

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON
THE REPORTS OF THE DIRECTOR OF AUDIT
ON
THE ACCOUNTS OF THE GOVERNMENT OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION
FOR THE YEAR ENDED
31 MARCH 2020
AND THE RESULTS OF
VALUE FOR MONEY AUDITS (Report No. 75)**

February 2021

P.A.C. Report No. 75

CONTENTS

		<u>Paragraph</u>	<u>Page</u>
Part 1	Introduction		
	The Establishment of the Committee	1	1
	Membership of the Committee	2	1
Part 2	Procedure		
	The Committee's Procedure	1	2 - 3
	Confidentiality undertaking by members of the Committee	2 - 3	3
	The Committee's Report	4 - 5	3
	The Government's Response	6	4
Part 3	Report of the Public Accounts Committee on Report No. 72 of the Director of Audit on the Results of Value for Money Audits [P.A.C. Report No. 72]		
	Laying of the Report	1	5
	The Government Minute	2 - 9	5 - 11
Part 4	Supplemental Report of the Public Accounts Committee on Report No. 72 of the Director of Audit on the Results of Value for Money Audits [P.A.C. Report No. 72A]		
	Laying of the Report	1	12
	The Government Minute	2 - 5	12 - 20

CONTENTS

	<u>Paragraph</u>	<u>Page</u>
Part 5		
Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2019 and the Results of Value for Money Audits (Report No. 73) <i>[P.A.C. Report No. 73]</i>		
Laying of the Report	1	21
The Government Minute	2 - 76	21 - 61
Part 6		
Committee Proceedings		
Consideration of the Director of Audit's Report	1	62
Meetings	2	62
Arrangement of the Report	3	62
Acknowledgements	4	62
Part 7		
Observations of the Public Accounts Committee on the Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2020	1	63
Part 8		
Chapter		
1. Acquisition and management of collection items in public museums	1 - 6	64 - 69
2. Energy efficiency and conservation in government buildings	1 - 6	70 - 73

CONTENTS

	<u>Paragraph</u>	<u>Page</u>
3. Funding schemes for conservation of built heritage managed by the Development Bureau	1 - 8	74 - 78
4. Hong Kong Tourism Board: Corporate governance and administrative issues	1 - 6	79 - 83
5. Hong Kong Tourism Board: Efforts in promoting tourism	1 - 6	84 - 88
6. Management of Mandatory Building Inspection Scheme by the Buildings Department	1 - 7	89 - 93
7. Provision of humanitarian assistance to non-refoulement claimants by the Social Welfare Department	1 - 7	94 - 97
SIGNATURES OF THE CHAIRMAN, DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE		98
CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 75 DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT		99
<u>Appendix relating to Part 1: "Introduction"</u>		
Appendix 1	Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region	100 - 101

CONTENTS

Page

Appendix relating to Part 2: "Procedure"

Appendix 2	Paper presented to the Provisional Legislative Council by the Chairman of the Public Accounts Committee at the meeting on 11 February 1998 on Scope of Government Audit in the Hong Kong Special Administrative Region - 'Value for Money Audits'	102 - 104
-------------------	---	-----------

Appendix relating to Part 3: "Report of the Public Accounts Committee on Report No. 72 of the Director of Audit on the Results of Value for Money Audits *[P.A.C. Report No. 72]*"

Appendix 3	Letter dated 14 January 2021 from Secretary for Development	105 - 109
-------------------	---	-----------

Appendix relating to Part 5: "Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2019 and the Results of Value for Money Audits (Report No. 73) *[P.A.C. Report No. 73]*"

Appendix 4	Letter dated 19 January 2021 from Director of Environmental Protection	110 - 113
-------------------	--	-----------

Appendices relating to Chapter 1 of Part 8: "Acquisition and management of collection items in public museums"

Appendix 5	Letter dated 4 January 2021 from Director of Leisure and Cultural Services	114 - 125
-------------------	--	-----------

CONTENTS

	<u>Page</u>
Appendix 6	126 - 127
Letter dated 13 January 2021 from Director of Leisure and Cultural Services	
 <u>Appendix relating to Chapter 2 of Part 8: "Energy efficiency and conservation in government buildings"</u>	
Appendix 7	128 - 144
Consolidated reply dated 5 January 2021 from Secretary for the Environment, Director of Electrical and Mechanical Services and Director of Architectural Services	
 <u>Appendices relating to Chapter 3 of Part 8: "Funding schemes for conservation of built heritage managed by the Development Bureau"</u>	
Appendix 8	145 - 163
Letter dated 4 January 2021 from Secretary for Development	
Appendix 9	164 - 166
Letter dated 13 January 2021 from Secretary for Development	
 <u>Appendices relating to Chapters 4 and 5 of Part 8: "Hong Kong Tourism Board: Corporate governance and administrative issues" and "Hong Kong Tourism Board: Efforts in promoting tourism"</u>	
Appendix 10	167 - 186
Letter dated 5 January 2021 from Secretary for Commerce and Economic Development	
Appendix 11	187 - 210
Letter dated 5 January 2021 from Executive Director of the Hong Kong Tourism Board	

CONTENTS

Page

Appendices relating to Chapter 6 of Part 8: "Management of Mandatory Building Inspection Scheme by the Buildings Department"

Appendix 12 Consolidated reply dated 8 January 2021 from Secretary for Development and Director of Buildings 211 - 226

Appendix 13 Letter dated 13 January 2021 from Director of Buildings 227 - 230

Appendix relating to Chapter 7 of Part 8: "Provision of humanitarian assistance to non-refoulement claimants by the Social Welfare Department"

Appendix 14 Letter dated 4 January 2021 from Director of Social Welfare 231 - 240

ACRONYMS AND ABBREVIATIONS 241 - 243

Introduction

The Establishment of the Committee The Public Accounts Committee is established under Rule 72 of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region, a copy of which is attached in *Appendix 1* to this Report.

2. **Membership of the Committee** The following Members are appointed by the President under Rule 72(3) of the Rules of Procedure to serve on the Committee:

Chairman : Hon Abraham SHEK Lai-him, GBS, JP

Deputy Chairman : Hon Paul TSE Wai-chun, JP

Members : Hon Steven HO Chun-yin, BBS
Hon SHIU Ka-fai, JP
Hon YUNG Hoi-yan, JP
Hon LAU Kwok-fan, MH
Hon Tony TSE Wai-chuen, BBS, JP

Clerk : Wendy JAN

Legal Adviser : Timothy TSO

Procedure

The Committee's Procedure The practice and procedure, as determined by the Committee in accordance with Rule 72 of the Rules of Procedure, are as follows:

- (a) the public officers called before the Committee in accordance with Rule 72 of the Rules of Procedure, shall normally be the Controlling Officers of the Heads of Revenue or Expenditure to which the Director of Audit has referred in his Report except where the matter under consideration affects more than one such Head or involves a question of policy or of principle in which case the relevant Director of Bureau of the Government or other appropriate officers shall be called. Appearance before the Committee shall be a personal responsibility of the public officer called and whilst he may be accompanied by members of his staff to assist him with points of detail, the responsibility for the information or the production of records or documents required by the Committee shall rest with him alone;
- (b) where any matter referred to in the Director of Audit's Report on the accounts of the Government relates to the affairs of an organization subvented by the Government, the person normally required to appear before the Committee shall be the Controlling Officer of the vote from which the relevant subvention has been paid, but the Committee shall not preclude the calling of a representative of the subvented body concerned where it is considered that such a representative could assist the Committee in its deliberations;
- (c) the Director of Audit and the Secretary for Financial Services and the Treasury shall be called upon to assist the Committee when Controlling Officers or other persons are providing information or explanations to the Committee;
- (d) the Committee shall take evidence from any parties outside the civil service and the subvented sector before making reference to them in a report;
- (e) the Committee shall not normally make recommendations on a case on the basis solely of the Director of Audit's presentation;
- (f) the Committee shall not allow written submissions from Controlling Officers other than as an adjunct to their personal appearance before the Committee; and

Procedure

- (g) the Committee shall hold informal consultations with the Director of Audit from time to time, so that the Committee could suggest fruitful areas for value for money study by the Director of Audit.

2. **Confidentiality undertaking by members of the Committee** To enhance the integrity of the Committee and its work, members of the Public Accounts Committee have signed a confidentiality undertaking. Members agree that, in relation to the consideration of the Director of Audit's reports, they will not disclose any matter relating to the proceedings of the Committee that is classified as confidential, which shall include any evidence or documents presented to the Committee, and any information on discussions or deliberations at its meetings, other than at meetings held in public. Members also agree to take the necessary steps to prevent disclosure of such matter either before or after the Committee presents its report to the Council, unless the confidential classification has been removed by the Committee.

3. A copy of the Confidentiality Undertakings signed by members of the Committee has been uploaded onto the Legislative Council website.

4. **The Committee's Report** This Report by the Public Accounts Committee corresponds with the Reports of the Director of Audit on:

- the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2020; and
- the results of value for money audits (Report No. 75),

which were tabled in the Legislative Council on 25 November 2020. Value for money audits are conducted in accordance with the guidelines and procedures set out in the Paper on Scope of Government Audit in the Hong Kong Special Administrative Region - 'Value for Money Audits' which was tabled in the Provisional Legislative Council on 11 February 1998. A copy of the Paper is attached in *Appendix 2*.

5. In addition, this Report takes stock of the progress of the action taken by the Administration on the recommendations made in the Committee's Report Nos. 72, 72A and 73 and offers the Committee's views on the action taken. These are detailed in Parts 3, 4 and 5 of this Report.

Procedure

6. **The Government's Response** The Government's response to the Committee's Report is contained in the Government Minute, which comments as appropriate on the Committee's conclusions and recommendations, indicates what action the Government proposes to take to rectify any irregularities which have been brought to notice by the Committee or by the Director of Audit and, if necessary, explains why it does not intend to take action. It is the Government's stated intention that the Government Minute should be laid on the table of the Legislative Council within three months of the laying of the Report of the Committee to which it relates.

Laying of the Report Report No. 72 of the Director of Audit on the results of value for money audits was laid in the Legislative Council ("LegCo") on 17 April 2019. The Public Accounts Committee ("the Committee")'s Report (Report No. 72) was subsequently made on 17 July 2019,¹ which met the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be made 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. 72 was laid in LegCo on 11 December 2019. A progress report on matters outstanding in the Government Minute was issued on 5 November 2020. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 9 below.

Management of Greening Master Plans (Chapter 2 of Part 4 of P.A.C. Report No. 72)

3. The Committee was informed that:

Handover and maintenance of greening works under Greening Master Plans ("GMPs")

- the Leisure and Cultural Services Department ("LCSD") completed the enhancement of the Tree Data Bank System in December 2019 so as to allow all trees planted, and the locations and sizes of planting areas of shrubs to be input into the Tree Data Bank System for GMP projects in Southwest and Northeast New Territories; and

Overseeing and public engagement of GMPs

- the Greening, Landscape and Tree Management Section of the Development Bureau had instructed government departments and encouraged public organizations/private sector to follow up actively and report on the progress of the proposed medium and long-term greening measures under GMPs for urban areas. For the 288 proposed measures under GMPs for urban areas, 89 had been

¹ Due to the cancellation of the LegCo meeting of 10 July 2019, the Report could not be tabled at that Council meeting. Instead, the Report was made on 17 July 2019 in accordance with Rule 72(10) of the Rules of Procedure of LegCo and was circulated to all Members on the same day. The Report was then arranged to be tabled in the Council on 16 October 2019.

completed, 11 would be implemented, 43 would be considered as part of the development parameters of the projects, and 145 were considered not feasible (reasons including the original location being no longer suitable for planting due to changes in surrounding environment, changes in land use in on-going development, or not being technically feasible).

4. The Committee wrote to Secretary for Development on 6 January 2021 seeking information as to how the Administration could reconcile the differences in planting quantities for trees and shrubs between the Civil Engineering and Development Department handover records and LCSD inventory records, and input such information into the enhanced Tree Data Bank System systematically. The replies from **Secretary for Development** are in *Appendix 3*.

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

Employment services provided by the Labour Department (Chapter 3 of Part 4 of P.A.C. Report No. 72)

6. The Committee was informed that:

General employment services for all job seekers

- the Labour Department ("LD") had reviewed the performance indicators on employment services for able-bodied job seekers provided in the Controlling Officer's Report, and had disclosed in the Controlling Officer's Report for 2020-2021 both the number of direct placements through LD's referrals and indirect placements without going through LD's referrals, as well as the calculation method of relevant figures;

Dedicated employment services for job seekers with special needs

Young people

- a three-year Retention Allowance Pilot Scheme was launched in September 2020 to encourage young people to undergo and complete

on-the-job training ("OJT") under the Youth Employment Training Programme ("YETP");

- starting from July 2019, LD had compiled monthly statistical reports on the reasons for early termination of OJTs under YETP. For trainees whose OJTs were ended prematurely due to inadequate work skills or reasons on the part of the trainees warranting assistance (e.g. behavioural problem), LD would refer the cases to the case managers concerned for taking appropriate follow-up actions with a view to enhancing the trainees' employability and job stability through better equipping themselves;

Elderly and middle-aged

- LD launched a three-year pilot scheme in September 2020 to encourage elderly persons aged 60 or above to undergo and complete OJT under the Employment Programme for the Elderly and Middle-aged ("EPEM") through the provision of a retention allowance;
- since May 2019, during the regular follow-up with employees and employers, in addition to the verification of the employers' compliance with the requirements of EPEM and other relevant legislation, LD had also looked into the employees' work adaptation, performance and other concerns;

Ethnic minorities ("EMs")

- with a view to enhancing the employment opportunities for EM job seekers, LD launched the Racial Diversity Employment Programme in November 2020 to provide employment services for EM job seekers and render support in their job search through a case management approach;
- to promote the employment of EMs, LD had taken the following actions:
 - (a) when employers placed job vacancies with LD, LD would remind employers to consider the genuine needs of the posts when specifying the language requirement and encourage them to relax the language requirement as far as possible so as to enable more EMs to apply for the vacancies;

- (b) canvassed vacancies suitable for EMs through various channels, including arranging experience sharing sessions for employers, organizing inclusive job fairs, etc.;
- (c) encouraged employers to indicate that "EMs are welcome for the posts" when placing job vacancies with LD; and
- (d) uploaded pre-set job duty descriptions in Chinese and English to the "Interactive Employment Service" website to help employers reduce the time for filling out the relevant job vacancy information and facilitate their provision of the information in both Chinese and English;

Persons with disabilities

- LD had separately reported the number of placements secured by referral service of its Selective Placement Division ("SPD") and the number of placements secured by job seekers by making job applications to employers direct subsequent to the assistance provided by SPD, and disclosed the relevant calculation method in the Controlling Officer's Report for 2020-2021;
- LD launched a three-year pilot scheme in September 2020 to encourage persons with disabilities who secured jobs under the Work Orientation and Placement Scheme ("WOPS") or by referrals of SPD to stay longer in their jobs through the provision of a retention allowance;
- SPD had enhanced the monitoring of the matching of job vacancies against job seekers' abilities and preference so as to help them stay in their jobs for longer period of time;
- LD had published the performance against the pledges of WOPS of the previous year in January of each year in the webpage of the Interactive Selective Placement Service of SPD starting from January 2020; and

Raising of the ceiling of OJT allowance payable

- in light of the deteriorating employment situation, LD raised the ceiling of OJT allowance payable to employers under YETP, EPEM and WOPS in September 2020 with a view to further encouraging employers to hire young people, the elderly and middle aged, as well as persons with disabilities. Details were as follows:

- (a) the maximum amount of OJT allowance payable to employers under YETP had been increased from \$4,000 to \$5,000 per month for a period of 6 to 12 months;
- (b) the maximum amount of OJT allowance payable to employers engaging unemployed job seekers aged 40 to 59 under EPEM had been increased from \$3,000 to \$4,000 per month per employee for a period of three to six months; whereas the maximum amount payable to employers engaging job seekers aged 60 or above who were unemployed or had left the workforce had been increased from \$4,000 to \$5,000 per month per employee for a period of 6 to 12 months; and
- (c) the maximum amount of OJT allowance payable to employers under WOPS had been increased from \$7,000 to \$8,000 per month during the work adaptation period in the first three months and from \$5,000 to \$6,000 per month for the following six months.

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

Hospitality training provided by the Hotel and Tourism Institute, the Chinese Culinary Institute and the International Culinary Institute
(Chapter 7 of Part 4 of P.A.C. Report No. 72)

8. The Committee was informed that:

Management of programmes

- regarding the Survey of Employers' Views, the Vocational Training Council ("VTC") had analysed past statistics and noted that the most crucial factor affecting the number of employers covered in the survey was the consent of graduates to contact their employers;
- to encourage students to give consent to VTC to contact their employers for the purpose of the survey starting from the graduates of the 2018-2019 cohort, VTC had stepped up its efforts including fine-tuning the format and wordings of the student survey, with a view to reaching out to more employers;

Management of The T Hotel and training restaurants

- the Hotel and Tourism Institute, the Chinese Culinary Institute and the International Culinary Institute ("the Institutes") had explored the feasibility of engaging food waste collectors at the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building;
- the Institutes had identified a non-governmental organization, namely, Food for Good, to collect food waste from the VTC Kowloon Bay Complex from 1 September 2020 onwards;
- as for the VTC Tin Shui Wai Building, with a prevailing amount of less than 30 kilograms/day, the Institutes could not identify any food waste collector due to the low food waste level. To address the situation, the Institutes had invited Food for Good to conduct food waste seminars on 7 and 9 July 2020 for the VTC students to increase their awareness of environmental protection and treatment of food waste;
- VTC would also implement the food waste collection schemes introduced by the Environmental Protection Department in the VTC Tin Shui Wai Building as appropriate;

Administrative issues

Campus management – Carbon Footprint Reduction Plan

- VTC had commissioned a consultant since 2017 for a Carbon Footprint Reduction Plan. The study area included devising longer-term carbon reduction targets, a roadmap and implementation plans for VTC campuses. The consultant would submit the Plan to VTC by the end of the first quarter of 2021;

Campus management – safety and accidents

- the Safety, Health and Environmental Local Committee of VTC had completed an analysis report in December 2019 on all the 97 accidents reported from 2013-2014 to 2017-2018. Most of the accidents occurred were related to cut or fall (67%). Other accidents included injuries due to burn and manual handling of heavy objects;

- VTC had implemented the following improvement measures recommended by the Safety, Health and Environmental Local Committee in December 2019 to reduce the occurrence of accidents:
 - (a) to raise the safety alert of staff by reporting the accident figures twice a year through the Safety, Health and Environmental Local Committee meetings;
 - (b) to enhance safety awareness among staff by sharing relevant safety tips and arranging relevant training programmes;
 - (c) to relay injury figures to students via instructors to alert students of the safety measures while undergoing training;
 - (d) to remind the cleaning contractor to keep the floor dry and place warning signage when cleaning floor; and
 - (e) to request the cleaning contractor to conduct safety compliance check on floor cleaning on a monthly basis; and

Inventory management

- the Institutes completed the surprise stock and security checks as stipulated in the Store Manual for the 2019-2020 financial year in March 2020. The Institutes would conduct the surprise stock and security checks at least once a year by the respective Section Store Controlling Officers, and the Supplies Unit would examine the related logbooks for such checks every year during the annual stocktaking exercise.

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

Laying of the Report Report No. 72 of the Director of Audit on the results of value for money audits was laid in the Legislative Council ("LegCo") on 17 April 2019. The Public Accounts Committee ("the Committee")'s supplemental report (Report No. 72A) on Chapter 1 of the Director of Audit's Report ("Audit Report") was tabled on 4 December 2019.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 72A was laid in LegCo on 22 April 2020. A progress report on matters outstanding in the Government Minute was issued on 5 November 2020. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 5 below.

