effectively and in the management and maintenance of PRH estates. We have learnt from this incident and have already introduced comprehensive institutional improvements to enhance our quality assurance mechanism and safeguard against risks.

178. The Government generally agrees with the recommendations made by Audit and PAC of the LegCo regarding the maintenance and safety-related improvements of PRH flats. HD has accordingly taken actions to follow up on them as appropriate. The current progress is set out below.

In-flat maintenance of PRH flats

179. With regard to the in-flat maintenance of PRH flats, HD has taken forward the Audit's recommendations and will continue to review the effectiveness of the Total Maintenance Scheme from time to time and introduce necessary improvements. HD will adopt various appointment and access arrangements so as to encourage more tenants to participate. Furthermore, when providing Responsive

In-flat Maintenance Services (RIMS), HD will take the opportunity to inspect the general condition of the flats and provide the tenants with general maintenance knowledge. HD will also seek tenants' co-operation to gain access to these flats under the prevailing tenancy management mechanism.

180. Since the launch of RIMS in 2011, there has been a growing awareness of tenants towards building maintenance, resulting in increase in the number of works orders. While the volume of such works have stabilized in recent years, we expect that the demand for RIMS will increase with the aging of and increase in the PRH stock.

181. HD will continue to use information technology to better capture data for analysis and monitoring of service performance. In addition, HD will review the site supervision mechanism to ensure the quality of repair works meets standards and contract requirements. For unsatisfactory repairs, HD will instruct the contractors to rectify in strict accordance with the contract provisions.

Follow-up actions on PRH's water sampling tests for lead

182. As far as records management is concerned, HD has taken follow-up actions to remind its staff to continue to comply with the Records Management Policy and maintain proper records on important matters. For this purpose, in addition to periodic circulation of the relevant circulars, guidelines and tips on records management, HD has also organized seminars and invited representatives from the Government Records Service to talk about good practices for the management of government records. These actions will be ongoing.

183. In addition, in response to Audit and PAC's recommendations, relevant government departments and HKHA will strengthen data validation so that information provided to the public is accurate and complete.

184. Regarding the progress of replacing the non-compliant pipes in the 11 affected PRH developments, all the works in the common areas of the affected PRH developments have been completed. HKHA's contractors have already started works inside flats. HKHA will continue to monitor the quality and progress of the rectification works to ensure that the works can be completed as soon as possible. We will also continue to update the public and LegCo on the latest progress of works.

Management of asbestos-containing materials (ACM) in PRH estates

185. In light of the recommendations made by the Audit and PAC, HD has taken the following measures to strengthen the monitoring system.

Review of ACM Record

186. In the past, the asbestos records kept in estate management offices were in writing only. As a result, some frontline staff might not fully understand the location of ACM. HD has re-examined all asbestos records in estate management offices and adopted a pictorial format in order to ensure higher accuracy.

Labelling of ACM

187. HD has labelled the ACM staircase and lobby grilles with the warning label recommended by the EPD. For the other ACM, such as the in-flat balcony ACM grilles and chimneys, HD is arranging to install the warning label in due course.

Improving the awareness of tenants on asbestos

188. HD has strengthened publicity to remind tenants not to disturb the ACM, through pamphlets, household advices and letters to tenants concerned. HD has posted notices at ground floor lobbies of those buildings having ACM and will issue estate newsletters regularly and arrange briefings to the concerned Estate Management Advisory Committees, District Councillors and other stakeholders.

Reminding tenants and monitoring of works involving ACM

189. HD will strengthen the monitoring and control of works involving ACM in PRH estates and continue educating and reminding the tenants or their agents to engage registered asbestos consultants and registered asbestos contractors in handling works which may involve ACM.

Strengthening of in-flat inspection

190. Since February this year, HD has incorporated the in-flat inspection of ACM balcony grilles in the half-yearly condition survey. HD will inspect the condition of the encapsulated panels of the ACM balcony grilles and fix warning labels on the encapsulated panels simultaneously.

Assigning asbestos manager

191. HD has appointed a professional maintenance surveyor for the concerned estates as the asbestos manager to co-ordinate all ACM issues.

Enhancing training for staff/workers

192. HD conducted training courses in December last year and January this year to coach front-line staff of concerned estates the proper procedures in handling works involving ACM and explain the related legislation. Furthermore, HD has arranged a series of training courses on asbestos, mainly for front-line estate management and site supervisory staff.

193. HD has required contractors to appoint a site superintendent designated for those estates having ACM to arrange training for workers to ensure their awareness of the ACM locations, the risk and necessary report/procedure when ACM are encountered.

Enhancing the co-operation with relevant departments

194. HD will liaise closely with EPD and the Labour Department on its implementation of the various improvement measures for enhancing the management of ACM in PRH estates.

Replacement of Laundry Pole Holders

195. HD continues to monitor implementation of the programme to ensure satisfactory completion of works. Upon completion of the programme, HD will conduct a post-implementation review.

Enhancing Fire Safety of Old PRH Estates

196. Fire safety provisions in PRH estates met the prevailing standard at the time of their construction. Moreover, HD has carried out various kinds of fire safety improvement works under the planned maintenance programmes to enhance the fire safety standard and to comply with the Fire Safety (Buildings) Ordinance (FS(B)O) requirements as far as possible. Examples of the improvement works include upgrading of fire resistance performance of flat entrance doors, provision of fire collars to uPVC pipes, provision of fire rated doors for service rooms, installation of emergency lighting, and installation of improvised sprinkler systems.

197. HD has maintained close liaison with the enforcement authorities, i.e. the BD and the FSD. Tripartite interdepartmental meetings will continue to be held to monitor the progress of implementation of the FS(B)O in PRH estates and to resolve problems arisen during implementation.

198. Since November 2016, HD has been submitting fire safety proposals for individual estates to the enforcement authorities. By end-March 2017, the proposals for 30 estates, involving 187 blocks, have been submitted. Upon acceptance by the enforcement authorities, HD will proceed with the improvement works.

199. To ensure smooth implementation of FS(B)O, HD will continue to maintain close liaison and work in collaboration with the enforcement authorities.

Progress made in implementing the Audit's recommendation

Encl. 19 200. A summary of the latest progress in implementing the Audit's and PAC's recommendations is at Enclosure 19.

Buildings Department's actions on unauthorised building works
Progress of Implementing PAC's Recommendations
(as at 10 May 2017)

Para. No.	PAC's Recommendations	Progress to date
4	(a) taking actions to ascertain the total number of actionable unauthorised building works (UBWs) not having been issued with removal orders;	<p>(a) To enhance the follow-up actions on actionable UBWs which were issued with removal orders, the Buildings Department (BD) is upgrading its Building Condition Information System (BCIS) by adding new functions to record and capture information on the actionable and non-actionable UBWs identified through handling reports of UBWs and its large-scale operations. Upon completion of the upgrading and when the new system is put into operation for some time, it will help the BD to apprehend the number of identified actionable UBWs.</p> <p>Nonetheless, the actual number of actionable UBWs will change from time to time, for example, when such UBWs are removed/newly built after being recorded in the system; or when non-actionable UBWs become actionable ones. Moreover, the BD is unable to estimate the number and condition of UBWs in individual premises. That said, the BD will continue to follow up the updating of the BCIS and strengthen the data collection as far as practicable.</p> <p>As the follow-up actions of this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	PAC's Recommendations	Progress to date
	<p>(b) identifying the manpower and expenditure involved in the enforcement actions on UBWs with a view to assessing the manpower and expenditure required to handle actionable UBWs in an effective and efficient manner; and</p> <p>(c) formulating an action plan with timeframe to issue removal orders on actionable UBWs.</p>	<p>(b) and (c)</p> <p>To effectively combat UBWs, the BD considers it necessary to implement a “multi-pronged” approach, comprising legislation, enforcement, support and assistance to owners, and publicity and public education efforts. Building safety is not only affected by UBWs, but also by the condition of building structures, components, drainages and maintenance.</p> <p>Therefore, the BD has adopted the “Building Coordinator” approach since 2011 for taking enforcement actions against individual buildings in relation to all general building safety issues (including the handling of reports on UBWs). The same team of staff is responsible for taking various dedicated actions concerning building safety from time to time. As such, the BD is not able to provide a breakdown of and the estimates for the manpower, expenditure and timeframe involved solely in enforcement actions on UBWs.</p> <p>The BD has formulated internal guidelines and work procedures for handling actionable UBWs with a view to monitoring the progress of issuing removal orders on this category of cases. The BD is currently upgrading its BCIS in order to enhance its monitoring of the work progress of these cases. In addition, the BD has also deployed additional manpower to step up existing building safety efforts. The number of UBWs removed and irregularities rectified by the BD has increased from approximately 15 000 in 2013 to approximately 23 000, 24 500 and 26 500 in 2014, 2015 and 2016 respectively. Nevertheless,</p>

Para. No.	PAC's Recommendations	Progress to date
		<p>having regard to the difference in the repair condition and the types and number of existing UBWs of the buildings concerned as well as the unique circumstances and background of each case (for example, some involve eviction of occupants from the UBWs), the BD is not able to formulate an action plan for all cases.</p> <p>The BD will continue to closely monitor its enforcement actions, and will dedicate its efforts to enforcing against actionable UBWs. As this is an on-going task with follow-up actions to be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>

Management of water supply and demand
Progress of implementing the outstanding items

Para. No.	Audit's Recommendations	Progress to Date
Part 2: Water Supply Management		
Para. 2.33 of Audit Report	<p>Audit has recommended that the Director of Water Supplies should –</p> <p><i>Use of reclaimed water</i></p> <p>(a) expedite actions to implement the project for supplying reclaimed water for flushing in Northeast New Territories (NENT); and</p> <p>(b) in collaboration with the Director of Architectural Services and the Director of Drainage Services, based on the results of the post-implementation review of the trial schemes on using grey water for flushing and rainwater for non-potable purposes at government/school buildings, formulate a strategy for rolling out the schemes to other government/school buildings and promoting implementation of the</p>	<p>Following completion of the pre-construction works in 2016, Water Supplies Department (WSD) is taking forward the core infrastructure works related to the supply of reclaimed water for flushing in NENT, which comprise a service reservoir and trunk water mains, for commencement of works in the second quarter of 2017. The remaining infrastructure works including a chlorination plant, a pumping system and local distribution mains are currently under design. On the other front, WSD's consultants have completed a review on the financial and legal framework having regard to international experience and are in the process of developing an appropriate framework in Hong Kong for completion by the end of 2017.</p> <p>As reported to the PAC earlier, Development Bureau (DEVB) and Environment Bureau (ENB) issued a revised joint DEVB technical circular No. 2/2015/ENB circular memorandum No. 3/2015 on green government buildings in April 2015, highlighting the policy on use of recycled water in government buildings, among other green initiatives.</p> <p>WSD is carrying out a comprehensive</p>

Para. No.	Audit's Recommendations	Progress to Date
	schemes in private buildings.	<p>review of the total water management (TWM) strategy. As part of the review, the consultant has liaised with Architectural Services Department and Drainage Services Department (DSD) to review the results of the trial schemes and recommended a draft strategy for consulting the relevant departments. The draft strategy includes the control of grey water reuse and rainwater harvesting system in private buildings. The strategy is expected to be finalised by end 2017.</p> <p>As far as private buildings are concerned, apart from providing more credits for grey water reuse and rainwater harvesting in the new BEAM Plus Existing Buildings Version 2.0^{Note} put into use in March 2016, WSD is also providing support to the Hong Kong Green Building Council Limited in a similar review for the BEAM Plus New Buildings.</p>
Para. 2.34 of Audit Report	Audit has also recommended that the Director of Drainage Services should, in collaboration with the Secretary for Development and the Director of Water Supplies, expedite actions to implement the Inter-Reservoirs Transfer Scheme (IRTS).	DSD is currently reviewing the detailed design, method statements and related environmental impact assessments of the IRTS in order to enhance its cost-effectiveness and prepare the implementation schedule.

^{Note} Recognised and certified by the Hong Kong Green Building Council, BEAM Plus offers a comprehensive set of performance criteria for a wide range of sustainability issues relating to the planning, design, construction, commissioning, management, operation and maintenance of a building. By providing a fair and objective assessment of a building's overall performance throughout its life cycle, BEAM Plus enables organisations and companies of all sizes to demonstrate their commitment to sustainable development.

Para. No.	Audit's Recommendations	Progress to Date
Part 5: Way Forward		
Para. 5.8 of Audit Report	Audit has recommended that the Director of Water Supplies should – (a) consider setting a target date for achieving 10 litres of water saving per capita per day.	The review of the TWM strategy, covering water conservation measures to address the long-term water demand, is nearing completion. WSD will take into account the findings of the review and consider setting a target date for achieving 10 litres of water saving per capita per day.

Planning, construction and redevelopment of public rental housing flats
Reporting of further development as per PAC's request
(as at 10 May 2017)

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 3-5 of PAC Report	<p><i>Management of public rental housing (PRH) construction projects</i></p> <p>PAC was informed that –</p> <p>the Hong Kong Housing Authority (HKHA) would continue to conduct its annual rolling five-year budget and forecast exercise in accordance with the established mechanism to prudently assess its financial position and future funding requirements. When the Administration and HKHA had reached consensus on the quantum and timing of funding injection, the Administration would seek approval from the Legislative Council (LegCo) Finance Committee (FC) at an appropriate time for funding to be drawn from the Housing Reserve.</p>	<p>On the basis of the Approved Budgets and Forecasts which cover the five-year period from 2016-17 to 2020-21, it is projected that HKHA will have sufficient financial resources to meet its recurrent expenditure and implement its public housing construction programme and maintenance programme covered in the budget and forecast period.</p> <p>To achieve the public housing supply target, HKHA's cash and investment balance will continue to decrease and that the Government's funding support to HKHA will become necessary in the longer term. Up to now, the Government has set aside about \$77 billion for the Housing Reserve, which fully demonstrates the Government's commitment to financially support HKHA to meet the public housing supply target.</p> <p>HKHA will continue to conduct its annual rolling five-year budget and forecast exercise in accordance with the established mechanism to prudently assess its financial position and future funding requirements. HKHA will also maintain close liaison with the Government. When the Government and HKHA have reached consensus on the quantum and timing of funding injection, the Government will seek approval from LegCo at an appropriate time for funding to be drawn from the Housing Reserve.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>Since HKHA will continue to conduct the annual rolling five-year budget and forecast exercise and discuss with the Government on HKHA's funding requirements on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 3-5 of PAC Report</p>	<p><i>Redevelopment of PRH estates</i></p> <p>PAC was informed that –</p> <p>the Housing Department (HD) had formulated an implementation plan and conducted an assessment on the resource requirements for the next Comprehensive Structural Investigation (CSI) Programme which was expected to start in 2018.</p>	<p>As advised in the last report, HD has formulated an implementation plan and conducted an assessment on the resource requirements for the next CSI Programme expected to start in 2018.</p> <p>As the work has been completed, we recommend deleting this part from the next progress report.</p>
<p>Para. 3-5 of PAC Report</p>	<p><i>Public Housing Construction Programme 2016-2017 to 2020-2021</i></p> <p>PAC was informed that –</p> <p>according to the HKHA Building Committee paper of November 2016, the total public housing production by HKHA and the Hong Kong Housing Society in the five-year period from 2016-2017 to 2020-2021 would be 94 500 flats. Based on the abovementioned public housing production rate, it would be a huge challenge to deliver the Administration's ten-year public housing supply target of 280 000 units from 2016-2017 to 2025-2026. HKHA and the relevant government departments would continue to liaise closely to secure sites which were suitable for public housing developments and would consider the best use of the identified sites in order to meet the PRH production targets.</p>	<p>According to the latest projection of long term housing demand, the Government has adopted 460 000 units as the total housing supply target for the ten-year period from 2017-18 to 2026-27, among which the public housing target is 280 000 units (comprising 200 000 PRH units and 80 000 subsidised sale flats).</p> <p>As at December 2016, the estimated total public housing production by HKHA and the Hong Kong Housing Society in the five-year period from 2016-17 to 2020-21 is about 94 500 flats, comprising about 71 900 PRH units and about 22 600 subsidised sale flats. Comparing the above projected total public housing production for the five-year period starting from 2016-17 with that of the previous four five-year</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>periods, the projected production shows a steady increase.</p> <p>The Government has been making public at regular intervals –</p> <ul style="list-style-type: none">(i) the housing supply target and the construction progress of public housing, which includes announcing the housing supply target for the next ten-year and the land identification progress in the annual progress report of the Long Term Housing Strategy; and(ii) the estimated production number of public housing under HKHA in the next five years on its website and LegCo submission. <p>As the above work will be undertaken on an on-going basis, we recommend deleting this part from the next progress report.</p>

**Direct land grants to private sports clubs at nil or nominal premium
Progress in implementing the Audit's and PAC's Recommendations**

Para. No.	Audit's/PAC's Recommendations	Progress to Date
General		
Para. 5.8 of the Audit Report	<p>Audit recommends that the Administration should –</p> <ul style="list-style-type: none"> (a) work out a timetable for the policy review, so that new policy directions on Private recreational leases (PRL) would be in place before the expiration of a number of PRLs; (b) take into account the needs and demands of different stakeholders (namely, the interests of the private sports clubs on PRLs and their members, and the wider public interest) and strike a proper balance between different objectives; (c) set out key principles to be adopted for the renewal of existing PRLs and the granting of new PRLs in future, with a view that public interest will be better served; and (d) conduct a similar review of the 37 PRLs granted to non-governmental organisations (NGOs) and other organisations (i.e. uniformed groups, welfare organisations, national/district sports associations and civil servants' associations) to ascertain if the Administration is facing similar problems and challenges ahead with these PRLs. 	<p>An inter-departmental working group has been set up to conduct a comprehensive policy review. Home Affairs Bureau (HAB) aims to brief the LegCo Panel on Home Affairs on the review findings within the current legislative session and then commence public-cum-stakeholder consultation.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Page 59 of the PAC Report	<p>PAC urges that in renewing the PRLs for a 15-year term, the HAB should ensure that the following conditions of the prevailing PRL policy are met –</p> <ul style="list-style-type: none"> (a) the site not being required for a public purpose; (b) there being no significant breach of lease conditions; (c) the lessee having a non-discriminatory membership policy; and (d) HAB having approved the “opening-up” scheme submitted by the lessee for fulfilling the greater access requirement. 	<p>We will continue to follow the prevailing policy in renewing the PRLs pending the outcome of the policy review.</p>
PART 2: Government policy decisions in 1969 and 1979		
Para. 5.9 of the Audit Report	<p>Audit recommends that the Administration should –</p> <ul style="list-style-type: none"> (a) examine individual PRLs on a case-by-case basis and consider how they should be revised/refined in the light of changes in circumstances, taking into account the key principles set in the forthcoming policy review on PRLs; (b) set up an effective mechanism to monitor the use of PRL sites, including the requirement to approve the developments on the PRL sites and the conduct of regular site inspections under the enforcement regimes of the HAB/LandsD; 	<p>Upon completion of the policy review, Lands Department (LandsD) and HAB will consider on a case-by-case basis whether additional lease conditions are necessary.</p> <p>HAB will continue to conduct annual inspections of PRL sites held by 24 private sports clubs so as to ensure compliance while LandsD also conducts site inspections of PRLs. This issue will be further addressed in the policy review.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(c) draw up planning standards to help assess how PRL sites should in future be reasonably apportioned among sports and non-sports facilities to meet the purpose of the PRLs;</p> <p>(e) step up controls to ensure that in future, commitments made to the Executive Council (ExCo) relating to PRL policy are properly followed through for implementation; and</p> <p>(f) in future cases of sufficient importance, seek the advice of ExCo before granting the PRL.</p>	<p>This issue will be addressed in the policy review.</p> <p>We are handling matters related to the PRLs in accordance with ExCo's policy decisions.</p> <p>We will seek the advice of ExCo where necessary.</p>
PART 3: Implementation of the “opening-up” requirement		
Para. 5.9 of the Audit Report	<p>Audit recommends that the Administration should –</p> <p>(i) continue stepping up publicity on the clubs' facilities available for use by Outside Bodies and coordinating with the Education Bureau (EDB) to encourage schools in the vicinity of the clubs to make more use of the clubs' facilities; and</p> <p>(j) take note of the obstacles ahead which might discourage Outside Bodies from using the clubs' facilities and take steps to overcome them as far as possible.</p>	<p>HAB has discussed with the EDB how to encourage schools to make greater use of the clubs' facilities.</p> <p>HAB has followed up with individual lessees with low utilisation with a view to increasing usage rates.</p> <p>HAB placed another round of advertisements in the print media in February 2017 to encourage Outside Bodies to use the clubs' facilities, and will consider other publicity measures as necessary.</p>
Page 67 of the PAC report	PAC urges the Administration to step up its efforts to remind the clubs to promote the availability of their sports facilities.	

Para. No.	Audit's/PAC's Recommendations	Progress to Date
PART 4: Monitoring of compliance with lease conditions		
Para. 5.9 of the Audit Report	<p>Audit recommends that the Administration should –</p> <p>(k) follow up the irregularities/suspected non-compliances with Conditions of Grant reported in Examples 9 to 15; (see also pages 68-69 (i) – (vii) of PAC report) ;</p> <p>Example 12 Breaches and possible breaches of user restriction and alienation (see also page 60 & 61 (i) of PAC Report)</p> <p>(l) conduct checks on the suspected commercial/subletting cases identified in Example 12 in paragraph 4.13, with scope expanded where appropriate, to other private sports clubs holding PRLs, and determine the full extent and propriety of such practices; and</p> <p>(m) critically review the existing PRLs and improve the Conditions of Grant in the long term, taking into account the useful Special Conditions identified in some of the existing PRLs which may help effective implementation of the Government's policy on PRLs (see also page 70 of the PAC report).</p>	<p>As at mid-May 2017, action/investigation for the two clubs which were last reported with suspected breaches was concluded. As the suspected breaches were not substantiated, no further action is required. We recommend deleting this item from the next progress report.</p> <p>As at mid-May 2017, investigation into the two outstanding cases with possible breaches last reported was now concluded. As the suspected breaches were not substantiated, no further action is required. We recommend deleting this item from the next progress report.</p> <p>As at mid-May 2017, investigation into the two outstanding cases with suspected commercial/subletting last reported was now concluded. As the suspected breaches were not substantiated, no further action is required. As such, we recommend deleting this item from the next progress report.</p> <p>Upon expiry of existing PRLs, LandsD and HAB will consider whether additional conditions should be added on a case-by-case basis.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Page 70 of the PAC Report	PAC urges the Administration to – establish a proper monitoring mechanism over PRLs to ensure the clubs' compliance with the Conditions of Grant and to safeguard public interest, including exploring the development of a set of guidelines on PRL conditions and rules which the clubs are expected to observe.	This issue will be addressed in the policy review.
Page 60 of the PAC report	PAC also urges HAB and LandsD to expeditiously implement the relevant improvement measures to safeguard public interest.	
PART 5: Way forward		
Para. 5.9 of Audit Report	<p>Audit recommends that the Secretary for Home Affairs should –</p> <p>(n) work collaboratively with the Secretary for Development and Heads of other relevant government departments to assess whether any of the PRLs due for renewal should be renewed;</p> <p>(o) review whether the current practice of only assessing alterations that have been made to the Memorandum and Articles of Associations (M&As) since the last renewals is sufficient to ensure that all clubs on PRL sites have duly met the non-discriminatory membership policy requirement;</p> <p>(p) monitor the progress of the renewals for the 16 expired PRLs, including those clubs which had submitted timetables for rectifying breaches on PRLs; and</p>	<p>This issue will be addressed in the policy review.</p> <p>When considering applications for PRL renewal, we will examine the M&As of the clubs concerned to ensure that they meet the non-discriminatory membership policy requirement.</p> <p>As at mid-May 2017, of the 16 expired PRLs, 13 have been renewed as PRLs and one has been granted a special purpose lease. We will complete the renewal of the remaining two PRLs as soon as the outstanding issues are resolved.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(q) review the current status of the PRL which had expired since 1996, but was still under "hold-over" arrangement on quarterly basis, and critically consider whether the existing "hold-over" arrangement should continue.	The Government is planning for alternative uses of the site.

Management of roadside skips
Updated Progress of Implementing Audit's Recommendations
(as at 10 May 2017)

Para. No.	Audit's Recommendations	Progress to date
5.6(c)	<p>Audit has recommended that the Secretary for Development, the Secretary for the Environment and the Secretary for Transport and Housing should jointly, based on the results of para. 5.6(a) and (b) –</p> <p>(i) formulate strategies and action plans for regulating and facilitating skip operations; and</p>	<p>5.6(c)(i)</p> <p>The Joint Working Group (JWG) has put in place the following short-term measures to tackle the problems caused by roadside skips –</p> <p>(a) in December 2016, the Government leased out the newly identified site in Tseung Kwan O Area 137 Fill Bank in Sai Kung to the skips operator trade through a short-term tenancy for storing idling skips, and the site has been commissioned since end January 2017. Another site at Siu Lang Shui in Tuen Mun will also be leased out through a short-term tenancy, and is expected to be ready for use for storing idling skips in the third quarter of 2017; and</p> <p>(b) since early February 2017, the Government has, in accordance with the JWG's recommendations, engaged a dedicated term service contractor for removal of skips to assist enforcement departments in stepping up enforcement action against indiscriminate placement of skips on roadside and speeding up the removal of roadside skips that cause obstruction.</p>

Para. No.	Audit's Recommendations	Progress to date
5.6(c)	(ii) assign a Government department to take up the responsibility for regulating and facilitating skip operations.	5.6(c)(ii) and 5.6(d) The JWG has been actively liaising with the skips operator trade to explore ways to progressively enhance the standards of skips operation, including standardising the specifications for skips, promoting good operational practices and exploring the feasibility of a voluntary registration system for skips operators.
5.6(d)	conduct a review to reassess whether the current situation justifies Government actions to introduce a regulatory system to regulate and facilitate skip operations.	The JWG plans to review the effectiveness of the above short-term measures as well as the progress of the proposals put forward by the trade in around the third quarter of 2018, with a view to considering the need for introducing further measures in the long run, such as the need for putting in place a new regulatory system for skips operations.

