

**For discussion on
12 March 2018**

**LEGISLATIVE COUNCIL
PANEL ON WELFARE SERVICES**

**Setting up Two New Contract Residential Care Homes for the Elderly
and Two New Day Care Centres for the Elderly
at a Land Sale Site of Kai Tak Development, Kowloon**

Purpose

This paper briefs Members on the Government's proposal to construct two contract residential care homes for the elderly (contract RCHes) and two day care centres for the elderly (DEs) at Site 1F1 of Kai Tak Development, Kowloon, with the construction cost to be met by the Lotteries Fund (LF)¹.

Provision of Subsidised Residential Care and Day Care Services

2. It is the Government's policy to promote "ageing in place as the core, institutional care as back-up". The Social Welfare Department (SWD) provides a variety of subsidised community care services to help elderly persons age in place. Among these are day care services for frail elderly persons provided at DEs and day care units for the elderly (DCUs), which cover personal and nursing care, rehabilitation exercise, meal, transportation service, etc.

3. While most elderly persons would prefer ageing in place, some frail elderly persons would need institutional care for health or family reasons. Information on the provision of subsidised residential care services (RCS), as at end-January 2018, is at **Annex 1**. In view of the

¹ LF is established for the purpose of financing social welfare services. It is primarily used to finance the capital expenditure of welfare projects and provide one-off grants to experimental projects with limited duration. Under section 6(4) of the Government Lotteries Ordinance (Cap. 334), the Financial Secretary has the authority to approve payments from LF to finance the development of social welfare services. Subject to certain conditions, authority to approve grants from LF has been delegated to the Director of Social Welfare, acting on the advice of the Lotteries Fund Advisory Committee.

ageing population and the high demand for subsidised RCS places, SWD has been striving to increase their supply. The setting up of new contract RCHEs is one of the major initiatives in this regard.

4. Since 2001, SWD has awarded contracts through open tenders to non-governmental organisations (NGOs) or private operators in respect of purpose-built RCHEs. As at end-January 2018, there were 30 contract RCHEs providing a total of 2 324 subsidised places (about 90% are nursing home places and 10% are care-and-attention places upon admission) and 1 468 non-subsidised places.

5. As at end-January 2018, SWD has earmarked sites in 30 development projects for the construction of new contract RCHEs, contract RCHEs with DCUs as well as DEs. Details are at **Annex 2**. One of these 30 sites is the subject site at Kai Tak Development as set out in this paper, which is earmarked for the construction and operation of two new contract RCHEs and two new DEs.

The Proposed Contract RCHEs and DEs

6. Site 1F1 of Kai Tak, as shown in the location plan at **Annex 3**, has an area of about 1.66 hectares and is scheduled to be sold by tender. To meet the keen demand for residential and day care services for the elderly, it is proposed that the developer should incorporate two 200-place RCHEs and two 60-place DEs in the development at the subject site. Each proposed RCHE will have a net operational floor area (NOFA) of about 2 475 square metres (m²) together with one designated parking space, whereas each proposed DE will have an NOFA of about 358 m² together with three designated parking spaces. In view of the relatively large site area, the proposed welfare facilities will be built in two clusters, with each comprising one 200-place RCHE and one 60-place DE and placed in different locations within the development to meet the different care needs of elderly persons in the community. To facilitate smooth operation of the welfare facilities, each cluster of the RCHE and DE will be provided with a designated loading/unloading area.

7. Following the established practice, the developer will be required under the land sale conditions to design and construct the bare-shell premises of the proposed welfare facilities with parking spaces according to the specifications required by SWD, and the Architectural Services Department will act as the technical adviser for the welfare premises on behalf of SWD. This arrangement will enable the

proposed welfare facilities to be provided for elderly persons in a timely and integrated manner as part of the development concerned, and will also facilitate better planning and optimal use of the subject site.

8. Upon completion of the construction works, SWD will take over the facilities and select a suitable NGO/private operator through invitation for tenders in respect of the operation, management and maintenance of each of the proposed contract RCHEs, whereas the service operator of each of the proposed DEs will be identified through invitation for proposals. Taking into account the lead time required for rectification of defects and selection of the operators, the service contracts for the operation of the proposed contract RCHEs are aimed to be awarded in around the fourth quarter of 2024 and the service contracts for the operation of the proposed DEs are targeted for award in the second quarter of 2024.

