

Laying of the Report The Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year end 31 March 2015 and his Report No. 65 on the results of value for money audits were laid in the Legislative Council ("LegCo") on 18 November 2015. The Public Accounts Committee ("the Committee")'s Report (Report No. 65) was subsequently tabled on 17 February 2016, thereby meeting the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be tabled within three months of the Director of Audit's Report ("Audit Report") being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 65 was laid in LegCo on 25 May 2016. A progress report on matters outstanding in the Government Minute was issued on 31 October 2016. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 46 below.

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

3. Hon Kenneth LEUNG declared that he was a former member of the Hong Kong Housing Authority ("HKHA"); and Hon SHIU Ka-fai declared that he was engaged in the trading business of construction materials.

4. The Committee was informed that:

Management of public rental housing ("PRH") construction projects

- 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 LegCo Finance Committee ("FC") at an appropriate time for funding to be drawn from the Housing Reserve;

Redevelopment of PRH estates

- the Housing Department had formulated an implementation plan and conducted an assessment on the resource requirements for the next

Comprehensive Structural Investigation Programme which was expected to start in 2018; and

Public Housing Construction Programme 2016-2017 to 2020-2021

- 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 10-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.

5. The Committee wishes to be kept informed of further development on the subject.

Recoverability of the outstanding advances to the United Nations High Commissioner for Refugees

(Paragraphs 5 and 6 of Part 4 of P.A.C. Report No. 65)

6. The Committee was informed that:

- the Administration had 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 remained at \$1,162 million;
- the Security Bureau wrote to the Hong Kong Sub-office of UNHCR in September 2016 again to reiterate the Administration's stance and register the Hong Kong community's expectation of an early recovery of the outstanding advances; and
- although it was not optimistic that repayment could be made by UNHCR in the near future, the Administration would continue to pursue an early repayment of the outstanding advances from UNHCR.

7. The Committee wrote to Secretary for Security on 10 January 2017 to enquire whether the Administration had considered taking other more effective actions to recover the outstanding advances or writing off the outstanding advances. The replies from **Secretary for Security** are in *Appendix 5*.

8. The Committee wishes to be kept informed of the development on the Administration's recovery of the outstanding advances to UNHCR.

Footbridge connections between five commercial buildings in the Central District

(Paragraphs 7 to 9 of Part 4 of P.A.C. Report No. 65)

9. The Committee was informed that the general building plans in respect of the proposed Footbridge A 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. As at mid-March 2016, the building plan was being revised by the owner of Building II for further submission of the Buildings Department ("BD"). The owner of Building II indicated that he would resubmit the general building plan to BD after obtaining permission from the owner(s) of Building I for the connection works relating to the construction of Footbridge A. The Lands Department ("LandsD"), BD and the concerned departments would continue to follow up with the owners of Building I and Building II on the matter.

10. The location of the proposed Footbridge A is shown in *Appendix 6*.

11. The Committee wishes to be kept informed of further development on the subject.

Small house grants in the New Territories

(Paragraphs 10 to 12 of Part 4 of P.A.C. Report No. 65)

12. Hon Paul TSE Wai-chun declared that he was an indigenous villager of the New Territories.

13. The Committee was informed in the Government Minute which was laid before LegCo in May 2016 that:

- the existing small house policy had been in operation for a long period of time. A review of this policy would inevitably bring into play many controversial and complex issues, involving, among others, legal, environmental, economic and land use planning considerations;
- having regard to the complexities of the issues involved and the fact that the Administration's work priority in the short to medium term was to increase land and housing supply, the review of the small house policy was not a matter of high priority for the time being, and there was no timetable for the task; and
- the Administration would continue to handle the review of the small house policy carefully and judiciously and engage stakeholders as well as the wider community in a constructive dialogue over the relevant issues as and when necessary.

14. The Committee wrote to Secretary for Development on 10 January 2017 to enquire about the Administration's position in resolving problems arising from the small house policy, and the reasons for the little progress made in taking forward the review. The replies from **Secretary for Development** are in *Appendix 7*.

15. The Committee wishes to be kept informed of further development on the subject.

16. The Committee recommends that the issue be continued to be followed up by LegCo Panel on Development.

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

(Paragraphs 13 to 15 of Part 4 of P.A.C. Report No. 65)

17. Hon Abraham SHEK Lai-him declared that he was a member of Hong Kong Country Club, Hong Kong Football Club, Hong Kong Golf Club, Hong Kong Jockey Club and Royal Hong Kong Yacht Club; Hon Paul TSE Wai-chun declared that he was a member of Hong Kong Jockey Club, Scout Association of Hong Kong and

South China Athletic Association; and Hon Kenneth LEUNG declared that he was a member of the Ladies Recreation Club and Craigengower Cricket Club.

18. The Committee was informed that:

Review of the Private Recreational Lease ("PRL") policy

- an inter-departmental working group had been set up by the Home Affairs Bureau ("HAB") in mid-2014 to conduct a review of PRL policy. The review cut across policy responsibilities of different bureaux and departments ("B/Ds") and involved different types of PRL. Based on the current progress, HAB aimed to complete the review within 2016-2017. HAB would then conduct public/stakeholders' consultations and brief LegCo Panel on Home Affairs on the review findings;

Implementation of the "opening-up" requirement

- HAB planned to place another round of advertisements in the print media in October 2016 so as to encourage eligible bodies to make use of sport facilities operated by PRL lessees;

Monitoring of compliance with lease conditions

- HAB had been monitoring the utilization rates of sports facilities on PRL sites, in particular with regard to the implementation of the opening-up schemes. HAB would continue to conduct annual inspections of PRL sites held by 24 private sports clubs to ensure their compliance with the approved opening-up schemes; and
- LandsD, in consultation with HAB and other relevant B/Ds, continued to follow up on cases of irregularities and suspected non-compliance with lease conditions identified in the Audit Report and would take lease enforcement actions as appropriate. LandsD had also conducted site inspections of PRLs where lease renewal was not yet due and would follow up in consultation with HAB as appropriate.