Administration of the air traffic control and related services
Updated Progress of Implementing Audit's and PAC's Recommendations
(as at 24 May 2017)

Para. No.	Audit's/PAC's Recommendations	Progress to date
<p>Para 2.23(a) of the Audit Report</p> <p>and</p> <p>Page 73 of the PAC Report (points (b), (c) and (d))</p>	<p>Audit has recommended that the Director-General of Civil Aviation should –</p> <p>(a) in conjunction with the Air Traffic Management System (ATMS) contractor, expedite action in rectifying the outstanding deficiencies/observations in the ATMS and closely monitor the remaining contract work to minimise further project delay.</p> <p>PAC urges Civil Aviation Department (CAD) to –</p> <p>(b) ensure that all the deficiencies/observations identified during the Factory Acceptance Tests and Sites Acceptance Tests must be completely and satisfactorily resolved prior to putting the new ATMS into operation;</p> <p>(c) request the Contractor to take all possible effective measures to expedite the implementation of the new ATMS contract; and</p> <p>(d) closely monitor the performance of the Contractor and take pro-active effective measures to ensure that the Contractor settles the outstanding issues in a timely and satisfactory manner.</p>	<p>Prior to the full commissioning of the new ATMS, CAD had ensured that all outstanding priority items had been fully addressed by the system contractor. The overseas independent consultant engaged by the Transport and Housing Bureau (THB) also confirmed that the new ATMS engineering was safe, stable and reliable, and that CAD was ready for the full transition. Based on the independent advice of THB's overseas consultant, and the confirmation of CAD on its readiness in all respects, the Secretary for Transport and Housing endorsed the recommendation of CAD to fully commission the new ATMS on 14 November 2016.</p> <p>Since its full commissioning, the new ATMS has been providing safe, reliable and generally smooth air traffic services within the Hong Kong Flight Information Region in compliance with the international safety standard. Although the new ATMS has experienced some teething issues during the initial commissioning, CAD's staff members had properly handled those occurrences with professional expertise and experience, as per established procedures, without compromising aviation safety. The ATMS Expert Panel set up by CAD also confirmed the above views in its interim report. By benchmarking international best practices and the International Civil Aviation Organization's safety management</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>system process, the Expert Panel pointed out that CAD has in place an effective and established mechanism for responding to different situations occurring after the full transition.</p> <p>For the teething issues encountered during the initial commissioning of the new ATMS, THB and CAD reported to the PAC in writing on 10 January, 3 April and 21 April 2017 on the occurrences and the follow-up actions, and will continue to keep the LegCo informed of the progress.</p> <p>In coming months, CAD will continue to work closely with the contractor with a view to completing the optimisation of the new ATMS as soon as possible. During the process, CAD will duly seek independent professional advice from the Expert Panel. With the continuous air traffic growth in the future, the Government would spare no effort in maintaining the highest standard of aviation safety, and uphold the status and reputation of Hong Kong as a regional aviation hub.</p> <p>As follow-up actions of these recommendations have been completed or will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
<p>Para 2.23(b) and (c) of the Audit Report</p> <p>and</p> <p>Page 73 of the PAC Report (point (e))</p>	<p>Audit has recommended that Director-General of Civil Aviation should –</p> <p>(b) step up maintenance efforts to address surveillance data display problems (frozen/hang-up) in the existing air traffic control (ATC) system; and</p> <p>(c) continue the efforts to deal with the issues of operating the existing ATC system until the new ATC system is available.</p> <p>PAC urges CAD to –</p> <p>(e) closely monitor the existing ATC system and take pro-active effective measures to ensure the existing ATC system is timely maintained in good operational conditions until the new ATC system is commissioned.</p>	<p>CAD has proceeded with the full commissioning of the new ATMS on 14 November 2016.</p> <p>As this recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
<p>Pages 74 and 75 of the PAC Report (points (a) and (b))</p>	<p>PAC urges THB to –</p> <p>(a) consider engaging external and independent experts immediately to assess the safety and performance of the new ATMS as well as the likelihood of completing Phase 1 of the new ATMS contract by the ATMS Contractor in the first half of 2016, and then formulate a plan on the way forward for the ATC system replacement project accordingly based on the expert findings; and</p> <p>(b) closely monitor the performance of CAD to ensure that there will be no further delay in the implementation of the ATC</p>	<p>(a) THB appointed an independent consultant from overseas in November 2015 to provide independent advice to Secretary for Transport and Housing on both the readiness of the new ATMS and CAD's staff. According to the assessment of THB's consultant, the ATMS engineering was safe, stable and reliable, and CAD was ready for the full transition. CAD has implemented all recommendations made by THB's consultant in regard to the full commissioning of the new ATMS. Based on the independent advice of THB's overseas consultant, and the confirmation of CAD on its</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	system replacement project.	<p>readiness in all respects, Secretary for Transport and Housing endorsed the recommendation of CAD to fully commission the new ATMS on 14 November 2016.</p> <p>(b) THB has been monitoring closely the progress of the new ATMS project, the performance of the new ATMS after its full commissioning, and the follow-up actions taken by CAD. THB receives regular updates from CAD and provides policy advice to CAD.</p> <p>As this recommendation has been implemented, we recommend deleting this part from the next progress report.</p>

**Government's efforts in managing municipal solid waste
Updated Progress
(as at 10 May 2017)**

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 2: Reduction in MSW		
Page 34 of PAC Report (point (a))	(a) strengthen efforts to continue the implementation of long-term policies formulated by the previous terms of Government as appropriate with a view to achieving the targets set with the consensus of the community;	<p>The Government has been actively undertaking multi-pronged actions to tackle our waste challenges in close collaboration with concerned stakeholders. In the Blueprint for Sustainable Use of Resources 2013-2022 (The 2013 Blueprint) published in May 2013, we have set a target to reduce the per capita disposal rate of municipal solid waste (MSW) by 40 %t by 2022. To this end, we have rolled out a suite of initiatives which aim to drive behavioural change to reduce waste and promote recycling. These include promulgation of relevant legislation on producer responsibility (PR) schemes, making preparations for MSW charging and stepping up education and publicity efforts. With the support of the LegCo, we have secured necessary resources to enhance our waste-related infrastructure, including the extension projects for the North East New Territories Landfill and the South East New Territories Landfill, as well as the development of new waste-to-energy facilities including the Organic Waste Treatment Facilities (OWTF) Phase 1 and the Integrated Waste Management Facilities (IWMF) Phase 1.</p> <p>The OWTF Phase 1 is under construction. The IWMF Phase 1 is also at the tendering stage.</p> <p>For OWTF Phase 2, parallel tendering is underway, and we will seek LegCo's funding approval in due course.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>The 2013 Blueprint has consolidated the achievements and experience of the Government's waste management initiatives promulgated in previous policy documents, including the Policy Framework for the Management of Municipal Solid Waste (2005-2014) (The 2005 Policy Framework), and has incorporated updates and enhancement measures to keep pace with society's development as appropriate.</p> <p>We have been reviewing the implementation progress of the 2013 Blueprint from time to time and keeping the LegCo informed, including issuing an update on the major progress to the LegCo Panel on Environmental Affairs (EA Panel) on 23 December 2016. We also publish the waste disposal and recovery data on the website of the Environmental Protection Department (EPD) annually for public information, with the latest report published on 22 December 2016.</p> <p>Looking ahead, we appeal to the entire community to embrace a "waste less" culture in our daily life. This is critical to the successful implementation of the initiatives in the 2013 Blueprint and achieving the target therein.</p>
Page 34 of PAC Report (point (b))	(b) expedite the implementation of IWMF, PR schemes, MSW charging scheme and the OWTF with a view to meeting the targets set out in the 2013 Blueprint or any new blueprint to be developed by the Administration;	<p>As regards the IWMF Phase 1, the Design-Build-Operate tender contract was issued to the pre-qualified applicants in November 2016. We expect that the tender evaluation would be completed and the contract be awarded in early 2018 with a view to commissioning the facility in 2024.</p> <p>The OWTF Phase 1 is under construction and scheduled for commissioning by end 2017. The</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>tendering of OWTF Phase 2 commenced in December 2016. Subject to funding approval by the FC of the LegCo, we expect that the facility will be commissioned in 2021.</p> <p>In relation to MSW charging and PR schemes, please refer to the progress reported in parts (c), (d) and (e) below.</p>
Page 34 of PAC Report (point (c) and (d))	<p>(c) set revised time targets for implementing the PR schemes on vehicle tyres, packaging materials and rechargeable batteries;</p> <p>(d) expedite actions to implement the PR schemes on Waste Electrical and Electronic Equipment (WEEE) and glass beverage bottles;</p>	<p>Following the enactment of the enabling legislation for the PR schemes on WEEE and glass beverage containers in 2016, we have been making the necessary preparations with a view to bringing the two schemes into operation in phases in 2017 and 2018. Having conducted a review of the need and suitability to introduce PR Schemes for other products, we would, as announced in the 2017 Policy Address, commence a feasibility study to explore how to implement a PR scheme for suitable plastic containers, which would mainly involve plastic bottles carrying beverages or personal care products.</p>
Page 34 of PAC Report (point (e))	<p>(e) strengthen efforts with a view to implementing the MSW charging scheme as soon as possible; and</p>	<p>We have been actively undertaking preparatory work for implementing MSW charging and plan to introduce into LegCo the necessary legislation in the second quarter of 2017.</p>
Page 34 of PAC Report (point (f))	<p>(f) conduct a post-implementation review of the implementation of the 2005 Policy Framework and inform the EA Panel of the review results.</p>	<p>Please refer to the progress reported in (a) above.</p>

Reduction and recycling of food waste
Updated Progress
(as at 10 May 2017)

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 3: Recycling of Food Waste		
<i>Collection of Food Waste for Recycling</i>		
Page 40 of PAC Report (point (a))	(a) Develop a comprehensive plan to encourage the public and private sectors to handle their food waste in a proper manner so that adequate amount of food waste would be collected and transported to the OWTF for treatment;	<p>We reported progress on the Government's efforts to promote food waste reduction and recycling, including the development of OWTF for the recovery of energy and nutrients from food waste that cannot be avoided, to the EA Panel on 24 October 2016. Among other things, the OWTF Phase 1 is under construction and scheduled for commissioning by end 2017. Parallel tendering for OWTF Phase 2 is underway, and we will seek LegCo's funding approval in due course. Subject to funding approval by the FC of the LegCo, we expect that the facility will be commissioned in 2021. The first two phases of OWTF will primarily collect and recycle food waste from the commercial and industrial (C&I) sector. In parallel, we are planning the development of the OWTF Phase 3.</p> <p>We have been making efforts to appeal to the C&I sector to practise source separation of food waste and collect and transport them to future OWTF for recycling. Among other things, we have been collaborating with the C&I sector under the Food Waste Recycling Partnership Scheme launched in 2010. Through the scheme, the front-line staff of over</p>
Page 40 of PAC Report (point (b))	(b) consider introducing incentives or other effective measures to encourage the transportation of food waste to OWTFs;	
Page 40 of PAC Report (point (c))	(c) consider formulating effective measures to coordinate the handling of food waste generated from schools, Correctional Services Department (CSD) institutions, Hospital Authority hospitals and public estates, such as by recycling them locally or transporting them to future OWTFs;	
Page 41 of PAC Report (point (d))	(d) report to EA Panel on the operation of OWTF Phase 1, in particular, the collection and delivery of food waste to the related OWTF, upon its commissioning, and the progress of development of the other phases of OWTF;	

Para. No.	Audit's/PAC's Recommendations	Progress to date
Page 41 of PAC Report (point (e))	(e) take measures to implement an effective system for separating, collecting and transporting sufficient food waste from the C&I and domestic sectors to OWTFs for treatment;	<p>277 C&I establishments have gained useful experience in collection and source separation of food waste.</p> <p>Since November 2016, we have issued letters to C&I stakeholders to appeal to them to help promote and arrange the delivery of food waste to OWTF Phase 1. Our service contractor has also conducted briefing sessions for the C&I stakeholders who have expressed interest in delivering food waste to the plant.</p>
Page 41 of PAC Report (point (f))	<p>(f) based on lessons learned from the operation of the Pilot Plant and the food waste recycling schemes in the private housing and PRH estates –</p> <p>(i) critically assess if sufficient food waste could be collected for treatment by the OWTFs; and</p> <p>(ii) map out and implement an effective system for separating, collecting and transporting food waste from the C&I and domestic sectors to OWTFs for treatment; and</p>	<p>We will continue to proactively liaise with the C&I stakeholders and the food waste collection trade on source separation collection and delivery of food waste to OWTF Phase 1.</p> <p>In anticipation of the commissioning of OWTF Phase 1, we plan to launch an administrative registration scheme for food waste collectors in the second quarter of 2017. In this connection, we have conducted briefing sessions for potential food waste collectors on the details of the registration scheme and the operational requirements for collection and delivery of food waste to OWTF Phase 1.</p>
Page 41 of PAC Report (point (g))	(g) liaise with the C&I sector to make suitable arrangements (including provision of suitable vehicles) for transporting food waste to OWTFs.	<p>Furthermore, to lead by example and to promote food waste recycling within the Government and in the public sector, as announced in the 2017 Policy Address, the Government will implement a pilot project to source separate and collect food waste from wet markets and cooked food centres managed by the Food and Environmental Hygiene Department (FEHD), as well as wet markets and shopping malls managed by the</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>HKHA, for delivery to the OWTF Phase 1 for onward recycling. The pilot project will last for two years during which food waste generated from 40 public markets under the FEHD and nine wet markets/shopping malls under the management of the HKHA will be separated at source, collected and delivered to OWTF Phase 1. FEHD will arrange a contractor to transport the sorted food waste from FEHD and HKHA venues to the facility.</p> <p>To prepare for the above pilot project, EPD, with the assistance of FEHD, conducted trials from March to September 2016 to test the various modes of collection and delivery of food waste from FEHD's public markets for off-site recycling. Similar trials for HKHA's shopping centres and wet markets will commence in April/May 2017.</p> <p>To further enhance the quality of the food waste to be collected, EPD will arrange a contractor to provide training for the stall operators in the public markets, cooked food stalls and shopping malls managed by FEHD and/or HKHA, on how to separate food waste at source on a daily basis.</p> <p>Moreover, the Agriculture, Fisheries and Conservation Department will arrange to collect and deliver the food waste generated from the Western Wholesale Food Market and Cheung Sha Wan Wholesale Food Market to OWTF Phase 1 for recycling.</p> <p>As regards on-site food waste recycling, the Environmental and Conservation Fund (ECF) has been</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>supporting education-driven projects involving NGOs, tertiary institutions, schools and residential estates, through providing subsidies for purchasing on-site composters, to promote proper food waste source separation and recycling practice. As stated in the 2017 Policy Address, EPD will provide tertiary institutions and primary and secondary schools with suitable technical support for on-site treatment of food waste with a view to enhancing teachers/students' awareness of the food wise culture. Besides, Government departments including the CSD and Leisure and Cultural Services Department (LCSD) will continue to step up their efforts in implementing on-site food waste recycling where circumstances so permit.</p> <p>To prepare for territory-wide food waste collection and recycling involving C&I and domestic sectors as well as Government departments in due course, we commenced a study in March 2017 with a view to drawing up practical and effective organic waste collection and delivery systems having regard to specific and unique circumstances in Hong Kong.</p> <p>In the meanwhile, residential estates may continue to apply to the ECF for funding support to procure composters for residents to practise on-site food waste recycling to reinforce the food wise culture and their know-how on source separation of food waste.</p>

Operation of the Hongkong Post
Updated Progress of Implementing Audit's and PAC's Recommendations
(as at 10 May 2017)

Para. No.	Audit's/PAC's Recommendations	Progress to date
Overall Comments		
Page 200 of the PAC Report	<p>PAC urges Secretary for Commerce and Economic Development and Postmaster General (PMG) to –</p> <p>(a) fundamentally review the operation of Hongkong Post (HKP) in its dual role as a trading fund and a government department;</p> <p>(b) take the opportunity when the target rate of return for HKP is to be reviewed in 2016 to discuss with the FSTB on a more realistic rate of return; and</p> <p>(c) continue to explore measures to provide enhanced flexibility to facilitate HKP's operation.</p> <p>PAC urges PMG to conduct a review of the postal and courier market, in particular, the fast-expanding e-commerce, so as to identify a niche position for HKP which has a vast and comprehensive network of post offices.</p> <p>PAC wishes to be informed of the results of the discussion between Secretary for Commerce and Economic Development, PMG and the FSTB on the new rate of return for HKP and any new arrangements to enhance flexibility in HKP's operation.</p>	<p>(a) While it is the Government's policy that HKP will continue to operate as a trading fund, HKP will build on the efforts made hitherto and pursue with relevant bureaux and departments (B/Ds) additional measures to provide a conducive environment for the Post Office Trading Fund (POTF)'s sustainable development in the long run.</p> <p>(b) In the course of the regular review of the target rate of return for the POTF, HKP and the Commerce and Economic Development Bureau have informed the Financial Services and the Treasury Bureau (FSTB) of the importance of taking into account the inherent constraints faced by POTF and the universal service obligation imposed on HKP when setting the target rate of return for the POTF.</p> <p>(c) We are exploring with relevant B/Ds the scope for granting enhanced flexibility to the POTF (e.g. with regard to human resource management, financial management and procurement, and accommodation for postal facilities) to facilitate its sustainable operation.</p> <p>As the recommendations for item (a) and (c) have been implemented/will continue to be implemented on an ongoing basis, we recommend deleting these two items from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 2: Management of mail processing		
<i>Procurement of airfreight services</i>		
Para. 2.29(a) of the Audit Report	PMG should review the HKP's practice of waiving contract deposits from contractors of airfreight services who failed the financial vetting and whose estimated contract value exceeded \$5 million.	<p>We have revised the contract deposit arrangements which have been implemented in the tendering exercise for airfreight services from April 2017 to October 2018. Contract deposits from contractors with air operator certificate or agreement/confirmation letter of the airline(s) providing the airfreight services are waived by the Postmaster General.</p> <p>As the recommendation has been implemented, we recommend deleting this section from the next progress report.</p>
<i>Overtime of Mail Distribution Division</i>		
Para. 2.55(a) of the Audit Report and Page 204 of the PAC Report (point (d))	<p>PMG should consider carrying out a comprehensive review of the standard time for processing and delivering different types of mail items.</p> <p>PAC has urged HKP to expedite a comprehensive review of the standard time for processing and delivering different mail items and conduct regular beat revision exercises in order to formulate an updated workload for delivery postmen (DPm).</p>	<p>The review on standard time for processing and delivering different types of mail items was completed in December 2016. The new yardsticks are being implemented at delivery offices alongside the beat revision cycle commencing from Q1 of 2017/18 for completion by early 2019.</p> <p>As the recommendation has been implemented, we recommend deleting this section from the next progress report.</p>
Para. 2.55(b) of the Audit Report	PMG should ensure that beat revision exercises are carried out in a timely manner according to the prescribed schedule.	It is expected that by May 2017, we will have completed about 60% of the surveys to be conducted. We plan to complete the beat survey exercise for the overdue beats by end 2017.

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 2.55(e) of the Audit Report	PMG should explore the feasibility of using technologies (e.g. personal digital assistants with tracking function) to keep track of the time required for DPm to complete the delivery tasks with a view to providing more accurate information for beat revision exercises.	<p>All DPm in the Mail Delivery Division are equipped with Portable Digital Assistants (PDAs) for instant recording of the delivery status of mail items. The PDAs are due for replacement in 2017 and procurement is being arranged. In reviewing our functional requirements, additional functions including camera, global positioning system (GPS), e-signature capturing and touch screen will be included in the device for enhancing control of outdoor duties. We aim to implement the PDA replacement programme in phases starting from September 2017 until March 2018.</p> <p>The Beat Revision Analysis System will adopt equipment provided with the GPS technology to capture data on the travelling and delivery time of DPm. We plan to complete the system enhancement by September 2017 and commence trial use of the GPS equipment in October 2017.</p>
Monitoring of staff regularly working long overtime		
Para. 2.66(a) of the Audit Report	PMG should review the operation and workload of different sections at the Air Mail Centre (AMC) with a view to rationalising their workload and reducing the need for overtime work.	<p>In addition to the measures implemented in the past year, we have taken the following actions to further ease the situation –</p> <p>(a) We conducted in July 2016 the annual exercise to invite staff to perform cross-divisional overtime with a view to enlarging the pool of staff to perform overtime at AMC;</p> <p>(b) We completed the relocation of the Air Registered Mail Section to the General Post Office Building in end 2016 to help alleviate manpower shortage at the AMC; and</p>
Para. 2.66(b) of the Audit Report	PMG should provide more training to AMC staff in order to expand the pool of staff possessing specific experience/ expertise and facilitate flexible staff deployment.	
Para. 2.66(c) of the Audit Report	PMG should take necessary action to reduce the vacancy rate of NCSC staff working at the AMC.	

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>(c) We have expedited the process to create and fill the permanent posts to cope with the new business in the airport area approved in December 2016.</p> <p>As a result of the measures taken for the year 2016/17, the overtime hours incurred by AMC staff have reduced by 11% and the number of staff working overtime in excess of the monthly departmental ceiling of 60 hours has reduced by 40% year-on-year.</p> <p>Regarding the vacancy rate of NCSC staff in the AMC, this has dropped from 10.6% as at 31 March 2015 to a relatively low level of 5.4% as at 28 February 2017. The situation will be closely monitored and recruitment exercise will be arranged to lower the vacancy rate where warranted.</p> <p>As these recommendations will continue to be implemented on an ongoing basis, we recommend deleting these sections from the next progress report.</p>
Part 4: Management of postal vehicles		
Para. 4.18(d) of the Audit Report	PMG should explore efficient and effective means of monitoring the Speedpost/Parcel Teams and the vehicles provided to them (e.g. using GPS tracking device) to ensure proper use of vehicles and proper performance of the teams.	<p>GPS has been installed on all departmental vehicles in the Speedpost/Parcel Teams to enhance outdoor control and resource management. The extension of the GPS device to hired vehicles at Speedpost Centres and Hubs was also completed in February 2017 to support more efficient performance management of these vehicles.</p> <p>As this recommendation has been implemented, we recommend deleting this section from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 5: Management of Central Mail Centre and General Post Office Building		
Para. 5.20(a) of the Audit Report	PMG should, in collaboration with the relevant government B/Ds, take appropriate measures to facilitate the Government's project for the reprovisioning of the GPO Building.	<p>The reprovisioning of the GPO Building will be taken forward in step with the future development of "Site 3" on the New Central Harbourfront. The reprovisioning comprises two parts, viz. reprovisioning of the district-tied facilities and the HKP's Headquarters. The district-tied facilities (i.e. the GPO Counter Office and the Post Office Box Section, the GPO Delivery Office, and the Speedpost Section) will be reprovisioned in the future development of Site 3 to meet the postal needs of the local community. HKP Headquarters will be reprovisioned to a government site adjacent to the Central Mail Centre (CMC) in Kowloon Bay.</p> <p>In support of future development of Site 3 in accordance with the recommendations of the Urban Design Study for the New Central Harbourfront, HKP has all along been working closely with the relevant B/Ds, and has been making its best endeavour to take forward those tasks falling within its purview in a timely manner in accordance with the established public works procedures. Consultation on the necessary reprovisioning works was conducted with the Central and Western District Council and the Kwun Tong District Council on 20 October and 1 November 2016 respectively. We will submit the necessary funding application to the Public Works Subcommittee for consideration and the Finance Committee for approval.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 5.20(b) of the Audit Report	PMG should monitor the usage of space at the GPO Building with a view to putting it into gainful use before its reprovisioning.	<p>HKP has been taking actions to make good use of the vacant space arising from the relocation of the GPO sorting office to the CMC in accordance with a plan formulated after the relocation. The progress for taking up the remaining available space is set out below –</p> <p>(a) <i>some 710 m² reserved for the Air Registered Mail Section (ARS) to be relocated from the AMC –</i></p> <p>The relocation of ARS/AMC to 2/F GPO has been completed on 28 December 2016; and</p> <p>(b) <i>470 m² reserved for use as offices and storage space –</i></p> <p>The renovation works were completed and the accommodation had been taken up since 14 November 2016.</p> <p>As this recommendation has been implemented, we recommend deleting this section from the next progress report.</p>