Funding Arrangement

Capital cost

9. The construction and fitting-out (F/O) works of the proposed contract RCHEs and DEs, as well as the procurement of furniture and equipment (F&E) for the subsidised section of the contract RCHEs and DEs, will be funded by LF. The Lotteries Fund Advisory Committee endorsed a capital funding of \$281.9 million from LF on 1 March 2018 to meet the construction cost of the proposed contract RCHEs and DEs².

10. According to the established funding arrangements, SWD will, through LF, reimburse the developer the actual construction cost or the estimated cost of \$281.9 million, whichever is the less, upon satisfactory completion of the works. Nearer the completion of the construction works, SWD will seek funding from LF in respect of the F/O works of

² A breakdown of the cost estimate of one 200-place RCHE and one 60-place DE in the development is as follows -

		Amount (\$ million)	
		<u>RCHE</u>	<u>DE</u>
(i)	Estimated construction cost	80.23	12.16
(ii)	On-cost to developer (about 12.5% of item (i) above)	10.03	1.52
(iii)	Provision for price adjustment	32.14	4.87
Total estimated construction cost		122.40	18.55

the proposed contract RCHEs and DEs, as well as F&E procurement for the subsidised section of the contract RCHEs and DEs.

Recurrent financial implications

11. The estimated recurrent funding requirement based on a notional plan of having 60% subsidised places (i.e. 120 subsidised places) for operating each of the proposed contract RCHEs in a full year, including personal emoluments, other charges, rates and government rent, management and maintenance fees, is about \$32.85 million after netting off the income of service users' fee. For operating each of the proposed DEs, the estimated annual recurrent cost including personal emoluments, other charges, rates and government rent is about \$5.89 million after netting off the income from service users' fees. In accordance with the established practice, the necessary recurrent provision will be included in the draft Estimates of the relevant years.

Public Consultation

12. SWD briefed the Community Building and Social Services Committee of the Kowloon City District Council on 30 November 2017 on key measures and tasks under the welfare purview of the district, including the proposed welfare facilities at the subject site. Members raised no adverse comments on expediting the supply of elderly care facilities in the area.

Arrangements for Briefing on LF Projects

13. At present, for specified welfare facilities funded by LF³, the Government will arrange each of these projects to be introduced to and discussed by the Panel. To expedite and step up the delivery of keenly sought after welfare service places, in particular for elderly services, rehabilitation services and child care services, the Government plans to adopt multi-pronged measures, which include incorporating conditions in suitable land development projects and land sale projects for the developers or works agents to construct in tandem welfare facilities specified by the Government. These projects may be public housing development projects, private land development projects, development

³ Namely projects with recurrent cost exceeding \$10 million

projects of the Urban Renewal Authority or conversion/redevelopment projects of vacant school premises, etc. Using the project in this paper as an example, the Government has decided to incorporate land sale conditions for the site at Kai Tak which is scheduled to be sold, requiring the private developer to provide in parallel the necessary floor space for two contract RCHes and two DEs with the construction cost to be met by LF. Similar arrangements will help expedite the implementation timetable for these welfare facilities with a pressing need. At the same time, the Government is exploring appropriate and feasible measures to encourage developers to provide other types of welfare facilities within their private development projects. In addition, through pursuing the “single site, multiple use” model on “Government, Institution or Community” sites, the Government will strive to incorporate more elderly, rehabilitation or child care facilities, etc. in Government multi-storey developments.

14. We are actively exploring to brief the Panel annually on welfare facilities to be constructed from the above multi-pronged measures, to provide the Panel with more comprehensive information on the Government’s annual implementation timetable for such facilities and enable a more thorough discussion on their supply and demand. On the other hand, this briefing arrangement will help ensure that each welfare facility could tie in timely with the land sale or development project involved without missing opportunities. After ascertaining the feasibility of an annual briefing, we will consult the Panel again on the concrete arrangements.