Planning, provision and management of public parking spaces
(Part 4 of P.A.C. Report No. 72A)

3. Hon SHIU Ka-fai declared that he was a member of the Hong Kong Housing Authority.

4. The Committee was informed that:

Planning and provision of public parking spaces

Demand and supply of parking spaces

- the Transport Department ("TD") was actively pursuing various short and medium to long-term measures to increase parking provision, which included providing public parking spaces in suitable "Government, Institution or Community" facilities and public open space projects in line with the "single site, multiple uses" principle;

Planning and provision of long-term public parking spaces

- TD had substantially completed the review of the standards for parking facilities specified in the Hong Kong Planning Standards and Guidelines. TD was consulting relevant stakeholders on the proposed revisions to the parking standards with the objective of promulgating the revised parking standards as soon as possible. The revised parking standards would increase the number of private car parking spaces in private and subsidized housing developments and the number

of commercial vehicle parking spaces in subsidized housing in future. Prior to the promulgation of the revised parking standards, TD would require developers to provide parking spaces at the higher end of the current parking standards for new developments;

- TD was drawing up internal guidelines to set out the principles and requirements for the planning and provision of public parking spaces in new development and redevelopment proposals;
- in approving future submissions of general building plans of car parks which provided parking spaces for both private cars and goods vehicles simultaneously, TD would, through relevant departments, remind the relevant landlords and associated car park operators to provide clear directional signs and road markings at car parks with a view to facilitating drivers to park their vehicles at the right parking spaces;
- for land sale sites and projects under lease modifications, TD would propose incorporation of suitable requirements in the relevant leases for provision of public parking spaces where possible, taking into account the technical feasibility and without compromising the development potential of the sites;
- the Transport and Housing Bureau and TD were liaising with relevant government bureaux/departments to promulgate a circular with a view to setting out the requirement for government bureaux/departments to incorporate public parking spaces in government projects;
- TD had been monitoring the utilization of light goods vehicle ("LGV") parking spaces of the subject car park in Case 2¹ in the Audit Report by site surveys conducted in August 2017, April 2019 and January 2020. In addition, through surveys of illegal parking situation in the vicinity of the subject car park, TD was keeping track of the local parking demand of LGV to ascertain that the provision of LGV parking spaces was generally in line with the demand;

¹ In December 1999, a public lorry park with 155 LGV parking spaces was approved for inclusion as a special condition in the land lease of Development A. The Lands Department ("LandsD") conducted seven inspections to check the owner's compliance with the land lease condition and found no lorry was parked in the lorry park from October 2016 to August 2018. However, TD's survey on illegal parking in the area suggested that there was a demand for LGV parking spaces.

- the car park operator of Case 3² in the Audit Report had, based on TD's recommendation, put up clear directional signs and road markings at the subject car park in order to facilitate drivers to park their vehicles at the right parking spaces. Furthermore, actions such as impounding or removal of any vehicles which were parked in the area in contravention of any signs or road markings pursuant to the Road Traffic (Parking on Private Roads) Regulations (Cap. 374O) might be considered by the car park operator for proper management of parking spaces in car parks;
- in relation to the actions taken regarding Case 3 in the Audit Report, District Lands Office/Kowloon West had issued an advisory letter to the lot owner, who replied on 28 June 2019 that management measures would be put in place against the improper parking situation. District Lands Office/Kowloon West's subsequent site inspections carried out on 16 August, 11 October and 20 November 2019 as well as 13 July 2020 found no irregularities. TD and the Lands Department ("LandsD") would continue to co-operate to monitor the situation and LandsD would take necessary lease enforcement actions if TD had identified any breach of the relevant clauses in the lease;

Management of government multi-storey car parks

Review of parking fees and sale of parking tickets

- having considered the impact on Hong Kong's economy and the utilization of the car parks brought by the Coronavirus Disease 2019 pandemic, TD had decided to maintain the parking fees for car parks under TD's purview at their existing levels for a year with effect from 1 June 2020;
- in March and July 2020, TD conducted questionnaire surveys in seven government multi-storey car parks under its purview where monthly parking tickets were sold on a first-come-first-served basis to

² In February 1999, LandsD included the provision of public parking spaces as a special condition in the land lease of Development B. LandsD's inspections in August and October 2018 found that some LGV parking spaces were occupied by private cars and letters were issued to the owner requiring rectification. In response, the car park operator informed LandsD that since cordoning-off of LGV parking spaces was not permitted, all LGV parking spaces were open to use by private cars which made it difficult to manage. Audit's site visit in January 2019 revealed that some LGV parking spaces were still occupied by private cars and the non-compliance with land lease condition remained unrectified.

gauge car park users' opinions on the special sale arrangements of parking tickets. The results of the surveys showed that the majority of users of the car parks still supported the use of first-come-first-served arrangement for the sale of parking tickets;

- in respect of the remaining four government multi-storey car parks under TD's purview where parking tickets were sold by balloting, car park contractors were now developing an online platform to allow car park users to submit applications for parking tickets through electronic means;

"Bay Guidance System"

- TD had embarked on a project for installing the "Bay Guidance System" at the multi-storey car parks under its purview to better monitor the availability and occupancy rates of parking spaces. The Electrical and Mechanical Services Department ("EMSD") was taking forward the installation project and it was expected that the construction works would be completed in the third quarter of 2021;

Non-availability of parking spaces for public use

- TD completed a review on the use of the rooftop of Kwai Fong Car Park in December 2019. While keeping 21 parking spaces for the Temporary Vehicle Detention Centre, the remaining 54 private car/van parking spaces had been made available for public use since 1 January 2020. Kwai Fong Car Park was now providing a total of 531 and 93 parking spaces for private cars/vans and motorcycles respectively;

Facilities management

- in collaboration with EMSD and the Hong Kong Police Force, TD had completed a review on the provision of closed-circuit television security systems in government car parks under TD's purview with a view to enhancing security. In this connection, EMSD was conducting a tender exercise for the installation of additional closed-circuit televisions in the car parks concerned. It was anticipated that the installation works would be completed in the third quarter of 2021;

Management of on-street parking spaces

Management of on-street metered parking spaces

- TD had completed a review on on-street parking meters charging the rate of \$2 per 30 minutes. It was recommended that the charging rate of about 1 600 metered parking spaces should be adjusted from the rate of \$2 per 30 minutes to \$2 per 15 minutes in order to encourage turnover in view of their high utilization rates beyond 85%. TD had substantially completed the consultation with local stakeholders and members of the relevant District Councils where the metered parking spaces concerned were located, and would take forward the adjustment progressively after duly evaluating the views gauged;
- TD had completed a review on "longest parking period" for each transaction of existing parking meters. The "longest parking period" for each transaction of about 290 metered parking spaces was proposed to be adjusted downwards to 30 minutes in order to encourage turnover. TD had also substantially completed the consultation with local stakeholders and members of the relevant District Councils where the metered parking spaces concerned were located, and would take forward the adjustment progressively after duly considering the views gauged;
- TD had conducted a desktop study on adjusting the operating period of parking meters. Having considered the utilization of the parking spaces, TD had preliminarily identified about 220 metered parking spaces concerned, the operating period of which might need to be extended. In this connection, TD had substantially completed the consultation with local stakeholders and members of the relevant District Councils where the metered parking spaces concerned were located, and would take forward the proposed extension progressively after duly considering the views gauged;
- starting from December 2020, TD had installed in Central, Tuen Mun and Clear Water Bay a total of 44 new parking meters with three major functions and features, including supporting payment of parking fees through Octopus or contactless credit cards, supporting remote payment through mobile application, and being equipped with sensors to detect whether individual on-street metered parking spaces were occupied for the provision of real-time vacancy information. About 12 000 new parking meters would also be installed by phases and it

was anticipated that replacement of all existing parking meters would be completed by the first half of 2022;

- the Administration had proactively re-visited the proposed increase in maximum fee chargeable for parking at metered parking spaces. In the light of the latest social and economic conditions and community sentiment, the Administration had decided to withhold the proposed increase in maximum fee to avoid increasing the financial burden of motorists and the transport trades;
- the contracts for "Procurement cum Management, Operation and Maintenance of New Generation of Parking Meter System" had already included provisions requiring the contractors to complete a review on vehicle-sensing technologies and electronic payment means by the end of the sixth contract year (i.e. in early 2025). TD would examine the review reports with a view to considering the way forward of the future management of the roadside metered parking spaces;

Management of on-street non-metered parking spaces

- TD had arranged to conduct regular surveys on a half-yearly basis to assess the need to install meters and the utilization of on-street non-metered parking spaces. The most recent survey was completed in the first half of 2020;

Implementation of parking-related technology initiatives

Dissemination of parking information

- TD had conducted follow-up meetings with the departments concerned (i.e. the Government Property Agency, the Housing Department and the Leisure and Cultural Services Department) in early 2019, and shared a new standard tenancy clause concerning the provision of parking information for short-term tenancy car parks for their reference. The relevant departments had agreed to incorporate the new clause into their car park contracts upon expiry of the existing ones, such that the parking information could be disseminated to the public via "HKeMobility" mobile application and the Public Sector Information Portal (i.e. data.gov.hk);

- in May 2020, TD held a briefing for the relevant departments and car park operators to facilitate their understanding of ways to disseminate parking vacancy information, including TD's new interactive voice response system, which would enable the dissemination of parking vacancy information of car parks without the provision of exit-entrance monitoring system;
- with the gradual renewal of the relevant car park management contracts, it was expected that the parking vacancy information of government public car parks could be fully disseminated in two to three years;
- for non-government car parks, operators could, at their discretion, disseminate other supplementary car park information, including hyperlinks to the car park operators' specific websites, on the car park information pages. As some information (such as parking fee and promotion) was subject to frequent changes to suit car park operators' own business needs, it was more desirable for the operators to directly disseminate such information to the public via their websites;
- TD had been monitoring the usage of "Hong Kong eRouting" website since its launch. With a view to maintaining the driving route search service for the public, and at the same time better utilizing resources, TD integrated the "Hong Kong eRouting" website into the "Hong Kong eTransport" website in July 2020;

Provision and management of electric vehicle ("EV") charging facilities at government car parks

- the Administration had allocated \$120 million to install additional medium EV chargers at government car parks open to the public, including Aberdeen Car Park, Kennedy Town Car Park and Kwai Fong Car Park under TD's purview. Subject to technical feasibility, over 1 000 additional public EV chargers were expected to be in place by 2022, bringing the total number of government public EV chargers to about 1 800. The installation schedule for the additional EV chargers, including those in Aberdeen Car Park, Kennedy Town Car Park and Kwai Fong Car Park, was as follows:

Fiscal Year	Actual/Estimated No. of Additional Public EV Medium Chargers
2019-2020	about 170 (actual)
2020-2021	about 570 (estimated) (including those in Aberdeen Car Park, Kennedy Town Car Park and Kwai Fong Car Park)
2021-2022	about 460 (estimated)

- the Environmental Protection Department would work closely with TD on the provision of real-time availability information of EV chargers in the car parks under TD's purview in order to facilitate EV drivers to identify vacant parking spaces equipped with EV chargers. In order to assist drivers in identifying EV parking spaces, electronic display panels would be installed at the entrances of government car parks to display the real-time availability of parking spaces with EV chargers;
- in view of the latest utilization rates of car parks under its purview, TD had implemented since 1 August 2020 a trial scheme in four car parks (i.e. Rumsey Street, Star Ferry, City Hall and Tin Hau Car Parks), designating some parking spaces with EV chargers for exclusive use by EVs. The trial would last for six months. TD would review the effectiveness of the scheme after the trial;
- the Administration had allocated funding for the installation of over 1 000 additional medium EV chargers at government car parks by 2022. These additional EV chargers would be installed at locations that were less popular as far as possible;

Implementation of automated parking systems

- TD was taking forward six automated parking system pilot projects, and had already identified four pilot sites for adopting automated parking systems (i.e. Tsuen Wan, Sham Shui Po, Sheung Wan and Chai Wan); and
- for the short-term tenancy site in Tsuen Wan, TD had awarded the tender to a contractor to provide not less than 75 automated parking spaces with a view to commissioning automated parking systems in the second half of 2021. As regards the pilot project in Sham Shui Po, TD was currently assessing the technical feasibility after securing

support from the relevant District Council. For the proposed pilot projects in Sheung Wan and Chai Wan, TD would consult the relevant District Councils in due course.

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

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 2019 and his Report No. 73 on the results of value for money audits were laid in the Legislative Council ("LegCo") on 27 November 2019. The Public Accounts Committee ("the Committee")'s Report (Report No. 73) was subsequently tabled on 26 February 2020 which met the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be made 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. 73 was laid in LegCo on 27 May 2020. A progress report on matters outstanding in the Government Minute was issued on 5 November 2020. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 76 below.

Consumer protection against unfair trade practices, unsafe goods, and short weights and measures

(Paragraphs 3 and 4 of Part 3 of P.A.C. Report No. 73)

3. The Committee was informed that the Consumer Council aimed to commence the enhancement of its Complaints Case Management System to improve its analytical and reporting capabilities for better case management in 2021-2022.

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

Government's efforts in managing excavation works on public roads

(Paragraphs 5 and 6 of Part 3 of P.A.C. Report No. 73)

5. The Committee was informed in the Government Minute which was laid before LegCo in May 2020 that:

- the Highways Department had been closely monitoring the progress of the consultancy study on the review of the implementation of Common Utility Enclosures ("CUE"). The consultant had completed all the tasks specified in the consultancy study and was preparing the final

report. The Highways Department would take timely follow-up actions on the findings and recommendations of the consultancy study;

- the experience in conducting/planning the trial CUE schemes had been taken into account in the above-mentioned consultancy study. A framework for implementing CUEs in new development areas had been recommended. This included procedures to identify suitable locations to install CUEs through consultation with the relevant utility undertakings at an early stage of implementation of a new development area project with due regard to its construction programme and the results of the detailed cost and benefit analysis conducted; and
- the implementation results of the two trial CUEs constructed in 2006 had been reviewed in the consultancy study and recorded in the deliverables of the consultancy study.

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

Monitoring of charitable fund-raising activities

(Paragraphs 3 to 5 of Part 5 of P.A.C. Report No. 73)

7. Hon Abraham SHEK Lai-him declared that he was a director of the Absolutely Fabulous Theatre Connection and the Heifer International Hong Kong Limited respectively, an Executive Committee Member of the Hong Kong Sheng Kung Hui Welfare Council Limited, a founder member of the Construction Industry Charity Fund and a member of the School Council of St. Stephen's Girls' College, all of which might have conducted fund-raising activities. Hon Paul TSE Wai-chun declared that he had participated in charitable fund-raising activities. Hon Steven HO Chun-yin declared that he was a member of the Democratic Alliance for the Betterment and Progress of Hong Kong, which might have conducted fund-raising activities. Hon SHIU Ka-fai declared that he was a member of the Assessment Committee of the Liberal Party Caring Foundation, which might have conducted fund-raising activities, and unremunerated honorary adviser or honorary member to some non-governmental organizations ("NGOs").

8. The Committee was informed that the Home Affairs Bureau ("HAB") had been assigned to co-ordinate inputs from relevant government bureaux/departments

("B/Ds") in formulating a response to the Law Reform Commission of Hong Kong's recommendations on the monitoring of the operation of charities for the Administration's overall consideration.

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

Management of squatter and licensed structures

(Paragraphs 6 to 8 of Part 5 of P.A.C. Report No. 73)

10. Hon SHIU Ka-fai declared that he was a member of the Hong Kong Housing Authority ("HKHA").

11. The Committee was informed that:

Monitoring of squatter and licensed structures

- taking into account the overall enforcement priorities under the squatter control policy, any genuine difficulties encountered by the occupants and local sentiments, as well as any special policy considerations relevant to businesses operating in that particular area, the Lands Department ("LandsD"), in consultation with the Development Bureau, was drawing up a proposal on a pilot scheme for regularization of warranted cases by way of short-term tenancies and/or short-term waivers for consultation with relevant B/Ds; and

Rates, government rent and licence fees on squatter and licensed structures

- LandsD was conducting an overall review of the licence fee charging mechanism for Government Land Licences. After digitizing the Government Land Licence records in end 2019, LandsD was consulting relevant B/Ds with a view to identifying the most appropriate way forward for the review of the Government Land Licence fee levels.

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

Kai Tak Cruise Terminal

(Paragraphs 9 and 10 of Part 5 of P.A.C. Report No. 73)

13. The Committee was informed that the Tourism Commission had implemented the recommendations made by the Audit regarding Kai Tak Cruise Terminal and the overall cruise tourism development in Hong Kong. The Tourism Commission would continue to closely monitor the industry performance through keeping track of the key parameters of the economic benefits brought by the industry.

14. As the cruise tourism industry was hit hard by the Coronavirus Disease 2019 epidemic, the Committee wishes to be kept informed of further development on the subject.

Management of projects financed by the Lotteries Fund

(Paragraphs 11 and 12 of Part 5 of P.A.C. Report No. 73)

15. The Committee was informed that regarding the assignment of the social centre for the elderly to the Administration (Case 7 in the Audit Report),¹ the Government Property Agency ("GPA") completed in April 2019 the vetting of the revised assignment plan submitted by the developer. The assignment procedure would be duly completed pending the developer's confirmation of the conditions of assignment and payment arrangements. GPA had already requested the developer and the grantee to provide the revised draft assignment. Between April and July 2020, GPA issued a total of four reminders urging the developer and the grantee to take prompt action to complete the assignment of the social centre for the elderly.

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

¹ A Lotteries Fund grant of \$1.46 million was approved in February 1993 for the construction and fitting-out works of a social centre for the elderly. However, the project account has not yet been finalized since the substantial completion of the works in December 1997 because the assignment of the title of the social centre to the Administration has not been completed.

Government's support and monitoring of charities

(Paragraphs 13 to 15 of Part 5 of P.A.C. Report No. 73)

17. Hon Abraham SHEK Lai-him declared that he was a director of the Absolutely Fabulous Theatre Connection and the Heifer International Hong Kong Limited respectively, a founder member of the Construction Industry Charity Fund and a board member of the Construction Industry Skills Training Centre Limited. He was also a member of the School Council of St. Stephen's Girls' College. In addition, he was involved in the construction of the new headquarters of Scout Association of Hong Kong. Hon Paul TSE Wai-chun declared that he was a member of the Scout Association of Hong Kong and was involved in the work of a number of charities. Hon SHIU Ka-fai declared that he was a member of the Assessment Committee of the Liberal Party Caring Foundation.

18. The Committee was informed that:

Administration of tax exemption of charities and tax-deductible donations

- HAB had been tasked to co-ordinate inputs from relevant B/Ds for formulating a response to the Law Reform Commission of Hong Kong's Report on Charities. HAB had been actively following up the co-ordination. Recommendations in the Audit Report and the Committee's Reports would be taken into account in this process;

Administration of land granted to charities for operating welfare/social services

- among the eight cases named in the Audit Report in which the leases specifically permitted the running of hostels/dormitories, relevant B/Ds had confirmed earlier that they were satisfied with the current use or operation of hostels/dormitories under seven of the cases, i.e. Leases F, G, H, I, J, M and N. As regards Lease L, the grantee recently had submitted a certificate from an independent auditor demonstrating that the use of surplus income generated from the hostel from 2017-2018 to 2019-2020 was to the satisfaction of LandsD. LandsD would continue to monitor the case to ensure that the use of surplus income generated from the hostel under Lease L was satisfactory; and

Regulation of Chinese temples

- in respect of the renewal of the expired delegation agreement of the remaining one delegated temple, the Chinese Temples Committee Secretariat had discussed with the new Chairman of the delegated organization on re-entering into a new delegation agreement. The new Chairman was consulting other stakeholders of the organization and had agreed to revert as soon as possible.

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

Fresh food wholesale markets

(Paragraphs 19 to 21 of Part 5 of P.A.C. Report No. 73)

20. Hon YUNG Hoi-yan declared that she was a member of the Fish Marketing Advisory Board.

21. The Committee was informed that:

Reprovisioning of private and public fresh food wholesale markets

- regarding the relocation of the Cheung Sha Wan Temporary Poultry Market, the Administration had been exploring Fu Tei Au and other possible sites for relocation together with some other wholesale markets under the study commissioned by the Civil Engineering and Development Department. Depending on the study results and other considerations, the Food and Health Bureau and the Agriculture, Fisheries and Conservation Department ("AFCD") would consult the relevant stakeholders and consider the way forward; and

Way forward

- a holistic review on the roles and functions of the Fish Marketing Organization and the Vegetable Marketing Organization, including their strengths, weaknesses, opportunities and threats, was being conducted. The Food and Health Bureau and AFCD would fully take

into account Audit's recommendations when mapping out the way forward.