**Protection of revenue on dutiable commodities and
motor vehicles first registration tax
Updated Progress of Implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Licence and Permit Control of Dutiable Commodities		
2.33(a)	<p>Customs and Excise Department (C&ED) should consider integrating the existing computer systems (Road Cargo System (ROCARS) and the Customs Control System) to enable electronic transfer of data for –</p> <p>(i) the automatic selection of Dutiable commodity (DC) consignments for cargo examination using DC permit numbers; and</p> <p>(ii) the automatic updating of permit condition endorsement records after cargo examination.</p>	<p>The Dutiable Commodities System has been launched since January 2017, enabling system integration with the ROCARS to allow electronic transfer of data for C&ED's actions on the control of DCs.</p> <p>Since the recommendation has been implemented, we suggest deleting this part from the next progress report.</p>
2.33(i)	C&ED should serve notices of removal to owners of idle stocks of DCs and take appropriate actions to dispose of any unclaimed DCs.	<p>Relevant Gazette Notice was published in October 2016 stating the last removal date of the idle DCs by owners. After a lapse of three months (i.e. by January 2017), C&ED arranged to dispose of DCs that had not been removed by respective owners. All unclaimed DCs at bonded warehouses were cleared after the disposal actions.</p> <p>Since the recommendation has been implemented, we suggest deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Enforcement against Illicit Dutiable Commodities and Management of Seized Items		
3.39(c)	C&ED should expedite actions to clear long outstanding cases of seized goods and vehicles.	<p>C&ED has already put in place a central monitoring mechanism to monitor seizure disposal actions, in particular those long outstanding cases.</p> <p>Of the 483 outstanding cases mentioned in Table 8 of paragraph 3.34(b) and the 141 outstanding seized vehicles mentioned in Table 9 of paragraph 3.35(b), the seized goods of 480 cases (or 99.4%) and 137 vehicles (or 97.2%) have been disposed of. For those remaining cases, court proceedings or investigations are underway, and C&ED will take appropriate actions in due course.</p> <p>Since the recommendations have been implemented and the subject matter will be monitored on an on-going basis, we suggest deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
PART 2: ADMINISTRATION OF RECURRENT GRANTS		
Para. 2.16 of the Audit Report	<p>Provision of recurrent grants</p> <p><i>Research impact not accounted for in Research Assessment Exercise (RAE)</i></p> <p>(a) The Secretary-General, University Grants Committee (UGC) should explore whether there are merits in including the impact of research as one of the elements of assessment in the conduct of future RAEs.</p> <p><i>Knowledge transfer (KT) achievements not taken into account in funding allocation</i></p> <p>(b) The Secretary-General, UGC should consider taking into account the universities' achievements of KT activities in future allocation of KT funding.</p>	<p>The UGC has deliberated on the future of research assessment in Hong Kong since September 2016. With the support of the Heads of universities, the UGC is actively planning another RAE in 2020 with the inclusion of research impact as one of the elements of assessment. Subject to further deliberations of the UGC, it is planned to consult the relevant stakeholders on the framework and parameters in mid-2017.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>Noting that the KT culture has already been fully embedded in universities' strategies and operations, the Research Group under UGC agreed in September 2016 to consider changing the way KT funding was to be provided to universities for the coming 2019-22 triennium, e.g. by integrating the earmarked KT funding into the block grant to universities. The UGC Secretariat will review the earmarked KT funding allocation in due course, taking into account Audit's views and recommendation.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 2.23 of the Audit Report	<p>Review of tuition fees</p> <p><i>Tuition fee not reviewed since 1997</i></p> <p>The Secretary for Education should, in consultation with the Secretary-General, UGC, formulate the way forward for the tuition fee policy with a view to ensuring that an appropriate policy is in place in a timely manner.</p>	<p>There is no plan to increase the indicative tuition fee level at present and the Government will maintain the indicative tuition fee at the current level during the 2016/17 to 2018/19 triennium, i.e. \$42,100 per student per year for UGC-funded programmes at degree level.</p> <p>Upon the Government's invitation, the UGC has conducted a study on the practices in respect of tuition fee policy in other jurisdictions. The EDB is now carefully studying the findings of the report and will decide the way forward for the 2019/20 academic year and beyond in due course.</p>
Para. 2.35 of the Audit Report	<p>Compliance with enrolment rules</p> <p><i>Non-compliance with enrolment rules</i></p> <p>(a) The Secretary-General, UGC should set out in the Notes on Procedures (NoP) the action that would be taken by the UGC in cases of non-compliance with the UGC's enrolment rules and take appropriate action on cases of non-compliance accordingly.</p> <p><i>Need to revise the application of under-enrolment rule for manpower-planned programmes</i></p> <p>(b) The Secretary-General, UGC should expedite the imposition of limits on under-enrolment on individual streams of teacher education programmes and keep in</p>	<p>UGC has endorsed the changes to the NoP to tackle non-compliance with UGC's enrolment rules, by setting out in the NoP the action that would be taken in cases of non-compliance. The UGC Secretariat communicated the changes to UGC-funded universities and published them on UGC's website in January 2017.</p> <p>Upon finalisation of the implementation details of the "sub-cap proposal" in consultation with EDB and the teacher education universities (TEUs), the UGC Secretariat has</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>view the need to impose limits on under-enrolment on individual streams of other manpower-planned programmes.</p> <p><i>Need to update NoP and enrolment rules upon policy change for admission of non-local students</i></p> <p>(c) The Secretary-General, UGC should expedite the updating of the NoP to reflect the policy change for admission of non-local students and the changes to the enrolment rules.</p>	<p>written to TEUs requesting them to take into account the Government's suggestion that the various streams of teacher education programmes be treated as distinct manpower-planned programmes for the purpose of applying the sub-cap on under-enrolment for manpower-planned programmes. The UGC Secretariat informed the TEUs vide a letter on 20 October 2016 of the implementation details taking into account the views expressed by the TEUs, including the exemption from the sub-cap proposal for programmes with small intake.</p> <p>The NoP has been updated to reflect the policy change for admission of non-local students of UGC-funded sub-degree, undergraduate and taught postgraduate programmes. The updated NoP was published in January 2017. Amendments to the NoP regarding enrollment have also been published on UGC's website in January 2017.</p> <p>Since follow-up action is being implemented on an on-going basis/has been completed, we recommend deleting this part from the next progress report.</p>
PART 3: ADMINISTRATION OF CAPITAL GRANTS		
Para. 3.13 of the Audit Report	<p>Shortfall in student hostel places and academic space</p> <p>(a) The Secretary-General, UGC should continue to pursue Capital Works Reserve Fund funding for</p>	<p>The UGC has been working very hard to secure capital funding from the Government and will continue to work</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>major Capital Works Projects (CWPs) of the Universities.</p> <p>(b) The Secretary-General, UGC should consider the need to conduct space utilisation surveys of the universities to ensure that the space of the universities are optimally used (see also audit recommendation in para. 3.22(d)).</p>	<p>together with the EDB and the UGC-funded universities to do so under the established resource allocation mechanism. UGC-funded universities are also encouraged to consider alternative ways to support campus and hostel development apart from modifying and/or reprioritizing their projects under planning with a view to enhancing the chance in obtaining funding from the Government.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report onwards.</p> <p>The UGC-funded universities have been informed of the UGC Secretariat's plan to conduct (a) a review on the space requirement formulae; (b) space utilisation surveys; and (c) external audit of the space inventories of universities. Subject to UGC's endorsement and taking into account the lead time required for selection and engagement of consultants for the review exercise, the UGC Secretariat expects that the consultants to be appointed shall start their work by end 2017 with a view to completing the review study by 2019.</p>
Page 90 of the PAC Report (points (d) and (e))	<p>PAC demands UGC and EDB to –</p> <p>(d) review the supply of student hostel places with universities to ensure that insufficient supply of student hostel places would not impede the internationalisation of universities.</p>	<p>Having regard to the importance of hostel life to students and the promotion of internationalization, the UGC has since 2013 accorded higher priority to hostel projects than academic building projects when seeking capital funding from the Capital Works Reserve Fund. In the past few years, the UGC had been working very hard to secure funding support from the Government and will</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(e) better utilize scarce land resources allocated for the construction of student hostels with a view to maximizing the number of hostel places provided subject to the plot ratio of the site.</p>	<p>continue to do so.</p> <p>Looking ahead, the UGC will continue to work closely with the EDB and the UGC-funded universities with a view to increasing the number of hostel places.</p> <p>Universities are encouraged to optimize the utilization of the project site as far as possible with a view to maximizing the number of hostel places.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 3.22 of the Audit Report</p>	<p>Assessment of academic space and student hostel needs</p> <p><i>Need to review space requirement formulae</i></p> <p>(a) The Secretary-General, UGC should consider the need to conduct a review on the space requirement formulae, taking into account the changes and developments in the UGC sector.</p> <p><i>Need to improve the updating of space inventories</i></p> <p>(b) The Secretary-General, UGC should make efforts to resolve the space inventory differences and promptly finalise the space inventory updating exercise.</p> <p>(c) The Secretary-General, UGC should consider the need to conduct audit of the space inventories of the universities on a periodic basis.</p>	<p>Re. actions taken in response to para. 3.13(b) of the audit report above.</p> <p>The UGC Secretariat has already completed the reconciliation of the space inventory records with the UGC-funded universities. Both UGC and universities' records have been updated appropriately. We recommend deleting this part from the next progress report.</p> <p>Re. actions taken in response to para. 3.13(b) of the audit report above.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p><i>Need to obtain information on space utilization</i></p> <p>(d) The Secretary-General, UGC should consider the need to conduct periodically surveys of space utilization of the universities.</p>	<p>Re. actions taken in response to para. 3.13 (b) of the audit report above.</p>
<p>Para. 3.33 of the Audit Report</p>	<p>Finalisation of project final accounts</p> <p><i>Need to clarify the deadline for finalisation of project final accounts</i></p> <p>(a) The Secretary-General, UGC should seek clarification from the Secretary for Financial Services and the Treasury on the definition of “commissioning of the facilities” for the purpose of finalising final accounts for capital works projects.</p> <p><i>Delay in finalisation of project final accounts</i></p> <p>(b) The Secretary-General, UGC should ascertain the reasons for the delay in finalising project final accounts for major CWPs and Alterations, Additions, Repairs and Improvements (AA&I) projects, and take measures to promptly finalise the accounts.</p>	<p>The UGC Secretariat has sought clarification from the Financial Services and the Treasury Bureau (FSTB) on the definition of “commissioning of the facilities” and FSTB provided its views to UGC Secretariat on 6 December 2016. All UGC-funded universities were subsequently informed of the above definition and urged to accord high priority to finalising the project accounts based on the definition. We recommend deleting this part from the next progress report.</p> <p>The UGC Secretariat has identified the reasons for the delay in finalising project final accounts and has taken appropriate measures to expedite the progress.</p> <p>As at 2 May 2017, there are a total of 45 project accounts (including 23 capital projects and 22 AA&I projects) remained to be closed. The UGC Secretariat aims at finalising them within 2017.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
PART 4: GOVERNANCE AND OTHER ADMINISTRATIVE ISSUES		
Page 88 of the PAC report (point (a))	<p>Governance of the UGC</p> <p>PAC urges UGC to take measures to rectify the irregularities and deficiencies as identified in the Audit Report in order to achieve good governance and ensure value-for-money for public money spent, and implement any new measures expeditiously.</p>	<p>The Government and the UGC generally accept the views and recommendations made by the Audit and PAC on the funding of universities by the UGC. The UGC Secretariat has taken follow-up actions as appropriate in collaboration with relevant government bureau and departments.</p>
Para. 4.12 of the Audit Report	<p><i>Need to improve management of conflicts of interest</i></p> <p>The Secretary-General, UGC should –</p> <p>(a) locate the missing Register of Interests forms and take remedial action for those forms that cannot be located;</p> <p>(b) take measures to ensure the safekeeping of the Register of Interests forms in future; and</p> <p>(c) consider requiring members of the UGC, the UGC Sub-Committees/ Groups and the QAC to submit annually updated Register of Interests forms to the UGC Secretariat.</p>	<p>At the moment, all the Register of Interests forms in respect of the current appointment of existing UGC/Quality Assurance Council (QAC) members are located and kept in the custody of a designated officer.</p> <p>Since January 2017, the UGC Secretariat has set up a database to provide a central register on the receipt of the Register of Interests forms submitted by members and a bring-up mechanism has been put in place to closely monitor the progress of submission from members.</p> <p>The UGC Secretariat will require UGC/QAC members to submit annually an updated Register of Interests form.</p> <p>The UGC Secretariat held a meeting with the Corruption Prevention Department of the Independent Commission Against Corruption (ICAC) in March 2017 to discuss management of conflicts of interest,</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p data-bbox="308 539 724 577"><i>Attendance rates of members</i></p> <p data-bbox="308 618 863 853">(d) The Secretary-General, UGC should take measures to improve the attendance rates of members with low attendance records (e.g. urging them to make efforts to attend meetings as far as possible).</p>	<p data-bbox="888 264 1441 499">among other issues. ICAC has noted the improvement measures taken by the UGC Secretariat so far and has undertaken to offer further advice on the draft rules of procedures drawn up by the UGC Secretariat.</p> <p data-bbox="888 618 1441 696">The following measures have been adopted –</p> <p data-bbox="888 739 1441 853">(a) The Secretariat will remind the members concerned to attend meetings as far as possible;</p> <p data-bbox="888 896 1441 1093">(b) The UGC Secretariat will continue the practice to fix the meeting dates as early as possible to facilitate members to arrange for their attendance of meetings;</p> <p data-bbox="888 1135 1441 1529">(c) When members cannot attend the meetings in Hong Kong, the UGC Secretariat will try to arrange video conference as far as practicable. Committee papers will be prepared for issue out as soon as possible so that the UGC Secretariat can solicit the views and contributions in advance from members who cannot attend the meetings;</p> <p data-bbox="888 1572 1441 1767">(d) The UGC Secretariat has set up a mechanism to alert members on their attendance rates urging them to make efforts to attend meetings as far as possible; and</p> <p data-bbox="888 1809 1441 1910">(e) Members whose attendance has been poor may not have their service renewed.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p><i>Need to promulgate rules of procedure for meetings</i></p> <p>(e) The Secretary-General, UGC should promulgate rules of procedure for meetings of the UGC, the UGC Sub-Committees/ Groups and the QAC (e.g. quorum of meetings and voting requirements).</p>	<p>The UGC Secretariat is drawing up the rules of procedure for meetings for promulgation once ready. A draft is being considered by UGC.</p>
<p>Para. 4.12 of the Audit Report</p>	<p><i>Need to produce a strategic plan</i></p> <p>(f) The Secretary-General, UGC should consider preparing a document in the form of a strategic plan, update it periodically and make it available on the UGC's website.</p>	<p>The UGC Secretariat plans to invite the UGC to consider the need for preparing a document in the form of a strategic plan which will set out the principles, strategies and strategic priorities of the UGC in May 2017. In the case that the UGC considers that there is such a need, the UGC Secretariat will prepare the document, update it periodically and make it available on the UGC's website.</p>
<p>Page 88 of the PAC report point (b)</p>	<p>PAC urges UGC to prepare a strategic plan to set out the principles and practices of UGC.</p>	
<p>Para. 4.25 of the Audit Report</p>	<p>Meeting expenses</p> <p><i>Need to improve procurement practices</i></p> <p>(a) To keep under review the appropriateness of the UGC Secretariat's hotel accommodation arrangement and passage arrangement for non-local members and explore whether there are less expensive alternative options that are acceptable to the non-local members.</p> <p>(b) In consultation with the Government Logistics Department (GLD) and FSTB, to review whether the UGC Secretariat's current arrangement of procuring air tickets complies with the Stores</p>	<p>The UGC Secretariat has kept under review the appropriateness of the hotel accommodation arrangement and passage arrangement for non-local members.</p> <p>The UGC Secretariat has held a meeting with the Corruption Prevention Department of ICAC to discuss procurement of air tickets and hotel accommodation, among other issues. ICAC has preliminarily advised that the improvement measures taken by the Secretariat so far are generally in order and has undertaken to offer further advice on the relevant internal</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>and Procurement Regulations; and</p> <p>(c) As far as practicable, to avoid inviting quotations from travel agents that have shown no interest in the past procurement exercises.</p>	<p>guidelines drawn up by the Secretariat.</p> <p><i>Hotel accommodation</i></p> <p>The UGC Secretariat has reviewed the current hotel accommodation arrangement for non-local members. Having regard to the status of non-local members who are renowned academics from around the world, it is considered appropriate to maintain the provision of upmarket hotel/5-star hotel accommodation for them when attending meetings in Hong Kong. On the other hand, in order to enhance the procurement arrangement, the Secretariat has invited four additional hotels, on top of the five hotels normally invited, for submission of quotations with effect from December 2016. The enhanced quotation exercise has covered all appropriate hotels which are located in the vicinity of the meeting venues. The UGC Secretariat will regularly review the list of hotels included in the exercise to ensure that it reflects the latest situation in the vicinity.</p>
<p>Page 88 of the PAC report point (c) and (d)</p>	<p>PAC urges UGC to –</p> <p>(c) seek advice from the FSTB and the GLD as to whether its current arrangement of procuring air tickets complies with the Government's Stores and Procurement Regulations.</p> <p>(d) consult the GLD to improve its arrangement of procuring hotel accommodation and air tickets.</p>	<p><i>Air passage</i></p> <p>Following the publication of the Audit Report, the UGC Secretariat has consulted GLD and FSTB on the procedures for procurement of air tickets. It is noted from GLD that as a general rule, procurement of air tickets for the same activity should be consolidated as far as practicable. The UGC Secretariat has taken the advice of GLD and has put in place suitable arrangements in the procurement of air tickets.</p> <p>Having consulted GLD, the Secretariat</p>

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		has followed the supplier list on travel agents to invite submission of quotation. If travel agents have shown no interest to submit quotations upon our invitation, the UGC Secretariat will invite other travel agents, according to the sequence in the supplier list, for submission of quotations in the next procurement exercise.
Para. 4.35 of the Audit Report	<p>Internationalisation of the universities</p> <p><i>Imbalance in the mix of non-local students</i></p> <p>(a) The Secretary-General, UGC should further encourage the universities to continue their efforts to attract more non-local students, in particular those other than Mainland students, and promote more diversity at the universities.</p>	<p>The UGC has all along been encouraging, and will continue to encourage, universities to internationalise in ways that fit their own institutional context.</p> <p>For the 2016-19 triennium, the UGC has continued to provide funding to the universities to continue their efforts to attract more diversified sources of non-local students, including the setting up of the Hong Kong Pavilion in international education conferences to enable the universities to explore new markets and attract more non-local students from different regions as well as to promote the UGC sector as a united front.</p>
Page 90 of the PAC report point (c)	PAC demands UGC and EDB to consider measures to promote diversity at universities such as attracting more non-local students, in particular those other than Mainland students; and to encourage more local students to pursue postgraduate programmes in Hong Kong.	<p>The UGC Secretariat will keep in view and see whether and how universities may be encouraged to attract more diversified non-local students.</p> <p>Since the measure is implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 4.35 of the Audit Report	<p><i>Issues concerning implementation of internationalisation and self-financing operations outside Hong Kong</i></p> <p>(b) The Secretary-General, UGC should consider including information on the mix of academic staff (e.g. qualifications, experience and countries of origin) in the regular data collection from the universities.</p>	<p>The UGC Secretariat will consider collecting information on the mix of academic staff from the universities in the next 2017/18 regular data collection exercise. In accordance with the established mechanism, the UGC Secretariat will consult the universities on the data collection arrangement, including the coverage, definitions and classifications.</p>
Para. 4.35 of the Audit Report	<p>(c) The Secretary-General, UGC should agree with the universities on a set of key performance indicators on internationalisation and continue to monitor the universities' performance on internationalisation.</p>	<p>The UGC will, under the context of establishment of a written accountability framework, discuss with the universities the key performance indicators including those on internationalisation, and continue to monitor the universities' performance on internationalisation. The Task Force on Implementation of Governance Report Recommendations (TFGov) under UGC met the universities and discussed the draft written accountability framework including the key performance indicators on internationalisation in February 2017.</p>
Page 90 of the PAC report point (b)	<p>PAC demands UGC and EDB to review regularly whether public money granted to the universities and the present mix of non-local students, with the vast majority of non-local students from the Mainland, have achieved the intended objectives of internationalisation and the key performance indicators on internationalisation, and continue to monitor the universities' performance on internationalisation.</p>	
Para. 4.35 of the Audit Report	<p>(d) The Secretary-General, UGC should, in collaboration with Secretary for Education, keep in view the latest developments of the universities' self-financing operations outside Hong Kong and consider the need to draw up additional guidelines.</p>	<p>Based on the information disclosed in universities' financial reports, some universities have established research institutes or subsidiaries on the Mainland; and these subsidiaries mainly conduct activities for research, technology development and consultancy services. Besides, some</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>universities have set up educational establishments jointly with Mainland organisations. Having considered the nature of these operations/activities, both the UGC and the EDB do not consider there is an imminent need to draw up additional guidelines on universities' self-financing operations outside Hong Kong.</p> <p>Notwithstanding the above, to keep abreast of the development of universities' self-financing operations, the UGC Secretariat has, based on the information provided by universities, drawn up, and submitted to EDB, a list of universities' self-financing operations within and outside Hong Kong as at 30 June 2016. The UGC Secretariat will also request universities to update the list on an annual basis; and provide the updated list to EDB.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 4.36 of the Audit Report</p>	<p>Secretary for Education should keep in view the latest developments in the internationalisation of the higher education sector and revisit the need to set up an internationalisation forum in due course.</p>	<p>At present, most non-local students in the post-secondary education sector were enrolled in the eight universities and these universities had already established a platform to share best practices on internationalisation. The EDB will continue to keep in view the latest developments in the internationalisation of the higher education sector.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Page 90 of the PAC report point (a)	PAC demands UGC and EDB to compile statistics on whether non-local students (Mainland and non-Mainland students) pursue further study or take up employment in Hong Kong after graduating from universities.	At present, the Government has maintained statistics of non-local graduates who have remained to work or stay in Hong Kong after graduation. In response to PAC's recommendation, EDB is following up with the Immigration Department to compile more detailed statistics in this regard.
Para. 4.46 of the Audit Report	<p>Governance of the universities</p> <p><i>Need to monitor implementation of recommendations of review report on universities' financial affairs</i></p> <p>The Secretary-General, UGC should –</p> <p>(a) continue to monitor the implementation of the cost allocation guidelines and the accounting and disclosure practices by individual universities to ensure that the guidelines and practices are adopted by the universities in the designated timeframes; and</p>	<p>The SORP (Statement of Recommended Practice for the UGC-funded Institutions (Sept 2015)) disclosure practices, except segment reporting, had been incorporated in universities' financial reports for 2015/16.</p> <p>The UGC Secretariat will continue to monitor the implementation of the SORP and Cost Allocation Guidelines' requirements through submission of regular progress reports by universities. As reported in the progress reports submitted in December 2016 and April 2017 respectively, in general, the implementation tasks have been carried out on schedule. Next progress reports are expected to reach the UGC Secretariat in August 2017.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(b) keep in view the impacts on the recurrent funding to individual universities after the requirements of the cost allocation guidelines are incorporated in the universities' financial statements in 2018/19.</p> <p><i>Need to monitor implementation of recommendations of review report on institutional governance</i></p> <p>(c) The Secretary-General, UGC should continue to closely monitor the progress of the implementation of the recommendations of the UGC's report on institutional governance of individual universities.</p>	<p>The UGC Secretariat undertook in June 2015 that particular attention would be paid to this issue when assessing the recurrent funding of the universities after the Guidelines' requirements are incorporated in the universities' financial statements in 2018/19. A bring-up system has been set up to review the student unit costs as reported by universities in 2018/19.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The TFGov under UGC has been and will continue to closely monitor the progress of the implementation of the recommendations of "Governance in UGC-funded Higher Education Institutions in Hong Kong" report.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report onwards.</p>
Para. 4.58 of the Audit Report	<p>Quality Assurance Council</p> <p><i>Insufficient local academic auditors</i></p> <p>(a) The Secretary-General, UGC should take measures to ensure that there are sufficient local academic auditors in the Register of Auditors to facilitate the formation of audit panels for conducting QAC quality audits for the universities in future.</p>	<p>In view of the situation in the second audit cycle, and with a view to alleviating the burden of auditors to serve on more than one audit panel, each university has been asked to nominate three local academics for appointment to the Register of Auditors (instead of two as in the second audit cycle) in order to increase the size of</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p data-bbox="308 779 860 853"><i>Need to improve checking of conflicts of interest before appointing auditors</i></p> <p data-bbox="308 898 860 1167">(b) The Secretary-General, UGC should improve the checking of conflicts of interest to ensure that auditors appointed to a QAC audit panel do not have conflicts of interest with the university to be audited.</p>	<p data-bbox="888 264 1246 297">the pool of local auditors.</p> <p data-bbox="888 342 1444 495">There will also be a review on the audit arrangements and processes, including the audit panel composition, upon the completion of the second audit cycle.</p> <p data-bbox="888 539 1444 736">As the measures have already been under implementation, the action has been completed. We therefore suggest removing this part from the next progress report.</p> <p data-bbox="888 898 1444 1167">To facilitate the universities in making their decisions, recent graduates, i.e. within the last three years, will be debarred from being appointed to the particular audit panels before the nominations are passed to the universities for consideration.</p> <p data-bbox="888 1211 1444 1682">The QAC Secretariat will continue with the efforts to ensure that auditors appointed to an Audit Panel do not have conflicts of interest with the university to be audited. In particular, the QAC Secretariat will continue to flag up auditors' potential conflicts of interest for QAC's consideration when appointments to Audit Panels are considered. All relevant documents will also be checked again before the appointments are formalised.</p> <p data-bbox="888 1727 1444 1928">As the measures have already been under implementation, the action has been completed. We therefore suggest removing this part from the next progress report.</p>

Procurement and maintenance of fire services equipment
Progress of Implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Communications systems		
Para. 2.19 (a) to (k) of the Audit Report	<p>Audit has recommended that the Director of Fire Services should –</p> <p><u>Delay in commissioning of the TGMS</u></p> <p>(a) seek prior approval from the appropriate authority when services outside the scope of a contract are required and take measures to negotiate the best or most favourable terms for the services;</p> <p>(b) improve the preparation of user requirements to minimise subsequent changes after the award of contract and closely liaise with the works agents to sort out any unresolved issue of the installation site at the earliest opportunity in future procurement projects;</p>	<p>(a) The Fire Services Department (FSD) will ensure that in taking forward future projects, prior approval from the appropriate authority will be sought if there is a need to engage services outside the scope of contract, and negotiate for the best or most favourable terms for the services.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) For the implementation of the next generation mobilising system, the FSD has established a multi-disciplinary in-house project team to draw up the user requirements through widely engaging frontline staff members and relevant stakeholders, with a view to minimising the need for making substantial changes to the user requirements after the award of contract. Moreover, the FSD will establish an effective communication mechanism to frequently and regularly engage relevant works agents with a view to reviewing the progress and sorting out unresolved issues at the earliest opportunity in future procurement projects. In addition,</p>

Para. No.	Audit's Recommendations	Progress to date
	<p><u>Operational issues of the TGMS</u></p> <p>(c) take measures to ensure that any outstanding contractual matters are dealt with expeditiously in similar projects in future to minimise professional service cost on contract management;</p> <p>(d) in collaboration with the Director of Government Logistics, take measures to ensure that the procurement of additional TGMS</p>	<p>the FSD set up a new Major Procurement Projects Steering Committee (MPPSC), chaired by a directorate officer, to closely monitor the implementation of procurement issues, e.g. procurement authorisation, project planning, tendering, service/equipment delivery and contractor performance management, in future procurement projects.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(c) The FSD will take measures to deal with any outstanding contractual matters in future projects promptly. When preparing tenders involving extensive system testing before final acceptance, the FSD will include effective penalty clauses in the contract and put in place a more stringent control mechanism, so as to ensure the timely delivery of the project and full compliance of performance targets by the contractors. The above measures will help minimise the professional service cost on contract management.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(d) The FSD will continue to collaborate with the Government Logistics Department (GLD) through periodic progress review</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>equipment for installation on new emergency vehicles is carried out in a timely manner;</p> <p>(e) in consultation with the Director of Government Logistics, explore the feasibility of including in the tender for the next generation of the mobilising system requirements for the supply and installation of necessary equipment on new vehicles and the relocation of the equipment from replaced vehicles to new ones throughout the contract period;</p> <p><u>Maintenance issues of the TGMS</u></p> <p>(f) require Contractor A to strengthen its maintenance services with a view to meeting the contract stipulated response time and turnaround time targets;</p>	<p>and inter-departmental meetings and tie in the procurement schedule of the TGMS equipment with the delivery of new emergency vehicles to ensure timely installation of the equipment on the new vehicles.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(e) Having consulted the GLD, the FSD will include in the tender for the next generation mobilising system requirements for the supply, installation and transfer of necessary equipment on new vehicles throughout the contract period.</p> <p>As the recommendation will be implemented, we recommend deleting this part from the next progress report.</p> <p>(f) The FSD has instructed Contractor A to strengthen the control of its staff in respect of site arrival time to meet the 2-hour response time for arriving on scene for maintenance and the 6-hour turnaround time for rectifying critical faults targets as stipulated in the contract.</p> <p>The following improvement measures have also been implemented by Contractor A upon request by the FSD –</p> <ul style="list-style-type: none"> • Contractor A has been reporting the maintenance services provided and its performance to