19. The Committee wishes to be kept informed of further development on the subject.

Management of roadside skips

(Paragraphs 16 to 18 of Part 4 of P.A.C. Report No. 65)

20. Hon Steven HO declared that the business he and his family members engaged in might involve skips.

21. The Committee was informed that:

Strategies and action plans for regulating and facilitating skip operations

- the Joint Working Group ("JWG") led by the Environment Bureau/the Environmental Protection Department ("EPD") was taking forward the following short-term measures to better manage and facilitate the operation of roadside skips:
 - (a) identifying suitable sites to be made available to skip operators through tendering on short-term tenancies for storage of "idling" skips and/or facilitating skips to be placed in suitable commercially managed sites of other uses, with a view to reducing the number of skips placed on roads or in public spaces. After considering factors (e.g. the distance away from residential areas, proximity to existing landfills and fill banks so as to facilitate operation of skip trade) and related land use restrictions, JWG proposed to make available land at Siu Lang Shui in Tuen Mun and at Tseung Kwan O Area 137 Fill Bank. JWG consulted the relevant committees of the Sai Kung and Tuen Mun District Councils ("DCs") on the proposed sites in March 2016, and was following up on the suggestions by these committees. For the site at Tseung Kwan O, JWG had drawn up the operation details and management arrangement for short-term tenancy, and was undertaking the preparatory work for the tendering. JWG aimed to complete the preparatory work by end 2016 and offer the site to the trade as soon as possible. As for the site at Siu Lang Shui, JWG was working on the technical issues in connection with the provision of the site, with a view to resolving the issues soonest; and
 - (b) JWG had drawn up arrangements for engaging a term service provider to support enforcement departments to speed up the removal of roadside skips which caused obstruction. The

contract service would be commissioned in tandem with the rolling out of the site at Tseung Kwan O for placing "idling" skips, so as to enhance the management of roadside skips and achieve more effective enforcement at the same time;

Introduction of regulatory system

- JWG had started initial discussion with the trade on suggestions to further enhance the management of roadside skips and facilitate skip operations; and

Progress made in implementing the recommendations of the Audit Commission ("Audit")

- follow-up actions had been on-going to address the following remaining Audit's recommendations:
 - (a) formulating strategies and action plans for regulating and facilitating skip operations, and assigning a government department to take up the responsibilities for regulating and facilitating skip operations; and
 - (b) conducting a review to reassess whether the current situation justified government actions to introduce a regulatory system to regulate and facilitate skip operations.

22. The Committee wrote to Secretary for the Environment on 10 January 2017 to enquire about the number of "idling" skips on roadside, the B/D which would take up the responsibilities for regulating and facilitating skip operations, and the progress of implementing short-term safety measures proposed by the Transport Department (i.e. improving the colour and outlook of skips such as painting in bright yellow and installing yellow flash lights at night). The replies from **Secretary for the Environment** are in *Appendix 8*.

23. The Committee wishes to be kept informed of further development on the subject.

Provision of long-term care services for the elderly

(Paragraphs 19 and 20 of Part 4 of P.A.C. Report No. 65)

24. The subject had been referred to LegCo Panel on Welfare Services for follow up on 24 February 2016, and the Panel noted the referral in its meeting on 14 March 2016. The Committee recommends that the issue be continued to be followed up by LegCo Panel on Welfare Services.

25. The Committee wishes to be kept informed of further development on the subject.

New Civil Aviation Department Headquarters

(Paragraphs 23 to 25 of Part 4 of P.A.C. Report No. 65)

26. Hon Steven HO declared that he was a non-executive director of the Airport Authority Hong Kong.

27. The Committee was informed that the Transport and Housing Bureau ("THB") had completed the investigation on the implementation of the new Civil Aviation Department ("CAD") Headquarters project. According to the investigation outcome, there was evidence indicating acts of misconduct by a senior directorate officer of CAD. Pursuant to the evidence gathered from the investigation and in accordance with established civil service procedures, THB had taken summary disciplinary action against the officer concerned. In addition, the investigation revealed prima facie evidence indicating alleged acts of misconduct by a retired directorate officer of CAD. As this officer had already retired, the civil service disciplinary mechanism was not applicable. However, THB had issued a letter to the retired officer concerned and also put the letter on the personnel file, clearly expressing THB's stance on the acts of misconduct alleged against the officer. The letter from **Secretary for Transport and Housing** to the Committee is in *Appendix 9*.

Administration of the air traffic control and related services

(Paragraphs 3 to 5 of Part 5 of P.A.C. Report No. 65)

28. Hon Steven HO declared that he was a non-executive director of the Airport Authority Hong Kong.

29. The Committee was informed that:

Preparation for and assessment of the new Air Traffic Management System ("ATMS")

- CAD conducted a series of stringent acceptance tests on the new ATMS on par with international aviation safety standards and established government procedures, as well as to ensure that the system operation was in compliance with the contract conditions and safety management requirements;
- CAD formulated a comprehensive training plan which consisted of a series of systematic training modules for all air traffic controllers ("ATCOs") and relevant staff, comprising computer-based training, simulator training, shadowing exercises, etc. On completion of the training package, all ATCOs in CAD had to undergo rigorous objective assessment conducted by qualified training and checking officers before they were allowed to operate the new ATMS and proceed to the Phased Functional Implementation ("PFI") to handle live traffic. Before the full commissioning, most of the over 180 ATCOs indicated through the self-assessment that they were confident to use the new system to handle live traffic. The remaining few controllers were either on leave or would proceed to retirement soon;
- THB had been monitoring the progress of ATMS project closely and received regular update reports from CAD. THB was represented at the Steering Committee on ATMS Project chaired by Director-General of Civil Aviation. The Administration also created a supernumerary Administrative Officer Staff Grade B (D3) post in CAD in June 2016, designated as Deputy Director-General of Civil Aviation (2), to strengthen the capacity of CAD's senior management in taking forward various key projects as well as enhancing the overall administrative control and management of the department;
- THB appointed the United Kingdom-based National Air Traffic Services ("NATS") in November 2015 as an independent consultant to advise Secretary for Transport and Housing on readiness of the new ATMS and CAD's readiness. NATS was tasked to conduct four assessments on the new ATMS with details as follows:

- (a) NATS completed its first assessment in March 2016 and concluded that ATMS engineering was safe, stable and reliable, and on a par with good practice in air traffic control centres in other jurisdictions, such as the United Kingdom and Singapore. In the first assessment, NATS also recommended CAD to adopt a PFI approach to allow more time for ATCOs to familiarize themselves with the system's functions and operations, which CAD accepted;
 - (b) in the second assessment, NATS looked at CAD's readiness for PFI. NATS was of the view that CAD had an overall robust, achievable plan and approach to PFI; since the commencement of PFI of the new ATMS on 19 June 2016, its operating time and scope of service coverage had expanded progressively as scheduled for about five months. During the process, both good and adverse weather conditions, as well as day and night operations were covered. Through participation in PFI, ATCOs became more familiar with the operation of the new ATMS;
 - (c) in its third review, NATS assessed CAD's readiness for full transition. NATS confirmed that CAD was ready for the full commissioning of the new ATMS; and
 - (d) arising from the "display degrade" incident which took place on 27 October 2016, THB invited NATS to conduct the fourth assessment on the impact of the incident on the full commissioning of the new ATMS. NATS confirmed the cause of the incident, and was confident that the cause had been identified and the issue satisfactorily resolved. NATS's assessment on CAD's readiness for full transition as previously concluded remained unchanged;
- based on NATS's independent advice and CAD's confirmation on the new ATMS' readiness in all respects, Secretary for Transport and Housing endorsed CAD's recommendation to fully commission the new ATMS on 14 November 2016;

"Display degrade" incident on 27 October 2016

- on 27 October 2016 during PFI, a flight data operator attempted to input into the new ATMS an unusual flight plan, the planned route of

which did not enter the Hong Kong Flight Information Region, primarily for information of colleagues. The unusual flight plan triggered a "display degrade" incident;

- in its assessment of the incident, NATS confirmed that the "display degrade" incident which affected three workstations of the new ATMS without direct communication with flights was an automatic protection mechanism by system design to contain the data mismatch at these workstations. NATS further confirmed that CAD's decision to revert to the old ATMS (i.e. Autotrac I) immediately upon the "display degrade" incident was a decision "as intended", which "allowed CAD to smoothly and safely transition out of PFI and maintain continuous operations without any safety or operational impacts". Moreover, the new ATMS was stable and no "system crash" was observed at any time;
- NATS also reviewed the actions taken by CAD to rectify the problem and was satisfied that enhancement measures, including the software fix and procedural changes, had been duly implemented and verified to both solve the problem and avoid the recurrence. NATS concluded that, with the software fix implemented, any similar unusual flight plan (i.e. without entry to the Hong Kong Flight Information Region) would be processed by the new ATMS for information by ATCOs as intended, without triggering the display degrade mode;

Occurrences which warranted operational optimization of the new ATMS after full commissioning

- since its full commissioning on 14 November 2016, the new ATMS had been providing safe, smooth and orderly air traffic services to flights operating in and out of the Hong Kong International Airport and through the Hong Kong Flight Information Region. The daily average of aircraft movements handled at the Hong Kong International Airport was around 1 070, while the number of overflight daily movements was around 760. Feedback from ATCOs on the new ATMS was generally positive. CAD and THB understood from the airlines that their operations had been smooth since the full commissioning of the new ATMS;
- during the inaugural stage of the new ATMS operation, there were occurrences which warranted operational optimization. For example,

on 15 November 2016, the position of a departing aircraft was temporarily not displayed on the radar screen of one workstation in the new Air Traffic Control Centre while the positions and information of all other flights being monitored by the new ATMS remained intact. There was also a brief occurrence of split tracks (showing two flight tracks of the same aircraft on the screen) which disappeared automatically in a while. Through radar screen updates, the aircraft position was shown again automatically within 12 seconds;

- the phenomenon of aircraft positions temporarily not displayed was not unique to the new ATMS; it was also observed occasionally in ATMSs elsewhere and in Autotrac I. As with other ATMS developers, Raytheon had anticipated and addressed the issue when designing Autotrac III (i.e. the new ATMS). In Hong Kong, no matter ATCOs used the old or new ATMS, they could retrieve the position of an aircraft immediately or avoid split tracks by choosing an appropriate radar signal through the Main System in accordance with the established operational procedure. This procedure involved the switching to the "bypass mode" (in case of the old ATMS) or "local mode" (in case of the new ATMS);
- the phenomenon mentioned above was a relatively minor occurrence which could be addressed through further optimization of ATMS in the light of operational experience. That said, these optimization/updating exercises did not mean any compromise of flight safety. According to NATS's experience, given the complexity of an ATMS, even with all reasonable efforts and endeavours, there could still be possibilities of setbacks during the introduction of a new system. To safeguard aviation safety, CAD had laid down procedures for trained and professional ATCOs to handle different situations. CAD would continue to look into any future occurrence to see if further optimization of the new ATMS could be achieved;

Staff readiness survey

- there were media reports quoting anonymous source who claimed to be an ATCO alleging that CAD compelled ATCOs to change the grading in their self-assessment at staff readiness survey and threatened to demote or not to promote them if they did not comply. Neither CAD senior management nor THB had received any complaint from staff in relation to the conduct of staff readiness surveys. In any case, both

THB and CAD had publicly stated that if individual staff members had any misgiving that their grievances or complaints could not be properly addressed by the established channel, they might approach Director-General of Civil Aviation, CAD senior management or THB direct. Should any misconduct be established upon proper investigation, this would be followed up by the appropriate authorities in accordance with established mechanism;