22. From the List of outstanding items for discussion of the LegCo Panel on Food Safety and Environmental Hygiene, the Committee notes that the Administration would report to the LegCo Panel on Food Safety and Environmental Hygiene (or the LegCo Panel on Development) on the progress of the wholesale market consultancy study (including the timetable, proposed sites and detailed plan for relocating the Cheung Sha Wan Temporary Poultry Market) in due course.

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

Hong Kong Academy for Performing Arts

(Paragraphs 22 and 23 of Part 5 of P.A.C. Report No. 73)

24. The Committee was informed that:

Provision of academic programmes

Admission of non-local students

- having taken into account various considerations including the recent economic situation and the outbreak of Coronavirus Disease 2019, the Hong Kong Academy for Performing Arts ("HKAPA") had decided to maintain the tuition fee for non-local students at the same level as in 2019-2020. The tuition fee applicable to local and non-local students in 2020-2021 were \$42,100 and \$52,000 for degree programmes, and \$31,575 and \$39,000 for sub-degree programmes respectively. As the tuition fee for non-local students should be set at a level sufficient to recover all additional direct costs, the tuition fee would be reviewed with a view to recovering all additional direct costs when the economic situation was improved. HAB would continue to monitor HKAPA's setting of the tuition fee level, and follow up with HKAPA on its policy on admission of non-local students, taking into account a series of factors including the need to maintain a satisfactory mix of international and local students;

Student unit cost

- as the enrollment figures would have a direct impact on student unit cost, HKAPA had implemented different measures with a view to increasing the number of full-time students, which included the implementation of the online application system by phases. Phase 1 came into operation in September 2019 and Phase 2 had been implemented since September 2020. The system was applicable to both post-secondary and undergraduate programmes. Phase 1 provided an online platform to collect and update student application data/status to facilitate online checking of applicants' eligibility for initial screening. It also enabled HKAPA to make timely decision on student recruitment with reference to the management information reports generated from the system. Phase 2 enabled HKAPA to conduct online audition/interview and to make admission offers to applicants. More advanced management information reports could be generated which was useful in decision making in respect of student admission. The student unit cost would continue to be monitored;

Governance and government monitoring

- HAB had requested HKAPA to further improve the content of the audited financial report to fully fulfil Audit's recommendations in respect of the compliance with subvention requirements. On updating of the Memorandum of Administrative Arrangements, HAB would continue to liaise with HKAPA to consider the incorporation of suitable clauses, including clauses on Government Reserve and submission of audited account, that were mutually agreed by HAB and HKAPA and in line with the prevailing subvention guidelines; and

Campus improvement and expansion

- HKAPA was preparing the documents on the final account of the on-campus expansion project for submission to the Architectural Services Department ("ArchSD"). HAB would continue to monitor HKAPA's progress in finalizing the project account on the on-campus expansion project.

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

Planning, construction and redevelopment of public rental housing flats

(Paragraphs 26 to 28 of Part 5 of P.A.C. Report No. 73)

26. Hon SHIU Ka-fai declared that he was a member of HKHA and engaged in the trading business of construction materials.

27. The Committee was informed that according to HKHA's Public Housing Construction Programme as at September 2020, the estimated total public housing production of HKHA and the Hong Kong Housing Society in the five-year period from 2020-2021 to 2024-2025 would be 101 300 units. As announced in the Chief Executive's 2020 Policy Address, based on the Long Term Housing Strategy Annual Progress Report 2020 published by the Transport and Housing Bureau, the Administration had identified all the land required for providing 316 000 public housing units to meet the demand for about 301 000 public housing units in the coming 10 years (i.e. 2021-2022 to 2030-2031). The Committee noted that the Administration had submitted the Long Term Housing Strategy Annual Progress Report 2020 and Public Housing Construction Programme 2020-2021 to 2024-2025 to the LegCo Panel on Housing at its meeting held on 14 January 2021.

28. 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 29 and 30 of Part 5 of P.A.C. Report No. 73)

29. The Committee was informed that the Security Bureau reiterated again by letter to the Hong Kong Sub-office of the United Nations High Commissioner for Refugees in September 2020 the Administration's stance and registered the Hong Kong community's expectation of an early recovery of the outstanding advances. The Administration was now considering the Committee's suggestion to the LegCo Panel on Security in March 2020 that the Administration should re-consider writing off the outstanding payment.

30. The Committee recommends that the issue be continued to be followed up by the LegCo Panel on Security and wishes to be kept informed of further development on the subject matter.

Small house grants in the New Territories

(Paragraphs 31 to 34 of Part 5 of P.A.C. Report No. 73)

31. Hon Paul TSE Wai-chun declared that he was an indigenous villager of the New Territories and had exercised his small house concessionary right to build New Territories small houses.

32. The Committee was informed that:

- the Court of First Instance of the High Court ("CFI") handed down a judgment and subsequent orders² on a judicial review of the small house policy on 8 and 30 April 2019 respectively; and
- since the CFI judgment took effect, the Administration had suspended the processing of the applications already received for building small house on government land by way of the Private Treaty Grant and Land Exchange arrangements. The receipt of new applications for these two types of grants had also been suspended since 8 April 2019. Pending the results of the appeal, the aforesaid arrangements would be maintained.

33. The Committee noted that although "Small House Policy and rural planning strategy" had been put on the List of outstanding items for discussion of the LegCo Panel on Development, the Administration considered that it would not be in a position to discuss the small house policy review at this juncture as all parties to the judicial review had lodged appeal against the judgment of CFI, and the Court of Appeal handed down the judgment on 13 January 2021 which allowed the Government's appeal. The developments of the judicial review case might have implications on the policy.

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

² CFI ruled that the Free Building Licence and Land Exchange arrangements for building small houses on private land under the small house policy, being a lawful traditional right and interest of the indigenous inhabitants of the "New Territories" within the meaning of Article 40 of the Basic Law, were lawful and constitutional, while the Private Treaty Grant and Land Exchange arrangements for building small houses on government land under the policy were not. CFI also stated that the judgment would take effect on 8 October 2019.

Management of roadside skips

(Paragraphs 39 and 40 of Part 5 of P.A.C. Report No. 73)

35. The Committee was informed in the Government Minute which was laid before LegCo in May 2020 that:

- the Administration had provided two sites, one adjacent to Tseung Kwan O Area 137 Fill Bank and one at Siu Lang Shui in Tuen Mun, through short-term tenancies, for use by the skip trade to store idling skips. It had also continued to engage a dedicated term service contractor to assist enforcement departments in speeding up the removal of skips found to be posing serious obstruction to traffic and/or imminent danger to the public, thereby enhancing enforcement efficiency and the deterrent effect;
- from 2017 to 2019, the Joint Working Group on Management of Roadside Skips ("JWG") had conducted a total of 65 joint enforcement operations to tackle the malpractice of indiscriminate placement of idling skips at a number of black spots, including Tseung Kwan O, Sai Kung, Kowloon Bay, Kai Tak and Chai Wan areas. JWG would continue to duly organize joint enforcement operations as necessary at black spots in various districts. It was also preparing for a trial to install surveillance camera systems at the black spots along Shing Tai Road, Chai Wan and Muk On Street, Kai Tak, aiming for stepping up enforcement and deterrence against the malpractice of indiscriminate placement of skips at roadside;
- JWG had engaged a consultant to work with skip operator trade and other stakeholders (such as construction trade associations, property management companies and insurance trade associations) to explore the setting up of a voluntary skips management system and draw up the proposals concerned. The consultant of JWG, after consulting skip operator trade and other stakeholders, had suggested that the "Certification Scheme for Skips" ("Certification Scheme"), "Registration Scheme for Skip Operators" and "Charter for Skip Users" should be implemented under the voluntary management system to address public and trade concerns;
- JWG engaged a consultant in late 2019 to assist skip operator trade in commencing the preparatory work for the voluntary skips management system. It was expected that the first phase of the Certification

Scheme would be launched in the second half of 2020, while the "Registration Scheme for Skip Operators" and "Charter for Skip Users" would be rolled out progressively in line with the amount of certified skips in the market;

- to assist skip operator trade in expediting the implementation of the Certification Scheme so as to increase the amount of certified skips in the market, JWG was conducting a trial for the trade to retrofit about 30 in-use skips with fixtures to meet the warning and appearance requirements for road safety as set by the Transport Department ("TD") and to prevent environmental nuisance. Such fixtures could help avoid the skips from posing safety threats to other road users or causing nuisance to the public. The trial was expected to be completed in the second quarter of 2020. The findings and experience gained would provide important information including the design and materials of the road safety fixtures, operation guidelines, the retrofitting cost and time required to facilitate the carrying out of suitable retrofitting works for all in-use skips across the territory by the trade; and
- JWG would continue to explore options for enhancing the standards of skip operations. Taking into account the progress of and the experience gained in implementing the voluntary management system, JWG would consider whether there was a need to introduce a new regulatory system in the long run.

36. The Committee wrote to Secretary for Environment on 6 January 2021 to seek information about the latest position of the measures implemented by the Administration to enhance the management and control of roadside skips. The replies from **Director of Environmental Protection** are in *Appendix 4*.

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

Provision of long-term care services for the elderly
(*Paragraphs 41 and 42 of Part 5 of P.A.C. Report No. 73*)

38. The Committee was informed in the Government Minute which was laid before LegCo in May 2020 that:

- on supporting ageing in place of frail elderly persons, the Administration would provide an additional 3 000 service quota under the Integrated Home Care Services (Frail Cases) in total in 2020 and 2021, which represented an increase of around 29% as compared with 10 365 home care places in May 2020. The Administration would also provide 1 000 additional Community Care Service Vouchers in 2020-2021, bringing the total to 8 000, to provide services for more elderly persons in need;
- on residential care services, the Administration had been implementing 51 development projects since 2019-2020 to gradually provide, inter alia, about 7 100 subsidized and non-subsidized residential care places. The Administration would also continue to purchase additional EA1 places (i.e. places with higher standard of staffing and space provision) from eligible residential care homes for the elderly under the Enhanced Bought Place Scheme to provide an additional 5 000 subsidized residential care places in phases from year 2019-2020 onwards; and
- the Administration would implement the above initiatives for the provision of elderly services on an on-going basis.

39. The Committee noted that the Administration had updated the LegCo Panel on Welfare Services at its meeting on 11 January 2021 on measures to enhance community and residential care services for the elderly.

40. The Committee recommends that the issue be continued to be followed up by the LegCo Panel on Welfare Services and wishes to be kept informed of further development on the subject.

Administration of the air traffic control and related services

(Paragraphs 43 to 45 of Part 5 of P.A.C. Report No. 73)

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

42. The Committee was informed that:

- the Ministry of Foreign Affairs of the People's Republic of China announced in October 2020 the imposition of sanctions on three companies from the United States, including Raytheon, which was the supplier of the new Air Traffic Management System; and
- in November 2020, the Administration informed LegCo that the Transport and Housing Bureau and the Civil Aviation Department had been, and would continue to be, in close communication with the supplier of the Air Traffic Management System to ensure that the necessary civil aviation equipment and services were provided in accordance with the contract requirements. The Administration would spare no effort in safeguarding aviation safety and ensuring that the maintenance work for the Air Traffic Management System would not be affected.

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

Regulation of non-franchised bus and school private light bus services

(Paragraphs 53 and 54 of Part 5 of P.A.C. Report No. 73)

44. The Committee was informed that:

Administration of licensing requirements

- TD had merged the Passenger Service Licence Certificates for scheduled services and non-scheduled services of public non-franchised buses since 13 July 2020;
- TD was considering the implementation of the proposal of aligning the validity periods of the Passenger Service Licence Certificates and related Passenger Service Licences, and the related legislative timetable; and

Regulatory controls over unauthorized operations

- TD had completed the review and was conducting the preparatory work to put in place measures, through legislative amendment, to prevent Passenger Service Licence holders from avoiding sanctions by transfer of ownership of vehicles. TD aimed to introduce such amendments into LegCo for scrutiny in 2021.

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

Operation of the Land Registry

(Paragraphs 55 and 56 of Part 5 of P.A.C. Report No. 73)

46. The Committee was informed that:

Provision of services

- the Land Registry and the Home Affairs Department secured funding in June 2020 for the implementation of the computerization of owners' corporation records which was targeted for completion in end 2021;

Implementation of the Land Title Registration System

- due to the Coronavirus Disease 2019 pandemic, the Land Registry had been following up with key stakeholders as well as the Land Titles Ordinance Review Committee and the Land Titles Ordinance Steering Committee on the main issues for implementing the "new land first" proposal, including indemnity arrangements, verification of applications for registration, title certificates and caution mechanism, through circulation of discussion papers in 2020; and
- the Administration planned to consult the Land Titles Ordinance Steering Committee on the proposed major amendments to the Land Titles Ordinance (Cap. 585) after reaching consensus with the stakeholders on the main issues concerning the "new land first" proposal. The Land Registry would then refine the Land Titles (Amendment) Bill according to the comments of the Land Titles

Ordinance Steering Committee and work out a more concrete implementation timetable.

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

Provision of government office accommodation and utilisation of government sites

(Paragraphs 57 and 58 of Part 5 of P.A.C. Report No. 73)

48. The Committee was informed that:

Provision of government-owned office accommodation

- GPA would continue to consider "Government, Institution and Community" sites recommended by the Planning Department in its site search for planning new joint-user general office buildings, with a view to meeting additional office accommodation needs on a long-term basis;
- relevant B/Ds were actively taking forward the implementation of the nine replacement building projects under the Wan Chai Government Offices Compound relocation exercise;
- the construction works of the West Kowloon Government Offices and the move in of user B/Ds to the West Kowloon Government Offices had been completed. Construction works for the Government Information Technology Building, the Inland Revenue Tower, the Treasury Building and the Immigration Headquarters had commenced. The Government Information Technology Building, the Inland Revenue Tower and the Treasury Building were scheduled to be completed in 2022, while the Immigration Headquarters was expected to be completed in 2023. The Tseung Kwan O Joint-user Building (to be named as Tseung Kwan O Government Offices) project obtained funding approval from the LegCo Finance Committee on 14 July 2020. The construction works had commenced in September 2020 and were expected to be completed in the first quarter of 2025;

- the preparation of the remaining three building projects was in progress. In December 2020, the LegCo Finance Committee approved the funding applications of the remaining three building projects (namely the Drainage Services Department Office Building, the Water Supplies Department Headquarters with Hong Kong and Islands Regional Office and the Correctional Services Department Headquarters Building);
- it was the Administration's target to complete the construction of all the replacement building projects under the Wan Chai Government Offices Compound relocation exercise by 2026;

Utilization of government sites

- GPA was keeping site particulars in the Government Property Information System up to date with reference to the relevant information from ArchSD's completed projects under the established mechanism. This updating mechanism was running smoothly and subject to periodic reviews. All system enhancements to the Government Property Information System to perform more automatic cross-checking of various processes to prevent data omissions/discrepancies had been put in place and further system enhancements would be examined when necessary;
- in view of the proposed public housing development at Shek Pai Street in Kwai Chung, TD had requested the Civil Engineering and Development Department to conduct a traffic impact assessment under the feasibility study for the "Site Formation and Infrastructure Works for the Development at Shek Pai Street, Kwai Chung" to review the traffic impact on the adjoining road network and propose traffic improvement measures, if necessary. The concerned traffic impact assessment had been largely completed. TD, together with the Civil Engineering and Development Department, was studying the aforementioned traffic impact assessment and relevant supplementary information to review the need for implementing the Kwai Chung Circumferential Road project; and
- meanwhile, the government land at No. 5-7 Yip Shing Street, Kwai Chung (currently reserved for implementing the Kwai Chung Circumferential Road project) would be let to an NGO by way of direct grant under short-term tenancy for the purpose of transitional housing

for a proposed term of four years and nine months certain and thereafter quarterly.

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

Administration of lump sum grants by the Social Welfare Department
(Paragraphs 59 to 61 of Part 5 of P.A.C. Report No. 73)

50. Hon Abraham SHEK Lai-him, Hon Paul TSE Wai-chun and Hon SHIU Ka-fai declared that they were directors and/or advisers to a number of NGOs which might have received lump sum grants or other subventions from the Social Welfare Department ("SWD"). Hon Steven HO Chun-yin declared that one of his family members worked in SWD.

51. The Committee was informed that:

Financial monitoring

- SWD had on-going discussion with three NGOs (i.e. NGOs I, J and K) on the details of appropriate cost apportionment basis for head office overheads between Funding and Service Agreement ("FSA") services and non-FSA services. These NGOs had provided more concrete and reasonable apportionment plans for SWD's assessment. Discussion on the calculation details was in progress;
- SWD had given advice to another NGO (i.e. NGO G) to facilitate it in working out a clear and consistent cost apportionment basis. The NGO had proposed to SWD a revised cost apportionment plan. SWD held a meeting with the NGO on 19 June 2020 in which the NGO had agreed to submit concrete calculation basis for cost apportionment together with supporting documents on the remaining expenses;

Monitoring of service delivery by SWD

- SWD had collaborated with the Agreement Service Unit J, which was a children and youth centre for people aged from 6 to 24, to rectify the relevant statistics regarding the cross generation project involving

retired men, which in fact was an FSA-related activity. As regards the activities provided by the Service Unit for children under six, SWD would hold a meeting with the Service Unit to map out an agreed cost apportionment method as such activities were not regarded as FSA-related activities; and

Review of lump sum grant subvention system

- as of November 2020, the review of lump sum grant subvention system was still in progress.

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

Centre for Food Safety: Management of food safety

(Paragraphs 62 and 63 of Part 5 of P.A.C. Report No. 73)

53. Hon YUNG Hoi-yan declared that she was a member of the Fish Marketing Advisory Board.

54. The Committee was informed that the Centre of Food Safety was working closely with the contractor on data analysis and preparation of the report on the second population-based food consumption survey, with a view to completing the whole survey by mid-2021.

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

Management of signboards by the Buildings Department

(Paragraphs 64 and 65 of Part 5 of P.A.C. Report No. 73)

56. The Committee was informed that the Buildings Department had engaged a consultant in September 2020 to test the feasibility of applying artificial intelligence in lieu of manual extraction in identifying and extracting relevant information of existing legal or validated signboards from approved plans with a view to expediting the progress.

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

Radio Television Hong Kong: Provision of programmes
(Paragraphs 66 and 67 of Part 5 of P.A.C. Report No. 73)

58. The Committee was informed that:

Production of programmes

- Radio Television Hong Kong ("RTHK") conducted in January 2020 the first focus group study on the commissioning of television ("TV") programmes to collect views from participants, listeners and audiences on how to enhance awareness of the relevant programmes as well as promotion, etc. RTHK had reported the results of the study and the latest information on the commissioning of TV programmes to the RTHK Board of Advisors. RTHK would conduct focus group studies on an annual basis in the future;

Broadcasting of programmes and new media services

- for content licensing, RTHK had stepped up promotional strategies by exploring more diversified markets, such as promotion to airline companies, and participating in more international TV programme showcases to promote RTHK's programmes;

Evaluation of programmes and other administrative issues

- regarding the procurement procedures for the Radio Audience Surveys and TV Appreciation Index Surveys, RTHK had completed the review and removed the mandatory requirements imposed on the service providers and enhanced the marking schemes to ensure that the procurement procedures were in compliance with the Government's procurement regulations (including the pro-innovation government procurement policy);
- RTHK had adopted the revised procurement procedures and marking scheme, and commissioned a survey institution in April 2020 to conduct the reviewed and revised Radio Audience Survey. The survey report was completed in September 2020;

- RTHK had also reviewed and revised the frequency and scope of the "TV Programme Appreciation Index and Audience Survey", and commenced the procurement process in August 2020. The survey commenced in November 2020 and the report would be available in early 2021;
- to ascertain the reasons for low TV ratings, RTHK commissioned a survey organization in November 2019 to conduct the "RTHK TV Channel Penetration Survey" to collect information and data on the penetration/take-up patterns of the digital terrestrial TV channels, viewing habits and preferences of the audience. The survey was still in progress;
- in early 2020, RTHK had made use of a social media analytical tool to collect cross-media data (including webpages and mobile devices) for live webcast and re-run programmes, with a view to obtaining information on the number of viewers of RTHK's programmes in a more comprehensive manner;
- RTHK would further collect detailed figures to better understand the reasons for low TV ratings and formulate improvement measures to increase the popularity of its TV programmes. Targets/benchmarks in terms of both programme quality and awareness level would be set for different categories of RTHK's programmes; and

Evaluation of school education television programmes

- School education television service would be repositioned. The Education Bureau ("EDB") would produce more diverse multi-media resources in support of learning and teaching through engagement of service providers in the market. RTHK could be one of the service providers which EDB would engage on a need basis. In this connection, with effect from 2020-2021, EDB had ceased to provide annual funding to RTHK for the production of a certain number of education TV programmes.