Para. No.	Audit's Recommendations	Progress to date
	<p>(g) take measures to ensure that contract damages are claimed in a timely manner in case of a contractor's default in meeting performance targets for maintenance work in accordance with the contract provisions in future;</p>	<p>the FSD regularly through monthly meetings and daily reports; and</p> <ul style="list-style-type: none"> Contractor A has kept sufficient spare parts in stock to cope with the maintenance needs. <p>Since the introduction of the above improvement measures in October 2016, the average rate of the contractor's failure in meeting the maintenance response time target has decreased from 43% (average for 2015-16) to 2% in March 2017, while that for the turnaround time target has decreased from 30% (average for 2015-16) to 7% in March 2017.</p> <p>The FSD's Fire Services Equipment Maintenance Steering Committee (FSEMSC), chaired by a directorate officer, will continue to monitor the contractor's maintenance performance.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(g) The claim for the actual damages caused by Contractor A's past cases of delayed maintenance services on half-yearly basis up to 30 September 2016 has been settled by the contractor. The FSEMSC will closely monitor the contractor's performance and ensure that contract damages are claimed in a timely manner in case of a contractor's default in meeting performance targets in accordance with the contract provisions in</p>

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	<p>(h) for procurement projects with an extendable design serviceable life, take measures to acquire any extended maintenance services through competitive bidding as far as practicable;</p> <p>(i) conduct a post-implementation review of major procurement projects, including the TGMS, taking on board the audit observations and recommendations in this Audit Report;</p> <p><u>Other enhancements for planning the next generation of the mobilising system</u></p> <p>(j) explore the technical feasibility of providing mobile phone location</p>	<p>future.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(h) The FSD will ensure that future extendable maintenance services are acquired through competitive bidding as far as practicable. For procurement projects with an extendable design serviceable life, the FSD will incorporate provisions to cover the maintenance requirements over the design serviceable period, including the extendable period, in the procurement contract.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(i) The FSD completed the post-implementation review of the TGMS in April 2017 and the lessons learnt from the review will be taken into account when developing the next generation mobilising system. The FSD will conduct post-implementation reviews of major procurement projects in future according to the relevant guidelines issued by the Efficiency Unit.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(j) Following an initial study of the technical feasibility of the function,</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>identification function in the next generation of the mobilising system to facilitate speedy and accurate identification of incident addresses reported by mobile phone callers; and</p> <p>(k) consider setting a target time for answering emergency calls in the design of the next generation of the mobilising system.</p>	<p>the FSD will include a mobile phone location identification function in the next generation mobilising system.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p> <p>(k) In the design of the next generation mobilising system, the FSD will consider setting a target of answering time for emergency calls. The FSD will include the relevant technical specifications on the answering time for emergency calls in the tender documents of the next generation mobilising system.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
<p>Para. 2.29 (a) to (b) of the Audit Report</p>	<p>Audit has recommended that the Director of Fire Services should –</p> <p>(a) closely monitor the compliance by the Electrical and Mechanical Services Trading Fund (EMSTF) with the service requirements stipulated in the Service Level Agreement (SLA) to ensure that –</p> <p>(i) preventive maintenance services for the Digital Trunked Radio System (DTRS) terminal equipment are effectively provided in accordance with the SLA requirements;</p>	<p>(a) The FSEMSC will monitor the maintenance services provided by the EMSTF. The FSD discussed with the EMSTF in December 2016 on ways to enhance the provision of maintenance services by the latter according to the requirements stipulated in the SLA as follows –</p> <p>(i) Enhancement measures for improving the preventive maintenance services that have been implemented include –</p> <ul style="list-style-type: none"> • In collaboration with the FSD, the EMSTF has

Para. No.	Audit's Recommendations	Progress to date
		<p>drawn up a dynamic preventive maintenance schedule with reference to the geographical location/ routine pattern of individual fire stations/ ambulance depots for a smooth implementation of preventive maintenance for DTRS terminal equipment;</p> <ul style="list-style-type: none"> • The EMSTF has flexibly deployed its staff to the four ambulance quick repair workshops at Pok Fu Lam Ambulance Depot, Ngau Tau Kok Ambulance Depot, Sha Tin Ambulance Depot and Yuen Long Ambulance Depot to conduct preventive maintenance for DTRS terminal equipment on those ambulances which have scheduled minor repair at any of the above workshops during daily operation; and • The EMSTF will submit to the FSD a list of outstanding appliances overdue for preventive maintenance as soon as practicable for further arrangement of preventive maintenance services. <p>Upon implementation of the above measures since October 2016, the completion rates of the first and second half-yearly preventive maintenance for DTRS terminal equipment in 2016-17 have</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(ii) corrective maintenance services are provided in a timely manner; and</p> <p>(iii) the actual service level of corrective maintenance services is accurately reported and properly documented; and</p> <p>(b) consider introducing provisions for claiming damages in future SLAs to guard against any non-compliance with the stipulated maintenance requirements by the EMSTF.</p>	<p>reached 93.61% (as at 30 September 2016) and 100% (as at 31 March 2017) respectively.</p> <p>(ii) and (iii) A monitoring mechanism on corrective maintenance services has been agreed with the EMSTF and put in place.</p> <p>Under the mechanism, the EMSTF's staff will keep records of corrective maintenance details such as date/time of attendance, time of completion, working duration, name of staff, details of action and fault identified etc., on log sheets/record books. The FSD's staff will conduct random checks and countersign on the log sheets and/or record books to verify the accuracy of the record.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) The FSD has exchanged views with the EMSTF on the feasibility of setting key performance indicators as well as incorporating suitable clauses for claiming damages into the existing SLA. To this end, FSD has provided a preliminary proposal to the EMSTF for consideration and will thoroughly discuss the matter with the EMSTF.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
<p>Para. 2.30 (a) and (b) of the Audit Report</p>	<p>Audit has also recommended that the Director of Electrical and Mechanical Services should take measures to ensure that –</p> <p>(a) the maintenance work of the DTRS terminal equipment complies with the service requirements as stipulated in the SLA; and</p> <p>(b) proper records are kept by the EMSTF maintenance team for corrective maintenance provided for the DTRS.</p>	<p>(a) and (b)</p> <p>(i) The EMSTF has been working closely with the FSD on enhancing the preventive maintenance arrangement of the DTRS terminal equipment –</p> <ul style="list-style-type: none"> • The EMSTF had formulated the first round of dynamic preventive maintenance schedule for the period of 1 October 2016 to 31 January 2017 with reference to the geographical location/routine pattern of individual fire stations/ ambulance depots. The preventive maintenance schedule had been provided to the FSD in advance for arranging vehicles for preventive maintenance. • For DTRS terminal equipment which could not be made available for preventive maintenance services in the first round, the EMSTF had provided the FSD with these outstanding records for further arrangement of preventive maintenance services in the ensuing two months (i.e. from 1 February to 31 March 2017). • As at 28 March 2017, all DTRS terminal equipment had received the preventive maintenance services.

Para. No.	Audit's Recommendations	Progress to date
		<ul style="list-style-type: none"> • The EMSTF has flexibly deployed its staff to strategic locations such as Pok Fu Lam Ambulance Depot, Ngau Tau Kok Ambulance Depot, Sha Tin Ambulance Depot and Yuen Long Ambulance Depot where quick repair workshops for ambulances are situated, so as to facilitate conducting preventive maintenance services of the DTRS terminal equipment on those ambulances undergoing repairs at these workshops. <p>(ii) The EMSTF maintenance team has been recording corrective maintenance details such as date/time of attendance, time of completion, working duration, name of staff, details of action and fault identified etc., on log sheets/record books. The maintenance team leaders will check the log sheets/record books submitted by their staff. Regional Manager and Senior Inspector of the Electrical and Mechanical Services Department (EMSD) will also conduct sample audit (5%) each month on the log sheets/record books against any discrepancy.</p> <p>Since August 2016 and up to end February 2017, there were a total of 440 corrective maintenance jobs handled by the EMSTF maintenance team. All the corrective maintenance jobs were completed in compliance with the SLA requirements in respect of the response time and rectification time.</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>(iii) EMSTF has instructed its contractor to accurately record corrective maintenance details such as date/time of attendance, time of completion, working duration, name of staff, details of action and fault identified, etc., on log sheets/record books. The EMSTF has introduced a sample-checking mechanism to ensure the records of corrective maintenance services of DTRS infrastructure equipment are properly kept. The corrective maintenance service reports of past five months (i.e. from October 2016 to February 2017) submitted by the contractor have been checked by the team leader and the response time and rectification time of the corrective maintenance services were found in compliance with the SLA requirements. Regional Manager and Senior Inspector of the EMSD will also conduct sample audit (5%) of the reports against any discrepancy.</p> <p>Since August 2016 and up to end February 2017, there were a total of 67 corrective maintenance jobs handled by the EMSTF's contractor. All the corrective maintenance jobs were completed in compliance with the SLA requirements in respect of the response time and rectification time.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Fire appliances and support vehicles		
Para. 3.9 of the Audit Report	Audit has recommended that the Director of Fire Services should closely monitor the effectiveness of the Workshops and Transport Division's remedial measures in attaining the 90% target availability rate of the fire appliances and support vehicles, and take further measures where necessary.	<p>The FSEMSC has examined ways to enhance the monitoring of the effectiveness of the Workshops and Transport Division's (WTD) remedial measures in attaining the 90% target availability rate of the fire appliances and support vehicles. The following measures have been implemented –</p> <ul style="list-style-type: none"> • Starting from November 2016, the WTD has reported the fire appliances' target availability rate to the FSD's senior management and senior officers of the user Commands on a monthly basis to facilitate consideration on whether any remedial measure is required; and • The WTD will make use of sub-imprest account (in the form of petty cash) to shorten the lead time of spare parts procurement. <p>Upon implementation of the above measures, the availability rates of fire appliances and support vehicles have met the 90% target from November 2016 to February 2017 consistently.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 3.18 of the Audit Report	Audit has recommended that the Director of Fire Services should closely monitor the progress of replacing 206 serviceable pre-Euro IV diesel vehicles and, in particular, expedite action on the 43 vehicles for which the replacement schedule was still under planning.	The MPPSC will closely monitor the progress of replacing the FSD's pre-Euro IV diesel vehicles, in particular the 43 under planning. In order to ensure the reliability and the stability of the fleet, the FSD schedules the replacement of the pre-Euro IV vehicles in a progressive manner.

Para. No.	Audit's Recommendations	Progress to date
		<p>Besides, fire appliances involve complicated structure and design, which requires a longer time for tendering, design, manufacturing, testing and commissioning than general purpose vehicles. For these reasons, the FSD has critically reviewed the replacement programme from time to time, taking into account the operational needs, manpower and market situation. As a result of the recent review, the anticipated completion time for the replacement is 2022 and the programme has been tabled in the MPPSC for monitoring.</p> <p>As the recommendation will be implemented on a on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 3.27 (a) to (b) of the Audit Report</p>	<p>Audit has recommended that the Director of Fire Services should –</p> <p>(a) step up monitoring of the compliance with the scheduled maintenance requirements, including reporting to the FSD senior management of any non-compliance cases and taking measures to ensure that the fire appliances and support vehicles receive proper maintenance in a timely manner; and</p>	<p>(a) The WTD has established a mechanism under which a designated officer will monitor the non-compliance cases and issue reminders to the user units for delivering the vehicles to the respective workshops for maintenance in good time.</p> <p>Starting from December 2016, the WTD has reported all cases of non-compliance with the scheduled maintenance requirements to the senior management of FSD and senior officers of the user Commands on a monthly basis to facilitate consideration on whether any remedial measure is required to ensure that the fire appliances/support vehicles undergo proper maintenance in a</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) explore with the EMSTF the feasibility of providing supplementary service (e.g. inspection service at fire stations) to vehicles that have missed the maintenance on the scheduled dates.</p>	<p>timely manner.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) The EMSTF has agreed to provide supplementary on-site inspection service on an ad-hoc basis, upon request, to vehicles which have missed the scheduled maintenance.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 3.35 (a) to (b) of the Audit Report</p>	<p>Audit has recommended that the Director of Fire Services should –</p> <p>(a) improve the inventory control of spare parts for vehicles to prevent accumulation of dormant/excessive stocks; and</p>	<p>(a) The FSD has taken stock of the vehicle spare parts kept at its workshops and obsolete items identified are being disposed of in accordance with the Stores and Procurement Regulations.</p> <p>The dormant stock report in Asset Management and Maintenance System (AMMS) has been refined to include the last issue dates of stock items to facilitate a more effective identification of dormant stock. Furthermore, the report will be generated on a quarterly, instead of yearly, basis in order to strengthen monitoring.</p> <p>The AMMS has also been configured to issue stock replenishment reports automatically at regular intervals to remind officers concerned to replenish stock in good time.</p>

Para. No.	Audit's Recommendations	Progress to date
	(b) expedite action on resolving the technical problem of the AMMS so that it can properly perform its designed inventory control function.	<p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) The inventory control function (e.g. issuing notifications automatically for replenishment) of the AMMS has been put into use since October 2016.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
Part 4: Fire-fighting and rescue vessels		
Para. 4.15 (a) to (c) of the Audit Report	<p>Audit has recommended that the Director of Fire Services should –</p> <p>(a) improve the planning of the operational requirements for the FSD's vessel replacement/procurement projects;</p> <p>(b) closely monitor the progress of the replacement projects for Fireboat 7 (FB 7) and the two speedboats to guard against further slippage; and</p> <p>(c) ascertain from the Marine Department (MD) whether it is able to cope with the FSD's 10-year vessel replacement/procurement plan in a timely manner and where necessary, develop a contingency plan.</p>	<p>(a) and (c)</p> <p>The FSD and the Marine Department (MD) will have liaison meetings on a quarterly basis for reviewing the progress of vessel procurement/replacement projects according to the 10-year implementation plan for the FSD's vessel procurement/replacement projects.</p> <p>With a view to improving the planning of the operational requirements for the FSD's vessel replacement/procurement projects, the FSD will seek expert advice from the MD and conduct market research on the latest maritime technology for drawing up the operational requirements when pursuing the vessel replacement/procurement projects.</p> <p>To ensure that the FSD's existing vessels can maintain their operational</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>efficiency pending replacement, the Maintenance Section of the MD will conduct regular inspections of the vessels to ensure the seaworthiness and conditions of the vessels to be replaced.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) The MPPSC will closely monitor the progress of the replacement projects for FB 7 and the two speedboats.</p> <p>The tender evaluation for the two speedboats has been completed while the tender evaluation for FB7 is underway.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 4.16 of the Audit Report	Audit has also recommended that the Director of Marine should take measures to ensure that the FSD's vessel replacement/procurement projects are implemented in a timely manner.	<p>MD has strengthened its manpower to expedite vessel replacement projects and outsourced part of the procurement work.</p> <p>MD has drawn up a 10-year FSD vessel replacement/procurement plan with the FSD and will liaise closely with the FSD to follow up on the procurement plan.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 5: Other fire services support equipment		
<p>Para. 5.7 (a) to (b) of the Audit Report</p>	<p>Audit has recommended that the Director of Fire Services should –</p> <p>(a) expedite the fine-tuning of the outstanding functions in the AMMS mentioned in paragraph 5.5 and put them into use as soon as possible; and</p> <p>(b) conduct a post-implementation review of the AMMS to evaluate its effectiveness and consolidate lessons to be learnt for similar IT systems in future.</p>	<p>(a) The fine-tuning of all outstanding functions of the AMMS on inventory control (i.e. issuing stock replenishment notifications as well as the use of barcode and radio frequency identification technology), repair and maintenance management (i.e. formulation of preventive maintenance programme for the FSD's vehicles) and business intelligence analysis (i.e. automatic generation of dormant stock reports) has been completed. The functions have been put in use since October 2016.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p> <p>(b) The FSD completed the post-implementation review of the AMMS in April 2017 and will make reference to the lessons learnt from the review when developing similar IT systems in future.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
<p>Para. 5.13 of the Audit Report</p>	<p>Audit has recommended that the Director of Fire Services should explore new service providers and bring in competitive tendering as far as possible for the supply and maintenance of other fire services</p>	<p>To promote fair, competitive and open bidding, the FSD will explore the feasibility of diversifying the sources of supply and bring in competitive tendering by drawing up a general specification for the supply and</p>

Para. No.	Audit's Recommendations	Progress to date
	support equipment in future.	<p>maintenance of different types of fire services support equipment as far as practicable.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 5.19 (a) to (b) of the Audit Report	<p>Audit has recommended that the Director of Fire Services should –</p> <p>(a) step up monitoring of the preventive maintenance for specialised equipment to ensure that it is carried out in a timely manner; and</p>	<p>(a) The FSEMSC will closely monitor the preventive maintenance for specialised equipment.</p> <p>The WTD has established a mechanism under which a designated officer will monitor the cases where preventive maintenance is not carried out in a timely manner and issue reminders to the user units for delivering the equipment to respective workshops for maintenance in good time.</p> <p>Starting from December 2016, the WTD has reported all cases where preventive maintenance for specialised equipment is not carried out in a timely manner to the senior management of FSD and senior officers of the user Commands on a monthly basis to facilitate consideration on whether any remedial measures are required to ensure that the specialist equipment undergo proper maintenance in a timely manner.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	(b) make use of the AMMS to send reminders to the officers-in-charge requiring them to arrange preventive maintenance of specialised equipment once the scheduled maintenance is missed.	(b) The AMMS has been refined to automatically generate reminders to alert the officers-in-charge of the need to arrange scheduled maintenance for their specialised equipment. As the recommendation has been implemented, we recommend deleting this part from the next progress report.

Management of abandoned construction and demolition materials
Updated Progress of Implementing (as at 10 May 2017)

Para. No.	Audit's Recommendations	Progress to date
Part 2: Construction Waste Disposal Charging Scheme		
Para. 2.36 of Audit Report	<p>Audit has recommended that the Director of Environmental Protection in collaboration with the Director of Civil Engineering and Development should –</p> <ul style="list-style-type: none"> (a) take measures to ensure that, where applicable and taking into account relevant factors, fees and charges are revised in a timely manner; (b) take measures to ensure that annual reviews of fees and charges are conducted and the review results are forwarded to the FSTB in a timely manner in accordance with Financial Circular No. 6/2016; and (c) conduct periodic reviews of the charging scheme and, where appropriate, keep LegCo informed of the review results. 	<p>We will conduct fees and charges review in accordance with Financial Circular No. 6/2016 on an annual basis. In conducting the reviews, apart from the user-pay and the full cost recovery principles, we will also take into account other factors including the effectiveness of the charges in reducing waste, environmental considerations, as well as the impact of the charges on the trade and other relevant stakeholders. We will also keep LegCo informed of the review results where appropriate.</p>
Para. 2.37 of Audit Report	<p>Audit has recommended that Director of Environmental Protection should –</p> <ul style="list-style-type: none"> (a) issue specific guidelines on factors for consideration in taking prosecution actions against persons not complying with the 21-day statutory requirement on applying for establishing a billing account for disposal of abandoned construction and demolition (C&D) materials; (b) take measures to ensure that prosecution actions are taken in a timely manner in compliance with 	<p>When considering prosecution actions against suspected non-compliant contractors, EPD staff have been relying on (i) “The Statement of Prosecution Policy for the EPD” which sets out generic guidance and principles; and (ii) in-house advice from the Central Prosecution Unit of EPD having regard to the circumstances of each case.</p> <p>In response to the recommendations of the Audit Report, EPD has completed</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>the six-month statutory time limit; and</p> <p>(c) remind EPD staff of the need to obtain endorsement from appropriate EPD officers for not taking prosecution actions against cases of non-compliance with the 21-day statutory requirement.</p>	<p>consolidating past cases and updated our enforcement guidelines on prosecution actions against non-compliance of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation for reference and adoption by all enforcement staff.</p> <p>We have reminded enforcement staff to take prosecution actions in a timely manner. We will continue to closely monitor the progress in carrying out investigation of suspected non-compliances and ensure that prosecution actions be taken within six months.</p> <p>We have also reminded enforcement staff to obtain proper endorsement of their recommendations on taking or not taking prosecution action in all suspected non-compliant cases. All prosecution-related decisions have been made at the directorate level since October 2016.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Part 3: Measures to Increase Reuse of Fill Materials

<p>Para. 3.27 of Audit Report</p>	<p>Audit has recommended that Director of Environmental Protection in collaboration with Director of Civil Engineering and Development should –</p> <p>(a) conduct a review of the screening methodology adopted for accepting vehicle loads of abandoned C&D materials at sorting facilities with a view to complying with the inert-content requirement as far as possible; and</p>	<p>Since 2006, EPD and Civil Engineering and Development Department (CEDD) had conducted 19 surveys on the percentage of number of vehicle loads meeting the inert content requirement and on the screening methodology. The latest (20th) inert content survey</p>
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Para. No.	Audit's Recommendations	Progress to date
	<p>(b) take measures to encourage public organisations undertaking infrastructure projects, such as airport, railway and housing projects, to implement measures on reducing the generation of abandoned C&D materials and increasing the reuse of fill materials generated by the projects.</p>	<p>completed in October 2016 revealed that the percentage of vehicle loads meeting the inert content requirement (i.e. containing more than 50% by weight) at sorting facilities was about 70%. This is comparable to the average compliance rate (Table 6 of Audit Report) since the new waste acceptance criteria have come into effect in December 2010.</p> <p>We consider that the current screening methodology remains effective. EPD will continue to work with CEDD to closely monitor the effectiveness of the screening methodology at the sorting facilities.</p> <p>As follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The Public Fill Committee (PFC) chaired by Director of Civil Engineering and Development will continue to oversee the coordination of major capital works projects undertaken by the works departments and major public organisations to promote the local reuse of fill materials. In the coming few years, it is expected that some fill-absorbing projects will commence the public fill intake.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
<p>Para. 3.28 of Audit Report</p>	<p>Audit has recommended that Director of Civil Engineering and Development should –</p> <p>(a) clearly state in the Controlling Officer's Report that the quantity of fill materials being disposed of at public fill banks is provisional subject to adjustment; and</p> <p>Audit has recommended that Director of Civil Engineering and Development in collaboration with Director of Environmental Protection should –</p> <p>(b)(i) conduct a review to ascertain the reasons for the low demand for Grade 200 recycled rock fill materials by public works projects, and take necessary measures to meet the need of the users; and</p> <p>(b)(ii) consider allowing private works projects to apply to collect at the public fill bank Grade 200 recycled rock fill materials for use on a cost-recovery basis.</p>	<p>In the Controlling Officer's Report of CEDD for 2017-18, relevant key performance indicators for management of construction and demolition materials have been remarked as "provisional actual subject to adjustment".</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>CEDD will continue to coordinate with works departments on a regular basis to identify their demand for Grade 200 recycled rock fill materials in the coming few years, with a view to promoting their use in public works projects.</p> <p>CEDD has also made necessary arrangements to facilitate private works projects to source Grade 200 recycled rock fill from the fill banks on a cost-recovery basis. A request form has been published in CEDD's website for this purpose.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 4: Measures to Prevent and Detect Illegal Dumping		
Para. 4.13 of Audit Report	Audit has recommended that Director of Environmental Protection incollaboration with relevant government bureaux and departments should take measures to promote the adoption of the trip-ticket system in relevant works projects undertaken by public organisations.	<p>EPD and the DEVB have approached four suitable public organisations and received their positive response to the adoption of a similar trip-ticket system in suitable works projects.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 4.33 of Audit Report	<p>Audit has recommended that Director of Environmental Protection should –</p> <p>(a) take measures with a view to ensuring that surveillance camera systems installed for collecting evidence for prosecution purposes are capable of capturing clear images of registration marks of vehicles involved in illegal dumping of waste;</p> <p>(b) take measures with a view to ensuring that prosecution actions relating to illegal dumping of waste are taken within the six-month time limit;</p>	<p>We have completed an overall review of the trial scheme on using surveillance camera system to detect illegal dumping activities and have liaised with relevant Government departments, quasi-government organizations and tertiary institutions to review the technical specification of the surveillance camera system and the improvement measures to capture better images under various light conditions and angles. The review findings, together with the Audit's recommendations, have formed the basis for formulating the enforcement strategies and enhancing the technical specifications for launching a suitable surveillance camera system.</p> <p>We have reminded the enforcement staff of the six-month time limit for taking prosecution actions.</p> <p>We have reviewed and updated relevant guidelines to incorporate an alert to remind enforcement staff of the time-bar in the prosecution process.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) issue guidelines on procedures for handling cases of illegal dumping of waste with images captured by surveillance camera systems;</p> <p>(d) strengthen efforts on contacting the vehicle owners involved in illegal waste dumping cases with reference to the good practices of the Hong Kong Police Force (HKPF) in handling speeding and red-light jumping cases;</p> <p>(e) forward cases where letters sent to vehicle owners using addresses provided by the Transport Department (TD) are returned unclaimed to the TD for follow-up actions for any offence related to not timely notifying the TD of changes of addresses;</p>	<p>As the follow-up action will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>We have reviewed and updated the relevant guidelines in handling cases captured by the surveillance camera systems with reference to "Guidance on CCTV Surveillance and Use of Drones" issued by Office of the Privacy Commissioner for Personal Data.</p> <p>As the follow-up action will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>EPD had a meeting with the HKPF in December 2016 to learn about their good practices in handling speeding and red-light jumping cases. We had drawn reference from their prosecution arrangement to facilitate the identification and investigation of illegal waste dumping cases.</p> <p>As the follow-up action will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>All relevant cases in the trial scheme were forwarded to TD for follow-up actions in September 2016.</p> <p>As the follow-up action will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(f) seek legal advice on ways and means to take prosecution actions against the responsible persons involved in illegal waste dumping cases who do not provide case details;</p> <p>(g) for cases where the responsible drivers claim that the waste dumping is based on the advice of site staff of the FEHD or its contractors, notify the FEHD of the incidents for taking follow-up actions on a timely basis; and</p> <p>(h) in collaboration with relevant government departments, strengthen actions to detect and prevent illegal dumping of waste on government land, including that by hand delivery and by cart.</p>	<p>We will continue to seek legal advice from Department of Justice as early as possible on any potential legal issue.</p> <p>As the follow-up action will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>EPD had a meeting with FEHD in February 2017 and would notify FEHD of incidents involving FEHD staff or their contractors for taking follow-up actions on a timely basis.</p> <p>As the follow-up action will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>EPD will continue to work closely with relevant Government departments through joint operations and other necessary measures to detect and prevent illegal dumping of waste.</p> <p>As the follow-up action will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 5: Way Forward		
Para. 5.10 of Audit Report	Audit has recommended that Secretary for the Environment in collaboration with Director of Civil Engineering and Development should explore destinations other than Taishan for receiving surplus fill materials generated in Hong Kong.	We will continue to explore destinations other than Taishan for receiving surplus fill materials, including the reusing of fill materials in suitable reclamation projects at either on-going or under-planning stage in Hong Kong. For example, the Three-Runway System under construction will use the surplus fill in the reclamation works.