An incident of flight information not displayed on radar screens

- on 29 November 2016, the radar screens of the new ATMS were unable to display some of the flight information (such as flight callsigns and flight speed) for about 26 seconds, but positions and altitudes of the flight targets were still available on the radar screens. The flight information eventually reappeared automatically. To safeguard aviation safety, ATCOs had suspended the handling of departure flights for 15 minutes during the incident. According to a preliminary analysis of ATMS contractor's on-site engineer, the incident was primarily caused by one of the Flight Data Processors of the Main System, which encountered a problem when archiving data automatically. According to system design, the system automatically switched over to the Main System's another Flight Data Processor. Upon fixing and restarting the problematic Flight Data Processor, the two data processors started to synchronize data. As a result, the flight data could not associate with radar data. According to CAD, while aviation safety was not affected by the incident, it was not satisfactory as the above circumstance should not have occurred due to data archiving of the Flight Data Processor. CAD had asked the senior management of ATMS contractor to come to Hong Kong to follow-up on the incident. ATMS contractor had also been asked to submit an incident report and propose the necessary fix within 48 hours to prevent recurrence in future; and
- in view of the incident, CAD set up an expert panel comprising academics, electronics engineers and representatives of ATCOs to offer objective advice to CAD on the teething issues identified since the commissioning of ATMS. At the same time, THB was approaching NATS for expert advice on what follow-up actions should be taken with a view to ensuring the highest level of aviation safety based on international experiences and best practices.

30. The Committee wrote to Director-General of Civil Aviation on 4 January 2017 enquiring about the overall update on the full commissioning of the new ATMS, and the contingency measures taken/to be taken to facilitate the smooth operation of the new ATMS during the peak travel seasons around Christmas and Lunar New Year. The Committee also requested for a summary of the matters discussed and recommendations/decisions made, if any, by the ATMS Expert Panel at its first meeting on 16 December 2016. The replies from **Director-General of Civil Aviation** are in *Appendix 10*.

31. The Committee wishes to be kept informed of further development on the subject.

Government's efforts in managing municipal solid waste
(Chapter 1 of Part 8 of P.A.C. Report No. 65)

32. Hon Steven HO declared that the business he and his family members engaged in might involve recycling.

33. The Committee was informed that:

Reduction in municipal solid waste ("MSW")

- LegCo enacted the enabling legislations for the producer responsibility schemes ("PR schemes") on waste electrical and electronic equipment and glass beverage bottles in March and May 2016 respectively. The Administration updated LegCo Panel on Environmental Affairs ("EA Panel") at its meeting on 23 January 2017 the progress of preparatory works for the implementation of PR scheme on waste electrical and electronic equipment. EPD would continue to expedite actions on the relevant preparatory works so that PR schemes could be fully implemented as soon as practicable;
- the Administration would continue to expedite the preparatory work for MSW charging, and consult EA Panel on the legislative proposals for the enabling legislation in first half of 2017. As part of the community engagement, 14 projects were being implemented to try out different implementation arrangements for MSW charging;

- the Environment Bureau and EPD issued a paper to EA Panel in December 2016 on the progress and initial achievements of the waste management measures promulgated in the Hong Kong Blueprint for Sustainable Use of Resources 2013-2022 ("2013 Blueprint");
- the pre-qualification exercise for the Integrated Waste Management Facility had been completed and four contractors had been prequalified to participate in the next tendering stage;

Recovery of MSW

- the Advisory Committee on Recycling Fund had approved a total of 39 Enterprise Support Programme projects and five Industry Support Programme projects involving a total funding of \$51 million as of August 2016. EPD would monitor the implementation progress of approved projects vigilantly;
- the Administration would publish the per-household-per-month quantities of recyclables collected by individual estates one-by-one once the estates concerned gave their permission on publishing the related figures;

Recycling of MSW

- the Administration had repossessed Lot 4 of EcoPark in August 2016 and would make the lot available for re-letting as soon as practicable;
- EPD had been liaising with the Financial Services and the Treasury Bureau to establish a suitable charging mechanism for temporary use of vacant lots in EcoPark by profit-making organizations;
- EPD was working with LandsD to carry out further evaluation of the sites and consultation with local stakeholders; and

Progress made in implementing the recommendations of the Committee and Audit

- follow-up actions had been completed or on-going to address four of the six Committee's recommendations and 19 of the 23 Audit's recommendations. The six outstanding recommendations were:

- (a) strengthening 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;
- (b) expediting the implementation of the Integrated Waste Management Facility, PR schemes, MSW charging scheme and the Organic Waste Treatment Facility ("OWTF") with a view to meeting the targets set out in 2013 Blueprint or any new blueprint to be developed by the Administration;
- (c) setting revised time targets for implementing PR schemes on vehicle tyres, packaging materials and rechargeable batteries;
- (d) expediting actions to implement PR schemes on waste electrical and electronic equipment and glass beverage bottles;
- (e) strengthening efforts with a view to implementing MSW charging scheme as soon as possible; and
- (f) conducting a post-implementation review of the implementation of the 2005 Policy Framework and informing EA Panel of the review result.

34. The Committee wishes to be kept informed of further development on the subject.

35. The Committee recommends that the issues relating to the implementation of the Integrated Waste Management Facility and OWTF, and the post-implementation review of the implementation of the 2005 Policy Framework be referred to EA Panel for follow-up.