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

Planning, provision and management of public toilets by the Food and Environmental Hygiene Department

(Chapter 1 of Part 9 of P.A.C. Report No. 73)

60. The Committee was informed that:

Planning and provision of public toilets

- based on the headcount data on the number of users of the Food and Environmental Hygiene Department ("FEHD")'s public toilets collected in the exercise from February 2019 to February 2020 by using the infra-red sensor counting technology, FEHD had completed the assessment on the demand for and usage pattern of public toilets. FEHD was reviewing the existing male-to-female compartment ratio;
- FEHD regularly reviewed its guidelines and criteria for the construction and reprovisioning of public toilets with a view to meeting the ever-changing needs of the public. In reviewing the adequacy of public toilets at tourist spots, FEHD continued to communicate with the Tourism Commission to meet the needs of tourists;
- FEHD had refined the procedures for the public consultation and the workflow of implementing public toilet projects with a view to expediting the refurbishment works of public toilets;
- it was announced in the 2019-2020 Budget that the Administration would make an additional allocation of over \$600 million to implement the Enhanced Public Toilet Refurbishment Programme ("PTRP") under which FEHD would roll out the refurbishment or facelifting works³ for about 240 public toilets under its management by phases in five years as from 2019-2020. Among the 42 public toilets included in the first-year of the Enhanced PTRP, 14 facelifting projects were completed while the remaining were in progress. The Administration had included 49 public toilets in the Enhanced PTRP in 2020-2021 and planned to include another 50 public toilets in 2021-2022;
- for the 418 public toilets without accessible unisex toilets mentioned in paragraph 2.49(b) of the Audit Report, ArchSD had conducted the

³ Facelifting works mainly include the replacement of aged facilities and installation of new features, with the prevailing layout and exterior wall remaining unchanged.

feasibility study and found 412 public toilets infeasible to provide such type of toilet due to various reasons including site constraints, local objections and complicated land issues. As for the remaining six public toilets, three public toilets had been included in PTRP or Enhanced PTRP, while the remaining three public toilets were still being planned;

- ArchSD was exploring the use of the innovative "Design for Manufacture and Assembly" method for PTRP projects with off-site fabrication of some toilet components such as pre-fabricated wall panels with urinals, so as to minimize the on-site assembly works and shorten the closure period of the toilets during the implementation of works;

Management of public toilet works projects

- ArchSD had stepped up measures to closely monitor the progress of future public toilet works projects and ensure that adequate resources were provided by term contractors, including reminding ArchSD staff and consultants to pay particular attention to whether sufficient resources were deployed by a contractor;
- FEHD had, in collaboration with ArchSD, taken measures to shorten the time required for the completion of the refurbishment projects upon review on the workflow of the projects in 2016, including earlier application for land allocation, rationalizing the public consultation procedures, expediting design vetting and tightened the monitoring of the performance of consultants and contractors;
- of the 84 public toilets included in PTRP between 2011-2012 and 2018-2019 as mentioned in paragraph 3.9(b) of the Audit Report, the projects for 27 public toilets were completed and those for two public toilets were withdrawn from PTRP;
- ArchSD had stepped up the measures to handle future aqua privy conversion projects and public toilet projects so as to complete the works as scheduled. Experience sharing sessions were held in April and June 2020 to remind ArchSD staff responsible for handling similar projects to implement these measures;

- FEHD had further divided the improvement works of the public toilets into two sub-types of works. The first type was the refurbishment works with change in the prevailing layout under the Enhanced PTRP which required about two to three years to complete, and the other was the simpler facelifting works which required about 1 to 1.5 years to complete. Such arrangement could allow early completion of some simpler projects;
- to avoid delays in public toilet works projects as a result of water main connection works, and to ensure the compliance with the requirements of the Waterworks Ordinance (Cap. 102), ArchSD gathered records of water mains in the vicinity of the sites and carefully reviewed the site constraints affecting the proposed water main connection routing. ArchSD also liaised with the Water Supplies Department and other relevant departments for planning water main connection at early inception stage of the toilet project in case difficulty was envisaged;

Management of public toilets

- FEHD was reviewing the guidelines on the inspection frequency of public toilets, and would provide some form of guidelines for the District Environmental Hygiene Offices to exercise discretion to determine the inspection frequency of public toilet facilities in remote areas;
- since November 2019, the revamped electronic Contract Management System had been fully implemented to ensure the input of correct information on inspection of public toilets by inspection officers. A new function had also been added to the above System to provide the management with summary reports on outsourced services in respect of cleanliness as well as repair and maintenance of minor facilities of public toilets;
- FEHD was exploring the use of information technology ("IT") for keeping inspection records of cleansing services provided by in-house cleansing workmen properly and electronically. The study was tentatively scheduled to be completed in the first quarter of 2021;
- FEHD, ArchSD and the Electrical and Mechanical Services Department had jointly developed a mobile application "minor works order record system" since the second quarter of 2019 to connect the

computerized public toilet repair systems of the three departments for data sharing. FEHD had launched the trial scheme in three districts with ArchSD and the Electrical and Mechanical Services Department since November 2019 and January 2020 respectively. The use of the mobile application was extended to the remaining districts since March 2020;

- in the light of the findings of an analysis conducted by ArchSD in 2020 on the number, trade and distribution of minor repair works at public toilets from 2017 to 2019, FEHD and ArchSD would consider suitable measures to address the issues relating to the repair and maintenance of public toilets;
- ArchSD would require contractors to set up a dedicated team to manage and monitor the repair and maintenance works to public toilets and aqua privies. The first batch of the new maintenance term contracts commenced in April 2020, while the tender documents of the remaining new maintenance term contracts were under preparation and anticipated to be awarded in April 2021;
- FEHD set up in March 2019 dedicated deep cleansing teams for public toilets with very high usage rate, and had extended the deep cleansing services to all street cleansing services contracts to cover all public toilets;
- FEHD was developing a Smart Toilet System prototype to include the revamped visitor feedback system for trial at two public toilets to collect users' views on public toilet services and to evaluate the effectiveness;
- FEHD and ArchSD had provided attendant rooms and related facilities for existing public toilets as far as practicable. FEHD was considering a review on the basis for the provision of toilet attendants to public toilets with high usage rate. ArchSD would provide technical advice to FEHD on the provision of attendant rooms when suitable sites for the construction of public toilet were identified in the future;
- following the completion of the feasibility study on the enhancements to the Complaints Management Information System in analyzing complaints about public toilets, FEHD had finalized the prototype of

the enhanced features for testing in March 2020. As the outcome of the trial run was successful, the enhanced features were rolled out on 19 June 2020;

- FEHD had displayed posters and stickers of "Keep Clean Ambassador Ah Tak" at suitable locations of public toilets, broadcast health messages, made use of the social media as well as other publicity materials to disseminate messages on proper use and care of public toilets and related facilities; and
- FEHD had enhanced the provision of information about public toilets, such as toilet types, toilets closed or underdoing refurbishment, on its website, and had also liaised with the relevant departments to provide appropriate directional signs for public toilets.

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

Provision of consultancy, research and development and training services by the Hong Kong Productivity Council

(Chapter 2 of Part 9 of P.A.C. Report No. 73)

62. Hon SHIU Ka-fai declared that he was engaged in the trading business of construction materials, and unremunerated honorary adviser or honorary member to some NGOs or trade associations.

63. The Committee was informed that:

Provision of consultancy and manufacturing support services

- for the incident where the Hong Kong Productivity Council ("HKPC") had revised the definition of the Key Performance Indicator ("KPI") of "Number of Consultancy Projects Accepted" without informing its Council and the Innovation and Technology Commission ("ITC"), HKPC had made a report on the issue to its Council in January 2020;
- HKPC and ITC had completed the review of the "Memorandum of Administrative Arrangements on the Administration of the Subvention

for the Hong Kong Productivity Council" ("MAA"). The revised MAA stipulated that prior agreement of the Council of HKPC and Commissioner for Innovation and Technology ("CIT") had to be obtained by HKPC for any proposed change of a KPI, including its definition and target. Subsequent to the Council's endorsement of the revised MAA, ITC and HKPC signed the new version in May 2020;

- ITC and HKPC had completed a comprehensive review on HKPC's KPIs, and formulated 19 KPIs to measure and monitor HKPC's performance more effectively. The new KPIs and the corresponding targets had been implemented from 2020-2021 onwards with the approval obtained from the Council of HKPC and CIT;
- to address the failure of some consultancy projects to achieve full-cost recovery, HKPC would adjust the "contingency budget" as appropriate to cater for unforeseen additional costs, such as those arising from technical difficulties, and record justifications for accepting projects that were expected to fall short of full-cost recovery;
- taking into account HKPC's public mission, ITC considered that Government consultancy projects accepted by HKPC could deviate from the principle of full-cost recovery provided that specified conditions were met. HKPC had set out in its Standard Practice the relevant guiding principles for compliance by staff;
- HKPC completed the review on the manufacturing support projects in March 2020 and had not identified any services which had been rendered but not billed;
- the Independent Commission Against Corruption had agreed to provide trainings in 2020-2021 to HKPC staff, covering clauses in the Prevention of Bribery Ordinance (Cap. 201) applicable to public bodies, misconduct in public office, roles of staff in corruption prevention and corruption reporting channels. HKPC had also invited the Independent Commission Against Corruption to conduct a review in early 2021 on HKPC's corporate governance;

Research and development services

- HKPC had formulated new KPIs for patents/licences/royalties and HKPC's commercialization work, removed the KPI of "Number of

on-going research and development projects", and set realistic and challenging targets for KPIs to better reflect and improve HKPC's performance in relevant areas. The new KPIs and the corresponding targets for 2020-2021 had been implemented with the approval obtained from the Council of HKPC and CIT; and

Way forward of HKPC

- HKPC would review and consult the industry its mode of operation, future business direction and subvention mode. The Innovation and Technology Bureau and ITC would also participate in the review and provide views. HKPC had already engaged a consultant to conduct a study on the socio-economic impact of HKPC's services and would collect information such as the market's latest developments as the basis of the review and discussion. HKPC planned to consult its Council the review result in the first quarter of 2021 in order to draw up the long-term development strategy.

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

Governance and administrative issues of the Hong Kong Productivity Council *(Chapter 3 of Part 9 of P.A.C. Report No. 73)*

65. Hon SHIU Ka-fai declared that he was engaged in the trading business of construction materials, and unremunerated honorary adviser or honorary member to some NGOs or trade associations.

66. The Committee was informed that:

Corporate governance and performance reporting

- HKPC and ITC had completed the review of HKPC's service focus in MAA, and the updated service focus had been included in the new MAA signed in May 2020 to better align with the latest strategic plan of HKPC;

- HKPC and ITC had set up a formal mechanism for HKPC to report its performance of KPIs each year. From 2020 onwards, HKPC had submitted to ITC in June every year a formal written report, in which HKPC set out in detail its performance with respect to each KPI in the preceding financial year, and provided explanations and planned follow-up actions in respect of those KPIs not meeting the targets. CIT would review and respond to the report in writing. The above arrangement had been included in the revised MAA;
- CIT had approved HKPC's new KPI framework, which had been implemented from 2020-2021. Under the new KPI framework, the KPIs were no longer categorized into "core" and "non-core" categories;
- HKPC had conducted a comprehensive review on the disclosure of KPIs in its Annual Report by making reference to the relevant practice of other similar public bodies. In addition to the performance of the original nine KPIs, HKPC disclosed an additional KPI on "Training participants satisfaction index" and provided the targets of the above ten KPIs in its 2019-2020 Annual Report, which was released in September 2020;

Human resources management

- to improve staff turnover and to address the significant staff shortfall in some staff grades, HKPC had expanded recruitment channels, offered market-competitive remuneration packages and enhanced staff communication with senior management. HKPC had also invited the Independent Commission Against Corruption to conduct a review on HKPC's recruitment procedures tentatively in early 2021; and

Procurement and other administrative issues

- HKPC had strengthened the management of procurement and other administrative issues by increasing the number and types of fixed asset items selected for quarterly surprise stocktaking since October 2019, providing reports on inactive suppliers by the computer system from March 2020, stepping up the promotion of its testing laboratory services to boost equipment utilization, updating the Standard Practice on claiming entertainment expenses to require staff to provide full justifications and seek approval from the designated authorities if the number of staff exceeded the number of guests, and reminding staff to

obtain prior approval for official travels outside Hong Kong before departure.

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

Control of wild and stray animal nuisances
(Chapter 4 of Part 9 of P.A.C. Report No. 73)

68. The Committee was informed that:

Control of wild animal nuisances

- AFCD had reviewed and updated the operation manual for complaints about wild animal nuisances and briefed staff on the amendments and updates;
- AFCD had reminded staff to document the reasons for not conducting on-site visits upon receiving complaints about wild animal nuisances and to record sufficient information in the register of wild animal nuisances. AFCD staff had also been reminded to respond to complaints in a timely manner. Supervisors would regularly check the register to ensure proper handling of cases;
- since 1 June 2020, AFCD had launched a new sterilization programme for monkeys captured outside the scheduled trapping programme of the original contraception period between September and March. The first sterilization operation was conducted in July 2020 for five nuisance monkeys captured from Tsz Wan Shan in June 2020;
- AFCD was planning to conduct population viability analyses to devise suitable performance indicators for the contraceptive programme for better assessment of the contractor's performance;
- cage traps had been deployed in monkey nuisance blackspots. The strategy was proven effective in minimizing the nuisance of monkeys. Since the extension of the scope of the contraceptive programme in 2018, a total of 105 monkeys had been captured from the nuisance blackspots near the urban fringe;

- AFCD had laid down the criteria for selecting sites for the operations under the Capture and Contraception/Relocation Programme for wild pigs in the Operation Manual to ensure that the operations would be arranged for all blackspots as far as practicable. AFCD would increase the frequency of the Programme with a view to collecting adequate samples for evaluating the effectiveness of immuno-contraceptive vaccine on wild pigs;
- AFCD had completed a pilot study on surveying the wild pig populations, and would extend the field surveys to cover additional sites and seasons for better estimation of wild pig populations in Hong Kong;
- AFCD established an advisory group comprising experts from various fields in October 2019 to advise on the management of wild pigs, and would take the experts' views into account in assessing the feasibility of extending the feeding ban areas;

Control of stray animal nuisances

- AFCD had reminded staff to input necessary data (including the dates of replies issued) into the complaint recording system for stray animal nuisances at all times and comply with the guidelines on handling of stray animals;
- AFCD had introduced regular visit arrangement to rehoming partners. As at August 2020, 7 out of 11 rehoming partners with rehoming facilities had been visited. AFCD had also reminded rehoming partners to submit their rehoming and sterilization records periodically. AFCD would continue to visit "Trap-Neuter-Return" sites periodically and review the monthly reports submitted by the programme coordinators;
- AFCD had implemented the stray cattle management plan supported by the Animal Welfare Advisory Group Management of Animal Population Subgroup, which consisted of representatives of the relevant animal welfare organizations and veterinarians. AFCD had also engaged a consultant to continue to periodically review the measures to control the movement of cattle;

- the territory-wide pigeon population survey was completed in May 2020. Information collected in the survey such as feeding activities could facilitate the follow-up actions to be taken by the relevant departments to mitigate feral pigeon nuisances;

Publicity, prosecution and other administrative issues

- AFCD produced new leaflets and posters on "Be Neighbour with Wild Birds" in January 2020. AFCD had also shared the lists of pigeon congregation spots as well as monkey and wild pig feeding blackspots with FEHD and the Leisure and Cultural Services Department to facilitate their monitoring and prosecution of environmental hygiene offences arising from feeding activities;
- AFCD had reminded staff to take timely actions to instigate prosecution of offences relating to wild animals and to record the reasons for any prolonged actions in taking forward prosecution cases for supervisory review. AFCD launched in May 2019 a new enforcement case record system under the Wild Animals Protection Ordinance (Cap. 170) to facilitate record keeping and progress monitoring; and
- AFCD had completed the pilot scheme for enhancing African Swine Fever surveillance on wild pigs. Routine African Swine Fever surveillance on wild pigs was currently in place, covering the entire New Territories (except islands), Kowloon and cases with a large number of deaths.

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

Special education

(Chapter 5 of Part 9 of P.A.C. Report No. 73)

70. The Committee was informed that:

Provision and management of school places and boarding places

- EDB had explored with schools for social development ("SSDs") the feasibility of their conversion to schools for children with intellectual disability ("ID"). In view of the significant differences between the two types of schools in various aspects, such as school operation, curriculum, expertise of teachers, service targets and facilities, the sector considered such conversion scarcely feasible;
- EDB had since the 2019-2020 school year launched a two-year pilot scheme under which special units in SSDs provided support to ordinary school students with autism spectrum disorders who displayed very severe adjustment problems. EDB would evaluate the effectiveness of the pilot scheme and collect the views of major stakeholders in considering the appropriateness of expanding the scale of the above service in the 2021-2022 school year;
- EDB considered that instead of the student enrolment at different cut-off dates within a school year, the total number of students served by SSDs within different periods of a school year should be used to reflect more fully and accurately the utilization rate of SSDs;
- EDB had reviewed the statistics on the time required for SSD students to complete short-term and non-short-term adjustment programmes in the last three school years for discussion with SSDs on whether it was necessary to adjust the current deadlines for discharge of students and alter the calculation method for cases of prolonged stay in SSDs;
- in view of the keen demand for seven-day boarding places, EDB had been communicating with the schools for children with ID that had a boarding section, in particular those offering solely five-day boarding service, to identify plausible ways to increase the provision of boarding places. EDB would discuss further with the sector the feasibility of temporarily accommodating students with severe ID who were awaiting seven-day boarding service with vacant five-day boarding places upon parental consent;

- all special schools had been well informed of the requirement for their boarding section to review the boarding needs and status of their boarders. EDB would issue guidelines to enable special schools to adopt consistent practices in reviewing the boarding needs of their boarders;
- with the measures taken to make good use of the vacant boarding places, the utilization of boarding places for girls increased from 43% in the 2018-2019 school year to 61% in the fourth quarter of 2019. The corresponding figure on the overall boarding places for boys and girls increased from 68% in the 2018-2019 school year to 75% in the fourth quarter of 2019;

Staffing arrangements and grants provided for special schools

- starting from the 2020-2021 school year, EDB further enhanced the staff establishment and resources of the boarding sections in aided special schools. The additional annual expenditure incurred was about \$66.8 million. Measures included:
 - (a) upgrading the ranks of warden and assistant warden on the establishment of boarding sections with a capacity of 40 or above, and increasing the number of assistant warden and houseparent-in-charge on the establishment correspondingly to provide more appropriate life skills training and counselling for boarders through the enhanced collaboration between the management teams of boarding sections and school sections in special schools;
 - (b) further improving Saturday and Sunday manning ratios for boarding sections so that special schools offering seven-day boarding service would have extra manpower to take care of their boarders; and
 - (c) providing an additional grant for the boarding sections of schools for children with physical disability, moderate ID, severe ID and visual impairment cum ID to employ personal care workers or hire related services, so that the workload of houseparents and programme workers could be relieved and more focused efforts could be dedicated to the provision of training and counselling for boarders;

Other support for special education

- EDB would commission teacher education universities to organize the Leadership Development Programme for Middle Leaders of Special Schools for vice principals or senior teachers of special schools to enhance their leadership capacity for effective management. EDB would also regularly require special schools to arrange teachers to attend structured training courses, so that they could meet the pre-set training targets by the 2022-2023 school year;
- EDB had collected the views of special schools to identify more suitable themes for future sharing sessions under Cross-Sector Communication and learning circle activities;⁴ and
- SWD would further increase the number of day training and vocational rehabilitation places for persons with disabilities (including special school leavers) to meet the post-school service needs.