Advice Sought

15. Members are invited to note and comment on the proposal to construct two contract RCHes and two DEs at the subject site.

**Labour and Welfare Bureau
Social Welfare Department
March 2018**

Annex 1

**Provision of Subsidised Residential Care Places
(as at end-January 2018)**

Type of Residential Care Places	Number of Subsidised Places	Number of Elderly Persons on the Waiting List
Nursing Home Places (including Nursing Home Place Purchase Scheme)	3 963	6 551
Care-and-attention Places (overall)	23 219	31 671
➤ Subvented/Contract /Conversion Home Places	15 182	
➤ Enhanced Bought Place Scheme Places	8 037	
Self-care Hostel and Home-for-the-aged Places	345	N.A.
Total	27 527	38 222 (Note)

Note: Including about 3 322 elderly persons who were using subsidised community care services while waiting for subsidised residential care services, but excluding 12 565 elderly persons with inactive status on the waiting list.

Annex 2

30 Sites Earmarked for the Construction of New Contract RCHEs, Contract RCHEs with DCUs and DEs

	District	Location	Estimated number of residential care places (including both subsidised and non-subsidised places) ^{Note 1}	Estimated number of places of day care centres / units for the elderly (DEs/DCUs) ^{Note 2}
1.	Eastern	Joint-user building at Lei King Road, Sai Wan Ho	200	-
2.	Islands	Tung Chung Area 56	100	-
3.	Kwun Tong	Anderson Road	100	DCU: 20
4.		Wang Chiu Road	100	DCU : 20
5.		Hiu Ming Street	100	DCU : 30
6.	Wong Tai Sin	Fung Shing Street	-	DE: 60
7.	Sai Kung	Ex-Sai Kung Central Primary School site, Sai Kung	100	DCU: 30
8.	Kowloon City	Site 1F1, Kai Tak (subject development in this paper)	200 200	DE:60 DE:60
9.	Sham Shui Po	Fuk Wing Street	100	-
10.		North West Kowloon Reclamation Area Site 6	100	-
11.		Hai Tan Street	-	DE: 4
12.		Joint-user Government Offices Building, Cheung Sha Wan	-	DE: 40
13.		North West Kowloon Reclamation Area Site 1	100	-
14.	Sha Tin	Shek Mun Estate Phase II	150	DCU: 30
15.		Sha Tin Areas 16 & 58D, Fo Tan,	100	DE: 60
16.		Hang Tai Road, Ma On Shan	100	DE: 60
17.	Tai Po	Ex-CCC Kei Ching Primary School site, Fu Shin Estate	130	DE: 60
18.		Chung Nga Road East and Tai Po Area 9	100	DE: 60

	District	Location	Estimated number of residential care places (including both subsidised and non-subsidised places) ^{Note 1}	Estimated number of places of day care centres / units for the elderly (DEs/DCUs) ^{Note 2}
19.	North	Choi Yuen Road, Sheung Shui	100	DE: 40
20.		Queen’s Hill, Fanling	150	DE: 60
21.		Pak Wo Road, Fanling	150	-
22.	Yuen Long	West Rail Long Ping Station (North)	125	DE: 60 DCU: 20
23.	Tuen Mun	Ex-CCC Kei Leung Primary School site, Leung King Estate	100	-
24.		Ex-Kwong Choi Market	100	DE: 60
25.		Tuen Mun Area 29 West	100	-
26.		Tuen Mun Area 54 Site 2	-	DE: 38
27.		Tuen Mun Area 44	-	DE: 60
28.	Tsuen Wan	Ex-Tai Wo Hau Factory Site	-	DE: 80
29.	Kwai Tsing	Ex-Kwai Chung Police Married Quarters	100	DCU: 20
30.		Ching Hong Road, Tsing Yi	150	DE: 60
			3 055	1 092

Note 1: The number of places to be provided is a preliminary estimate and is subject to change as we continue to work out the details of the projects. One designated residential respite care place will be included in the subsidised places of each project.

Note 2: The number of places to be provided is a preliminary estimate and is subject to change as we continue to work out the details of the projects.

Location Plan of Site 1F1 of Kai Tak Development, Kowloon