Para. No.	Audit's Recommendations	Progress to date
Para. 5.11 of Audit Report	<p>Audit has recommended that Director of Environmental Protection should –</p> <p>(a) in collaboration with Director of Civil Engineering and Development, further strengthen measures to encourage local reuse of fill materials generated in Hong Kong; and</p> <p>(b) complete the review of the trial scheme on installing surveillance camera systems on a timely basis and, based on the review results, formulate strategies and implementation plans for installing the systems to prevent and detect illegal dumping of C&D materials.</p>	<p>We will continue to facilitate the reduction of fill material generation and the local reuse of fill materials as a matter of priority in our waste management strategy. To this end, major public works projects are required to draw up Construction and Demolition Material Management Plans, with a view to assessing the volume of construction and demolition materials produced and identifying outlets for beneficial reuse and recycling of any surplus excavated materials.</p> <p>The PFC chaired by Director of Civil Engineering and Development will oversee the coordination of major capital works projects undertaken by the works departments and major public organisations to promote the local reuse of fill materials.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>We have completed an overall review of the trial scheme on using surveillance camera system to detect illegal dumping activities. We are working on a new service contract for installation of an enhanced surveillance camera system to reinforce our enforcement work against illegal waste dumping.</p>

**Hospital Authority's drug management
Progress of Implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Management of the Hospital Authority Drug Formulary		
<i>Managing the use of drugs not listed on the Hospital Authority Drug Formulary</i>		
2.28	<p>Audit has recommended that the Chief Executive, HA should:</p> <ul style="list-style-type: none"> (a) review what measures need to be implemented to ensure that patients attending different public hospitals and clinics have equitable access to non-HADF drugs when they have the relevant clinical needs; (b) regularly review the need for the continued use of non-HADF drugs which had failed the Drug Advisory Committee's new drug evaluation; (c) consider drawing up a detailed manual for managing the use of non-HADF drugs, and ensure compliance with the relevant provisions including the approval procedure for prescribing non-HADF drugs; (d) issue comprehensive guidelines on the charging of non-HADF drugs covering different situations, and ensure compliance with the guidelines; and (e) ensure that the drug classifications in hospital formularies for communication uses by clinical staff tally with those specified in the HADF. 	<p>HA has formulated and implemented a mechanism for monitoring and analysing the use of drugs outside the HADF and reviewed the current practice on approving, documenting and monitoring the use of drugs outside the HADF in different clusters. HA will align the procedure for use of drugs outside the HADF across different clusters and define the charging principles through expanding the existing guidelines on the use of immediate life-threatening emergency drugs to cover drugs outside the HADF. This will be incorporated into the next revised version of the HADF Management Manual to be published in the second quarter of 2018. Besides, HA has come up with a framework to share information on the use of drugs outside the HADF in HA and has explored system function to facilitate generation of local hospital drug formulary documents for internal communication purpose.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Listing new drugs</i>		
2.35	<p>Audit has recommended that the Chief Executive, HA should:</p> <p>(a) given that few hospitals had applied for new drug listing, review the adequacy of the HA mechanism for listing new items on the HADF, taking account of the numerous new drugs emerging over time, and the benefits for considering their potential inclusion in the HADF in a timely manner; and</p> <p>(b) take measures to encourage and facilitate more HA hospitals and clinics to apply for new drug listing on the HADF.</p>	<p>Cluster/Hospital Drug and Therapeutics Committees of HA will set a standing meeting agenda item on drug formulary matters, including new drug applications. HA has provided a hyperlink to the Department of Health's webpage on newly registered medicines in Hong Kong in the HADF intranet website for staff's easy reference with regard to newly registered medicines in Hong Kong.</p> <p>As follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Deleting obsolete drugs</i>		
2.39	<p>Audit has recommended that the Chief Executive, HA should review the 47 drugs with no consumption records during 2013-14 to 2015-16 to ascertain the need for deleting any of them from the HADF.</p>	<p>HA has reviewed and refined the screening methodology of the computer system to ensure that all potentially obsolete drugs are identified for assessment. The new methodology has been used in the 2016 HADF review exercise.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Procurement of Drugs		
<i>Establishing bulk contracts</i>		
3.12	<p>Audit has recommended that the Chief Executive, HA, should:</p> <ul style="list-style-type: none"> (a) for the 520 drug items purchased directly by hospitals using quotation procedures and with purchase amounts in 2015-16 exceeding \$100,000, review the direct purchase method to determine whether the demands of individual hospitals could be consolidated for establishing bulk contracts; (b) in particular, assess whether the purchase amounts of 193 of the 520 drug items (i.e. drug items with purchase amounts in 2015-16 exceeding \$500,000) in the coming three years would exceed \$1.5 million thus requiring establishing the bulk supply contracts by tender; (c) set up an effective mechanism for regularly analysing hospitals' demands for drug items not covered by bulk contracts to determine whether bulk contracts should be used to achieve the best value for money; and (d) review the practice of repeated purchases within a short period of time mentioned in paragraph 3.11 and provide hospitals with additional guidelines on direct purchases. 	<p>HA has reviewed Audit's list of 193 items and identified suitable candidates for bulk contract arrangement, and has implemented the Pharmacy Business Intelligence System in April 2017 to facilitate bulk contract arrangements and overall monitoring. After reviewing the direct purchase practice, HA will formalise it for incorporation into corresponding guidelines by December 2017. HA Headquarter Office has also centrally taken up quotation opening for direct purchases over \$100,000.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Managing the risk of supply interruption</i>		
3.25	<p>Audit has recommended that the Chief Executive, HA, should:</p> <ul style="list-style-type: none"> (a) closely monitor the performance of drug suppliers in complying with delivery schedules and take effective follow-up action on delivery complaints received from hospitals; (b) remind staff of the need to hold Performance Review Group meetings to review any unsatisfactory performance of suppliers in warranted cases; (c) for drug items meeting the criteria set by the HA (i.e. for treatment of chronic diseases and used by more than 100,000 patients annually) for multi-source procurement but currently procured from a single source for reasons such as risk-benefit considerations, implement multi-source procurement upon expiry of the current contract where appropriate; (d) assess the risk and impact of supply disruption for other commonly-used drug items to determine whether multi-source procurement should be implemented for them; and (e) take measures to improve the drug re-ordering procedure. 	<p>HA has maintained multi-source tender exercises on existing and new drug items meeting the pre-set criteria, and has reviewed the current criteria for conducting multi-source tender exercises. In addition, HA has implemented key performance indicators in the Pharmacy Business Intelligence System in April 2017 to enhance monitoring of delivery performance and has regularised the Performance Review Group meetings to strengthen monitoring of drug manufacturers and suppliers' performance. HA has explored relevant factors to assist decision making on drug re-ordering at the hospital level.</p> <p>As this measure is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 4: Dispensing and Handling of Drugs		
<i>Dispensing of drugs</i>		
4.8	<p>Audit has recommended that the Chief Executive, HA, should:</p> <ul style="list-style-type: none"> (a) regularly assess the extent of drug wastage among patients of the HA; and (b) based on the assessment in (a) above, take appropriate measures to tackle the problem of drug wastage. 	<p>HA has set the framework of drug refill services and started the preparatory work on operation logistics for pilot implementation of the said services in the first quarter of 2018 for targeted patient groups in selected specialist outpatient clinics. Subject to satisfactory review of the pilot implementation, drug refill services will be rolled out to other specialist outpatient clinics in other clusters in phases.</p>
<i>Handling of dangerous drugs</i>		
4.17	<p>Audit has recommended that the Chief Executive, HA, should:</p> <ul style="list-style-type: none"> (a) monitor the number of incidents of missing dangerous drugs and conduct a comprehensive review of the handling and custody of dangerous drugs where necessary; (b) regularly remind relevant staff of the importance of ensuring the proper handling and safe custody of dangerous drugs in HA hospitals and clinics; (c) issue guidelines on the investigation of incidents of missing dangerous drugs, and ensure that the staff concerned comply with the guidelines and take effective improvement measures to prevent recurrence; and 	<p>In December 2016, HA has updated the guidelines on handling of dangerous drugs with standardised workflow on reporting of missing dangerous drug incidents and a standard template to guide incident investigation. HA has also established a set of compliance checklists to facilitate dangerous drug audits and developed a new e-learning courseware to enhance staff training on dangerous drugs handling. HA will further enhance its information technology system to facilitate reporting, notification and monitoring of dangerous drug incidents. These will be implemented in the second quarter of 2017.</p> <p>As measures have been taken and are being implemented on an on-going basis, we recommend deleting this</p>

Para. No.	Audit's Recommendations	Progress to date
	(d) ensure that incidents of missing dangerous drugs are forthwith reported to the Department of Health.	part from the next progress report.
Part 5: Monitoring the Quality of Drugs		
<i>Sample testing of drugs</i>		
5.7	<p>Audit has recommended that the Chief Executive, HA, should:</p> <ul style="list-style-type: none"> (a) formulate a strategy for sample testing of drugs, taking account of relevant factors such as coverage and results of other quality assurance work, level of HA procurement activities, risk associated with individual drug items and resources available; (b) lay down clearly the sampling methodology for implementing the drug testing strategy in (a) above; and (c) ensure that contractors submit reports on drug testing according to the time frame set out in the contracts. 	<p>HA has formalised the strategy and methodology for sample testing of drugs to become part of its standard operating procedure. HA will build in multiple timeframes in service contracts in the first quarter of 2018 to ensure feasible and timely submission of test reports.</p>
<i>Inspection of premises of drug suppliers</i>		
5.12	<p>Audit has recommended that the Chief Executive, HA should consider expanding the programme on inspection of premises of drug suppliers to cover more drug suppliers, particularly those associated with many drug quality complaints and supplying considerable amount of drugs to the HA.</p>	<p>HA will incorporate inspection of premises of drug suppliers into the current risk-based inspection programme in the second quarter of 2017, taking into account the volume of supply as an additional prioritisation criterion.</p> <p>As this measure will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Investigation of complaints about drug quality</i>		
5.17	Audit has recommended that the Chief Executive, HA should take effective measures to ensure that investigations of complaints about drug quality are completed as soon as possible.	HA will develop performance indicators in the second quarter of 2017 to effectively monitor the investigation of drug product quality complaints and take measures to ensure timely completion of investigations. As this measure will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
Part 6: Administering Financial Assistance Programmes for Purchasing Self-financed Drugs		
<i>Expanding coverage of drugs</i>		
6.10	Audit has recommended that the Chief Executive, HA should continue to include appropriate new self-financed drugs under the scope of the safety net.	HA will continue to include appropriate new drugs under the scope of the safety net under the existing mechanism, based on safety, efficacy and cost-effectiveness considerations and other relevant factors as described in the HADF Management Manual. As this is an on-going mechanism, we recommend deleting this part from the next progress report.
<i>Conducting post-approval checks</i>		
6.23	Audit has recommended that the Chief Executive, HA should: (a) monitor the result of post-approval checks on SF/CCF cases to determine whether more sample checks are required to prevent and detect fraud and abuse; (b) explore expanding the scope of	Since the first quarter of 2017, HA has commenced the development of additional performance indicators to monitor the performance of post-approval checks. Moreover, from the second quarter of 2017 onwards, HA will take more samples from cases which involve a

Para. No.	Audit's Recommendations	Progress to date
	<p>post-approval checks on SF/CCF cases, particularly for cases involving a substantial amount of subsidy;</p> <p>(c) consider extending the bank search period up to the expiry of the validity period of the financial assistance for cases involving a substantial amount of subsidy; and</p> <p>(d) review the long time taken to follow up some significant cases of under-reporting of income and/or assets and take improvement measures.</p>	<p>substantial amount of subsidy for post-approval checks, expand the scope of checking and extend the bank search period up to the expiry of the validity period of financial assistance.</p> <p>As these measures are being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Funding of academic research projects by Research Grants Council
Updated Progress of Implementing Audit's Recommendations
(as at 10 May 2017)

Para. No.	Audit's Recommendations	Progress to date
PART 2: GOVERNANCE AND MANAGEMENT ISSUES		
2.8	<p>Appointment of Research Grants Council (RGC or Council) members</p> <p><i>Need to monitor the tenure to ensure healthy turnover of Council members</i></p> <p>The Secretary for Education should monitor the tenure of Council members to ensure a healthy turnover as far as practicable in the appointment and re-appointment of Council members.</p>	<p>The Government has always been taking into consideration the six-year rule as well as other relevant factors when considering appointment and re-appointment of the Council members. The Government will continue to ensure a healthy turnover of Council members.</p> <p>As follow-up action is being implemented on an ongoing basis, we recommend deleting this part from the next progress report.</p>
2.11	<p>Matters related to Council/committee/panel meetings</p> <p>The Secretary-General, UGC, in consultation with the RGC, should –</p> <p>(a) promulgate rules of procedure for Council/committee/panel meetings (e.g. frequency and quorum of meetings, and voting requirements);</p>	<p>The UGC Secretariat is drawing up the rules of procedures for meetings and will take into account the Independent Commission Against Corruption's advice before finalization. The UGC Secretariat will arrange for promulgation once endorsement is obtained from the RGC in June 2017.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) issue meeting papers in advance of Council meetings to ensure that members are provided with all the information that they need to properly consider and discuss well before the meetings; and</p> <p>(c) prepare minutes for those committee/panel meetings which currently do not have minutes.</p>	<p>The existing arrangement that meeting papers are issued about one week before Council meetings will be maintained. Only meeting papers containing confidential/sensitive information will be provided to members at Council meetings to minimize security risks.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>Starting from June 2016, the UGC Secretariat prepares minutes for all committee/panel meetings.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
2.18	<p>Awards of research project grants</p> <p><i>Applications for research project grants not properly approved by RGC</i></p> <p>The Secretary-General, UGC, in consultation with the RGC, should ensure that applications for project grants are approved by the proper authority and the approvals are properly documented.</p>	<p>Starting from the next Council meeting in June 2017, each member will have the lists of projects recommended by subject panels for scrutiny.</p>
2.27	<p>Management of conflict of interest</p> <p><i>Need to improve first-tier declarations/Need to improve second-tier declarations</i></p> <p>The Secretary-General, UGC, in consultation with the RGC, should –</p>	

Para. No.	Audit's Recommendations	Progress to date
	<p>(a) take measures to ensure that all Council/committee/panel members make the required first-tier declarations of interests in a timely manner by –</p> <p>(i) submitting the Register of Interests Form on first appointment, re-appointment or significant change of circumstances; and</p> <p>(ii) submitting or updating the Form annually;</p> <p>(b) consider, in consultation with the HAB, whether it is necessary for ex-officio Council/committee/panel members to make first-tier declarations of interests by –</p> <p>(i) submitting the Register of Interests Form on first appointment, re-appointment or significant change of circumstances; and</p> <p>(ii) submitting or updating the Form annually;</p> <p>(c) ensure that the panel members of Joint Research Schemes (JRSs) submit or update the Register of Interests Form on an annual basis;</p>	<p>The UGC Secretariat will monitor the submission of declaration forms closely and if required, issue more frequent reminders to members. Besides, members would be invited to submit annually an updated Register of Interests Forms in accordance with the proposed Rules of Procedures for meetings.</p> <p>The UGC Secretariat is consulting the HAB on the recommendation.</p> <p>Starting from June 2016, all JRS panel members are required to submit or update the Register of Interests Form on an annual basis.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) ensure that Council/committee/panel members make second-tier declarations of interests when they see a reason to do so;</p> <p>(e) take measures to ensure the safe keeping of Registers of Interests Forms;</p> <p>(f) take measures to ensure that all declarations of conflicts of interest made before or during meetings by the Council/committee/panel members are properly documented; and</p> <p>(g) take measures to ensure that Council/committee/panel members do not take part in the assessment of applications in which they are in any way associated.</p>	<p>Mechanism is already in place for members to make second-tier declarations prior to the meeting. At the meeting, members are further reminded to make second-tier declarations of interests if necessary.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>Paper forms will be kept in the custody of designated officers while electronic back-up copies are stored in a central repository.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>If members make declarations during a meeting, they will be asked to fill in a declaration form which will be filed properly.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>Applicants are required to declare their membership with the RGC or its committee/panel on the application forms. For individual research schemes, the panel will have a special session to assess the applications submitted by fellow panel members who will be excused from the meeting.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
2.39	<p>Other management issues</p> <p><i>Decreasing return on investment of Research Endowment Fund (REF)</i></p> <p>(a) The Secretary-General, UGC, in consultation with the RGC, should keep in view the decreasing investment return of the REF amidst volatile market conditions, and draw up an action plan to address the issue.</p> <p><i>Need to improve the timeliness in the submission of annual report to Education Bureau</i></p> <p>(b) The Secretary-General, UGC, in consultation with the RGC, should take measures to ensure that the RGC annual reports are submitted to the Government and uploaded on to its website in a timely manner.</p>	<p>The RGC has formulated some saving measures to address the decreasing rate of return of REF – for instance, maintaining 2017/18 Earmarked Research Grant (ERG) budget at 2016/17's level of commitment and withholding some funding in a reserve pool; and seeking 10% matching fund from universities in 2018/19 for schemes funded by ERG. Further cost saving measures may be considered if the financial situation continues to worsen, for example, increasing the size of the reserve pool and increasing the matching ratio of universities.</p> <p>The UGC has alerted the Government to the reduced forecasted return rate in the coming years. The UGC will continue to keep in view the investment return of the REF and draw up an action plan to address the issue at an appropriate time.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The RGC Annual Report 2014/15 was uploaded onto the website in November 2016. The RGC Annual Report 2015/16 is scheduled for publication in June 2017. The RGC will continue to publish future Annual Reports in a timely manner.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p><i>Need to closely monitor the implementation of RGC Review</i></p> <p>(c) The Secretary-General, UGC, in consultation with the RGC, should take measures to closely monitor the implementation of the RGC Review to ensure its timely completion.</p>	<p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The RGC Review (Phase I) is progressing on schedule and findings are expected to be available in mid-2017.</p>
PART 3: PROJECT MANAGEMENT		
3.22	<p>Administration of RGC funding schemes</p> <p><i>Majority of RGC funding is allocated to small projects/Need to review the normative unit cost for each subject panel</i></p> <p>The Secretary-General, UGC, in consultation with the RGC, should –</p> <p>(a) in the light of the results of the RGC Review, take measures to improve the portfolio balance of the funding schemes and the calculation of the normative unit costs for the subject panels; and</p> <p>(b) consider conducting periodic reviews on the portfolio balance of the funding schemes and the normative unit costs for the subject panels.</p>	<p>When the results of the RGC Review (Phase I) are available in mid-2017, the RGC will be invited to consider measures to improve the portfolio balance of the funding schemes and the calculation of the normative unit costs for the subject panels, and whether periodic reviews are required.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p><i>Need to improve mechanism to monitor the refund of allowance under Hong Kong PhD Fellowship Scheme (HKPFS)</i></p> <p>The Secretary-General, UGC, in consultation with the RGC, should –</p> <p>(c) review the records of all the HKPFS awardees who have completed or withdrawn from their fellowship in the past years to ensure that all unspent allowance had been refunded; and</p> <p>(d) take measures to ensure that in future the universities refund the unspent allowance under the HKPFS in a timely manner after the completion or termination of the fellowship period.</p>	<p>The UGC-funded universities had all refunded the unspent travel allowance to the RGC by end January 2017.</p> <p>As follow-up action has been completed, we recommend deleting this part from the next progress report.</p> <p>In addition to issuing emails to universities annually, the UGC Secretariat has been maintaining a register on the spent allowance for all awardees who have completed their fellowship based on the universities' returns and the information reported in the annual progress reports. The UGC Secretariat will continue to maintain close liaison with the Graduate Schools/Research Offices of the universities on updating the register and monitoring the progress of refund of the unspent allowance.</p> <p>The UGC Secretariat will, in consultation with the HKPFS Steering Committee and the RGC at the Council meeting in June 2017, enhance the mechanism, viz. exploring the off-setting arrangements for refund of the unspent allowance to the RGC, and strengthen the guidelines where appropriate to ensure that the unspent allowance under the HKPFS will be refunded to the RGC in a timely manner.</p>

Para. No.	Audit's Recommendations	Progress to date
3.23	<p><i>Decreasing number of applications under Theme-based Research Scheme (TRS)</i></p> <p>The Secretary for Education should –</p> <ul style="list-style-type: none"> (a) closely monitor the number of applications under the TRS; and (b) when necessary, consider initiating a review on the themes under the TRS. 	<p>After a recent review of the themes under the TRS, EDB decided in early 2015 to maintain the first three themes (i.e. “Promoting Good Health”, “Developing a Sustainable Environment” and “Enhancing Hong Kong’s Strategic Position as a Regional and International Business Centre”) and promulgate a new theme. Hence, EDB does not see any imminent need to conduct another review. EDB will continue to monitor the number of applications under each theme and, in consultation with the RGC and UGC-funded universities, consider an appropriate time to initiate the next review.</p> <p>The RGC will continue to keep the grand challenge topics of the research themes under regular review.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
3.47	<p>Monitoring of funded projects</p> <p><i>Backlog in assessments of project progress and performance</i></p> <p>The Secretary-General, UGC, in consultation with the RGC, should –</p> <ul style="list-style-type: none"> (a) set a target completion date for the assessment of project reports; and 	<p>Deadlines have been set for members to complete progress reports (one month) and completion reports (two months).</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) take effective measures to clear as soon as practicable the backlog of the assessment of project reports received.</p> <p><i>Need to closely monitor terminated research projects</i></p> <p>(c) The Secretary-General, UGC, in consultation with the RGC, should closely monitor the number of terminated projects and reasons for the termination and take measures to address the issue if there is a further increase in such projects;</p> <p>(d) monitor the submission of concluding reports for terminated projects and where practicable, urge the Principal Investigators (PIs) to submit the concluding reports in a timely manner; and</p> <p>(e) take measures to ensure that progress reports and concluding reports of terminated projects are assessed in a timely manner.</p>	<p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>An ad hoc panel, comprising local and non-local members, was set up in April 2017 to clear the backlog.</p> <p>The UGC Secretariat will continue to closely monitor the number of terminated projects and report to the RGC.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The UGC Secretariat will continue to remind universities on overdue reports and urge the PIs to submit the concluding reports in a timely manner.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>Deadlines have been set on the assessment of progress reports and concluding reports. Reminders to members will be issued on a monthly basis.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p><i>Need to keep in view projects rated as “unsatisfactory” or “barely satisfactory”</i></p> <p>(f) The Secretary-General, UGC, in consultation with the RGC, should keep in view the number of completed projects rated as “unsatisfactory” or “barely satisfactory” and take measures to address the issue if there is a further increase in such projects.</p> <p><i>Need to expedite the planned extension of on-site inspections to medium-scale schemes and small-scale schemes</i></p> <p>(g) The Secretary-General, UGC, in consultation with the RGC, should expedite the implementation of conducting on-site inspections to the medium-scale projects and small-scale projects.</p> <p><i>Need to expedite the procurement of a new Electronic System</i></p> <p>(h) The Secretary-General, UGC, in consultation with the RGC, should expedite the development of a new Electronic System so that the system will be extended to cover other funding schemes operated in paper mode.</p>	<p>The UGC Secretariat will continue to report the number of “unsatisfactory” and “barely satisfactory” projects to the RGC. The RGC will be invited to consider measures to address the issue if there is a surge in the number of such projects.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The first round of on-site inspections to the medium-scale projects and small-scale projects was completed in November 2016. Another round of inspections was completed in March 2017. The UGC Secretariat will continue to conduct two rounds of on-site inspections annually.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>A contractor was engaged in March 2017 for the development of the proposed system.</p>

Para. No.	Audit's Recommendations	Progress to date
3.56	<p>Handling of alleged misconduct cases</p> <p><i>Need to expedite determination of penalty for substantiated misconduct cases</i></p> <p>(a) The Secretary-General, UGC, in consultation with the RGC, should determine the level of penalty for substantiated cases as soon as practicable.</p> <p><i>Need to expedite the process of handling alleged misconduct cases</i></p> <p>The Secretary-General, UGC, in consultation with the RGC, should –</p> <p>(b) review the process of handling alleged misconduct cases; and</p> <p>(c) in the light of the results of the review, take action to streamline the process of handling alleged misconduct cases with a view to shortening the time taken to inform the universities of the RGC's decision on the cases.</p>	<p>The RGC decided the level of penalty for the five substantiated cases in December 2016. The institutions concerned were notified of the results in the same month.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>Since the formation of the Disciplinary Committee (DC) under the RGC in December 2013 (which was later re-established as three DCs, namely DC (Investigation), DC (Penalty) and DC (Appeal)), the DCs have considered a total of 49 alleged misconduct cases. As at 1 March 2017, the DCs completed investigation of all 49 alleged misconduct cases, and among them 25 cases were found substantiated and penalties were imposed as appropriate. The institutions concerned were notified of the results accordingly. The UGC Secretariat will continue to provide support to the DCs and the RGC to facilitate the processing of the cases.</p> <p>The on-going RGC Review will holistically examine, among others, the existing structure and procedures for</p>