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

Judiciary Administration's work in implementing projects under Information Technology Strategy Plan

(Chapter 6 of Part 9 of P.A.C. Report No. 73)

72. The Committee was informed that:

Progress in project implementation and problems encountered

- the Judiciary Administration ("JA") had consolidated and refined the governance structure for the implementation of Information Technology Strategy Plan ("ITSP") projects in order to meet the challenges ahead and to better monitor the implementation of ITSP. Where possible and subject to the general public health situation, JA

⁴ Under the Tripartite Model of Support, sharing sessions under Cross-Sector Communication and learning circles are given specific themes to deepen special schools' understanding of the development and trends of special education, or to help these schools further develop their learning and teaching strategies.

had been expediting actions to complete the outstanding projects as early as practicable;

- with a view to strengthening IT support required for the implementation of ITSP and the effective and efficient operation of the new IT systems introduced by the Judiciary, JA had been exploring various options under the established mechanism for resource acquisition as appropriate to supplement the required resources and expertise;
- actions taken included creating new permanent posts and converting time limited posts into permanent ones to provide continuous and long-term professional IT support at various levels for implementation of the IT projects under planning or development, and creating short-term posts to cope with the increased demands for the conduct of remote hearings triggered by the general public health situation;
- JA promulgated in April 2020 the guidelines advising end users to make clearer, detailed and comprehensive user requirements during the preparation of user requirements document. End users were required to provide full justifications and seek senior management's endorsement if they raised key requirement changes during user acceptance tests;
- JA had been keeping proper and complete meeting records as far as practicable, and also organized briefings in January 2020 for about 40 prosecuting departments and agencies on the design and usage of web portal;

Project governance

- JA had taken steps to streamline the governance structure for the implementation of the integrated court case management system, and to refine that for the introduction of the Judiciary's Electronic Information Management System under ITSP. JA would also take forward the remaining parts of the ITSP project and improve the e-services of the Judiciary as appropriate;
- the ITSP Steering Committee held meetings in November 2019 and January 2020 to discuss strategic issues, including the initial timeline of the key milestones of the overall implementation of ITSP Stage 2;

- JA had arranged circulation of papers as necessary and appropriate to seek views from members of the ITSP Steering Committee on other issues relating to the implementation of ITSP. JA had also documented more explicitly the ITSP Steering Committee's approval of revisions of the target completion dates of project activities;

Other related issues

- JA had placed the Daily Cause Lists and the e-hearing date enquiry services under the same header on the Judiciary's website since January 2020;
- JA drew up in March 2020 the necessary requirements to enhance the online Legal Reference System by making reference to similar websites in Hong Kong and other jurisdictions;
- JA refined the internal guidelines in January 2020 to remind staff to ensure the accuracy and consistency of the information uploaded onto the Judiciary's website. A regular exercise to review the contents of the Judiciary's website started in January 2020;
- JA was reviewing together with the relevant Judges and Judicial Officers the use of online evaluation questionnaires on voluntary mediation. JA would implement the proposed changes put forth in the review;
- the enhancements to the e-services (e.g. evaluation questionnaires for voluntary mediation, appointment service of the Probate Registry and apostille verification service) by adopting a "mobile-friendly design" to facilitate public access through mobile devices had been completed;
- arrangements for upgrading the facilities of audio-visual presentation systems in the District Court by phases were in progress. The first phase of the upgrade exercise at five courtrooms was completed in April 2020. Planning of the second phase at another five courtrooms was in progress. The whole upgrade exercise was targeted to be completed in 2021;
- JA had redesigned the mechanism to record the usage of the e-presentation systems. A function collecting the utilization records of the e-presentation systems had been built in the court case

management systems used by the High Court and implemented since June 2020. Similar system functions had also been developed and been in use by other court levels since October 2020;

- JA had finalized the plan to accumulate necessary experience in the wider use of electronic bundles in portable document format ("EBPDF") in hearings. While EBPDF would continue to be used at the High Court, the Judges and Judicial Officers would consider if more suitable hearings at the District Court could also make use of EBPDF. JA would collect feedback from all the parties concerned, including case parties, after the hearings; and
- JA planned to consult the relevant external stakeholders (including the legal professional bodies) after accumulating about one year's experience of conducting more hearings using EBPDF.

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

Child Development Fund

(Chapter 9 of Part 9 of P.A.C. Report No. 73)

74. Hon SHIU Ka-fai declared that he was unremunerated honorary adviser or honorary member to some NGOs or trade associations.

75. The Committee was informed that:

Planning the launch of projects and commissioning project operators

- the Labour and Welfare Bureau ("LWB") and SWD would sustain their efforts in attaining the annual average target of rolling out 20 new projects under the Child Development Fund ("CDF") for 2 000 to 2 300 new participants. The rolling out of the eighth batch of CDF projects run by NGOs and the seventh batch of school-based projects in September and December 2020 respectively was expected to benefit more than 3 200 new participants;

- in consultation with the Vetting Committee, SWD had set a passing mark for the quality assessment starting from the seventh batch of school-based projects. Starting from the next round of proposal invitation for NGO-run projects in 2021, SWD would take into account the statistics provided by the Census and Statistics Department relating to children aged 10 to 16 with low income background (i.e. the number of families with monthly household income of less than 75% of relevant Median Monthly Domestic Household Incomes) in setting the district quota for inviting proposals on NGO-run projects;

Implementation of projects

- to facilitate identification of and timely follow-up on any irregularities or non-compliant cases during project delivery, SWD had increased the frequency of site inspections from at least one time to at least two times during the three-year project period;
- SWD had issued guidelines, which set out the general principles on the effective use of training provisions, to the existing project operators on 12 February 2020;
- SWD had issued on 31 December 2019 a "Guidebook on Good Practice for Implementing the Child Development Fund projects", which included the monitoring of the use of targeted savings, to existing project operators;
- SWD had refined three existing guidelines, namely "Guidelines on the Handling of Unspent Targeted Savings", "General Guides on Drawing Up Personal Development Plan and Use of Targeted Savings in relation to the Personal Development Plan" and "General Guides on Monitoring the Targeted Savings" to clearly set out operators' responsibilities in relation to the spending of targeted savings beyond the project period. The revised guidelines were issued to the existing operators on 12 February 2020;
- SWD had introduced a monitoring mechanism to keep track of the status of the overdue audited financial reports. SWD would impose more stringent follow-up measures on those operators with persistent delays in submitting audited financial reports (e.g. deducting those operators' scores when vetting their future applications for CDF projects);

- SWD had tightened the monitoring of the submission of audited financial reports to ensure timely clawing back of surplus funds from project operators. To further expedite and streamline the clawing back of surplus funds, SWD would forward the audited financial reports to its Finance Branch for review once ready instead of by batch;
- for project operators with persistent under-performance in service, SWD would proactively initiate contacts and/or conduct visits to look into the situation, and ask the operators to take adequate remedial actions as and when necessary;

Governance and other administrative matters

- LWB completed in April 2020 the review on the system for making declarations of interests for the Steering Committee on CDF in accordance with the memorandum issued by Secretary for Home Affairs in 2005. LWB had also put in place a mechanism to regularly remind the Secretary of the Steering Committee to ensure that members' declarations made at meetings should be duly recorded in the relevant minutes of meetings;
- it had been the established practice for LWB and SWD to organize collaboration meetings regularly to provide opportunities for schools and NGOs interested in running CDF projects to explore any future collaboration. In consultation with EDB, LWB and SWD would make use collaboration meetings to step up the promotion of CDF among NGOs and schools; and
- LWB and SWD had implemented in 2020 the following recommendations made by the consultant upon completion of "Further Study on the Long Term Development of the Child Development Fund Project Participants":
 - (a) encouraging project operators to formulate tailor-made programmes for younger and elder participants, and promote the interactions among CDF project participants in different batches; and
 - (b) organizing some mentorship workshops for project operators to share their good practices in organizing mentorship programmes.

P.A.C. Report No. 75 – Part 5

Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2019 and the Results of Value for Money Audits (Report No. 73) [P.A.C. Report No. 73]

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

Consideration of the Director of Audit's Report tabled in the Legislative Council on 25 November 2020 As in previous years, the Committee does not consider it necessary to investigate in detail every observation contained in the Director of Audit's Report. In view of the local situation of the Coronavirus Disease 2019 epidemic, the Committee has decided to defer the full report on those subjects which require further consideration by the Committee in order to allow itself more time to study the issues raised under these subjects. As such, the bulk of this Report focuses on the Committee's observations relating to seven chapters (i.e. Chapters 3, and 5 to 10) in the Director of Audit's Report No. 75.

2. **Meetings** The Committee held a total of three meetings in respect of the issues covered in this Report.

3. **Arrangement of the Report** The Committee's observations relating to the issues raised in the Director of Audit's Report No. 75 are set out in Chapters 1 to 7 in Part 8 of this Report.

4. **Acknowledgements** The Committee wishes to record its appreciation of the cooperative approach adopted by all the persons who were invited to provide information. In addition, the Committee is grateful for the assistance and constructive advice given by the Secretary for Financial Services and the Treasury, the Legal Adviser and the Clerk. The Committee also wishes to thank the Director of Audit for the objective and professional manner in which he completed his Reports, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.

*Observations of the Public Accounts Committee on the Report of the Director of Audit on the
Accounts of the Government of the Hong Kong Special Administrative Region
for the year ended 31 March 2020*

The Committee noted the Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2020.

Acquisition and management of collection items in public museums

The Audit Commission ("Audit") conducted a review of the acquisition and management of collection items in public museums managed by the Leisure and Cultural Services Department ("LCSD"). A related review was conducted in March 2006.¹

2. LCSD manages 14 museums and a film archive, which have been designated under section 105G of the Public Health and Municipal Services Ordinance (Cap. 132) as museums ("LCSD museums"). Since the last Audit Review in 2006, the number of collection items in LCSD museums has increased by 540 159 (51%), from 1 055 456 items in December 2007 to 1 595 615 items in December 2019. LCSD museums acquire art, cultural and scientific items mainly through donations or purchases. From 2015-2016 to 2019-2020, LCSD acquired 143 557 collection items, of which 140 279 (97.7%) and 3 278 (2.3%) were acquired by donations and purchases respectively. In 2019-2020, the expenditure incurred by LCSD in provision of museum services amounted to \$480.7 million.

3. The Committee noted the following findings from the Director of Audit's Report:

- Audit examination of the appointment of 180 and 174 Museum Expert Advisers ("MEAs")² in 27 panels respectively for the 2018-2019 to 2019-2020 term and the 2020-2021 to 2021-2022 term discovered that:
 - (a) LCSD had not devised guidelines nor timetable for the appointment of MEAs. Invitation letters to MEAs for appointment were only issued in late March of 2018 and 2020 respectively (i.e. a few days before term commencement date of 1 April);
 - (b) MEAs confirmed acceptance of appointment between 4 April and 24 August 2018 for the 2018-2019 to 2019-2020 term, and between 27 March and 9 May 2020 for the 2020-2021 to 2021-2022 term; and

¹ Chapter 5 of the Director of Audit's Report No. 46 – "Provision of public museum services".

² LCSD appoints MEAs from different areas of expertise to provide expert advice to LCSD museums for a two-year term commencing on 1 April. MEAs are grouped in panels of specific knowledge.

- (c) three MEAs provided advice to the Hong Kong Museum of History in April 2018 on an acquisition proposal for items with the total estimated value of \$100,000 before accepting the MEA appointments for the 2018-2019 to 2019-2020 term in April, May and June 2018 respectively;
- a review on the appointment/re-appointment of MEAs conducted by LCSD in February 2014 suggested that the desirable size of each MEA panel should be at least five MEAs. However, Audit examination of the lists of MEAs for the 2018-2019 to 2019-2020 term and the 2020-2021 to 2021-2022 term revealed that among the 27 MEA panels of each term, there were five and six panels each comprising only three to four MEAs respectively;
 - in one case involving two donated items to the Hong Kong Museum of History, while endorsement was obtained for acceptance of the donation in January 2015, it was not until 2020 (after more than five years) that a suitable location could be identified for storing and carrying out fumigation work for the two donated items. However, the donor subsequently decided to donate one of the items only;
 - Audit examination of the accession³ of collection items in the Hong Kong Museum of History, the Hong Kong Heritage Museum and the Hong Kong Film Archive revealed that:
 - (a) as at 31 December 2019, there were 13 346 items pending accession in the Hong Kong Museum of History and 3 622 (27%) of which were acquired at least five years ago;
 - (b) of some 10 000 collection items with untraceable source acquired in the 1980s in the Hong Kong Museum of History, as at 31 December 2019, the accession of 1 851 items had not yet been completed. Of these 1 851 items, 1 714 items were under the registration process and the accession of 137 items had not yet been commenced;
 - (c) as at 31 December 2019, there were 414 items pending final checking and recording in the Hong Kong Museum of History. Although the accession of these 414 items was not completed, they had been presented in an exhibition since 2001; and

³ Accession is the process of registering and cataloguing museum collection items.

Acquisition and management of collection items in public museums

- (d) as at 30 April 2020, 24 314 and 693 819 items were pending accession in the Hong Kong Heritage Museum and the Hong Kong Film Archive respectively. Of the 24 314 items pending accession in the Hong Kong Heritage Museum, 1 104 (5%) items were acquired at least 10 years ago, and of the 693 819 items pending accession in the Hong Kong Film Archive, 456 666 (66%) items were acquired at least 10 years ago;
- Audit examination of the regular stocktaking and surprise checking records in the Hong Kong Museum of History and the Hong Kong Film Archive discovered that:
- (a) the last 10-year stocktaking cycle⁴ for 112 429 collection items in the Hong Kong Museum of History commenced in April 2011 and was scheduled for completion in March 2021. However, as at 30 April 2020, only 28 395 (25%) of these items had the regular stocktaking process completed;
- (b) for the collection items in the Hong Kong Film Archive,⁵ while the last stocktaking cycle for film items completed in November 2013,⁶ it took 45 months (from December 2013 to September 2017) to rectify all irregularities and find all missing items. Since then, no stocktaking had been conducted until a new stocktaking cycle commenced in July 2020 (i.e. no stocktaking had been conducted in the 34-month period between September 2017 and June 2020);⁷
- (c) only 25 120 (5.5%) of the 455 801 film-related items had stocktaking completed as at 31 December 2019, more than 11 years since the cycle commenced in April 2008. During the 11-year period, stocktaking had also been suspended on

⁴ According to the operation manual of the Hong Kong Museum of History, for collection items with accession completed (other than those presented in permanent exhibitions, of special heritage value or stored in special storerooms), regular stocktaking will be conducted in a 10-year cycle (i.e. each item will undergo the stocktaking process once in 10 years).

⁵ Collection items in the Hong Kong Film Archive are categorized into film items, film-related items and film-related reference items.

⁶ The stocktaking cycle for film items was 11 years. The last stocktaking cycle commenced in 2011 and was scheduled for completion in 2022. Since 2019, the stocktaking cycle for film items has been revised from 11 to 2.5 years.

⁷ According to LCSD, the work plan for the new stocktaking cycle was affected by the outbreak of Coronavirus Disease 2019.

Acquisition and management of collection items in public museums

two occasions (for 25 months in total) due to relocation of collection items and staff redeployment respectively;

- (d) no stocktaking requirement was set out for film-related reference items in the operation manual of the Hong Kong Film Archive. As at 31 December 2019, among the 1 305 368 collection items in the Hong Kong Film Archive, 149 551 (11%) were film-related reference items. The Hong Kong Film Archive had also counted items handled during daily operation as samples that had already been subjected to surprise checking; and
 - (e) the Hong Kong Film Archive conducted regular stocktaking in 2.5-year cycle and 18-year cycle for film items and film-related items respectively. The practice of conducting more frequent regular stocktaking on collection items with higher monetary or historical value was not adopted;
- Audit examination of the storage of collection items in the Hong Kong Museum of History and the Hong Kong Film Archive revealed that:
- (a) as of September 2020, two of the four off-site stores (not purpose-built for storage of museum collection items) maintained by the Hong Kong Museum of History were not provided with 24-hour temperature and humidity control. The temperature and relative humidity of the two storerooms in the period between 1 January and 26 August 2020 ranged from 16 to 34 degrees Celsius, and 45% to 90% respectively. LCSD had not laid down guidelines on the storage of museum collection items in non-purpose-built stores;
 - (b) since 2017, LCSD had been looking for suitable storage space to relocate the collection items stored in an aged building with undesirable conditions by the Hong Kong Museum of History. While LCSD had subsequently identified a suitable space for relocating part of the collection items stored in the above building in the first quarter of 2021, the remaining collection items were still pending for storage in a proper place; and
 - (c) LCSD had spent some 15 years (from 2005 to 2020) developing the Heritage Conservation and Resource Centre to alleviate the shortage of museum storage space, but the project was still in its pre-construction stage;

Acquisition and management of collection items in public museums

- while permanent exhibitions were often designed to last for 10 to 15 years for science-related museums (i.e. the Hong Kong Science Museum and the Hong Kong Space Museum) and 15 to 20 years for other museums, 10 (59%) of the 17 permanent exhibitions in the above two science-related museums had been operating for more than 15 to 29 years, and 7 (22%) of the 32 permanent exhibitions in 2 of the 13 other museums had been operating for more than 20 to 33 years;
- the number of museum collection items reported in the Controlling Officer's Report included collection items pending accession in the Hong Kong Heritage Museum and its two branch museums,⁸ and the Hong Kong Film Archive, whereas only the number of collection items with accession completed were reported for the remaining 11 museums of LCSD; and
- as at 31 December 2019, 431 304 (27%) of the 1 595 615 collection items were accessible on the museum websites. The Hong Kong Heritage Museum, the Hong Kong Museum of History and the Hong Kong Film Archive had only 5%, 14% and 30% respectively of their collection items accessible on the museum websites.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the procedures and criteria for acquisition of collection items in public museums, identification of suitable space for storing donated items, the latest position of accession of collection items in public museums, measures to expedite the accession and stocktaking of museum collection items, the progress of LCSD's review on the practices in conducting regular stocktaking and surprise checking by public museums, measures to ensure proper storage of collection items, the implementation of the construction project of the Heritage Conservation and Resource Centre, and enhancements to permanent exhibitions in public museums. The replies from **Director of Leisure and Cultural Services** are in *Appendices 5* and *6*. The Committee noted that:

- as at 1 December 2020, the number of collection items pending accession in the Hong Kong Museum of History, the Hong Kong Heritage Museum and the Hong Kong Film Archive were 12 796, 21 946 and 693 458 respectively;

⁸ The two branch museums of the Hong Kong Heritage Museum are the Hong Kong Railway Museum and the Sheung Yiu Folk Museum.

- the above three museums had planned to further review and streamline the accessioning process, such as upgrading the collection management system to expedite the approval process and simplifying information required for accession. With the implementation of these measures, it was anticipated that the time required for completing accession could be reduced by one-third; and
- the expected time required to complete the accession of the remaining collection items was about three years by the Hong Kong Museum of History and the Hong Kong Heritage Museum, and about seven to eight years by the Hong Kong Film Archive.

5. The Committee is particularly concerned that the Hong Kong Film Archive requires around seven to eight more years to complete the accession of all its existing collection items, and considers that it should take further measures, such as recruiting professionals from the local film industry, which is facing acute challenges and a high unemployment rate as a result of the Coronavirus Disease 2019 epidemic, to expedite the accession process.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations in respect of this subject.