Reduction and recycling of food waste

(Chapter 2 of Part 8 of P.A.C. Report No. 65)

36. The Committee was informed that:

Reduction in food waste

Timely actions not taken to address the food-waste disposal problem

- the Steering Committee to Promote Sustainable Development of Recycling Industry chaired by Chief Secretary for Administration would coordinate and steer inter-departmental efforts on, among other things, initiatives on food-waste reduction and recycling. In parallel, EPD had been closely coordinating with relevant B/Ds in taking forward the relevant food-waste management initiatives. Under the Food Wise Hong Kong Campaign, EPD had distributed promotional materials, provided advice and support, and organized food wise training sessions for B/Ds;

Need to improve evaluation of the Food Wise Hong Kong Campaign effectiveness

- the baseline survey/audit report and the interim report of the food waste survey and audit for food and beverage sector were finalized in 2014 and 2016 respectively. Compared with the baseline survey results, the interim survey results had shown an improving trend of food-waste reduction in the sector. The final survey/audit had commenced in July 2016 for completion by 2017;
- in May 2016, EPD published general guidelines on methods for estimating food-waste reduction. EPD was also organizing seminars for the signees of the Food Wise Charter so as to facilitate their return of food-waste reduction data;

Food-waste reduction at the Correctional Services Department ("CSD") institutions and hospitals of the Hospital Authority ("HA")

- in addition to three training workshops held in December 2015 for catering staff for sharing experience and good practice of food-waste reduction, CSD had planned to conduct another workshop in October 2016. To further promote the awareness and acceptance of

food-waste reduction best practices among institutional staff and persons-in-custody, over 20 Food Wise Ambassadors had been appointed in correctional institutions since January 2016 to encourage persons-in-custody to participate in a food-waste reduction poster design competition and the Waste No Food Scheme;

- CSD had planned to invite EPD for a briefing on the food-waste problems in Hong Kong and tips for food-waste reduction in 2017. CSD also conducted a poster design competition in early 2016 to promote food-waste reduction. The winning posters had been displayed in all institutions since May 2016;
- the surveys on food-waste quantities of CSD institutions were conducted in August 2015 and 2016 respectively, and would be conducted on a regular basis. CSD would also consider issuing the food-waste quantities of individual CSD institutions through appropriate channels;
- HA Working Group on Food Service had been established in HA Head Office with representatives from all clusters to monitor and oversee follow-up actions in relation to the results of food waste surveys conducted in HA hospitals. Meetings of the Working Group would be held at least biannually with the target to reducing food waste. The last meeting was held in April 2016;
- HA would conduct the Annual Food Waste Survey for all hospitals in August 2016. Publication format on food waste information would be formulated in 2016-2017;

Food-waste reduction at schools

- the survey on lunch practice in schools was completed in April 2016. The Administration would consider carrying out further periodic survey in light of the latest circumstances;
- having evaluated the information collected in the abovementioned survey, the Administration would continue to enhance its work to promote food-waste reduction in schools, including promoting good practice to school management and assisting them to adopt the recommended measures;

- based on the information collected in the abovementioned survey, 43 schools had expressed interest in applying for funding from the Environment and Conservation Fund ("ECF") for provision of on-site meal portioning in their schools. In addition, three meetings with teachers from government and aided schools and the Union of Government Primary School Headmasters and Headmistresses as well as Association of Principals of Government Secondary Schools were arranged in May and June 2016 to encourage schools to adopt on-site meal portioning and other green lunch practice;
- with reference to the information collected in the abovementioned survey, the Administration would review the targets on reduction of using disposable lunch boxes at schools on a regular basis;
- the Administration would invite schools with good performance on food-waste reduction to share their successful experience at the annual Hong Kong Green School Award Presentation Ceremony in October 2016. Commendations would also be given to these schools at the ceremony;
- EDB Circular on "Arrangements for Green Lunch and Reduction of Food Waste in School" advised schools to keep measuring their per-student-per-lunch food-waste quantities in accordance with the Guidelines of Food Waste Measurement issued by EPD, with a view to monitoring improvement made in food-waste reduction. The methodologies of measuring food waste were explained to school teachers in the sharing session of "Green Lunch at Schools" during the Teacher Curriculum Development Training Program in May 2016;
- to maximize the publicity effect, EPD had been promoting green lunch practice in schools through the Food Wise Charter. Invitation letters were sent to all schools in June 2016 to encourage them to participate in the Food Wise Charter. The Administration would evaluate the effectiveness of the actions through the results of periodic surveys on lunch practice in schools;
- EPD had collected the per-student-per-lunch food-waste quantities from schools in 2015-2016 school year and publicized the relevant data on ECF website in July 2016. EPD had conducted visits to those schools reported with lower amount of food waste after implementing

on-site meal portioning, and would publicize their good practices and successful experience on EPD website;

- ECF Secretariat and the Electrical and Mechanical Services Trading Fund had been expediting action to finalize the accounts of completed on-site meal portioning projects funded by ECF;

Recycling of food waste

- the Food Waste Recycling Partnership Scheme had been rolled out to the Yau Tsim Mong District and EPD had engaged two shopping malls (Mira Mall and Langham Place), 27 restaurants and one supermarket to participate in the current phase of the scheme from June to November 2016. EPD had also started engaging the participants of the next phase (in the Sham Shui Po District from December 2016 to May 2017), and had secured the agreement of Festival Walk to participate in the scheme. In addition, EPD had been working with the Food and Environmental Hygiene Department ("FEHD") on two trial schemes on pro-active food waste-collection at FEHD's wet markets. The first three-month trial scheme at the Po On Road Market (including its cooked food centre) was completed in June 2016. The other three-month trial at North Kwai Chung Market commenced on 1 August 2016;

Food-waste recycling in PRH estates

- HKHA would give priority to the promotion of food-waste reduction at source and would continue to partner with green groups to promote food-waste reduction to the commercial tenants in PRH estates. HKHA aimed to raise the awareness of commercial tenants of the quantity and types of waste (including food waste) that they had produced and suggested ways to achieve waste reduction. Waste separation between food and non-food waste would also be promoted. Moreover, HKHA would continue to organize various activities to encourage PRH tenants to reduce food waste. New incentive schemes would be implemented to encourage both the local residents and commercial tenants to reduce food waste;
- HKHA had partnered with non-governmental organizations to undertake a food donation trial at the Nam Shan Shopping Centre and Ching Long Shopping Centre since 27 April 2016 and 9 May 2016

respectively. Daily collection of food donation amounted to 10 to 20 kg in the Nam Shan Shopping Centre and 20 to 55 kg in the Ching Long Shopping Centre. As for food-waste recycling, HKHA would continue to promote awareness and practice among domestic and non-domestic tenants;