Para. No.	Audit's Recommendations	Progress to date
		handling alleged misconduct cases. In particular, the RGC Review will consider how to enhance public accountability and transparency, having regard to prevailing practice in the higher education sector.
PART 4: RESEARCH OUTPUT AND WAY FORWARD		
4.16	<p>Research output of universities</p> <p><i>Need to analyse information on research output according to RGC funding scheme/Need to collate suitable management information on research performance</i></p> <p>The Secretary-General, UGC, in consultation with the RGC, should –</p> <p>(a) collate adequate management information on research output and devise suitable performance measures for the evaluation of the research performance of the universities, and disclose the information on its website; and</p> <p>(b) provide guidance notes to help the information user in the interpretation of the information on research output.</p>	<p>With the support of the Heads of Universities, the UGC is actively planning for another RAE in 2020 to assess the research quality of UGC-funded universities, with the inclusion of research impact as one of the elements of assessment. Subject to further deliberations of the UGC, it is planned that relevant stakeholders will be consulted on the framework and parameters in mid-2017.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting the part on RAE from the next progress report.</p> <p>The RGC makes use of the information on research outcome and research output in the completion reports of projects funded by the RGC funding schemes for monitoring purposes. The statistics relating to completed and terminated projects and the submission</p>

Para. No.	Audit's Recommendations	Progress to date
	<p><i>Need to encourage more efforts in commercialization of research results</i></p> <p>(c) The Secretary-General, UGC, in consultation with the RGC, should work with the Innovation and Technology Bureau (ITB) to facilitate the commercialization of the universities' research results.</p>	<p>and assessment of the completion/ concluding reports are reported to the RGC for these projects in June and December each year. In the light of the results of the RGC Review (Phase I), the RGC will consider developing performance indicators with guidance notes on the effectiveness of the RGC funding schemes.</p> <p>The UGC Secretariat will continue to work closely with the ITB on the facilitation of knowledge transfer activities, including the commercialization of research results of the universities.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
4.27	<p>Way Forward</p> <p><i>Need to foster university-industry collaboration</i></p> <p>(a) The Secretary-General, UGC, in consultation with the RGC, should enhance measures to foster the university-industry collaboration.</p>	<p>Fostering university-industry collaboration and midstream research principally falls under the policy purview of the ITB. The UGC Secretariat has maintained close liaison with the Innovation and Technology Commission (ITC) in developing the Midstream Research Programme for universities which was launched in December 2016. The UGC Secretariat will continue to provide support to the UGC/RGC and work closely with the ITB/ITC in further enhancing university-industry collaboration and forging closer links between the various</p>

Para. No.	Audit's Recommendations	Progress to date
	<p><i>Need to enhance collaboration with ITC</i></p> <p>(b) The Secretary-General, UGC, in consultation with the RGC, should extend the measures applicable to the collaborative funding schemes to individual funding schemes (i.e. the General Research Fund and the Early Career Scheme) with a view to enhancing a closer link with the ITF; and</p> <p>(c) keep in view the implementation of the new Midstream Research Programme for universities, and work closely with the ITC to see how best to forge a closer link between this new programme of the ITF and the funding programmes of the RGC.</p> <p><i>Need to ascertain achievements of funding schemes</i></p> <p>(d) The Secretary-General, UGC, in consultation with the RGC, should monitor the progress of the RGC Review and ensure that it adequately examines the effectiveness of individual RGC research funding schemes to ascertain whether the funding objectives of these schemes are met.</p>	<p>funding schemes of the Innovation and Technology Fund (ITF) and RGC.</p> <p>As follow-up action is being implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The RGC will discuss with the ITC on how to encourage PIs of individual research projects to apply for the ITF after the Council meeting in June 2017.</p> <p>See the progress for recommendation 4.27 (a) above.</p> <p>The RGC Review (Phase I) is currently being conducted to examine, amongst others, the effectiveness of the RGC funding schemes and results are expected to be available in mid-2017.</p>

Sewerage systems in rural areas
Updated Progress of Implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to date
Part 2: Pollution Control In Unsewered Areas		
<i>Control and Monitoring of Compliance with Water Quality Objectives on Escherichia coli</i>		
2.12	Audit has recommended that the Director of Environmental Protection should consider periodically conducting assessments of the extent of pollution of major rivers caused by village sewage discharge, and publishing the results of the assessments.	<p>Since the 1980s, the Government has taken actions to progressively improve Hong Kong's water environment through enforcement of environmental laws and implementation of Sewerage Master Plans in the territory. All the gazetted beaches in Hong Kong have achieved the bacteriological water quality objective since 2010. The cross harbour swim race has resumed since 2011.</p> <p>EPD has also examined the river water quality in Hong Kong. 84% of our rivers were graded "Good" or "Excellent" in 2016, compared with only 26% in 1987. The exceptions are the six monitoring stations in the upstream of Tuen Mun River, Yuen Long Creek and Kam Tin River, which are still being graded as "Bad". The <i>Escherichia coli</i> level of our rivers has also reduced by 80% as compared with that in 1980s. The pollution load of most major rivers had been largely reduced by up to 96%.</p> <p>EPD is assessing the extent of pollution of major rivers caused by village sewage discharges and the assessment is expected to be completed by the end of 2017. EPD will report the results in the next annual Hong Kong River Water Quality Report.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Control and Monitoring of Septic-Tank-and-Soakaway System</i>		
2.40	Audit has recommended that, in controlling and monitoring septic-tank-and-soakaway (STS) systems, the Director of Environmental Protection should explore ways and means to strengthen control over high-risk STS systems, particularly those located close to streams and rivers, to ensure that the operations would not cause pollution to the environment.	<p>In villages close to environmentally sensitive areas and areas where river water quality required further improvements, domestic STS systems installed may have a higher risk of causing pollution. EPD is reviewing the information of the above areas in the light of the latest river water quality report and past complaint cases in order to formulate measures to strengthen control. The review is expected to be completed by the end of 2017.</p> <p>Improving the village households' knowledge on proper operation and maintenance of STS systems helps to alleviate pollution caused by blockage, overflow or damage of septic tanks. EPD has prepared simplified operational guidelines for the STS and is promoting proper maintenance of the STS to the villages located within the above-mentioned areas. These actions are expected to be completed in the third quarter of 2017.</p>
2.41	Audit has also recommended that the Director of Lands, in collaboration with the Director of Environmental Protection, should review and revise the Certificate of Exemption (CoE) conditions for STS systems such that they are in line with the EPD's 1993 Practice Note as far as practicable.	LandsD and EPD have set up a working group to review the CoE conditions for STS systems to ensure that it is in line with the "Drainage Plans subject to Comment by the EPD" Practice Note for Professional Persons 5/93 as far as practicable. The working group has exchanged views on different aspects such as the minimum distances between beaches, wells and groundwater level and the conduct of percolation tests. The two departments are now considering the preliminary recommendations.

Para. No.	Audit's Recommendations	Progress to date
<i>Control and Monitoring of Desludging Operations</i>		
2.54	<p>Audit has recommended that, in controlling and monitoring desludging operations, the Director of Environmental Protection and the Director of Food and Environmental Hygiene should –</p> <p>(a) explore ways and means to strengthen controls over desludging operations; and</p> <p>(b) consider installing surveillance camera systems at blackspots of illegal dumping of waste, including excretal matter.</p>	<p>(a) EPD is, in collaboration with FEHD, reviewing the existing desludging operations by private operators and exploring ways and means to strengthen the control over desludging operations. The review is expected to be completed by the end of 2017.</p> <p>Meanwhile, to cope with the work in future, EPD has contacted desludging operators still in service and compiled relevant directory for these service providers. The directory has been uploaded to EPD's website for public's reference and assist villagers in arranging suitable operators for desludging of septic tanks.</p> <p>(b) EPD has completed a review of pollution complaints in recent years relating to desludging operation and their locations. No blackspot of illegal dumping of sludge was identified. Enforcement staff will continue to remain vigilant. Once a new blackspot is identified, it will be included in the priority list for installation of surveillance cameras system to step up enforcement.</p> <p>As measures have been taken and will be implemented on an on-going basis, EPD recommends deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Planning and Implementation of Village Sewerage Programmes		
<i>Control of Sewage Discharge from Unsewered Squatters</i>		
3.13	<p>Audit has recommended that, in controlling sewage discharge from residential squatters, the Director of Environmental Protection should –</p> <ul style="list-style-type: none"> (a) take measures to ascertain the progress of implementing sewerage works for residential squatters and inform LegCo of the progress; (b) take measures to prevent untreated sewage generated from residential squatters (including Squatter Area A) from being directly discharged into nearby rivers or water bodies; (c) take measures to ascertain the extent and effectiveness of DWFIs in reducing pollution caused by untreated sewage generated from unsewered residential squatters; and (d) draw lessons from the sewerage project for Squatter Area A in implementing similar projects in future. 	<p>(a), (b) and (d)</p> <p>EPD will provide public sewers to village houses and squatters when carrying out village sewerage works in rural areas. Relevant information on the progress of village sewerage works (including village houses and squatters) (position as at March 2017) is listed in Table.</p> <p>In order to avoid discharge of polluted wastewater from Squatter Area A into the nearby rivers, the Government has provided public toilets at Squatter Area A and carried out cleansing of surface drainage systems. Moreover, a dry-weather-flow interceptor (DWFI) has been installed at the downstream of Squatter Area A to divert the polluted flow to public foul sewer for conveyance to sewage treatment plant for treatment and disposal.</p> <p>EPD held an experience sharing meeting on 2 March 2017 with an aim to drawing lessons from the sewerage project for Squatter Area A as well as improving village sewerage works in future. Experience in Squatter Area A indicated that squatters are temporary in nature, and squatter residents generally have financial difficulties. In addition, squatter owners or occupants may change frequently. All these will affect the progress of village sewerage connection. Hence, sewerage provision is not the best solution in terms of cost</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>and environmental effectiveness for controlling pollution arising from squatter areas. EPD will pursue a multi-pronged approach to improve the water quality of the nearby rivers in the most efficient and cost-effective manner in squatters areas through installation of DWFIs at high risk or polluting areas, provision of public toilets at unsewered rural areas, and cleansing of surface drainage systems. Furthermore, EPD will arrange publicity and public education to raise the public awareness of environmental protection and understanding of public sewerage works, to help take forward the village sewerage programmes (VS programmes).</p> <p>As measures have been taken and will be implemented on an on-going basis, EPD recommends deleting part (a), (b) and (d) from the next progress report.</p> <p>(c) EPD is collecting the data and conducting a detailed review on the use and performance of DWFIs in controlling pollution from squatter areas. Field investigations will also be conducted when necessary. The study is expected to be completed by the end of 2017.</p>
<i>Implementation of village sewerage programmes</i>		
3.39	<p>Audit has recommended that, in implementing the VS programmes in future, the Director of Environmental Protection should –</p> <p>(a) periodically inform LegCo of the progress of implementing the VS programmes, with comparisons with the time targets set for implementing the programmes;</p>	<p>(a) Relevant information on the progress of village sewerage works in rural areas (position as at March 2017) is listed in Table. EPD will continue to report to the LegCo on the progress of the</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) make reference to the DSD's list of sewerage and unsewered areas and the Home Affairs Department (HAD)'s list of rural committees and villages in determining the total number of unsewered areas, and to formulate an appropriate strategy to address the sewage problems in each area; and</p> <p>(c) conduct a review of the environmental conditions and the need for provision of sewerage facilities for unsewered areas where public sewerage works would not be carried out in the near future, and inform LegCo of the EPD's action plans for these areas in a timely manner.</p>	<p>implementation of VS programmes in future. As measures have been taken and will be implemented on an on-going basis, EPD recommends deleting part (a) from the next progress report.</p> <p>(b) EPD has considered and compiled information from DSD and HAD on areas where public sewers are not available. EPD will take into account the existing water quality and beneficial uses of water bodies to improve the water quality in the most cost-effective and efficient manner. EPD will expedite actions to complete the VS programmes where possible.</p> <p>(c) The purpose of implementing VS programmes is to improve water quality. EPD has examined the water quality of the rivers in Hong Kong. At present, the majority of the water quality in the territory has reached "Good" or "Excellent" grading, except that in Yuen Long Creek and Kam Tin River, which is being graded as "Bad". EPD will formulate appropriate action plans for the unsewered areas which are expected to be completed by the end of 2017. EPD will report to the LegCo on the relevant action plans in a timely manner.</p>
3.40	<p>Audit has also recommended that, in implementing the VS programmes in future, the Director of Drainage Services should –</p> <p>(a) draw lessons from Project A on the need to expedite actions to resolve objections received after commencement of a works project;</p>	<p>The DSD "Village Sewerage Support Group" held an experience sharing session on 30 November 2016 for sharing the lessons learnt from the</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) take measures to identify underground utilities in works areas for works planning purposes before award of a related works contract;</p> <p>(c) for works involving temporary closure of roads, draw lessons from Project B on the need to seek legal advice on adopting necessary procedures for the road closure in a timely manner; and</p> <p>(d) draw lessons from Projects C and D on the need to prevent as far as possible significant cost under-estimation when seeking funding approval from the FC for implementing works projects on outlying islands.</p>	<p>cases mentioned in the Audit Report to officers responsible for village sewerage projects and will adopt the procedures mentioned in the recommendations.</p> <p>As measures have been taken and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 4: Sewer Connection of Village Houses		
<i>Connection of Village Houses to Public Sewers</i>		
4.19	<p>Audit has recommended that the Director of Environmental Protection should –</p> <p>(a) take effective measures to ensure that houses suitable for sewer connection are connected to public sewers within a reasonable time after completion of public sewer works;</p> <p>(b) take measures to ensure that pertinent information related to sewer-connection works is accurately and timely input into the EPD computerised database;</p> <p>(c) take measures to input into EPD computerised database information kept in paper files related to village</p>	<p>(a) To ensure that owners of village houses suitable for sewerage connection will take action to connect the sewers within a reasonable time period after the completion of public sewerage, EPD has updated the internal guidelines which set out the measures to be taken by its staff. EPD has also started to issue the statutory notices under the Water Pollution Control Ordinance to house owners or occupants who have not completed the sewer connection works on a priority basis taking into account their risk</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>sewerage works completed before mid-2004;</p> <p>(d) take measures to cause the database to generate periodic exception reports highlighting significant slippages in sewer-connection works;</p> <p>(e) issue guidelines on determining houses not being ready for sewer connection and houses having technical problems for sewer connection;</p> <p>(f) remind EPD staff of the need to clearly document the justifications for not taking actions against related house owners who do not carry out sewer-connection works; and</p> <p>(g) periodically publish the progress of sewer-connection works of individual villages.</p>	<p>of causing pollution, land status and other relevant factors. As measures have been taken and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b), (e) and (f) EPD had updated the internal guidelines for its staff on: (i) the need for entering the sewerage connection data into the computer database accurately and timely; (ii) the criteria for determining houses that are not considered ready or having technical problems for sewer connection; and (iii) the need for recording the justifications of not initiating action against related house owners. As measures have been taken and will be implemented on an on-going basis, we recommend deleting these three parts from the next progress report.</p> <p>(c) EPD has formed a task force and carried out a review of the completeness of the records of information kept in the paper files for village sewerage projects completed before mid-2004, and will develop a systematic approach to input these existing records into the computer database. These actions are expected to be completed in the second quarter of 2018.</p> <p>(d) EPD has reviewed the computer database. Modifications have been made by the department's Information and Technology Management Unit, thereby allowing the system to generate reports highlighting significant slippages in sewerage connection</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>works periodically. As measures have been taken and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(g) Upon completion of the database improvements, EPD will publish the progress of the sewer connection works of individual villages during the preceding year annually at EPD's website. The first report is expected to be published in 2018.</p>

**Table – Progress of village sewerage works in rural areas
(Position as at March 2017)**

	PWP Item no.	Project Title	Village names	Target Completion Date per PWSC Paper	Actual/Latest Anticipated Completion Date
1.	4404DS	Tuen Mun Sewerage – Castle Peak Road Trunk Sewer and Tuen Mun Village Sewerage	Kei Lun Wai, Yeung Siu Hang, Lam Tei, Tsing Shan Tsuen (remaining), Tseng Tau Sheung Tsuen (remaining), Fuk Hang Tsuen (Upper) & Fu Tei Ha Tsuen	Apr-19	Aug-19
2.	4397DS	Outlying Islands Sewerage, Stage 2 – Lamma Village Sewerage Phase 2, Package 1	O Tsai, Po Wah Yuen (Part 2), Tai Peng, Yung Shue Long New Tsuen, Yung Shue Long Old Village, Tai Shan East, Tai Shan Central, Tai Shan West, Sha Po New Village (Part 2), Sha Po Old Village (Part 2), Tai Yuen Village (Part 1), Yung Shue Wan Back Street (Part 2), Ko Long (Part 2)	Jul-18	Jul-18
3.	4396DS	Sewerage in Nam Wa Po and Wai Tau Tsuen	Nam Wa Po, Wai Tau Tsuen	Sep-17	Sep-17
4.	4395DS	Tolo Harbour Sewerage of Unsewered Areas, Stage 2, Phase 1	Kau To, Kwai Tei New Village, Tin Liu, Sha Tin Heights, Tsok Pok Hang, Fui Yiu Ha, Ngau Pei Sha, Siu Lek Yuen, Sha Tin Fishermen's New Village, Ha Wun Yiu, Shan Tong New Village	Sep-17	Sep-17
5.	4387DS	Upgrading of Mui Wo sewage treatment works and sewerage at Mui Wo town centre and Wang Tong	Wang Tong, Yue Kwong Chuen	Aug-17	Aug-17
6.	4382DS	Sewerage at Clear Water Bay Road, Pik Shui Sun Tsuen and West of Sai Kung Town	Kap Pin Long, Nam Shan, Mau Ping New Village (Remainder), Wong Chuk Shan San Tsuen (Remainder), Pak Kong Au (Remainder), Pak Kong, San Uk, Tai Ping Tsuen, Fei Ngo Shan, Lung Wo Tsuen, Wo Tong Kong, Sha Kok Mei (Remainder), Pik Shui Sun Tsuen	Jan-17	Dec-17

	PWP Item no.	Project Title	Village names	Target Completion Date per PWSC Paper	Actual/Latest Anticipated Completion Date
7.	4384DS	Yuen Long and Kam Tin sewerage, stage 3 package 2	Nam Pin Wai, Ying Lung Wai, Sai Pin Wai, Tsoi Uk Tsuen, Tai Tong Tsuen	Aug-16	Jan-17
8.	4386DS	Village sewerage in Kau Lung Hang San Wai, Kau Lung Hang Lo Wai and Tai Hang, and southern trunk sewer between Wai Tau Tsuen and Nam Wa Po	Kau Lung Hang San Wai, Kau Lung Hang Lo Wai, Tai Hang	Dec-16	Sep-17
9.	4332DS	Lam Tsuen Valley sewerage, stage 2	She Shan Tsuen, Sha Pa, Ping Long, Tai Om, San Tong, Ma Po Mei, Tai Mong Che, Shui Wo, Pak Ngau Shek Sheung Tsuen, Pak Ngau Shek Ha Tsuen, Ng Tung Chai, Chai Kek, Wo Liu	Dec-16	May-17
10.	4373DS	Lam Tsuen Valley sewerage stage 1	Wo Tong Pui, Kau Liu Ha, Hang Ha Po, San Uk Pai, Fong Ma Po, Chung Uk Tsuen, San Uk Tsai, Tong Min Tsuen, Lam Tsuen San Tsuen, Chuen Shui Tseng, Pak Tin Kong, Ko Tin Hom, Tin Liu Ha and Lung A Pai	Aug-15	May-16
11.	4378DS	North District sewerage stage 2 part 2A – Pak Hok Lam trunk sewer and Sha Tau Kok village sewerage	Sheung Tam Shui Hang, Ha Tam Shui Hang, Muk Min Tau, Tsiu Hang, Nga Yiu Tau, San Tsuen, Wu Shek Kok, Yim Tso Ha, Shan Tsui	Dec-15	Jan-17
12.	4375DS	Sewerage in Ping Kong, Fu Tei Pai and Tai Wo	Ping Kong, Fu Tei Pai, Tai Wo	Nov-15	Sep-16
13.	4374DS	Tuen Mun sewerage, stage 1 – village sewerage in Tsing Chuen Wai and Tuen Tsz Wai	Tsing Chuen Wai (Part) & Tuen Tsz Wai (Part)	Aug-14	Nov-15
14.	4371DS	Sewerage in Western Tuen Mun	Tseng Tau Sheung Tsuen (Part) & Tsing Shan Tsuen (Part)	Jun-14	Nov-15

	PWP Item no.	Project Title	Village names	Target Completion Date per PWSC Paper	Actual/Latest Anticipated Completion Date
15.	4230DS	Outlying Islands sewerage stage 1 phase 1 part 2 – Yung Shue Wan sewerage, sewage treatment works and outfall	Yung Shue Wan Main Street, Yung Shue Wan Back Street (Part 1), Po Wah Yuen (Part 1), Sha Po Old Village (Part 1), Sha Po New Village (Part 1), Tai Yuen New Village, Kam Shan Terrace, Ko Long (Part 1)	Jul-13	Dec-15
16.	4234DS	Outlying Islands sewerage, stage 1 phase 2 – Sok Kwu Wan sewage collection, treatment and disposal facilities	Chung Mei, Sok Kwu Wan	Jul-13	Dec-15
17.	4370DS	Village sewerage at Wang Chau of Yuen Long	Lam Uk Tsuen, Yuk Yat Garden (Non-VS), Yeung Uk Tsuen (North of Yuen Long), Chung Sam Wai, Tung Tau Wai, Tung Tau Wai San Tsuen, Fuk Hing Tsuen, Sai Tau Wai, Ting Fook Villas (Non-VS)	Jun-13	Oct-13
18.	4365DS	Tolo Harbour Sewerage of Unsewered Areas, Stage 1, Phase 2C	Lo Tsz Tin, Lung Mei (including Ng Uk Tsuen), Po Sam Pai, Ting Kok, Wong Chuk Tsuen, San Tau Kok, Lai Pek Shan San Tsuen, Wai Ha, Shuen Wan Lei Uk, Tai Mei Tuk, Wu Kai Sha Village, Tung Lo Wan, Tai Lam Liu, Sheung Ha Wo Che, Pai Tau, Lok Lo Ha, Hong Lok Yuen (Non-VS), Shan Liu	Dec-12	Jan-15
19.	4340DS	Port Shelter sewerage stage 3 – Mang Kung Uk sewerage	Wo Tong Kong (Mang Kung Uk), Yu Uk Village (part), Hung Uk, Wai Sum Village, O Mun Village, O Pui Village (part), Heng Mei Deng Tsuen, Chan Uk Tsuen	Aug-10	Dec-10
20.	4359DS	North District Sewerage Stage 1 Phase 2B	Kan Lung Tsuen, San Wai, San Uk Tsuen, Ma Mei Ha, Ma Mei Ha Leng Tsui, Tung Kok Wai, Lo Wai, Tsz Tong Tsuen, Wing Ning Tsuen, Wing Ning Wai, Ma Wat Wai, San Tong Po	Nov-10	Jan-11

	PWP Item no.	Project Title	Village names	Target Completion Date per PWSC Paper	Actual/Latest Anticipated Completion Date
21.	4360DS	Sewerage at Tseng Tau Chung Tsuen, Tuen Mun	Tseng Tau Chung Tsuen	Oct-10	May-11
22.	4126DS	Sham Tseng sewerage, stage 3	Pai Min Kok Village, Sham Tseng Commercial New Village, Sham Tseng East Village, Sham Tseng Kau Tsuen, Sham Tseng San Tsuen, Sham Tseng Village, Sham Tseng West Village, Shu On Terrace, Tsing Fai Tong New Village, Tsing Lung Tau New Village, Tsing Lung Tau Village	Dec-09	Aug-09
23.	4052DS	Ting Kau sewerage, stage 2	Ting Kau Village	Dec-09	Aug-09
24.	4208DS	Outlying Islands sewerage stage 1 phase 1 part 1 – Ngong Ping village sewerage works	Ngong Ping Village	Mar-08	Oct-07
25.	4228DS	Outlying Islands sewerage, stage 1 phase 2 – Peng Chau and Cheung Chau sewerage	Central Cheung Chau Old Town, Peng Chau (part)	May-06	Sep-05
26.	4334DS	Yuen Long and Kam Tin sewerage, stage 2 phases 2 and 4D	Tong Yan San Tsuen	May-06	Mar-06
27.	4328DS	Tolo Harbour Sewerage of Unsewered Areas, Stage 1, Phase 2B	Tung Tse, Sha Lan, Tai Mei Tuk, Tsiu Lam, Wai Ha, Shuen Wan Chim Uk, Shuen Wan Lei Uk, A Sha Tseng Tau, Yim Tin Tsai (Luen Yick), To Fung Shan, Ha Wo Che, Sheung Wo Che, Lok Lo Ha (including Ho Tung Lau), Wong Chuk Yeung	Apr-04	Jun-05
28.	4330DS	North District sewerage, stage 1 phases 1B and 2A	Tai Tau Leng, Tsung Pak Long, Yin Kong, Fan Leng Lau, Kai Leng, Ng Uk Tsuen, Hang Tau	Dec-04	Jan-06