Energy efficiency and conservation in government buildings

The Audit Commission ("Audit") conducted a review to examine the work of the Environment Bureau ("ENB"), the Electrical and Mechanical Services Department ("EMSD") and the Architectural Services Department ("ArchSD") for energy efficiency and conservation in government buildings. A related review was conducted in October 2008.¹

2. The Government has set four rounds of electricity saving targets for government buildings for the period from 2003-2004 to 2019-2020 and achieved them through measures including conducting energy audits for 344 government buildings and implementing energy saving projects with funding of some \$900 million. The Government has further set a new green energy target (covering new areas including government infrastructures and other forms of energy) for the five-year period from 2020-2021 to 2024-2025.

3. ENB is responsible for energy efficiency and conservation policy, including setting the Government's energy saving targets, formulating strategies for achieving the targets and monitoring the implementation progress. EMSD is mainly responsible for monitoring the progress in achieving the energy saving targets, coordinating and overseeing the conduct of energy audits² and retro-commissioning ("RCx")³ for selected government buildings, and administering the funding applications of energy saving projects in government buildings under a block vote of the General Revenue Account ("EMSD Block Vote"). ArchSD is mainly responsible for administering a block vote for minor building works of the Capital Works Reserve Fund ("ArchSD Block Vote"), implementing energy saving projects in government buildings which involve building works and monitoring the implementation progress of such projects.

4. The Committee noted the following findings from the Director of Audit's Report:

¹ Chapter 5 of Director of Audit's Report No. 51 – "Government electricity consumption".

² Energy audit is a systematic review of the energy consuming equipment/systems in a building to identify energy management opportunities. A total of 251 government buildings were shortlisted for conducting energy audits between 2020-2021 and 2022-2023 to identify energy management opportunities for achieving the green energy target.

³ RCx is a systematic and cost-effective process to periodically check an existing building's energy and other performances to identify energy saving opportunities. In 2018, EMSD identified 280 government buildings and invited the pertinent bureaux/departments ("B/Ds") to conduct RCx for the government buildings under their management through a seven-year RCx programme from 2019-2020 to 2025-2026.

Achievement of energy saving targets

- long time was taken by EMSD to compile (including collecting returns from bureaux/departments ("B/Ds")) and submit annual reports on achievement of electricity saving target to ENB for each year from 2015-2016 to 2018-2019, ranging from 11 to 13 months after the respective financial year end. EMSD had not made use of any information technology system with programming functions for importing and collating data from B/Ds for generation of management reports;
- Audit examined the 2018-2019 normalization calculations of 15 government venues checked by EMSD and with comments on the calculations provided to the B/Ds concerned. Audit noted that, for 4 out of the 15 government venues, there might be scope for EMSD to seek further clarifications on the effect of activity changes on normalization calculations from the B/Ds concerned;
- there were no detailed guidelines on the procedures for checking normalization calculations submitted by B/Ds. In addition, regular management information for checking results of normalization calculations had not been compiled by EMSD;
- there was a need for ENB and EMSD to keep under review the implementation of measures to achieve the new green energy target⁴ and provide necessary assistance to help B/Ds achieve the target;
- the progress of 9 of the 39 renewable energy projects⁵ (at planning or construction stages) was about three to five months later than their original completion dates. As of June 2020, ArchSD was conducting feasibility study for 14 project proposals, which had been submitted by B/Ds to ArchSD before August 2018;

⁴ The 2019 Policy Address announced a green energy target of 6% improvement in energy performance for the five-year period from 2020-2021 to 2024-2025 under comparable operating conditions in 2018-2019 as the baseline.

⁵ From 2017-2018 to 2019-2020, a total of \$2 billion had been earmarked for installation of small-scale renewable energy systems at existing government buildings and infrastructures. As of June 2020, 67 projects had been approved for implementation, of which 28 projects had been completed and 39 projects were at planning or construction stages.

Energy efficiency and conservation in government buildings

Management of energy audits and RCx for government buildings

- five government buildings fulfilling the selection criterion for conducting energy audits (for identifying energy management opportunities) between 2020-2021 and 2022-2023 were not shortlisted;
- B/Ds were responsible for identifying and prioritizing the recommendations for energy management opportunities in the energy audit reports for implementation as far as practicable. However, there was no requirement for B/Ds to provide information to EMSD on the implementation progress;
- among the 230 government buildings included in EMSD's programme for conducting RCx (for identifying energy saving opportunities) from 2019-2020 to 2025-2026, as of September 2020, RCx study for only 44 (19%) buildings had commenced and a tentative timetable for the remaining 186 (81%) buildings had been prepared. EMSD needed to keep under review the RCx implementation timetable for government buildings included in the RCx programme and confirm the implementation schedule with the B/Ds concerned as early as possible;
- there were 50 government buildings where the pertinent B/Ds had not yet decided whether they would be included in the RCx programme;

Management of energy saving projects and other management issues

- funding of about \$700 million had been earmarked under EMSD Block Vote for the gradual implementation of energy saving projects in government buildings from 2017-2018 to 2021-2022. Regarding the 267 energy saving projects funded under EMSD Block Vote, as of March 2020:
 - (a) 174 (65%) projects had been completed and 93 (35%) projects were in progress. For the 174 completed projects, performance measurements for 38 (22%) projects were still in progress. For the 93 projects in progress, 18 (19%) projects were behind schedule; and
 - (b) 121 (45%) projects had changes in approved project estimate ("APE"), with 47 projects having an increase in APE (averaging 48%) and 74 projects having a decrease in APE (averaging 41%);

Energy efficiency and conservation in government buildings

- funding of about \$200 million had also been earmarked under ArchSD Block Vote for the gradual implementation of energy saving projects in government buildings from 2017-2018 to 2021-2022. Regarding the 204 energy saving projects funded under ArchSD Block Vote, as of March 2020:
 - (a) 58 (28%) projects had not incurred any expenditure in the year of approval. Out of these 58 projects, 17 (29%) projects had not incurred any expenditure in the subsequent year after the year of approval; and
 - (b) based on the checking of 13 completed projects, the total actual expenditure of four projects (with a total APE of \$14.9 million) was \$8.1 million (54%) less than the total APE. As of March 2020, these projects were still at account finalization stage and the funding of \$8.1 million was still being tied up; and
- from January 2015 to July 2020, ArchSD had completed 34 government building projects for which the green building certification requirement⁶ was applicable. As of July 2020, 15 (44%) out of the 34 projects had not yet obtained final green building certification.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the achievement of energy saving targets, management of energy audits and RCx for government buildings, and management of energy saving projects. The consolidated replies from **Secretary for Environment, Director of Electrical and Mechanical Services** and **Director of Architectural Services** are in *Appendix 7*.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

⁶ The Building Environmental Assessment Method Plus is a comprehensive assessment tool to certify green buildings in Hong Kong. All new government buildings of construction floor area above 5 000 square metres with central air conditioning or above 10 000 square metres should aim to obtain the second highest grade or above under this assessment mechanism.

Funding schemes for conservation of built heritage managed by the Development Bureau

The Audit Commission ("Audit") conducted a review of the funding schemes for conservation of built heritage managed by the Development Bureau ("DEVB"), including the Revitalising Historic Buildings Through Partnership Scheme ("the Revitalisation Scheme"),¹ the Financial Assistance for Maintenance Scheme on Built Heritage ("FAS")² and two pilot funding schemes, namely the Funding Scheme for Public Engagement Projects on Built Heritage Conservation ("FSPEP")³ and the Funding Scheme for Thematic Research on Built Heritage Conservation ("FSTR").⁴ A related review was conducted in March 2013.⁵

2. In 2007, DEVB had taken forward a package of administrative measures to implement a new heritage conservation policy to protect, conserve and revitalize historical and heritage sites and buildings. These measures included setting up the Commissioner for Heritage's Office under DEVB in April 2008, launching the Revitalisation Scheme and FAS in 2008, and launching FSPEP and FSTR in 2017. DEVB is responsible for the management of these four funding schemes.

3. As of July 2020, a total of 19 projects had been selected under the Revitalisation Scheme, with grant payments amounting to \$1,057 million. In addition, 79 applications under FAS, three applications under FSPEP and six applications under FSTR had been approved, with grant payments amounting to \$63 million, \$2 million and \$6 million respectively.

4. The Advisory Committee on Built Heritage Conservation ("ACBHC") was established in 2016 to advise the Government on the operation of the Built Heritage Conservation Fund. ACBHC assesses new applications and monitors existing projects under the Revitalising Scheme, monitors the operation of FAS, and advises on FSPEP and FSTR.

¹ The Revitalisation Scheme aims to put selected vacant government-owned historic buildings to adaptive re-use. Under the Scheme, non-profit-making organizations ("NPOs") are invited to submit proposals for using the designated historic buildings to provide services or run business in the form of social enterprises.

² FAS aims to provide financial assistance to owners of privately-owned graded historic buildings as well as NPO tenants of government-owned declared monuments or graded historic buildings to carry out maintenance works themselves.

³ FSPEP aims to provide funding for public education, community involvement and publicity activities.

⁴ FSTR aims to encourage interest in, render financial support to, and recognize quality academic research on the theme of built heritage conservation.

⁵ Chapter 1 of the Director of Audit's Report No. 60 – "Conservation of monuments and historic buildings".

5. The Committee noted the following findings from the Director of Audit's Report:

Management of the Revitalisation Scheme

- under the Revitalisation Scheme, non-profit-making-organizations ("NPOs") were invited to submit proposals for using the designated historic buildings and were responsible for running the approved projects. Audit examination of the applications received during Batches I to V of the Revitalisation Scheme revealed that the number of applications received for each historic building varied considerably from 2 to 30 applications (averaging 10 applications) and the percentage of invalid applications in two of the latest three batches was relatively high (i.e. 15% and 19% respectively);
- as of July 2020, out of the 12 completed projects, the works of 11 projects were completed 37 to 560 days (averaging 284 days) later than the scheduled completion dates;
- in one project, many instructions of works variations had been issued by the NPO without prior approval from DEVB⁶ and the reasons for not seeking prior approval were not recorded. Moreover, a number of instructions of works variations were issued by the NPO after the certified completion date of the works;⁷
- out of the 11 completed projects which had applied for the capital grant under the Revitalisation Scheme, the project accounts of six (55%) projects had not been finalized according to the one-year requirement⁸ as of July 2020, including three projects which had been substantially completed for three to seven years;
- 8 out of the 12 NPOs submitted their first business plans and financial plans to DEVB later than the specified time limits and 10 NPOs

⁶ According to DEVB guidelines for projects under the Revitalisation Scheme, for variation works deemed absolutely necessary by an NPO, it should obtain prior approval from DEVB before issuing instructions to contractors to proceed with the variation works.

⁷ Please see paragraphs 2.21 and 2.22 of Chapter 6 of the Director of Audit's Report No. 75 for details.

⁸ According to DEVB guidelines for projects under the Revitalisation Scheme, NPOs should submit the draft project account and other supporting documents to DEVB within one year after the date of practical completion of the renovation works.

Funding schemes for conservation of built heritage managed by the Development Bureau

submitted their first building management plans later than the specified time limits;⁹

- out of the 40 mid-year progress reports required to be submitted by the 12 NPOs, three (7%) reports had not been submitted by three NPOs as of July 2020 and 24 (60%) reports were submitted by seven NPOs later than the specified time limits;¹⁰
- out of the 39 annual reports required to be submitted by the 12 NPOs, one (3%) report had not been submitted by an NPO as of July 2020 and 27 (69%) reports were submitted by nine NPOs later than the specified time limits;¹¹

Management of FAS and FSPEP

- out of the 79 applications approved under FAS, the processing time of 22 (28%) applications was more than two years up to 1 554 days. Out of the 66 FAS applications being processed as of July 2020, four (6%) applications were received some four to five years ago;
- according to DEVB's current practice, a single historic building could at most have three concurrent applications at any instant covering different aspects of the building. However, such practice for handling concurrent FAS applications was neither specified in the Guide to Application of FAS nor in DEVB's internal guidelines;
- out of the 79 approved FAS projects, the maintenance works of 62 (78%) projects had commenced. For these 62 projects, the time elapsed from formal approval date to commencement date of maintenance works of 25 (40%) projects was more than one year and

⁹ Tenancy agreements of various projects set out different time limits for NPOs to submit the first project plans, including business plan, financial plan and building management plan. The time limits are as follows: (a) within six months after signing of tenancy agreements for three projects under Batch I; (b) four months before the commencement of operation of the project or a specified date, whichever is earlier, for a project under Batch I; or (c) six months before the commencement of operation of the project or a specified date, whichever is earlier, for two projects under Batch I and all projects under Batches II and III.

¹⁰ On a regular basis, NPOs should submit mid-year progress reports within two months following the end of the six-month period after the end of the accounting year.

¹¹ On a regular basis, NPOs should submit annual reports (including audited financial statements) within four months after the end of the accounting year.

Funding schemes for conservation of built heritage managed by the Development Bureau

up to 3.3 years, exceeding the one-year limit as set out in the Guide to Application of FAS;

- as of July 2020, the maintenance works of 17 (22%) out of the aforesaid 79 projects approved under FAS had not commenced. The time elapsed from formal approval date to July 2020 ranged from 29 to 2 261 days, averaging 560 days;
- as of July 2020, out of the 59 projects with maintenance works completed under FAS, Audit examination of five projects discovered that:
 - (a) for two projects (with project works completed in 2011 and 2015 respectively), only three and two brief reports had been submitted by the grantees after the completion of maintenance works. For the other three projects, no reports had been submitted by the grantees; and
 - (b) DEVB did not issue reminders in a timely manner to those grantees which had not submitted or had delay in submitting the brief reports. For four projects, DEVB only issued reminders to the grantees once about two to three years after works completion or the last submission of brief report;
- for one FSPEP project, one of the six workshops organized by the grantee fell short of the target number of participants by 62%;¹²

Declaration of interests by ACBHC members

- Audit examination of the records of declaration of interests by members (including the chairman) of ACBHC from May 2016 to May 2020¹³ found that:

¹² The grantee was required to provide a series of workshops to secondary school students, teachers and professionals for helping communities to better understand places with heritage value and each workshop was anticipated to attract up to 30 or 40 participants.

¹³ DEVB did not request declaration of general pecuniary interests from ACBHC members when they were appointed. Instead, they were requested to declare their interests at the first committee meeting (for the term of office from May 2016 to May 2018) or six days before the first committee meeting (for the term of office from May 2018 to May 2020), which were one to two months after the date of appointment. In addition, no time limit was set by DEVB for the return of the declaration forms.

Funding schemes for conservation of built heritage managed by the Development Bureau

- (a) for the term of office from May 2016 to May 2018, three members of ACBHC submitted their declaration forms on the day when DEVB made the request and 15 members did so 2 to 355 days after the request was made by DEVB (averaging 94 days). The longest time of 355 days involved two members; and
 - (b) for the term of office from May 2018 to May 2020, two members of ACBHC submitted their declaration forms on the day when DEVB made the request and 20 members did so 3 to 114 days after the request was made by DEVB (averaging 31 days). The longest time of 114 days involved one member; and
- DEVB had not requested any member of ACBHC to make annual declaration of interests in the second year of the terms of office from May 2016 to May 2018 and May 2018 to May 2020. In the event, no annual declaration forms were submitted by members of ACBHC.

6. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the management of the Revitalisation Scheme, FAS and FSPEP as well as the declaration of interests by members of ACBHC. The replies from **Secretary for Development** are in *Appendices 8* and *9*.

7. Noting that the average processing time of 79 approved applications under FAS is more than one year, the Committee is particularly concerned about this long processing time and recommends that DEVB should regularly review the effectiveness of its measures with a view to providing timely and professional assistance to FAS applicants to expedite their applications.

8. The Committee wishes to be kept informed of the progress made in implementing the various recommendations in respect of this subject.

Hong Kong Tourism Board: Corporate governance and administrative issues

The Audit Commission ("Audit") conducted a review on the corporate governance and administrative issues of the Hong Kong Tourism Board ("HKTB"). A related review was conducted in October 2007.¹

2. Hon Paul TSE declared that he was a member of the Quality Tourism Services Committee and the Quality Tourism Services Sub-Committee under HKTB. Hon SHIU Ka-fai declared that he was an adviser to the Governing Council of the Quality Tourism Services Association.

3. HKTB is a government-subsidized body established in April 2001 under the Hong Kong Tourism Board Ordinance (Cap. 302).² The primary responsibilities of HKTB are to market and promote Hong Kong as a destination worldwide, and to take initiatives to enhance visitors' experience when they arrive. The Board of HKTB has appointed five Committees³ to oversee various aspects of HKTB's operations. As at 31 March 2020, HKTB had an establishment of 379 staff members. The Commerce and Economic Development Bureau is responsible for overseeing HKTB's operation, and Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) is the Controlling Officer of the subvention granted to HKTB. In 2019-2020, HKTB had a total income of \$869.3 million (including government subvention of \$834.6 million) and a total expenditure of \$865.2 million.

4. The Committee noted the following findings from the Director of Audit's Report:

Corporate governance

- from 2015-2016 to 2019-2020, there were delays in the appointment of six Industry members and the re-appointment of three Industry

¹ Chapter 5 of the Director of Audit's Report No. 49 – "Hong Kong Tourism Board: Corporate governance and administrative issues".

² The Hong Kong Tourist Association was set up as a membership organization in 1957. Subsequent to the completion of the Strategic Organisation Review in 1999, the Board of Management of the Hong Kong Tourist Association decided to abolish the membership system of the Hong Kong Tourist Association and reconstitute it into HKTB. The Hong Kong Tourism Board Ordinance was enacted in March 2001 to effect these changes.

³ These Committees are the Audit Committee, Marketing and Business Development Committee, Product and Event Committee, Staff and Finance Committee and Quality Tourism Services Committee.

members of the Quality Tourism Services Committee. The average period of vacancy of membership was four months, ranging from two to eight months. In addition, upon the retirement of the Chairman of the Audit Committee on 31 March 2019, the proposed appointment of the new Chairman was not circulated to Board members for approval until 2 July 2019 and the new Chairman was appointed with effect from 9 July 2019;

- the Chief Executive announced in her 2017 Policy Address that the Government aimed to increase the overall ratio of youth members (i.e. persons aged between 18 and 35) in government boards and committees to 15% within the current-term Government. However, as at August 2020, none of the 19 non-official HKTB Board members were aged between 18 and 35, and only 1 (8%) of the 12 new Board members appointed between October 2017 and August 2020 was aged between 18 and 35 at the time of appointment;
- HKTB's Code of Conduct for Board Members did not provide guidelines on the circumstances where the member who had declarable interest in the matter under consideration might speak or vote on the matter, might remain in the meeting as an observer, or should withdraw from the meeting;
- Audit examined the minutes of the 126 Board/Committee meetings held in the period from 2015-2016 to 2019-2020 and noted that declarations of interest were made by the Chairmen and some members in 17 meetings. Out of these 17 meetings, Audit found that:
 - (a) in two (12%) meetings, the decisions on handling conflict of interest were documented in the minutes, but the rationales behind the decisions were not documented;
 - (b) in five (29%) meetings, the decisions on handling conflict of interest and the rationales behind the decisions were not documented in the minutes; and
 - (c) in the remaining 10 (59%) meetings, there was no documentary evidence showing that there had been decisions made on handling conflict of interest;

- since the establishment of HKTB in April 2001, the Government and HKTB had not entered into a Memorandum of Administrative Arrangements as proposed in Financial Circular No. 9/2004;⁴
- from 2016-2017 to 2019-2020, HKTB had unspent additional funding ranging from \$13.8 million to \$270.2 million, but no mechanism had been set up to handle such unspent additional funding;

Human resource management and other administrative issues

- in the past 20 years, HKTB had only conducted four pay structure reviews for Head Office staff and two pay structure reviews for Worldwide Office ("WVO") staff. According to the results of the pay structure reviews conducted in 2017 (for Head Office staff) and 2018 (for WVO staff), the mid-points of 5 of the 18 job levels' salary ranges of Head Office staff were outside the acceptable deviance range (i.e. 85% to 115% of the market median), and 8 (53%) of the 15 WVOs had one or more job levels with mid-points of the salary ranges outside the acceptable deviance range. Out of the 84 job levels of the eight WVOs, 33 (39%) were outside the acceptable deviance range;
- HKTB had not conducted any remuneration reviews for its staff since its establishment in 2001;
- HKTB conducted six recruitment exercises for General Manager/Regional Director positions from 2013-2014 to 2019-2020. Audit noted that in one (17%) recruitment exercise, two of the five interviewers only signed blank Declaration of Conflict of Interest Forms without indicating whether they had relationship with the candidate, and in four (67%) recruitment exercises, some interviewers had left blank the assessments on all the five aspects⁵ of the candidates on the Interview Assessment Forms;

⁴ According to Financial Circular No. 9/2004 "Guidelines on the Management and Control of Government Funding for Subvented Organisations" issued by Secretary for Financial Services and the Treasury, Directors of Bureaux or the Controlling Officers should preferably enter into a Memorandum of Administrative Arrangements or a similar instrument with each organization receiving recurrent funding from the Government under their purview.