Food-waste recycling in private housing estates

- in end 2015, advisory letters to encourage housing estates under the Food Waste Recycling Projects in Housing Estates under ECF funding scheme to increase the participation rate of residents were issued by ECF Secretariat. In the first and second quarters of 2016, EPD carried out surveillance visits to those private housing estates joining the abovementioned projects. Practical tips and promotion materials for boosting participation rate and streamlining the collection logistics were shared with the estates. Non-governmental organizations also helped encourage the respective estates in promotional activities. Commendation certificates were given to the four best performing estates in August 2016;
- as of July 2016, 35 applications under the Food Waste Recycling Projects in Housing Estates funded by ECF had been approved;
- as at April 2016, three out of the four estates identified with idle food waste treatment machines had applied for extended funding support to continue with food waste recycling activities. For the fourth idle food waste treatment machine, ECF Secretariat was identifying another suitable project for transfer;

Future OWTFs

- OWTF Phase 2 was anticipated to commence tendering by end 2016 with a view to commencing operation in 2021, subject to FC's funding approval. For OWTF Phase 3, EPD would take forward its Environmental Impact Assessment and Engineering Feasibility Study in 2017, with a view to commencing operation of the plant as soon as possible subject to resource availability. EPD was working with relevant B/Ds to identify suitable sites in new development areas for additional OWTFs;

Collection of food waste for recycling

- the Administration had received positive responses from some major developers, and about 100 food-waste generating establishments, including shopping malls, hotels and wet markets, had indicated their interest in implementing food-waste source separation and delivery to OWTF Phase 1 upon its commissioning. EPD was arranging training sessions to the commercial and industrial ("C&I") establishments who had expressed interest in participating in source separation of food waste. EPD's service contractor had also started contacting C&I to arrange briefing sessions for the management and front line staff;
- EPD would embark on a feasibility study on food-waste collection and delivery to OWTFs in 2017;

Use of compost

- the contractors of OWTF Phases 1 and 2 would be responsible for ensuring the compost so produced would be put to beneficial use. Disposal of the compost at landfills would be prohibited; and

Progress made in implementing the recommendations of the Committee and Audit

- follow-up actions had been completed or on-going to address six of the remaining 10 Committee recommendations and 31 of the 34 Audit's recommendations. The seven outstanding ones were:
 - (a) developing 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 OWTF for treatment;
 - (b) considering introducing incentives or other effective measures to encourage the transportation of food waste to OWTFs;
 - (c) considering formulating effective measures to coordinate the handling of food waste generated from schools, CSD institutions, HA hospitals and public estates, such as by recycling them locally or transporting them to future OWTFs;

- (d) reporting 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;
- (e) taking measures to ensure that adequate quantity of food waste was collected and delivered to OWTF Phase 1 for treatment upon its commissioning in mid-2017;
- (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:
 - (i) critically assessing if sufficient food waste could be collected for treatment by OWTFs; and
 - (ii) mapping out and implementing an effective system for separating, collecting and transporting food waste from C&I and domestic sectors to OWTFs for treatment; and
- (g) liaising with C&I sector to make suitable arrangements (including provision of suitable vehicles) for transporting food waste to OWTFs.

37. The Committee wishes to be kept informed of further development on the subject.

Use and disposal of vacant school premises

(Chapter 3 of Part 8 of P.A.C. Report No. 65)

38. Hon Abraham SHEK Lai-him declared that he was the Chairman of Board of Governors of English Schools Foundation and a council member of the St. Stephen's Girls' College.

39. The Committee was informed that:

Identifying vacant school premises ("VSP")

- LandsD was verifying the remaining 108 addresses identified from the stocktaking exercise conducted earlier by EDB which sought to reconcile the records in VSP database and the school registration database. Based on LandsD's findings, EDB would review whether there was a need to include any of them in the new VSP database and handle them accordingly in accordance with the established procedures;
- EDB promulgated in 2016 the "Procedural Manual on Identification, Screening, Allocation and Management of Vacant School Premises", setting out clearly the policy objectives and detailed procedures with regard to the handling of VSP within EDB. This manual had been disseminated to all sections of EDB which might be involved in the handling of VSP. A briefing session had also been held for EDB officers on the detailed arrangements set out in the manual. EDB would arrange re-circulation of the manual on an annual basis and arrange briefing sessions as appropriate;

Allocating VSP for educational or other uses

- the two VSP on private land that had not been earmarked for any use were being handled in accordance with the enhanced mechanism on handling of VSP on private land.¹ EDB was discussing with other relevant departments on the possible way forward and would follow up with the school sponsoring bodies concerned accordingly. As regards the three VSP located on government land that were partially utilized for their current uses, one had been allocated for office use by three education-related organizations and renovation works were being arranged. The remaining two were included in the lists for being considered for school or other educational uses as well as suitable short-term use. No suitable shared uses had so far been identified;

¹ The enhanced mechanism on handling of VSP on private land was listed in Appendices 33 and 34 of the Committee's Report No. 65.

Handling cases of VSP not surrendered

- 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:
 - (a) 28 did not have a cessation/diminution of user clause under the lease for recovering possession;
 - (b) two were being used;
 - (c) two had been repossessed (one lot and one VSP on government land);
 - (d) 26 were under EDB's purview. As at 1 September 2016:
 - (i) 17 were being used;
 - (ii) five were under temporary waiver granted by LandsD for educational uses;
 - (iii) one had been returned under the central clearing house mechanism; and
 - (iv) three were being followed up by EDB with the school sponsoring bodies concerned and relevant government departments on their future uses; and
 - (e) 13 were under LandsD's purview. LandsD was processing seven proposals submitted for other uses and would continue to take appropriate actions to recover possession of the remaining six VSP;

- there were 77 VSP under LandsD's purview (including 73 VSP that were not put to use as at 30 April 2015 and four VSP which were under EDB's purview at that time but which EDB had subsequently notified the Planning Department in accordance with the central clearing house mechanism for consideration of alternative uses). Amongst these 77 VSP:

- (a) 21 were on private lots that did not have a cessation/diminution of user clause under the lease for recovering possession;
 - (b) one had been modified for other uses;
 - (c) two had been approved for alternative long-term uses pending site possession by the project proponents;
 - (d) six, as at 1 September 2016, were on private land that had a cessation/diminution of user clause in the land lease where LandsD:
 - (i) was processing two proposals submitted for other uses;
 - (ii) had put one repossessed lot on the list of vacant government sites available for application for short-term greening or community use; and
 - (iii) would continue to take appropriate actions to recover possession of three VSP; and
 - (e) 47 VSP were on government land:
 - (i) 22 planned uses/applications were being processed by LandsD;
 - (ii) 22 had been included in the list of vacant government sites available for application for short-term uses; and
 - (iii) three were being followed up to recover their physical possession; and
- EDB was discussing with the relevant school sponsoring bodies and relevant government departments with regard to Case 6² of the Audit

² In this school re-provisioning case, only part of VSP was proposed to be carved out from the private treaty grant site for returning to the Government. However, there were road access and utility connection problems for the carved-out site as it was blocked from the main road, and the other side of the carved-out site was connected to a narrow service road not intended for road traffic and utility connection. This rendered it impractical for the Government to make use of the carved-out site.

Report and VSP arising from reprovisioning which was on both private land and government land. EDB would continue to handle these two cases in accordance with the enhanced mechanism on handling of VSP on private land.

40. The Committee wishes to be kept informed of further development on the subject.

Operation of the Hongkong Post

(Chapter 4 of Part 8 of P.A.C. Report No. 65)

41. The Committee was informed that:

Performance of Hongkong Post ("HKP") as a trading fund

- HKP was exploring with relevant B/Ds the scope for granting enhanced flexibility to the Post Office Trading Fund (e.g. with regard to human resource management, financial management and procurement, and accommodation for postal facilities) to facilitate its sustainable operation;

Management of mail processing

Underpayment of postage

- HKP had enhanced the Integrated Postal Services System to capture statistics on the processing of underpaid mail items for monitoring the underpayment trend and identifying high risk areas. Starting from 19 April 2016, instead of collecting the surcharge from addressees and delivering the underpaid/unpaid mail items at the door by delivery postmen, addressees were required to pay the surcharge and collect the underpaid/unpaid mail items at the designated post offices;

Procurement of airfreight services

- HKP informed Central Tender Board of the details of the financial vetting results for the 2016-2017 airmail tender exercise and the justifications for HKP's decision of not requiring the successful tenders to furnish a contract deposit. Central Tender Board noted HKP's

decision and approved the results of 2016-2017 tender exercise. Central Tender Board also reminded HKP to observe the relevant government regulations when reviewing the contract deposit requirements in future airmail tender exercises;

- HKP had developed a proper monitoring mechanism, taking account of applicable procurement regulations and operational practices. A new exception reporting function regarding allotment to contractors for airfreight services was developed for inclusion in the Track and Trace System and released on 30 June 2016 to enhance monitoring by supervisors;

Control and administration of overtime work in HKP

- HKP was conducting a comprehensive review on the standard time for processing and delivering different types of mail items. HKP expected to complete the review by end 2016 and implement the new yardsticks in early 2017;
- as at 31 August 2016, HKP had completed about 27% of the beat surveys to be conducted;
- the Beat Revision Analysis System would be enhanced to adopt global positioning system technology to capture data on the travelling and delivery time of delivery postmen. Trial use of the enhanced function was planned to commence in May to July 2017;
- the Beat Survey Team further increased the number of its monthly supervisory checks to eight beats a month from June 2016. Starting from November 2015, the Beat Survey Team submitted monthly reports on its supervisory checks (including deviation cases and the reasons for the deviations) to the Postal Services Branch Headquarters to facilitate timely follow-up actions;
- to reduce the overtime hours incurred by staff at the Air Mail Centre ("AMC"), HKP re-engineered the work processes at AMC to reduce manual effort and stepped up effort to fill non-civil-service contract vacancies in AMC. As a result, the overtime hours incurred by AMC staff in the period April to July 2016 decreased by 17%, the number of staff working overtime in excess of the monthly departmental ceiling of 60 hours decreased by 68% year-on-year, and the vacancy rate of

non-civil-service contract staff in AMC dropped from 10.6% as at 31 March 2015 to 2.4% as at 31 July 2016;

- to ensure compliance with the service-wide requirement on time-off in lieu ("TOIL"), an exception report could be generated on request to assist monitoring by supervisors starting from January 2016;
- HKP would avoid requiring staff who had taken long sick leave to work long overtime unless they had fully recovered. To guard against possible abuse, HKP would continue to closely monitor the sick leave applications of individual staff and invoked the mechanism under the Civil Service Regulations where warranted;
- the overall uncompensated TOIL balance had decreased to 190 400 hours as at 31 July 2016. The uncompensated TOIL balance of all staff had been contained within the service-wide ceiling of 180 hours, and 82% of the staff who had an uncompensated TOIL balance in HKP as at 31 July 2016 had accumulated less than 50 hours;

Management of postal vehicles

- HKP had reviewed the formula and the assumptions used for calculating the utilization rates of different types of departmental vehicles in HKP, taking account of the prevailing organization of postal operations and the actual vehicle deployment arrangements. The updated calculation methodology took effect from April 2016;
- from June 2015, HKP required the conduct of a cost-benefit analysis for all procurement requests for departmental vehicles to ensure that they were fully justified. In April 2016, HKP completed the installation of global positioning system on departmental postal vehicles in the Speedpost/Parcel teams to enhance performance monitoring of these teams;
- HKP had as far as operationally practicable sought to increase the utilization of the postal vehicles which were identified in the Audit report as having a low utilization;

Management of Central Mail Centre and General Post Office Building

- in the light of the updated operational needs, all the working stations on the fifth floor of Central Mail Centre had been taken up since 1 August 2016; and
- HKP would ensure that for all future changes to the Schedule of Accommodation for the accommodation reprovisioned from the International Mail Centre to Central Mail Centre, where the Property Vetting Committee's approval was required under the Accommodation Regulations, HKP would seek such approval in a timely manner.