	PWP Item no.	Project Title	Village names	Target Completion Date per PWSC Paper	Actual/Latest Anticipated Completion Date
29.	4061DR	Northeast New Territories Village Sewerage, phase 2	Heung Yuen Wai, Ha Heung Yuen, Tsung Yuen Ha, Chuk Yuen North, Chuk Yuen South, Kaw Liu, Ta Kwu Ling, Kan Tau Wai, Tong Fong, Ping Yeung, Tai Po Tin, Ping Che, Pak Hok Shan, Tai Tong Wu, Leng Tsai, Hung Leng, Fung Wong Wu	Dec-04	Jun-07
30.	4328DS	Tolo Harbour Sewerage of Unsewered Areas, Stage 1, Phase 1D	Cheung Uk Tei, Chuk Hang, San Wai Tsai, Fung Yuen Lo Tsuen, Mak Uk, Yung Shue O, Kau Shi Wai, Shek Kwu Lung (Tai Po, part), Pan Chung (part), Tin Sam (Tai Po, part), Hung Mui Kuk, Lai Chi Shan	May-03	Jun-04
31.	4283DS	Port Shelter sewerage, stage 1 phase 2 and stage 2 phase 2—Silverstrand, Tai Wan and Sha Ha sewerage	Tai Wan, Sha Ha, Silverstrand	Apr-99	Oct-01
32.	4213DS	Tolo Harbour Sewerage of Unsewered Areas, Stage 1, Phase 2A	To Yuen Tung, Sam Mun Tsai New Village, Yin Tse Lane, Tai Lam Liu, Wu Kai Sha New Village, Tai Shui Hang, Fo Tan Cottage Area (Non-VS), Wo Liu Hang, Fo Tan, Pai Tau, Tung Lo Wan, Pat Tsz Wo, Shek Kwu Lung (Sha Tin), Wong Nai Tau, Home for the Aged (Non-VS)	Oct-99	May-01
33.	4284DS	Tolo Harbour Sewerage of Unsewered Areas, Stage 1, Phase 1C	Lai Chi Hang, Shek Kwu Lung (Tai Po, part), Pan Chung (part), San Uk Ka (part), Heung Fan Liu (West), Tai Po Kau	Aug-98	Feb-99
34.	4190DS	Port Shelter sewerage, stage 2 phase 1	Fui Yiu Ha, Sai Kung Old Town	Apr-97	Apr-97
35.	4177DS	Tolo Harbour Sewerage of Unsewered Areas, Stage 1, Phase 1B	Yue Kok, Nam Hang, Ying Pun Ha, Shui Wai, Kam Shan, Pan Chung San Tsuen, Sheung Wun Yiu, San Uk Ka (part), Tin Sam (Tai Po, part), Ha Hang	Mar-96	Aug-98

	PWP Item no.	Project Title	Village names	Target Completion Date per PWSC Paper	Actual/Latest Anticipated Completion Date
36.	4166DS	Port Shelter sewerage, stage I phase I	Tan Cheung, Po Lo Che, Tui Min Hoi	Jan-96	Jan-96
37.	4163DS	Tolo Harbour Sewerage of Unsewered Areas, Stage 1, Phase 1A	Heung Fan Liu (East), Kan Tin, Ha Keng Hau, Sheung Keng Hau, Hin Tin, Tai Wai, Sha Tin Wai, Sha Tin Tau, To Shek, Chap Wai Kon, Ngau Pei Sha, Pak Tin, Tin Sam (Sha Tin), Tsang Tai Uk, Chap Wai Kon New Village	Dec-94	May-95

**Joint-office operation on water seepage in buildings
Progress of Implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Investigation and Enforcement Actions		
2.34	<p>Audit has recommended that, in carrying out investigation actions under the Joint-office (JO) operation on water-seepage cases, the Director of Food and Environmental Hygiene and the Director of Buildings should jointly –</p> <p>(a) take measures to improve record keeping and the filing system for case files to prevent loss of files;</p> <p>(b) take measures to ensure that information of the Complaints Management Information System (CMIS) is updated in a timely manner;</p> <p>(c) strengthen measures with a view to ensuring that the JO operation actions on water-seepage cases are completed in a timely manner, and publish the ranges of time spent on completing the cases;</p>	<p>(a) to (c)</p> <p>The JO is enhancing and optimising the current CMIS (the existing system) to improve its record keeping and to update the information kept by the CMIS in a timely manner. For example, in addition to generating exception reports for obtaining the required management information, the existing system after enhancement would periodically generate lists of outstanding cases for supervising officers of the JO to monitor the relevant work progress. The JO is exploring if it is practicable to develop performance indicators for straightforward cases and the feasibility to publish regularly the performance indicators.</p> <p>Apart from enhancing and upgrading the existing system, the JO has started developing an information system (the new system) specifically for handling and recording water-seepage cases. The JO staff will keep the relevant information of water-seepage cases in the new system, including whether nuisance notices are issued, the recorded reasons for screening out cases and the time of sending final</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) conduct a review to identify all cases involving missing case files and take necessary remedial actions; and</p> <p>(e) periodically send a list of referral cases to the WSD and the BD Existing Buildings Divisions for reconciliation purposes.</p>	<p>replies to informant. The new system will also perform functions including case management, issuing reminders and alerts, monitoring contractors' performance and statistical reporting for investigations at different stages.</p> <p>The new system will periodically generate management returns to help monitor investigation progress and follow-up actions more effectively. The system is expected to be completed and launched for use by end of 2017.</p> <p>(d) The JO has reviewed and handled all cases involving missing case files and will introduce a bar-code filing system in the joint offices of 19 districts in the third quarter of 2017 to replace the current recording arrangement. This will help monitor and trace more effectively and accurately file movements and reduce the risk of loss of files.</p> <p>(e) The new system will include functions of maintaining records of referral cases to the WSD and the BD Existing Buildings Divisions and generating periodic returns to help the JO staff record the related referral cases and send a list of referral cases to the WSD and the BD Existing Buildings Divisions for reconciliation purposes periodically (on a quarterly basis).</p>
2.35	Audit has recommended that, in carrying out investigation actions under the JO operation on water-seepage cases, the Director of Food and Environmental Hygiene should –	

Para. No.	Audit's Recommendations	Progress to date
	<p>(a) take measures to maintain information on the time of sending final replies to informants of screen-out water-seepage cases; and</p> <p>(b) take measures to ensure that FEHD JO staff of all districts comply with FEHD guidelines to maintain a list of referral cases.</p>	<p>(a) Please refer to the response in relation to paragraph 2.34(a) to (c) above.</p> <p>(b) FEHD has repeatedly reminded its JO staff to maintain a list of referral cases in compliance with FEHD guidelines before the new system is implemented. As we have followed up the Audit's recommendation, we recommend deleting this part from the next progress report.</p>
2.36	<p>Audit has recommended that the Director of Buildings should, under the JO operation on water-seepage cases –</p> <p>(a) take measures to ensure that BD JO staff take actions on outstanding cases in a timely manner;</p> <p>(b) strengthen actions on monitoring service contractors' performance to ensure that investigation reports are submitted in a timely manner;</p> <p>(c) take timely action to endorse investigation reports submitted by service contractors; and</p> <p>(d) take measures to ensure that BD JO staff send final replies on completed cases to informants in a timely manner and keep related records on file.</p>	<p>(a) to (d)</p> <p>The BD staff stationed at the JO will keep records of information related to Stage III investigations in the new system, including investigation progress, dates of investigation report submission and endorsement, and dates of sending final replies to informants. The new system will periodically generate management returns to help monitor investigation progress of water-seepage cases and contractor performance more properly and effectively. The system is expected to be completed and launched for use by end of 2017.</p> <p>Before the launch of the new system, BD has taken measures to improve its computer record keeping system to help monitor operation progress. These measures ensure that the BD staff stationed at the JO will, in a timely manner, take actions on outstanding cases, endorse investigation reports</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>submitted by contractors, send final replies to informants and keep such records, and issue warning letters and adverse performance reports against contractors having unsatisfactory performance.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
2.58	<p>Audit has recommended that, in monitoring follow-up actions on nuisance notices issued, the Director of Food and Environmental Hygiene should –</p> <p>(a) conduct a review to ascertain whether FEHD JO staff have complied with FEHD instruction issued in March 2008 on maintaining Water-seepage Case Monitoring (WCM) Databases and whether the Databases have been maintained in full compliance with FEHD requirements, and take necessary actions on proper maintenance of the Databases;</p> <p>(b) issue clear guidelines on essential information for inclusion in Nuisance Notices Monitoring Lists (NNM Lists);</p> <p>(c) take necessary actions with a view to preventing the recording of incomplete information in the NNM lists; and</p>	<p>(a) to (c)</p> <p>In view of the incomplete and inadequate maintenance of the WCM Databases in the computer systems of the FEHD district offices, FEHD has reviewed the relevant departmental guidelines and whether the WCM Databases have been maintained in full compliance with the guidelines. FEHD has reminded repeatedly its frontline staff of the need to include in NNM Lists the essential information of water-seepage cases and to input information on the issuance of and follow-up actions on nuisance notices (NN) in the NN monitoring databases.</p> <p>At present, different methods are used in FEHD district offices to record the NN issued. The JO will include a function in the new system to maintain relevant information on the NN issued, in a bid to monitor the progress of the follow-up actions effectively, ensure the completeness of the information and improve the work efficiency.</p>

Para. No.	Audit's Recommendations	Progress to date
	(d) take necessary measures to prevent variance between the number of outstanding cases as shown in ageing analysis reports and that maintained in the CMIS.	(d) FEHD has taken necessary measures in respect of the ageing analysis reports of November 2016 to ensure consistency between the number of outstanding cases listed in the ageing analysis reports and those maintained in the CMIS. As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
Part 3: Monitoring of Service Contractors		
3.33	<p>Audit has recommended that, in monitoring the work of the contractors in carrying out Stage III investigations, the Director of Buildings should –</p> <p>(a) strengthen actions on monitoring contractors' performance –</p> <p>(i) to improve accuracy of data presented in contractors' bi-weekly progress reports;</p> <p>(ii) to ensure that investigations on water-seepage cases are completed in a timely manner; and</p> <p>(iii) by issuing warning letters and adverse performance reports to contractors having unsatisfactory performance;</p> <p>(b) remind BD JO staff of the need to provide necessary assistance to contractors in accordance with JO operation guidelines in resolving problems in gaining access to premises for carrying out investigations;</p> <p>(c) conduct a review to ascertain whether BD JO staff had properly compiled BD JO case records and</p>	<p>(a) Please refer to the response in relation to paragraph 2.36 above.</p> <p>(b) to (d) Before the launch of the new system, the BD has developed a standardised bi-weekly progress report template to improve the accuracy of the case progress list compiled by contractors. An automatic function has been added to help the BD staff stationed at the JO to monitor investigation progress and contractor performance.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>why they had taken a long time to complete some cases; and</p> <p>(d) require contractors to highlight in bi-weekly progress reports long-outstanding cases (against target timeframes of completing a case), reasons for the delays and estimated time of completing work of the cases.</p>	<p>In addition, newly awarded investigation service contracts will require contractors to state the reasons for delayed case and the estimated time of completion in the bi-weekly progress report. The BD staff stationed at the JO have been reminded to provide necessary assistance to contractors in gaining access to premises for carrying out investigations in accordance with the JO operation guidelines.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 4: Management Information System and Performance Reporting		
4.13	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) take measures to ensure that all functions of the new CMIS on water-seepage cases are fully implemented for the JO operation in a timely manner; and</p> <p>(b) consult JO staff on their difficulties encountered in implementing the new CMIS and provide necessary assistance to them to resolve the problems.</p>	<p>(a) to (b)</p> <p>From December 2014 onwards, FEHD has been implementing the existing system (i.e. the new CMIS referred to by Audit) by phases in the 19 FEHD districts. Users of the then-new CMIS expressed their views that handling water-seepage cases involved large amount of reference materials, such as layout plans and photographs. As such, adopting the system to replace paper files in handling water-seepage cases had increased their workload. The efficiency and effectiveness of the handling of the cases had also been affected. In mid-July 2015, after extensively consulting the frontline staff and thoroughly reviewing the system functions, the work processes and nature of the cases and operational needs, FEHD decided that JO would continue to follow up water-seepage</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>cases using paper files. The existing system would be used to record progress of water seepage cases and carry out appropriate monitoring. FEHD considered it appropriate to adopt a pragmatic approach to implement the above-mentioned measures to help its staff improve their efficiency and effectiveness in handling water-seepage cases while at the same time the existing system could generate necessary management information.</p> <p>Notwithstanding the above, the new system that is expected to be completed and become available by end of 2017 will be used to process and record information of water-seepage cases, together with the functions including case management, issuing reminders and alerts, monitoring contractors' performance and statistical reporting for investigations at different stages, so that JO staff can monitor the investigation and take follow-up actions more properly and effectively. For details, please refer to the response in relation to paragraphs 2.34(a) to (c) and 2.35(a).</p>
4.14	<p>Audit has also recommended that the Director of Food and Environmental Hygiene and the Director of Buildings should jointly consider implementing a comprehensive database system for water-seepage cases under which handheld devices are used for recording and updating investigation results.</p>	<p>Please refer to the response in relation to paragraphs 2.34(a) to (c) above.</p>

Para. No.	Audit's Recommendations	Progress to date
4.23	<p>Audit has recommended that the Director of Food and Environmental Hygiene should take measures to prevent the inclusion of inaccurate data in the CMIS and FEHD JO monthly returns.</p>	<p>FEHD has repeatedly reminded its frontline staff of the need to input the information on the investigation progress of water seepage cases accurately and timely in the existing system.</p> <p>Besides, the Complaints Management Section under FEHD also sends emails regularly to remind staff to handle complaints within the set timeframes according to the departmental guidelines and to accurately and timely record the case details and the latest progress in the existing system. Supervisors are reminded to oversee the progress of cases undertaken by their subordinates; to monitor outstanding cases with the use of monthly analytical data returns and identify the reasons for such cases to remain pending, and to provide their subordinates with appropriate guidance/assistance with a view to completing the cases as soon as possible.</p> <p>The JO has reviewed and revised the monthly returns concerned, and adopted the revised monthly returns from May 2016 onwards. Clear guidelines on the compilation of these monthly returns have also been issued.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
4.24	Audit has recommended that the Director of Food and Environmental Hygiene and Director of Buildings should jointly consider regularly publishing performance indicators for the JO operation.	Investigations on simple and straightforward water-seepage cases can usually be completed within 90 working days (i.e. around 133 calendar days). However, the time taken to complete a water-seepage case and the success rate of identifying the source of seepage depend on the circumstances of each case and other external factors that are beyond the control of the JO. The JO is exploring if practicable performance indicators can be formulated for straightforward cases and if it is feasible to regularly publish the performance indicators.

Audience building activities for performing arts
Updated Progress of Implementing Audit's Recommendations
(as at 24 March 2017)

Para. No.	Audit's Recommendations	Progress to date
Part 2: Planning of audience building activities		
2.12	<p>Audit has recommended that the Director of Leisure and Cultural Services should –</p> <p>(a) make good use of the expertise of the Programme and Development Committee and its panels in preparing annual programme plans of the Music Office (MO) and the Urban and New Territories Venues Sections;</p> <p>(b) prepare an overarching annual programme plan on performing arts covering all relevant offices/sections including the MO;</p> <p>(c) compile management information on audience building activities organised for each key arts form regularly;</p> <p>(d) compile, on a regular basis, management information on participants' feedback on audience building activities; and</p>	<p>(a) To make good use of expert advice, the Urban and New Territories Venues Sections will forward their annual programme plans on audience building activities to the Programme and Development Committee for advice starting from the 2018-19 planning exercise. Given the unique role of the MO in music education, LCSd will set up a group of expert advisers within 2017-18 to advise MO on music education and appreciation.</p> <p>(b) LCSd will formulate an overarching annual programme plan on audience building covering all relevant offices/sections including MO by early 2018.</p> <p>(c) and (d) LCSd will compile management information on audience building activities organised for each key arts forms starting 2017-18. Management information on participants' feedback on audience building activities will be included in the management reports of relevant offices starting 2017-18 as well as the over-arching annual programme plan starting 2018-19.</p>

Para. No.	Audit's Recommendations	Progress to date
	(e) regularly conduct surveys of people who had not participated in audience building activities to solicit their views on audience building.	(e) A survey on performing arts activities which will include the views of non-participants is tentatively scheduled for 2018-19.
Part 3: Audience building activities of the Audience Building Office		
3.13	<p>Audit has recommended that Director of Leisure and Cultural Services should –</p> <p>(a) provide arts groups clear guidelines on counting the number of participants in audience building activities under community schemes, and ensure compliance with the guidelines;</p> <p>(b) conduct a review of the counting of the number of participants in other audience building activities organised by the LCSD, and take measures as appropriate to ensure the accurate counting of the number of participants;</p> <p>(c) explore ways to help arts groups in securing venues for audience building activities under community schemes, including assigning more LCSD venues for their use; and</p>	<p>(a) and (b) In December 2016, the Audience Building Office issued guidelines on the counting of participants to arts groups under the Community Cultural Ambassador Scheme. The guidelines require the arts groups to assess the intensity of crowd flow and conduct headcounts at 15-minute intervals, with record sheets and on-site photos as supporting documents. Subject officers of LCSD will also strengthen their spot checks by raising the percentage of activities checked from 40% to 45%.</p> <p>(Remark)</p> <p>(c) LCSD will continue to help arts groups secure venues for outreaching audience building activities through coordination with LINK (領展) and Home Affairs Department. LCSD has also encouraged arts groups to utilise vacant time slots at LCSD's music centres and minor facilities for audience building activities under community schemes.</p>

Para. No.	Audit's Recommendations	Progress to date
	(d) review whether the Community Oral History Theatre Project should be rolled out to other districts more expeditiously.	(d) The Community Oral History Theatre Project has just been launched in the sixth district. The timing for rolling out the project to other districts depends on the interest of the respective district community and the readiness of the project partner. LCSD will continue to review the roll-out timing on an on-going basis.
3.20	<p>Audit has recommended that Director of Leisure and Cultural Services should –</p> <p>(a) review the adequacy of the school schemes in catering for the needs of schools and students; and</p> <p>(b) take measures to improve the participation of schools and students in school schemes.</p>	<p>LCSD will continue to review the schedule and adequacy of each of the audience building programme series. The programme mode and content of some schemes will be modified and extended to junior secondary students in the 2017/18 school year to attract more schools and students to participate.</p> <p>(Remark)</p>
Part 4: Audience building activities of the Music Office		
4.28	<p>Audit has recommended that Director of Leisure and Cultural Services should –</p> <p>(a) in formulating long-term strategies and plans for the MO, review the allocation of resources to different types of activities to ensure that the objective of the MO is achieved cost-effectively;</p>	<p>(a) Given the unique role of the MO in music education, LCSD will set up a group of expert advisers within 2017-18 to advise MO on music education and appreciation. MO will review the allocation of resources to different types of activities to meet its objective more cost-effectively in the long term.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) for capacity building and staff development in the MO, review the skill mix and the actual duties performed by the Music Officer grade staff to identify areas for improvement in the utilisation of staff resources;</p> <p>(c) based on the review results in (b) above and other relevant factors (e.g. skill sets of part-time instructors employed to help out the MO), consider rationalising/enhancing the MO workforce as appropriate; and</p> <p>(d) consider setting minimum class sizes for the MO's training courses, and establishing a mechanism for consolidating/cancelling classes falling short of minimum sizes.</p>	<p>(b) and (c) After reviewing the skill mix and the actual duties performed by the MO grade staff, it is considered necessary to engage part-time instructors with expertise in individual musical instrument to complement the full time staff since the instrumental music training and ensemble training programmes cover a wide range of musical instruments that form part of a band/orchestra and MO full-time staff cannot teach every type of instruments.</p> <p>(d) MO has set minimum class size for its training courses at two trainees for each class and will merge classes with only one trainee, especially for those conducted by part-time instructors.</p>
4.36	<p>Audit has recommended that Director of Leisure and Cultural Services should keep in view the cost recovery situation for the LCSD's programmes of the performing arts and film arts, and take appropriate actions to ensure that the target overall cost recovery rate of 13% is attained.</p>	<p>LCSD will continue to review the setting of ticket prices and course fees regularly with an aim to attain the target overall cost recovery rate.</p>
4.42	<p>Audit has recommended that Director of Leisure and Cultural Services should –</p> <p>(a) conduct a review of the utilisation of the five music centres of the MO to identify room for better using the centres; and</p> <p>(b) based on the review results in (a) above, take measures to improve the utilisation of the music centres (e.g. using the centres for audience</p>	<p>MO has set up a working group on utilisation of music centres. Without affecting the use of music centres for organising activities targeting school students, MO has organised more outreach interest music courses at the centres during non-peak hours. Options will also be explored in consultation with other</p>

Para. No.	Audit's Recommendations	Progress to date
	building activities of other LCSD units).	departments, non-profit-making music institutes/organisations and arts groups on the demand and feasibility of using the music centres for audience building activities, training and rehearsals.
4.50	<p>Audit has recommended that Director of Leisure and Cultural Services should –</p> <p>(a) review the role of the MO in relation to other performing arts promotion activities of the LCSD, with a view to better aligning the work of the MO with that of the LCSD and attaining synergy in promoting appreciation of performing arts more cost-effectively; and</p> <p>(b) based on the review results in (a) above, implement necessary organisational and staffing changes to ensure the cost-effective operation of the MO.</p>	<p>In December 2016, LCSD set up the Task Force on Audience Building Activities chaired by Deputy Director (Culture). Since then, two meetings have been held and the Task Force will review the strategic positioning of audience building activities and facilitate co-ordination among all relevant offices/sections including MO in promoting appreciation of performing arts more cost-effectively.</p> <p>LCSD has reviewed the development of MO over the years and the Government concluded in 2015 that MO should continue to be managed under the auspices of LCSD and be re-incorporated into the civil service as a long-term arrangement, having regard to MO's unique role in providing quality music training for young talents at affordable fee; promoting cultural exchange between Hong Kong and other places; fostering synergy with LCSD and other government departments; and complementing school education and promoting arts at the district and territory-wide levels.</p> <p>After reviewing the skill mix and the actual duties performed by the MO grade staff, it is considered necessary to engage part-time instructors with expertise in individual musical instrument to complement the full-time</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>staff since the instrumental music training and ensemble training programmes cover a wide range of musical instruments that form part of a band/orchestra and MO full-time staff cannot teach every type of instruments.</p> <p>(Remark)</p>
Part 5: Audience building activities of Urban and New Territories Venues Sections		
5.9	<p>Audit has recommended that Director of Leisure and Cultural Services should –</p> <p>(a) review the impact of reducing foyer and piazza activities on audience building, and take necessary follow-up actions; and</p> <p>(b) explore areas where the cost-effectiveness of foyer and piazza activities could be further improved (e.g. enhancing collaboration with NGOs and private sector partners).</p>	<p>LCSD will continue to organise foyer and piazza activities on audience building. In 2017-18, three fun days will be organised at three venues.</p> <p>For cost-effectiveness, LCSD will continue to enhance collaboration with district arts organisations, non-government organisations, youth organisations and Consulates-General.</p> <p>(Remark)</p>
5.14	<p>Audit has recommended that Director of Leisure and Cultural Services should explore measures to improve the utilisation of minor facilities of performing arts venues, including assigning suitable facilities for use in audience building activities.</p>	<p>LCSD will continue to explore measures to improve the utilisation of minor facilities and facilitate their use in audience building activities. LCSD will follow up with those venue partners and arts groups under community schemes that are interested in utilising minor facilities for rehearsals and audience building activities.</p>

Para. No.	Audit's Recommendations	Progress to date
5.22	<p>Audit has recommended that Director of Leisure and Cultural Services should –</p> <p>(a) upgrade the facilities of the Tai Po Civic Centre in a timely manner with a view to opening it up for venue partnership;</p> <p>(b) keep in view any change in circumstances which would call for the need to open up the Ko Shan Theatre for venue partnership; and</p> <p>(c) take measures to facilitate any future recruitment of replacement venue partners upon withdrawal of the original ones (e.g. maintaining a waiting list of venue partners for future use).</p>	<p>LCSD will continue to process the facility upgrading of Tai Po Civic Centre in accordance with the established funding mechanism for public works. As the first phase, a function room of Tai Po Civic Centre has been converted into a black box theatre which has been open for public hiring in April 2017.</p> <p>LCSD has consulted the Committee on Venue Partnership (CVP) in January 2017 on measures to enhance the operation of the Venue Partnership Scheme (VPS) for implementation in the fourth round VPS commencing in April 2018. CVP agreed that there is no change in circumstances that call for the opening up of the Ko Shan Theatre for VPS in the fourth round. CVP members also recommended that the withdrawal of venue partner should be handled on a case by case basis as it would be impractical to administer a waiting list having regard to various logistics difficulties of LCSD and the waiting list candidates. LCSD will keep in view the operation of VPS on an on-going basis.</p> <p>(Remark)</p>

Remark

As measures have been implemented in response to recommendations made in para. 3.13(a) and (b), 3.20, 4.50, 5.9 and 5.22 and will be monitored on an on-going basis, we recommend deleting relevant part from the next progress report.