⁵ These aspects were: (a) relevant experience; (b) strategy and business management; (c) leadership, collaboration and cultural fit; (d) communication and influence; and (e) integrity and governance.

- from April 2019 to June 2020, 88 staff members ceased to be employed by HKTB, but HKTB had failed to submit notifications to the Inland Revenue Department one month before the date of cessation of their employment as required by the Inland Revenue Ordinance (Cap. 112);
- Audit reviewed the fixed asset management of HKTB and found that 30 items of portable electronic equipment of two user departments could not be located and were written off eventually. The total purchase cost and the net book value of the items were \$129,213 and \$9,235 respectively;

WWOs and Representative Offices

- despite the changes in the market conditions, the number and geographical coverage of WWOs remained generally unchanged from 2009 to 2018. HKTB had not reviewed the establishment of WWOs/Representative Offices every two years according to the guidelines approved by the Board in 2009;
- some quotations for lease renewal of WWOs submitted to the Staff and Finance Committee were not within the scope of the intended renewal. For example, when renewing the lease of the Seoul WWO in November 2019, one of the quotations was for a premises with an area and rent of about six times and ten times respectively of the existing office;
- the committed lease period for the WWOs in Los Angeles and New York was long. The break clause of the lease of the Los Angeles WWO only allowed HKTB to terminate the lease after leasing for seven years. In the 10-year lease of the New York WWO, the break clause would only be exercisable if HKTB closed the WWO; and
- HKTB had not promulgated guidelines on the accommodation arrangements (e.g. the area and grade of the office accommodations) of WWOs. The area of offices for WWO staff varied among WWOs, ranging from 15.67 square metres per staff member in Guangzhou to 65.31 square metres per staff member in New York.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding measures to improve HKTB's corporate governance and human resource management as well as WWOs' financial control.

The replies from **Secretary for Commerce and Economic Development** and **Executive Director of the Hong Kong Tourism Board** are in *Appendices 10* and *11* respectively.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Hong Kong Tourism Board: Efforts in promoting tourism

The Audit Commission ("Audit") conducted a review to examine the efforts made by the Hong Kong Tourism Board ("HKTB") in promoting tourism in Hong Kong, including the organization of mega events¹ and marketing activities and implementation of the Quality Tourism Services ("QTS") Scheme.² A related review was conducted in October 2007.³

2. Hon Paul TSE declared that he was a member of the Quality Tourism Services Committee and the Quality Tourism Services Sub-Committee under HKTB. Hon SHIU Ka-fai declared that he was an adviser to the Governing Council of the Quality Tourism Services Association.

3. Tourism is one of the key industries in Hong Kong. In 2018, the tourism industry accounted for about 4.5% of Hong Kong's Gross Domestic Product and employed around 257 000 people (about 6.6% of the total employment). HKTB is a government-subsidized body established in April 2001 which aims to, among others: (a) increase the contribution of tourism to Hong Kong; (b) promote Hong Kong globally as a leading international city in Asia and a world class tourist destination; (c) support the Government in promoting to the community the importance of tourism; and (d) support, as appropriate, the activities of persons providing services for visitors to Hong Kong. In 2019-2020, HKTB's income and expenditure totalled \$869.3 million (including government subvention of \$834.6 million) and \$865.2 million respectively.

4. The Committee noted the following findings from the Director of Audit's Report:

Mega events

- Audit examined 10 open invitations for title sponsorship for mega events completed from 2014-2015 to 2018-2019 and noted that:

¹ HKTB stages various mega events to strengthen Hong Kong as the Events Capital of Asia, induce visitor arrivals, raise visitor satisfaction with unique Hong Kong experience and ultimately bring economic benefits to Hong Kong.

² QTS Scheme was launched in 1999 to accredit retailers and restaurants providing quality services, thereby giving visitors greater confidence in the products and services of Hong Kong. Applicants who have fulfilled QTS Scheme's assessment criteria are certified as QTS accredited merchants and entitled to display QTS decal as an identification of the QTS status.

³ Chapter 6 of the Director of Audit's Report No. 49 – "Hong Kong Tourism Board: Planning, execution and evaluation of marketing activities".

- (a) the timing of inviting title sponsorship varied for some events from year to year. For example, open invitations for title sponsorship for "Hong Kong WinterFest (Christmas Tree)" for 2014-2015, 2016-2017 and 2017-2018 were placed 8 months, 6.5 months and 12.3 months respectively prior to the tentative dates of the event; and
 - (b) the time allowed for submission of expression of interest (i.e. number of days between the placing of the open invitation and the deadline for the submission) only ranged from 9 to 15 calendar days, averaging 12.8 calendar days;
- budgetary information of 20 (63%) out of the 32 mega events completed from 2015-2016 to 2018-2019 was not provided to HKTB's Product and Event Committee in seeking its approval for organizing the events. In addition, the actual expenditures of the nine mega events completed in 2018-2019 were not reported to the Product and Event Committee;
 - some major issues were encountered when the digital countdown with lucky draw, which was part of the mega event "Hong Kong New Year Countdown Celebrations" for 2019-2020, was held on 31 December 2019. In May 2020, the consultant appointed by HKTB completed a review on the lucky draw event and made 13 recommendations on the areas of procurement, protection of personal data, system design, development and testing, assurance of event fairness and contingency planning;
 - for the mega events completed from 2014-2015 to 2018-2019:
 - (a) the visitor's split (i.e. percentage of non-locals in the event attendance) of some events was on the low side.⁴ For example, the visitor's split of "e-Sports and Music Festival Hong Kong" was only 7% in 2018-2019; and
 - (b) the awareness of some events was decreasing.⁵ For example, while HKTB increased its spending on marketing and promoting

⁴ Please see Table 4 in paragraph 2.21 of Chapter 8 of the Director of Audit's Report No. 75 for details.

⁵ Please see Table 5 in paragraph 2.22 of Chapter 8 of the Director of Audit's Report No. 75 for details.

Hong Kong Tourism Board: Efforts in promoting tourism

"Hong Kong Wine and Dine Festival" by 59% from \$12.3 million in 2017-2018 to \$19.5 million in 2018-2019, the event awareness decreased from 33% to 28% over the same period;

- HKTB had not established a mechanism to assess the effectiveness of mega events in driving visitor spending and bringing economic benefits to Hong Kong;

Marketing activities

- the amount of funding utilized under the Funding Support for Small-sized Meeting, Incentive and Convention ("MIC") Groups⁶ fell short of HKTB's targets by 20.6% in 2016-2017, 1.6% in 2017-2018, 20.2% in 2018-2019 and 53.6% in 2019-2020. The number of MIC overnight visitors benefitted fell short of HKTB's targets by 5.6% in 2016-2017, 11.7% in 2018-2019 and 53.9% in 2019-2020;
- according to HKTB's guidelines, when working with content partners of HKTB's Website who would make recommendations of commercial entities, the contract between HKTB and the content partners would include a clause to avoid any conflict of interest between the content partners and the commercial entities featured. Audit found that from 2014-2015 to 2019-2020, in five (71.4%) of the seven partnership agreements between HKTB and its Website content partners, there was no documentary evidence showing that the content partners were required to avoid conflict of interest between them and the commercial entities they featured;

QTS Scheme

- from January 2015 to May 2020, the number of QTS accredited merchants had decreased by 95 (7.5%) from 1 272 to 1 177 and the number of outlets operated by QTS accredited merchants had decreased by 355 (4.3%) from 8 229 to 7 874;

⁶ The Funding Support for Small-sized MIC Groups provides business building assistance for Hong Kong inbound tour operators to enhance their competitiveness in attracting small-sized MIC businesses to Hong Kong. The funding should be utilized for providing special hospitality offers for MIC groups in areas such as hotel accommodation and attraction admissions, and/or offsetting the cost of pre-event site inspection visit in Hong Kong for the eligible MIC groups.

- Audit conducted site visits to 30 QTS accredited merchants in June and July 2020 and found that 20 (66.7%) merchants did not display the decals at their outlets, and seven (23.3%) merchants displayed the expired decals of 2019 at their outlets instead of the decals of 2020;
- HKTB had engaged a contractor to, among others, conduct regular patrols to previously accredited merchants which had already withdrawn or been terminated from QTS Scheme for checking of fraudulent display of QTS decals and logos. In July 2020, Audit conducted site visits to 10 merchants which had withdrawn from QTS Scheme from January 2019 to May 2020⁷ and discovered that two (20%) merchants displayed QTS decals at the outlets, and one (10%) merchant displayed QTS logo in its promotional material;⁸

Way forward

- while HKTB aimed to maintain a diverse market portfolio and balanced visitor mix, from 2014 to 2020 (up to July), the visitor mix remained skewed towards the Mainland (65% to 69% of overnight visitor arrivals and 76% to 78% of total visitor arrivals);
- from 2014-2015 to 2018-2019, the numbers of overnight and total visitor arrivals from four short-haul markets (i.e. Taiwan, Singapore, Malaysia and Indonesia) among the 20 key source markets⁹ decreased despite increase in marketing expenditure;¹⁰ and
- from 2014 to 2018, the amount of tourism expenditure of overnight visitors decreased by \$27.4 billion (12.4%) from \$221 billion to \$193.6 billion. The per capita expenditure of overnight visitor decreased by \$1,346 (16.9%) from \$7,960 to \$6,614.

⁷ In the period from January 2019 to May 2020, 132 merchants withdrew from QTS Scheme.

⁸ According to HKTB, display of QTS decals or logos by merchants having withdrawn from QTS Scheme is considered as fraudulent display.

⁹ HKTB focuses its marketing expenditure on 20 key source markets around the world and classifies these markets into four market segments: (a) Mainland; (b) short-haul markets (e.g. Japan); (c) long-haul markets (e.g. Australia); and (d) emerging markets (e.g. India).

¹⁰ Please see Table 12 in paragraph 5.7 of Chapter 8 of the Director of Audit's Report No. 75 for details.

Hong Kong Tourism Board: Efforts in promoting tourism

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the staging and performance measurement framework of mega events; the measures to be taken by HKTB to increase sponsorship for mega events; the implementation of QTS Scheme; the deployment of marketing resources; and the assistance provided by the Administration to the travel trade and hospitality industry since 2019. The replies from **Secretary for Commerce and Economic Development** and **Executive Director of the Hong Kong Tourism Board** are in *Appendices 10* and *11* respectively.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Management of Mandatory Building Inspection Scheme by the Buildings Department

The Audit Commission ("Audit") conducted a review to examine the work of the Buildings Department ("BD") in management of the Mandatory Building Inspection Scheme ("MBIS").

2. MBIS, which has been fully implemented since 30 June 2012, aims to require owners to carry out regular inspection and timely repair for their properties so as to tackle the problem of building neglect at source. MBIS covers private buildings aged 30 years or above (except domestic buildings not exceeding three storeys). As of December 2019, there were a total of 18 066 buildings covered by MBIS.

3. Under MBIS, BD is empowered under the Buildings Ordinance (Cap. 123) to issue statutory notices to owners of private buildings aged 30 years or above (except domestic buildings not exceeding three storeys), requiring them to carry out prescribed inspection and, if necessary, prescribed repair in respect of the common parts, external walls, projections and signboards of their buildings every 10 years. Up to April 2020, a total of 82 177 statutory notices (involving 5 308 buildings) had been issued under MBIS. Registered inspectors ("RIs") are responsible for carrying out the prescribed inspection and/or supervision of the prescribed repair being done by registered contractors. BD is responsible for ensuring proper regulation of RIs and implementation of MBIS.

4. The Committee noted the following findings from the Director of Audit's Report:

Selection of buildings for issuance of statutory notices

- since 2013 (i.e. the first full-year implementation of MBIS), the target number of buildings under MBIS had decreased from 2 000 in 2014 to 400 in 2019, and then increased to 600 in 2020;
- as of December 2019, it was estimated that some 12 000 buildings out of the 18 066 buildings covered by MBIS had not been selected for issuance of statutory notices. Based on the 2020 target of selecting 600 buildings for issuance of statutory notices each year, it would take about 20 years to cover these 12 000 buildings;
- in October 2017, BD indicated that only private residential or composite buildings aged 50 years or above (revised to 40 years or

Management of Mandatory Building Inspection Scheme by the Buildings Department

above in August 2020) would be selected for issuance of statutory notices (i.e. overriding selection criterion). This overriding selection criterion was based on building type and age. However, building type was not considered under BD's Building Score System,¹ and building age was only one of the four selection criteria under the System. Building condition, which was a criterion carrying a higher weight under the System, had not been included as one of the overriding criteria for selection of target buildings;

- some buildings covered by MBIS but not meeting the overriding selection criterion might be of high risk to public safety as indicated by their higher scores (i.e. 404 buildings) or incidents of fallen building elements (i.e. 227 incidents), but they were not included in BD's nomination list of target buildings to the Selection Panel² for issuance of statutory notices under MBIS;
- the overriding selection criterion had not been included in BD's guidelines;
- BD deleted a total of 76 buildings from the endorsed building list after they had been selected by the Selection Panel³ from 2017 to 2019, including 67 buildings with replacement from the list of buffer buildings and nine buildings without replacement. Audit noted that:
 - (a) for buildings selected in 2017, while BD had informed the Selection Panel about the number of buildings it subsequently deleted with replacement (i.e. 13 buildings) and the reasons for their deletion, it had not done so for the buildings it deleted without replacement (i.e. six buildings); and

¹ BD has developed a Building Score System to prioritize all buildings covered by MBIS. Under the Building Score System, scores will be given to buildings based on four selection criteria (i.e. building age, building condition, building management and risk to public) and priority will be given to buildings with higher scores (i.e. relatively higher potential risk) in selection of buildings for issuance of statutory notices under MBIS.

² To enhance the transparency and promote community participation, a Selection Panel has been established to tender advice to BD on the selection criteria and the selection of target buildings for issuance of statutory notices under MBIS. The Selection Panel is chaired by an Assistant Director of BD with members from professional institutions, the Hong Kong Housing Society and 18 District Councils.

³ After the Selection Panel's endorsement of the nomination list of target buildings for issuance of statutory notices, BD may change some buildings in the endorsed building list due to various reasons (e.g. buildings which have been recently repaired or with repair works in progress, were or would be demolished).

Management of Mandatory Building Inspection Scheme by the Buildings Department

- (b) the 67 buildings deleted with replacement included seven buildings which had been wrongly selected due to data quality problem in BD's Building Condition Information System ("BCIS");⁴
- for the building selection exercise for MBIS in 2019, there were 35 buildings with higher scores than some buildings in BD's nomination list of target buildings, but they were not included in the list. No documentation available showing BD's assessment that such buildings were in fair condition;
 - from the commencement of MBIS in June 2012 and up to April 2020, only a small number of buildings covered by MBIS had participated in voluntary building inspection (i.e. 41 buildings were being assessed or were accredited under the Voluntary Building Assessment Scheme,⁵ and notifications were made to BD for 139 buildings for conducting prescribed inspection on a voluntary basis);

Follow-up actions on compliance with statutory notices

- as of April 2020, among the 24 639 non-compliant statutory notices, no warning letters⁶ had been issued to owners in 6 941 (28%) cases of non-compliance with statutory notices. For almost all (6 862 (99%)) of these 6 941 cases, more than one month and up to 6.5 years had elapsed after completion due dates. In other words, the one-month time target for issuing warning letters set out in BD guidelines had not been met in these cases;
- only the issue date of the latest warning letter would be kept in BCIS (i.e. the issue date(s) of the previous warning letter(s), if any, recorded in BCIS would be overwritten). In addition, BCIS records for the

⁴ BCIS is a computer system for recording, processing and retrieving details of public reports, planned surveys, statutory orders, works orders and consultancy assignments. In selection of buildings for issuance of statutory notices under MBIS, BD will retrieve data relating to buildings covered by MBIS in BCIS for analysis.

⁵ All private domestic buildings and composite buildings with building management are eligible to join the Hong Kong Housing Society's Voluntary Building Assessment Scheme. Buildings certified under this scheme will be recognized by BD for having fulfilled the requirements under MBIS within 10 years.

⁶ According to BD guidelines, warning letters should be issued to the building owners in cases of non-compliance with statutory notices under MBIS within one month after the dates specified in the statutory notices for each stage.

Management of Mandatory Building Inspection Scheme by the Buildings Department

issuance of warning letters for 112 cases of non-compliance with statutory notices had not been timely updated;

- among the 1 071 non-compliant statutory notices that were referred to prosecution teams in 2019 for instigating prosecution, 696 (65%) notices had been referred more than two years and up to six years after completion due dates of the statutory notices;

Monitoring of RIs' submissions

- among the 7 408 certificates of building inspection received from RIs under MBIS in 2019, 3 860 (52%) certificates had been received by BD more than seven days and up to 4.5 years (averaging 56 days) after completion of building inspection, thus not meeting the seven-day statutory requirement;⁷
- among the 607 certificates of building repair received from RIs under MBIS in 2019, 238 (39%) certificates had been received by BD more than 14 days and up to 4.5 years (averaging 162 days) after completion of building repair, thus not meeting the 14-day statutory requirement;⁸
- among the 1 174 MBIS submissions with BD's audit checks completed in 2019, 213 (18%) submissions had been completed more than one year and up to five years (averaging 1.8 years) after receipt of submissions by BD. BD had also not set time target for completing audit checks of MBIS submissions in its guidelines; and
- according to BCIS records, as of April 2020, a total of 35 639 statutory notices issued under MBIS had been complied with. However, for some of these statutory notices, there were no BCIS records for the receipt of some of the required submissions, including notification of appointment of RI for building inspection and repair (for 4 747 (13%) notices), certificates of building inspection (for 1 314 (4%) notices) and certificates of building repair (for 596 (2%) notices with building repair needed).

⁷ According to the Building (Inspection and Repair) Regulation (Cap. 123P), an RI should submit a certificate of building inspection together with an inspection report within seven days after completion of the prescribed building inspection in respect of a building.

⁸ According to the Building (Inspection and Repair) Regulation, an RI should submit a certificate of building repair together with a completion report within 14 days after completion of the prescribed building repair for supervision of repair works.

Management of Mandatory Building Inspection Scheme by the Buildings Department

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding selection of buildings for issuance of statutory notices, follow-up actions on compliance with statutory notices and monitoring of submissions from RIs. The replies from **Secretary for Development** and **Director of Buildings** are in *Appendices 12* and *13*.

6. While acknowledging the efforts made by BD in implementing MBIS, the Committee has reservation as to whether BD can fully achieve the objective of MBIS to tackle the problem of building neglect within an acceptable time frame in view of the rapid ageing of building stock. The Committee recommends that BD should review the implementation of MBIS on a regular basis, so as to enhance its effectiveness in tackling the problem of building neglect.

7. The Committee wishes to be kept informed of the progress made in implementing the various recommendations in respect of this subject.

*Provision of humanitarian assistance to non-refoulement claimants
by the Social Welfare Department*

The Audit Commission ("Audit") conducted a review of the provision of humanitarian assistance to non-refoulement claimants ("NRCs")¹ by the Social Welfare Department ("SWD").

2. Hon HO Chun-yin declared that one of his family members worked in SWD. Hon YUNG Hoi-yun declared that she was a barrister and had handled cases of non-refoulement claims.