42. The Committee wishes to be kept informed of further development on the subject.

Burial and cremation services

(Chapter 5 of Part 8 of P.A.C. Report No. 65)

43. The Committee was informed in the Government Minute which was laid before LegCo in May 2016 that:

Supply of public niches

- FEHD had obtained support from the relevant DCs for eight projects under the District-based Columbarium Development Scheme, and had planned to consult five relevant DCs for six projects under the scheme in 2016. A tentative schedule for consulting the relevant DCs of the remaining projects was being worked out. FEHD would take all feasible measures to address concerns of local residents and DC members with a view to persuading them to accept the columbarium development projects in the districts concerned;
- FEHD would consider in advance the best timing for rolling out the allocation process for the Tsang Tsui Project which would be completed in 2019 such that successful applicants for the first batch of niches could deposit their ancestors' ashes in the allocated niches as soon as the new columbarium project was finished;

- from mid-2016 to 2018, 855 niches in the Wong Nai Chung project and 1 250 niches in the Cheung Chau Columbarium Extension by FEHD, 24 924 niches in the Eastern and Southern Districts by the Board of Management of the Chinese Permanent Cemeteries, and some 47 000 niches in private cemeteries managed by religious organizations was expected to be available for allocation. Furthermore, FEHD had about 23 000 temporary urn storage spaces in place to meet the current demand. In the coming two years, FEHD would increase the capacity of its temporary storage facilities to about 50 000 urns;

Burial grounds and cremation services

- upon completion of the full-scale survey of urn graves in the second quarter of 2016, FEHD would consider whether it was necessary to report its result to the relevant LegCo Panel;
- under the present performance pledge of FEHD's cremation service, an applicant might book a cremation session within the next 15 days from the day of application. FEHD considered that the choice of days open to the bereaved families would be reduced if the booking period was shortened, while lengthening the booking period might also lead to higher non-booking rate for cremation sessions on weekdays/non-preferred days. A 15-day booking period was reasonable given the lead time that the bereaved families might need to prepare for the funeral and invite mourners to attend. As such, FEHD had no plans to change the 15-day working period;
- following completion of the re-provisioning works at Cape Collinson Crematorium (Phase II), six new cremators had been put into service by phases since December 2015, leading to an increase in the number of available cremation sessions by over 20%;
- FEHD would continue to promote the use of eco-coffins through publicity in its webpage and distribution of leaflets and booklets at venues of FEHD and other departments/public organizations;
- FEHD would work with the Board of Management of the Chinese Permanent Cemeteries on promotion and publicity activities of co-location of ashes;

Regulation of private columbaria, undertakers of burials and funeral parlours

- under the proposed licensing scheme, FEHD would organize briefings for the trade to facilitate applications to seek various specified compliance instruments under the proposed licensing scheme;
- at present, there were 81 undertakers whose licences did not carry restriction on temporary storage of ashes on the premises. FEHD would impose restrictions through adding licensing conditions upon the renewal of their licences in due course;
- FEHD was closely monitoring the usage of gardens of remembrance and memorial walls, and would endeavour to provide new memorial walls well before the existing plaque spaces were used up; and
- the Civil Engineering and Development Department had commissioned a consultancy study in September 2012, to explore, amongst others, the feasibility of housing columbaria in rock caverns. FEHD would keep in view the progress of the Civil Engineering and Development Department's study on the potential of rock cavern for columbarium development.

44. The Committee wishes to be kept informed of further progress in the implementation of improvement measures, including the regulation of private columbaria.

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

(Chapter 7 of Part 8 of P.A.C. Report No. 65)

45. The Committee was informed that:

Licence and permit control of dutiable commodities

- a new Dutiable Commodities System for replacing the existing functions on dutiable commodities licence and permit control under the Customs Control System would be rolled out in January 2017. The Dutiable Commodities System would integrate with the Road Cargo

System, and data on the Customs and Excise Department ("C&ED")'s actions on the control of dutiable commodities would be transferable between the two systems. C&ED had planned to remind traders to input permit numbers of the dutiable commodities into the Road Cargo System in the new Dutiable Commodities System rollout briefing sessions;

- C&ED sent notices to owners of the idle dutiable commodities by registered post in May 2016, requesting them to remove the idle dutiable commodities or re-enter the goods in the warehouse by August 2016. On the advice of the Department of Justice, C&ED would publish the notices in the Gazette and arrange destruction of the unclaimed idle dutiable commodities accordingly;

Enforcement against illicit dutiable commodities and management of seized items

- C&ED had 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;
- 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) in the Audit report, the seized goods of 480 cases (or 99.4%) and 133 vehicles (or 94.3%) had been disposed of;

Administration and protection of the motor vehicle first registration tax ("FRT")

- C&ED had completed a review on the effectiveness of the measures that had been put in place addressing the serious trade malpractices in the past few years. The review findings shown that:
 - (a) with C&ED's enhanced capability of market research for tax assessment and physical inspection of the vehicles, stepped up efforts to outreach to distributors, as well as enhanced publicity through Television and Radio announcements in the public interests, the malpractice had been much contained. Motor vehicle FRT collected increased from \$8.1 billion in 2013 to \$9.6 billion in 2014 and \$9.8 billion in 2015;

- (b) the number FRT-related cases dropped from 63 in 2012 to 53 in 2015, and the number of serious fraud cases dropped significantly from 32 in 2012 (which involved \$3.5 million tax evaded and 78 vehicles) to six in 2015 (which involved \$0.32 million tax evaded and 10 vehicles); and
 - (c) the suspected cases upon referral from the Transport Department since 2014 were all investigated with prosecution on cases with sufficient evidence within the statutory time bar of six months; and
- in view of the review findings, C&ED considered that there was no need to introduce legislative amendments at this stage. C&ED would continue its efforts in carrying out its work in FRT in order to prevent malpractices, and would keep monitoring the situation. If circumstances warrant, C&ED would consider the need for tightening up the control regime through legislative means.

46. The Committee wishes to be kept informed of further development on the subject.