Maintenance and safety-related improvements of public rental housing flats
Progress of Implementing Audit's and PAC's Recommendations

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 2: In-flat maintenance of public rental housing (PRH) flats		
<p>Para. 2.24 (a) of the Audit Report</p>	<p><i>Implementation of the Total Maintenance Scheme (TMS)</i></p> <p>Audit has recommended that the Director of Housing should:</p> <p>(a) step up measures to improve the access rate of in-flat inspections, including imposing penalty on those repeatedly un-cooperative tenants.</p>	<p>The Housing Department (HD) will adopt various appointment and access arrangements so as to encourage more tenants to participate.</p> <p>When providing Responsive In-flat Maintenance Services (RIMS) to the tenants of these flats, HD will take the opportunity to inspect the general condition of the flats and educate the tenants on general maintenance knowledge.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
<p>Page 45 of the PAC Report (point (a))</p>	<p>PAC urges HD to:</p> <p>(a) step up measures to improve the access rate of TMS inspections, including issuing more warning letters, consider allocating more resources for conducting TMS inspections on Sundays and public holidays and imposing penalty on repeatedly uncooperative tenants</p>	<p>HD will also seek tenants' co-operation to gain access to these flats under the prevailing tenancy management mechanism.</p> <p>HD will enhance the information system to monitor the progress of</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	and employing information technology to analyze cases of unsuccessful visits to formulate suitable follow-up actions.	the inaccessible cases. The implementation of the new measures is targeted at the fourth quarter of 2017.
Para. 2.24 (b) to (f) of the Audit Report	Audit has recommended that the Director of Housing should: (b) closely monitor the adequacy of follow-up actions taken by the estate offices/Property Services Agents (PSAs) on inaccessible flats, in particular those flats which were inaccessible in both the first TMS cycle and the first five years of the second TMS cycle;	HD will seek tenants' co-operation to gain access to flats and enhance the information system to monitor the progress of the inaccessible cases.
	(c) strengthen the training and assistance for the TMS teams with a view to improving their performance in the in-flat inspections and maintenance service process;	HD has reviewed the TMS training arrangement and has strengthened the coaching on topic-based knowledge and operational procedures. As the above measures will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.
	(d) make greater efforts to set up a Mobile Education Booth in estates (in particular those with records of below-average access rates) with a view to promoting the TMS and soliciting the tenants' co-operation for its implementation;	Mobile Education Booth (MEB) will be set up for all PRH estates before commencement of the TMS in-flat inspection programme in the estates. For Tenants Purchase Scheme (TPS) estates, MEB will be set up subject to the permission of the respective owners' corporation (OC). As the above measure will be

Para. No.	Audit's/PAC's Recommendations	Progress to date
		implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.
	(e) enhance the education for tenants on their responsibility for the tenant-to-pay items and on home caring to help them prevent damage arising from improper use; and	<p>The HD has included tenant-to-pay items information and tenants' maintenance responsibility in the TMS leaflets.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
	(f) take effective measures to address the high turnover of In-flat Inspection Ambassadors (IIAs) with a view to minimising the adverse effects on the operation of the TMS and review the manpower requirement for the TMS's work with a view to optimising the TMS resources.	<p>HD will continue to monitor the turnover situation of IIAs, review the function of IIAs in TMS operations and adjust process control for in-flat inspections to ensure smooth operation of the scheme.</p> <p>As the recommendation has been implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
Para. 2.32 (a) of the Audit Report	<p><i>Implementation of the Responsive In-flat Maintenance Services</i></p> <p>Audit has recommended that the Director of Housing should:</p> <p>(a) conduct a review to ascertain whether there are other causes for the increase in RIMS works orders that warrant the HD's management attention.</p>	<p>HD will make use of the data captured in the information system to carry out works trade and trend analysis for effective monitoring of the services.</p> <p>The implementation of the new</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Page 45 of the PAC Report (point (b))	<p>PAC urges HD to:</p> <p>(b) ascertain the reasons for the increase in works orders under RIMS.</p>	<p>measures is targeted at the fourth quarter of 2017.</p>
Para. 2.32 (b) and (c) of the Audit Report	<p>Audit has recommended that the Director of Housing should:</p> <p>(b) take measures to improve the performance of the estate offices, in particular those which failed to meet the service standards repeatedly; and</p>	<p>Review of the RIMS service standards is in progress, focusing on service quality and operational effectiveness.</p> <p>The implementation of the enhanced service standard is targeted at the fourth quarter of 2017.</p>
	<p>(c) review the arrangements of selecting estates for performance verification taking into account the need to cover all estates within a reasonable time frame among other risk factors.</p>	<p>Selection criteria for estates for performance verification has been revised and implemented.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
Para. 2.42 (a) to (d) of the Audit Report	<p><i>Monitoring of contractors' repair works</i></p> <p>Audit has recommended that the Director of Housing should:</p> <p>(a) take measures to ensure that the requirement of verifying the effectiveness of water seepage repairs under the RIMS is complied with and consider applying the same verification requirement to those repairs under the TMS;</p>	<p>Review of the existing measures for verifying the effectiveness of water seepage repairs will be completed by the third quarter of 2017.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	(b) strengthen the final inspections of contractors' repair works under the TMS and the RIMS to ensure that their quality is up to standard before acceptance and consider taking regulatory actions against those contractors found with frequent unsatisfactory repair works;	<p>HD will strengthen the site supervision procedure to ensure the quality of repairs meets the specific standards and contract requirements. For those non-performing contractors, HD will take appropriate regulatory actions.</p> <p>The implementation of the new measures is targeted at the fourth quarter of 2017.</p>
	(c) remind the TMS teams to follow up with the contractors concerned on deficiencies identified in surprise checks to ensure that they are rectified in a timely manner; and	<p>The TMS teams have been reminded to follow up with the contractors concerned on deficiencies identified in surprise checks and to take necessary measures to press contractors for timely rectification.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
	(d) strengthen training for In-flat Technical Teams (ITTs) on assessing the quality of contractors' repair works.	<p>Regular training has been arranged for ITTs on assessing the quality of contractors' repair works.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Page 45 of the PAC Report (point (c))	<p>PAC urges HD to:</p> <p>(c) strengthen inspections and monitoring of contractors' repair works to ensure that their quality is up to standard, and consider taking actions against contractors with a history of sub-standard performance.</p>	<p>HD will strengthen the site supervision procedure to ensure the quality of repairs meets the standards and contract requirements. For those non-performing contractors, HD will take appropriate regulatory actions.</p> <p>The implementation of the new measures is targeted at the fourth quarter of 2017.</p>
Para. 2.47 (a) and (b) of the Audit Report	<p><i>Management information system</i></p> <p>Audit has recommended that the Director of Housing should:</p> <p>(a) address the software problems of the Maintenance Information Sub-system to ensure that its functionality is not compromised; and</p>	<p>All management reports have been reviewed and their accuracy has been verified.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
	<p>(b) make effective use of the Sub-system for monitoring and planning the in-flat maintenance and repair works under the TMS and the RIMS.</p>	<p>Obsolete management reports have been withdrawn. HD will explore a wider use of captured data as a management tool whenever appropriate.</p> <p>The implementation of the new measures is targeted at the fourth quarter of 2017.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
PART 3: Follow-up actions on PRH's water sampling tests for lead		
Para.3.31 (a) (i) of the Audit Report	<p>Audit has recommended that the Permanent Secretary for Transport and Housing (Housing) should:</p> <p>(a) when carrying out retesting of the drinking water of PRH estates in accordance with the recommendation of the Commission of Inquiry into Excess Lead Found in Drinking Water:</p> <p>(i) in collaboration with the Director of Water Supplies, strengthen data validation to ensure that information provided to the HKHA/LegCo is accurate.</p>	<p>In response to Audit and PAC's recommendations, relevant Government departments and HKHA will strengthen data validation to ensure that information provided to the public, HKHA/LegCo is accurate and complete.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
Page 41 of the PAC Report (point (b))	<p>PAC strongly urges and cautions HD to:</p> <p>(b) strengthen data validation so that information provided to the public is accurate and complete.</p>	
Para. 3.31 (a) (ii) of the Audit Report	<p>Audit has recommended that the Permanent Secretary for Transport and Housing (Housing) should:</p> <p>(a) when carrying out retesting of the drinking water of PRH estates in accordance with the recommendation of the Commission of Inquiry into Excess Lead Found in Drinking Water:</p> <p>(ii) take measures to ensure that proper records on all discussions in respect of sampling matters are</p>	<p>As far as records management is concerned, HD has taken follow-up actions to remind its staff to continue to comply with the Records Management Policy and maintain proper records on important matters. For this purpose, in addition to periodic circulation of the relevant circulars, guidelines and tips on records management, the HD has</p>

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	maintained to support evidence-based decision making.	also organized seminars and invited representatives from the Government Records Service to talk about good practices for the management of government records. These actions will be ongoing.
Page 40 of the PAC Report (point (a))	<p>PAC strongly urges and cautions the HD to:</p> <p>(a) take measures to ensure that minutes/meeting notes on all discussions in respect of water sampling matters as well as other important matters are maintained to support evidence-based decision making.</p>	<p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
Para.3.31 (b) of the Audit Report	<p>Audit has recommended that the Permanent Secretary for Transport and Housing (Housing) should:</p> <p>(b) continue the effort in contacting those households in the 11 affected PRH developments, whose flats had not been installed with water filters, to consider installing water filters or take other precautionary measures such as drawing water from the temporary water points for consumption.</p>	<p>To assist tenants of the 11 affected PRH developments in gaining access to safe drinking water, HKHA has provided temporary water points on each floor and standpipes, and also installed water filters for tenants. HKHA's contractors have been replacing or cleaning the filter cartridges regularly in accordance with the manufacturer's instructions. For households with whom we have had difficulty in getting in touch, the contractors have been trying to contact them outside working hours including on Sundays, and will continue to do so. HKHA and the contractors will also continue to encourage households which have not installed water filters (including those who have refused to install</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>filters) to consider installing filters by posting notices at the lobbies and distributing newsletters to tenants' mailboxes.</p> <p>These measures will continue to be in force until the rectification works for the 11 affected PRH estates are completed.</p>
<p>Para. 3.32 of the Audit Report</p>	<p>Audit has recommended that the Director of Water Supplies should closely monitor the progress of developing an appropriate sampling protocol to ensure that the target completion date of March 2017 will be met.</p>	<p>Since the release of the report of the Commission of Inquiry into Excess Lead Found in Drinking Water, the WSD has been proactively following up the relevant recommendations including, amongst others, developing an appropriate sampling protocol for Hong Kong. In conjunction with the development of this sampling protocol, the WSD has also holistically reviewed and studied other key water safety issues, such as the drinking water quality standard, the formulation of an enhanced drinking water quality monitoring programme and water safety plan, and has consulted the International Expert Panel on Drinking Water Safety (IEP). The WSD had engaged an expert consultant from the United Kingdom to review, amongst others, the sampling protocols of various organizations (e.g. the European Union) and developed countries. The DEVB, WSD, IEP and the expert consultant from the United Kingdom have completed</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>the study on relevant issues, including the purposes and limitations of the various sampling protocols, and their applicability in Hong Kong's situation, and are deliberating on the implementation details of the proposed action plan and necessary follow-up actions with the relevant B/Ds and the trades with a view to finalising the relevant plan as soon as possible.</p>
<p>Page 41 of the PAC Report (point (c))</p>	<p>PAC strongly urges and cautions HD to:</p> <p>(c) expedite the rectification works to replace non-compliant pipes in the common areas and within domestic flats.</p>	<p>HKHA's contractors started replacing the non-compliant pipes in the common areas of the 11 affected PRH estates in March 2016. To date, all the works in the common areas of the affected developments have been completed.</p> <p>Given that the furnishings and pipe routings inside individual flats vary from one to another, a trial for works inside flats was conducted at Kwai Yuet House of Lower Ngau Tau Kok Estate Phase 1 starting from 17 October 2016 to test the contractors' method and the arrangements on a small scale first.</p> <p>Having consolidated experiences from the trial works, HKHA's contractors have started works inside flats for the remaining affected PRH developments.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		HKHA will continue to monitor the quality and progress of the rectification works to ensure that the works can be completed as soon as possible. We will also continue to update the public and LegCo on the latest progress of works.
Page 47 of the PAC Report	PAC demands that Director of Housing should reconsider conducting water sampling tests/screening tests for PRH flats in TPS estates and other estates under HKHA's ownership and management if the Owners' Corporations (OCs) concerned have not done so.	Mixed ownership is found in TPS estates, meaning that some units are owned by HKHA, while some are privately owned. In terms of estate management, the common areas in TPS estates are managed by the OCs or the management committees, while the landlords are responsible for the maintenance matters inside individual units. Given the aforementioned circumstances, there are practical and technical difficulties in conducting water sampling tests for units occupied by HKHA tenants. As different units within the building block share the same water supply system, the water quality inside HKHA rental units will be affected by the water supply system outside of these units, and HKHA does not have the right to decide on matters relating to properties which are not under its ownership. Nevertheless, we believe that given the wide and sustained publicity in the press and the information published by the Government and the HKHA, the OCs of TPS estates along with owners of private housing had been alerted to the risk of

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>excess lead in water and had presumably been making decisions as they deemed fit.</p> <p>In fact, the 39 TPS estates were all completed before 2005. The “Task Force on Investigation of Excessive Lead Content in Drinking Water” found that leaded solder used on water pipe joints was the cause of excess lead in drinking water, and as the water pipes in PRH estates completed before 2005 were connected mechanically and no soldering had been used in general, there would be one fewer risk factor leading to excessive lead in drinking water. In the water sampling tests conducted last year, all samples taken from PRH estates completed before 2005 were within limit.</p> <p>We have gathered that the majority of TPS estates (32 out of 39 estates) had conducted water sampling tests on their own. Among the remaining seven estates, two of the OCs had discussed whether to conduct water sampling tests, and decided not to do so.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
PART 4: Management of asbestos-containing materials in PRH estates		
Para. 4.24 (a) to (f) of the Audit Report	<p><i>Monitoring of asbestos-containing materials (ACM) in PRH estates</i></p> <p>Audit has recommended that the Director of Housing should:</p> <p>(a) for the five PRH estates/block with ACMs not previously announced, expedite action to ascertain their condition and take necessary follow-up action;</p>	<p>For the five previously unannounced PRH estates/block, HD has been fully aware of the existence of ACM and their locations. Site inspections were conducted to all these five estates/block by HD staff and registered asbestos consultant last year, and has ascertained that they are in good condition. HD will continue to monitor the condition of ACM and carry out half-yearly inspections.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
	<p>(b) review the six cases of damaged asbestos-containing balcony grille panels in Hing Wah (II) Estate and Shek Lei (2) Estate (Interim Housing) to see if any necessary follow-up action is required;</p>	<p>The registered asbestos consultant has completed the examination of the six cases. The consultant advised that the defects were minor in nature. Nevertheless, HD has requested the consultant to formulate the follow-up strategy in liaison with the Environmental Protection Department (EPD) and the Labour Department (LD) to rectify the situation. The works were completed.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>HD will continue to monitor the condition of ACM and carry out half-yearly inspections.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
	<p>(c) consider providing more guidelines on assessing the nature of damage found in condition surveys of ACMs in PRH estates in light of the six cases;</p>	<p>In view of these six cases, the HD will issue additional guidelines on the assessment method on the condition of ACM for the front-line staff.</p> <p>The implementation of the new guidelines is targeted by end 2017.</p>
	<p>(d) carry out a review on all ACM records maintained by the PSA/DMO/estate offices to ascertain their accuracy and completeness;</p>	<p>HD has reviewed the ACM records kept at the Property Service Agent (PSA)/District Maintenance Office (DMO)/estate offices to ensure their accuracy and completeness.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
	<p>(e) inspect all lobby/staircase grilles with un-encapsulated ACMs to ascertain whether there are damaged cases similar to those mentioned in paragraph 4.16 for taking necessary follow-up actions;</p>	<p>The registered asbestos consultant has completed inspection of the lobby/staircase grilles with ACM at all three estates and confirmed that no major defects/damage of lobby/staircase grilles. All air samples collected were in order.</p> <p>HD will continue to monitor the condition of ACM and carry out</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>half-yearly inspections.</p> <p>As the recommendation has been implemented and will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
	<p>(f) strengthen the TMS in-flat inspection procedures, such as stipulating in the inspection checklist a requirement of examining/reporting on the condition of asbestos-containing balcony grilles.</p>	<p>TMS in-flat inspection has been strengthened by synchronising the in-flat inspection with the half-yearly ACM inspection conducted by frontline staff. This arrangement also serves to minimize disturbance to tenants.</p> <p>As the recommendation has been completed, we recommend that this part should be deleted from the next progress report.</p>
<p>Para. 4.24 (g) of the Audit Report</p>	<p>Audit has recommended that the Director of Housing should:</p> <p>(g) closely monitor the extent of in-flat inspections to ensure an adequate coverage of all the asbestos-containing balcony grilles within a reasonable time frame.</p>	<p>The registered asbestos consultant has completed the examination of the balcony grilles with ACM in the two estates, and rectified the situation in accordance with the follow-up strategy in liaison with EPD and LD.</p>
<p>Page 43 of the PAC Report (point (b))</p>	<p>PAC strongly urges and cautions HD to:</p> <p>(b) closely monitor the extent of in-flat inspections to ensure an adequate coverage of all ACM balcony grilles.</p>	<p>To enhance the monitoring mechanism of the balcony grilles with ACMs and to raise the awareness of tenants on asbestos, HD will include the in-flat</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>inspection of balcony grilles of not less than 50% of the flats concerned during half-yearly condition survey for a detailed examination of the condition of the balcony grilles. HD will continue to monitor the in-flat inspection.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
Para. 4.24 (h) and (i) of the Audit Report	<p>Audit has recommended that the Director of Housing should:</p> <p>(h) remind staff concerned to always report all in-flat inspection results of asbestos-containing balcony grilles in Form F04; and</p>	<p>Training classes and seminars will be arranged for the front-line staff to enhance their awareness. They should report any defect/damage/poor condition of ACM once identified. HD will remind the technical staff about the key points in preparing the inspection report.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
	<p>(i) step up monitoring of ACM condition surveys conducted by HD staff and consultants.</p>	<p>HD has reviewed the existing monitoring mechanism and will continue to scrutinize the findings of surveys. Training seminars have been arranged for the front-line staff to enhance their awareness and remind the technical staff about the key</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>points in preparing the inspection report regularly.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
<p>Para.4.35 (a) to (c) of the Audit Report</p>	<p><i>Control over works affecting ACMs in PRH estates</i></p> <p>Audit has recommended that the Director of Housing should:</p> <p>(a) enhance training for both technical and management staff concerned on the statutory requirements and proper procedures in handling works involving ACMs;</p>	<p>HD has arranged training seminars for both technical and management staff to raise their awareness in handling ACM and alert them to report any defect/damage/poor condition of ACM once identified. Similar training seminars will be arranged regularly.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
	<p>(b) strengthen the monitoring and control of the maintenance, repair and demolition works involving ACMs in PRH estates, including those undertaken by third parties; and</p>	<p>To enhance the monitoring mechanism of ACM and to raise the awareness of tenants on asbestos, HD has:</p> <ul style="list-style-type: none"> • appointed a professional maintenance surveyor for the concerned estates as the asbestos manager to co-ordinate all ACM issues; • inspected all in-flat ACM

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		<p>balcony grilles;</p> <ul style="list-style-type: none"> • installed warning labels on each location of ACM in staircase and lobby; • strengthened the contract provisions asking contractors to appoint a site superintendent designated for those estates having ACM to arrange training for workers to ensure their awareness of the ACM locations and necessary report/procedure when ACM are encountered; • distributed pamphlets and letters to tenants concerned; • posted notices at ground floor lobby reminding tenants on issues needed attention regularly; • issued estate newsletters regularly; • conducted briefings to concerned Estate Management Advisory Committees and local councilors and other stakeholders; • updated HKHA/HD website as necessary; and • provided staff training. <p>Also, HD will:</p> <ul style="list-style-type: none"> • install labels on each location of other ACM, such as in-flat balcony grille and chimneys in due course; • conduct half-yearly condition

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		<p>survey, including in-flat inspection of balcony grilles of not less than 50% of the flats concerned. Staff will raise the tenants' alertness and report any defects noted;</p> <ul style="list-style-type: none"> • continue to distribute pamphlets and letters to tenants concerned, post notices at ground floor lobby and issue estate newsletters regularly; and • update HKHA/HD website as necessary.
	(c) tighten the control over unauthorised works undertaken by tenants which could impact on ACMs.	<p>HD has reviewed the control mechanism of works undertaken by tenants or their agents and will remind them to engage a registered asbestos consultant and a registered asbestos contractor to handle any works which may involve ACMs. To raise their awareness, HD has adopted the measures mentioned in paragraph (b) above. HD will continue briefing the tenants in this aspect, and will take enforcement action against unauthorized alteration under the Tenant Agreement.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 4.35 (d) of the Audit Report	<p>Audit has recommended that the Director of Housing should:</p> <p>(d) take measures to prevent accidental disturbance to ACMs, including labelling all ACMs and posting the ACM notice on the notice boards of relevant estates at all times.</p>	<p>To alert the tenants and other stakeholders about the presence of ACM in the estates and prevent accidental disturbance to ACM, HD has adopted the measures mentioned in paragraph (b) above.</p>
Page 42 of the PAC Report (point (a))	<p>PAC strongly urges and cautions HD to:</p> <p>(a) take measures to ensure that all tenants, workers and stakeholders are fully informed of the locations of ACMs through effective dissemination channels and have all ACMs properly labelled.</p>	<p>HD will promulgate the message regarding ACM in the estates, and take the measures mentioned in paragraph (b) above.</p>
Para. 4.40 of the Audit Report	<p><i>Follow-up actions on un-encapsulated ACMs in balcony grille panels</i></p> <p>Audit has recommended that the Director of Housing should:</p> <p>(a) carry out a comprehensive review in Hing Wah (II) Estate to ascertain whether there are un-encapsulated cases and take prompt remedial action accordingly; and</p>	<p>HD has arranged a registered asbestos consultant to conduct a comprehensive condition survey of the balcony grilles with ACMs for Hing Wah (II) Estate and has taken follow-up actions in liaison with EPD and LD. The works were completed.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	(b) take measures to ensure that all information on ACMs provided to Legislative Council (LegCo)/Panel on Housing is accurate, such as strengthening data validation.	<p>HD will continue to ensure that all information provided to the LegCo/Panel on Housing is accurate.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
Page 43 of the PAC Report (point (c))	<p>PAC strongly urges and cautions HD to:</p> <p>(c) review the mechanism of maintaining and updating of ACMs records to ensure that they are accurate and complete.</p>	<p>HD has reviewed the ACM records kept at the PSA/DMO/estate offices to ensure their accuracy and completeness. HD will update the ACM records if necessary.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
Para. 4.41 of the Audit Report	Audit has recommended that the Director of Environmental Protection should look into the suspected cases of non-compliance with the Air Pollution Control Ordinance (APCO) requirements highlighted in the Audit Report and see if any follow-up action is required.	<p>EPD has completed the investigation of the suspected cases of non-compliance with the APCO as reported in the Audit Report. The two cases involved handling of ACM by non-registered asbestos contractors and happened in 2011 and 2015, respectively. The statutory time limit for initiating legal action under the APCO (i.e. one year within the offence date) has expired. To prevent recurrence of similar incidents, on the basis of the findings, EPD is following up with HD on the</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>implementation of improvement measures for enhancing the management of ACM in PRH estates.</p> <p>As the recommendation has been implemented, we recommended that this part should be deleted from the next progress report.</p>
<p>Para. 4.42 of the Audit Report</p>	<p>Audit has also recommended that the Commissioner for Labour should look into the suspected cases of non-compliance with the APCO as reported in the Audit Report to see if any follow-up action is required under the Factories and Industrial Undertakings (Asbestos) Regulation (F&IU(Asbestos)R).</p>	<p>LD has completed the investigation of all the suspected cases of non-compliance with the F&IU(Asbestos)R as reported in the Audit Report. Details of the two cases reported in paragraphs 4.27 and 4.28 of the Audit Report are summarised below. For the other cases, as information of the responsible contractors was unable to be verified, further investigation was not possible.</p> <p>Regarding the case mentioned in Para. 4.27 of the Audit Report about repair works for balcony grille panel with un-encapsulated ACMs, LD has contacted the responsible contractor and worker. According to the information provided, the work project did not damage ACMs and no worker was exposed to asbestos dust. There was therefore no violation of F&IU(Asbestos)R. Investigation was completed.</p> <p>Regarding Para. 4.28 of the Audit Report about air-conditioner works outside flat, one tenant</p>

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		<p>provided LD with the information of the company installing air-conditioner supporting frame in his flat. LD had visited that company. The investigation results revealed that it was not certain if ACMs was damaged. The bar date of six months for taking prosecution had also expired. Nevertheless, LD has issued the relevant guidebook to the company and offered advice on asbestos safety.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
PART 5: Replacement of laundry pole-holders		
<p>Para. 5.21 of the Audit Report</p>	<p><i>Implementation of the 2014 programme for replacing laundry pole-holders</i></p> <p>Audit has recommended that the Director of Housing should:</p> <p>(a) take measures to ensure that information on the implementation of the 2014 programme for replacing laundry pole-holders is properly maintained;</p>	<p>To ensure the record is properly maintained, HD has established a database capturing the details of replacement work in estates for monitoring purpose.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	(b) carry out a post-implementation review of the 2014 programme for replacing laundry pole-holders in good time;	Upon completion of this enhancement programme, HD will conduct a post-implementation review to evaluate the overall result.
	(c) closely monitor the works progress of the 2014 programme for replacing laundry pole-holders to ensure that the target completion date of 2017 would be met;	HD has stepped up the monitoring mechanism of work progress and urged contractors to deploy adequate manpower and resources to complete the replacement work to ensure satisfactory completion of the works.
	(d) carry out a comprehensive review of the reported cases of completed sealing-up works with a view to identifying any irregularities similar to those found by Audit in paragraphs 5.16 and 5.17 for taking necessary follow-up actions accordingly;	<p>HD has reviewed and verified the completion records of work. The front-line staff have re-examined all records of the installation and sealing work and timely updated the information. The supervisors will conduct random check to ensure accuracy of the record.</p> <p>As the recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
	(e) take measures to ensure that the front-line staff properly administer the installation/sealing-up works in accordance with the stated objectives of the 2014 programme; and	<p>HD has arranged training and coaching to the front-line staff to ensure that the installation/sealing-up works are carried out properly.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	(f) in implementing the new initiative of providing laundry rods in the specified blocks with laundry facilities installed at building re-entrants, take on board the observations and recommendations in this Audit Report.	For the new provision of laundry rods in specified blocks, HD will take on board Audit's observations and recommendations on the implementation.
PART 6: Enhancing fire safety of old PRH estates		
<p>Paras. 6.17 of the Audit Report</p> <p>Paras. 6.18 of the Audit Report</p>	<p><i>Implementation of the Fire Safety (Buildings) Ordinance (FS(B)O) in PRH estates</i></p> <p>Audit has recommended that the Director of Housing should closely monitor the progress of implementation of the FS(B)O in the 64 PRH estates and provide timely direction and input to address implementation problems; and</p> <p>Audit has recommended that the Director of Buildings and the Director of Fire Services as the enforcing authorities of the FS(B)O should work in collaboration with the Director of Housing to ensure that the fire safety improvement works for meeting the FS(B)O requirements in PRH estates are efficiently vetted and formally accepted.</p>	<p>The Director of Housing will continue to closely monitor the progress of the implementation of FS(B)O in PRH estates, and provide guidance and advice to the project team.</p> <p>The Buildings Department and the Fire Services Department will continue to work in collaboration with the HD to ensure that the fire safety improvement works in PRH estates are efficiently vetted and formally accepted. The three departments will continue to hold inter-departmental liaison meetings regularly to review the progress and resolve problems arisen during the implementation of the FS(B)O to the PRH estates.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