3. According to the Security Bureau, on humanitarian grounds, the Government offers assistance, on a case-by-case basis, to meet the basic needs of NRCs during their stay in Hong Kong, regardless of the status of their applications/claims. The assistance is to provide support to prevent NRCs from being destitute during their presence in Hong Kong while at the same time not creating a magnet effect which could have serious implications on the long-term sustainability of such assistance and the immigration control of Hong Kong.

4. SWD has been charged with the responsibility to provide humanitarian assistance to NRCs since November 2004. As at 31 March 2020, the number of NRCs receiving humanitarian assistance was 10 711. In 2019-2020, SWD expenditure on humanitarian assistance was \$477 million. SWD has engaged two contractors, i.e. a service contractor and a food contractor under a service contract and a food contract respectively, to provide the humanitarian assistance service to NRCs. The types and level of assistance are assessed on a case-by-case basis, based on the NRCs' vulnerabilities and family size.²

5. The Committee noted the following findings from the Director of Audit's Report:

¹ An illegal immigrant who makes a claim for non-refoulement protection in Hong Kong against torture risk or on all other applicable grounds cannot be removed unless his claim is withdrawn or has been finally determined as unsubstantiated.

² The types and standard rates of humanitarian assistance in 2020-2021 include, for example, monthly rent of \$1,500 per adult and \$750 per child, and monthly food assistance of \$1,200 per NRC.

*Provision of humanitarian assistance to non-refoulement claimants
by the Social Welfare Department*

Provision of humanitarian assistance under the service contract

- from 1 February 2017 to 31 March 2020, there were delays in submission of reports and statements by the service contractor, including half-monthly reports (ranging from 1 to 13 days), monthly reports (ranging from 1 to 324 days), half-yearly statements (ranging from 78 to 418 days) and audited financial statements (ranging from 66 to 175 days);
- for the same period, the monthly service statistics reports submitted by the service contractor to SWD only indicated the number of cases taken up within three working days, 4 to 10 working days, or more than 10 working days. As such, SWD could not ascertain from the monthly service statistics reports the number of certain non-compliant cases (e.g. cases not taken up within the required time frame of seven working days for regular cases);
- in January 2020, the service contractor conducted visits to 156 (5.5%) service users receiving rent assistance³ in the Hong Kong, Kowloon and Islands (excluding Kowloon City and Yau Tsim Mong) region. However, among the 156 visits, 74 (47%) were unsuccessful (e.g. the service users were not at home);
- Audit examination of the monthly service statistics reports found that, contrary to the contract requirements, the time taken from the date of referral to the date of provision of assistance by the service contractor was more than 10 working days in 106 (6%) cases for the period from 1 February 2017 to 31 January 2019 and in six (1%) cases for the period from 1 February 2019 to 31 March 2020;
- regarding the cases selected for examination during the visits conducted by SWD in December 2019 and June 2020, Audit found that in two cases, the actual rents paid by the service users exceeded the standard rate of rent assistance by about \$800 and \$1,200 respectively. Upon enquiry by the service contractor, the service users refused to disclose the source of financial support. In another two cases, the actual rents paid by the service users exceeded the standard rate of rent assistance by about \$200 and \$500 respectively. There was no

³ According to the service contract, the service contractor should conduct monthly spot checks on 5% of the total number of service users receiving rent assistance in that month.

*Provision of humanitarian assistance to non-refoulement claimants
by the Social Welfare Department*

documentary evidence indicating that the service contractor had asked for the information on financial support;

Provision of humanitarian assistance under the food contract

- from 1 February 2017 to 31 March 2020, there were delays in submission of monthly reports by the food contractor, ranging from one to nine days, and monthly certification reports⁴ by the service contractor, ranging from 1 to 28 workings days;
- Audit examined SWD's checking results on bulk purchases of non-staple food in the period from 1 February 2019 to 31 March 2020 and found that SWD identified 2 380 e-tokens⁵ with suspected bulk purchases of non-staple food. However, there was no documentary evidence showing that SWD had referred such suspected misuse cases to the service contractor for investigation. During the same period, based on the sample checking of e-tokens conducted by the service contractor, the contractor imposed seven sanctions on service users using e-tokens to make bulk purchases of non-staple food; and

Tendering for the service contract

- Audit noted that tenderers' experience had been stated as an essential requirement in the tender documents. This might have hindered other organizations to participate in tendering. Given that the service contractor had been engaged as the only contractor to provide the humanitarian assistance since 2006, it was difficult for other organizations to have sufficient past experience to meet the essential requirement.

6. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the provision of humanitarian assistance under

⁴ As specified under the service contract, the service contractor is required to check and certify correct the monthly statistical reports submitted by the food contractor. After verification, the service contractor will submit a monthly certification report to SWD.

⁵ Under the food contract, a service user can buy food at the food outlets of the food contractor by using an e-token. Starting from March 2018, sanctions are imposed on service users who misuse or abuse the use of food assistance, e.g. bulk purchases of non-staple food and frequent loss of e-tokens.

*Provision of humanitarian assistance to non-refoulement claimants
by the Social Welfare Department*

the service and food contracts, and the tendering for the service contract. The replies from **Director of Social Welfare** are in *Appendix 14*.

7. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

SIGNATURES OF THE CHAIRMAN,
DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE



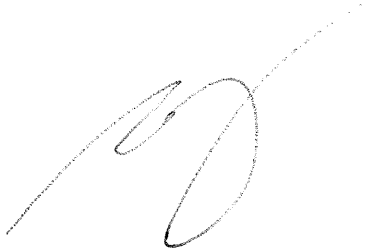
Abraham SHEK Lai-him
(Chairman)



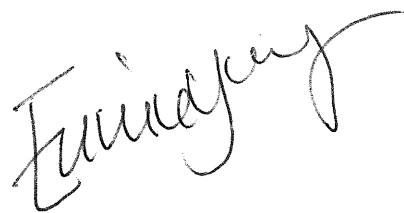
Paul TSE Wai-chun
(Deputy Chairman)



Steven HO Chun-yin



SHIU Ka-fai



YUNG Hoi-yan



LAU Kwok-fan



Tony TSE Wai-chuen

27 January 2021

**CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 75
DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT**

**Director of
Audit's Report
No. 75**

**P.A.C.
Report No. 75**

<u>Chapter</u>	<u>Subject</u>	<u>Chapter</u>
3	Acquisition and management of collection items in public museums	1
5	Energy efficiency and conservation in government buildings	2
6	Funding schemes for conservation of built heritage managed by the Development Bureau	3
7	Hong Kong Tourism Board: Corporate governance and administrative issues	4
8	Hong Kong Tourism Board: Efforts in promoting tourism	5
9	Management of Mandatory Building Inspection Scheme by the Buildings Department	6
10	Provision of humanitarian assistance to non-refoulement claimants by the Social Welfare Department	7

**RULES OF PROCEDURE OF
THE LEGISLATIVE COUNCIL OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION**

72. Public Accounts Committee

(1) There shall be a standing committee, to be called the Public Accounts Committee, to consider reports of the Director of Audit –

- (a) on the accounts of the Government;
- (b) on such other accounts required to be laid before the Council as the committee may think fit; and
- (c) on any matter incidental to the performance of his duties or the exercise of his powers as the committee may think fit.

(2) The committee shall also consider any report of the Director of Audit laid on the Table of the Council which deals with examinations (value for money audit) carried out by the Director relating to the economy, efficiency and effectiveness of any Government department or public body or any organization to which his functions as Director of Audit extend by virtue of any Ordinance or which receives public moneys by way of subvention.

(3) The committee shall consist of a chairman, deputy chairman and 5 members who shall be Members appointed by the President in accordance with an election procedure determined by the House Committee. *(L.N. 214 of 2005)*

(3A) The chairman and 2 other members shall constitute a quorum of the committee. *(L.N. 214 of 2005)*

(3B) In the event of the temporary absence of the chairman and deputy chairman, the committee may elect a chairman to act during such absence. *(L.N. 214 of 2005)*

(3C) All matters before the committee shall be decided by a majority of the members voting. Neither the chairman nor any other member presiding shall vote, unless the votes of the other members are equally divided, in which case he shall give a casting vote. *(L.N. 214 of 2005)*

(4) A report mentioned in subrules (1) and (2) shall be deemed to have been referred by the Council to the committee when it is laid on the Table of the Council.

(5) Unless the chairman otherwise orders, members of the press and of the public shall be admitted as spectators at meetings of the committee attended by any person invited by the committee under subrule (8).

(6) The committee shall meet at the time and the place determined by the chairman. Written notice of every meeting shall be given to the members and to any person invited to attend a meeting at least 5 clear days before the day of the meeting but shorter notice may be given in any case where the chairman so directs.

(7) *(Repealed L.N. 214 of 2005)*

(8) The chairman or the committee may invite any public officer, or, in the case of a report on the accounts of or relating to a non-government body or organization, any member or employee of that body or organization, to give information or any explanation or to produce any records or documents which the committee may require in the performance of its duties; and the committee may also invite any other person to assist the committee in relation to any such information, explanation, records or documents.

(9) The committee shall make their report upon the report of the Director of Audit on the accounts of the Government within 3 months (or such longer period as may be determined under section 12 of the Audit Ordinance (Cap. 122)) of the date on which the Director's report is laid on the Table of the Council.

(10) The committee shall make their report upon the report of the Director of Audit mentioned in subrule (2) within 3 months (or such longer period as may be determined by the Council) of the date on which the Director's report is laid on the Table of the Council.

(11) Subject to these Rules of Procedure, the practice and procedure of the committee shall be determined by the committee.

**Paper presented to the Provisional Legislative Council
by the Chairman of the Public Accounts Committee
at the meeting on 11 February 1998 on
Scope of Government Audit in the
Hong Kong Special Administrative Region -
'Value for Money Audits'**

SCOPE OF WORK

1. The Director of Audit may carry out examinations into the economy, efficiency and effectiveness with which any bureau, department, agency, other public body, public office, or audited organisation has discharged its functions.

2. The term "audited organisation" shall include -
 - (i) any person, body corporate or other body whose accounts the Director of Audit is empowered under any Ordinance to audit;
 - (ii) any organisation which receives more than half its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organisation which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention); and
 - (iii) any organisation the accounts and records of which the Director is authorised in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122).

3. This definition of scope of work shall not be construed as entitling the Director of Audit to question the merits of the policy objectives of any bureau, department, agency, other public body, public office, or audited organisation in respect of which an examination is being carried out or, subject to the following Guidelines, the methods by which such policy objectives have been sought, but he may question the economy, efficiency and effectiveness of the means used to achieve them.

GUIDELINES

4. The Director of Audit should have great freedom in presenting his reports to the Legislative Council. He may draw attention to any circumstance which comes to his knowledge in the course of audit, and point out its financial implications. Subject to these Guidelines, he will not comment on policy decisions of the Executive Council and the Legislative Council, save from the point of view of their effect on the public purse.

5. In the event that the Director of Audit, during the course of carrying out an examination into the implementation of policy objectives, reasonably believes that at the time policy objectives were set and decisions made there may have been a lack of sufficient, relevant and reliable financial and other data available upon which to set such policy objectives or to make such decisions, and that critical underlying assumptions may not have been made explicit, he may carry out an investigation as to whether that belief is well founded. If it appears to be so, he should bring the matter to the attention of the Legislative Council with a view to further inquiry by the Public Accounts Committee. As such an investigation may involve consideration of the methods by which policy objectives have been sought, the Director should, in his report to the Legislative Council on the matter in question, not make any judgement on the issue, but rather present facts upon which the Public Accounts Committee may make inquiry.

6. The Director of Audit may also -

- (i) consider as to whether policy objectives have been determined, and policy decisions taken, with appropriate authority;
- (ii) consider whether there are satisfactory arrangements for considering alternative options in the implementation of policy, including the identification, selection and evaluation of such options;
- (iii) consider as to whether established policy aims and objectives have been clearly set out; whether subsequent decisions on the implementation of policy are consistent with the approved aims and objectives, and have been taken with proper authority at the appropriate level; and whether the resultant instructions to staff accord with the approved policy aims and decisions and are clearly understood by those concerned;

- (iv) consider as to whether there is conflict or potential conflict between different policy aims or objectives, or between the means chosen to implement them;
- (v) consider how far, and how effectively, policy aims and objectives have been translated into operational targets and measures of performance and whether the costs of alternative levels of service and other relevant factors have been considered, and are reviewed as costs change; and
- (vi) be entitled to exercise the powers given to him under section 9 of the Audit Ordinance (Cap. 122).

PROCEDURES

7. The Director of Audit shall report his findings on value for money audits in the Legislative Council twice each year. The first report shall be submitted to the President of the Legislative Council within seven months of the end of the financial year, or such longer period as the Chief Executive may determine. Within one month, or such longer period as the President may determine, copies shall be laid before the Legislative Council. The second report shall be submitted to the President of the Legislative Council by the 7th of April each year, or such date as the Chief Executive may determine. By the 30th April, or such date as the President may determine, copies shall be laid before the Legislative Council.

8. The Director's report shall be referred to the Public Accounts Committee for consideration when it is laid on the table of the Legislative Council. The Public Accounts Committee shall follow the rules governing the procedures of the Legislative Council in considering the Director's reports.

9. A Government minute commenting on the action Government proposes to take in respect of the Public Accounts Committee's report shall be laid on the table of the Legislative Council within three months of the laying of the report of the Committee to which it relates.

10. In this paper, reference to the Legislative Council shall, during the existence of the Provisional Legislative Council, be construed as the Provisional Legislative Council.

政府總部
發展局
工務科

香港添馬添美道 2 號
政府總部西翼



**Works Branch
Development Bureau
Government Secretariat**

West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong

本局網址 Our Website: <http://www.devb.gov.hk>
本局檔號 Our Ref.: DEVB(CR)(W)1-150/245 Pt3
來函檔號 Your Ref.: CB4/PAC/CS(72,72A&73)

電話 Tel No.: 3509 8326

傳真 Fax No.: 2186 6932

14 January 2021

Clerk, Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road,
Central, Hong Kong.
(Attn: Ms Wendy JAN)

Dear Ms JAN,

**Follow-up to Public Accounts Committee Report No. 72
Management of Greening Master Plans**

Thank you for your letter dated 6 January 2021 under reference. I am authorised to provide this reply.

In delivering the greening works under Greening Master Plans (“GMPs”), the Civil Engineering and Development Department (“CEDD”) and the Leisure and Cultural Services Department (“LCSD”) have made use of different parameters or descriptions to measure the quantity of trees and shrubs in their respective areas of work to suit operation needs. The reasons of adopting different measurements have been provided in the response to the Director of Audit’s Report No. 72 by the Director of Leisure and Cultural Services dated 27 May 2019 (see paragraph 21 of the extracted reply as attached).

In response to the Director of Audit’s recommendations, CEDD and LCSD have reviewed the situation and considered the genuine need to retain the prevailing descriptions of greening works and related parameters to suit the operation needs. To remove ambiguity and avoid confusion at the time of handing over, CEDD and LCSD have jointly devised a new handover record form to consolidate all necessary parameters and descriptions to facilitate proper handover and maintenance of greening works completed

under GMPs. LCSD subsequently completed the enhancement of its Tree Data Bank System (“TDBS”) in December 2019, such that detailed information in the handover record form, including the total number of trees with individual identity, species, size (irrespective of its trunk diameter) and geographical location, as well as the locations and size of shrubs planting areas along with the quantity and species of shrubs planted under GMPs, can be captured and transformed into the enhanced TDBS systematically.

Apart from taking over greening works for subsequent maintenance from CEDD, LCSD may also take up maintenance of soft landscaped planting from other works departments. Being the owner of the TDBS, LCSD will apply the same policy and record arrangements on future greening projects initiated by other departments.

Yours sincerely,



(Vina Wong)

for Secretary for Development

- c.c. Director of Civil Engineering and Development (Fax no. 2246 8708)
Director of Leisure and Cultural Services (Fax no. 2602 1480)
Secretary for Financial Services and the Treasury (Fax no. 2537 1736)
Director of Audit (Fax no. 2824 2087)

**Report No.72 of the Director of Audit
Chapter 2 – Management of Greening Master Plans**

**Response from the Leisure and Cultural Services Department
to Public Accounts Committee**

Part 3: Handover and Maintenance of Greening Works under GMPs

21) Regarding paragraph 3.7, please inform this Committee of the following:

- (a) While CEDD and LCSD have different definitions of trees and different measurement bases for shrubs, posing a serious hindrance to the handover, how will the problem be solved?
- (b) How will the Department ensure proper keeping of handover records by its staff?

LCSD's Response

- (a) CEDD and LCSD have different definitions of trees. CEDD adopted classification by plant species as set out in the "Check List of Hong Kong Plants" published by the Agriculture, Fisheries and Conservation Department. In addition to the classification mentioned above, LCSD also makes reference to the Technical Circular of the Development Bureau (DEVB) on tree preservation requirements (DEVB TC(W) No. 7/2015) for the definition of trees, by which a plant is classified as a tree only if its diameter at breast height (DBH) (measured at a height of 1.3m) is 95mm or more. For such trees, a tree risk assessment has to be conducted at least once a year. However, since most of the trees planted by CEDD under GMPs were young trees with DBH less than 95mm, the number of trees handed over by CEDD and the number of trees taken over by LCSD were different.

As for shrubs, CEDD adopted the number of shrubs as the unit of quantity for handover, whereas LCSD adopted the size of planting area as the unit of quantity for takeover. CEDD used the number of shrubs for the sake of cost calculation for purchasing and monitoring of contractors' planting work. At the time of the handover, the shrubs had grown up after one year's establishment period. It was likely that each shrub had developed new plantlets that could hardly be identified separately. Moreover, shrubs are planted in large numbers, usually in tens of thousands, making it impractical and not cost effective to count them one by one during the handover. Besides, it is also a common practice in the field of horticulture that plant maintenance contractors use planting area as a unit in calculating the tender cost for shrub maintenance. In view of the above, LCSD, as a department responsible for plant maintenance, adopts shrub planting area as a unit for takeover.

Although CEDD and LCSD adopted different units for counting the number of trees and measuring shrubs with regard to their actual operational needs, it did not affect LCSD's taking over and maintenance of greening works under GMPs. During the handover, CEDD would issue memoranda/letters with record drawings to LCSD. LCSD would base on these documents to confirm the species of plants and the quantity and location of the trees before taking over all the plants, and arrange its staff or contractors to carry out daily horticultural maintenance work such as watering, weeding, pruning and fertilising.

LCSD and CEDD will work out a common form of plant handover records for future use upon completion of the projects of Southwest and

Northeast New Territories, so as to cater for the different operational needs of the works department and maintenance department.

- (b) In future, LCSD will keep the relevant handover records properly and input all information on the trees taken over into its Tree Data Bank System to record the number of such trees. As for shrubs, since it would be impractical and not cost-effective to count the shrubs one by one during the handover, LCSD will continue to use planting area as the unit in handover records.

本署檔號
OUR REF: () in EP1014/P3/11
來函檔號
YOUR REF: CB4/PAC/CS(72,72A& 73)
電話
TEL NO.: 2516 1800
圖文傳真
FAX NO.: 2880 5141
網址:
HOMEPAGE : <http://www.epd.gov.hk>

**Environmental Protection Department
Environmental Compliance Division
Regional Office (South)**

2/F Chinachem Exchange Square
1 Hoi Wan Street
Quarry Bay, Hong Kong



環境保護署
環保法規管理科
區域辦事處(南)
香港鰂魚涌
海灣街一號
華懋交易廣場二樓

(By fax no: 2543 9197)
19 January 2021

The Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

(Attn.: Ms. Maggie CHUNG)

Dear Ms. CHUNG,

**Follow-up to Public Accounts Committee Report No. 61
Management of Roadside Skips**

I refer to your letter dated 6 January 2021 to the Secretary for the Environment. I am authorized to provide the response.

2. The Government is also very concerned about the safety threats that roadside skips may pose to drivers/road users. As set out in the previous Government Minutes, the Government has set up a Joint Working Group on Management of Roadside Skips¹ (the “JWG”) to coordinate the work of various Departments to enhance the management and control of roadside skips. The main objective is to improve road safety. As a result, during the period of 2016 – 2019, there was a progressive downward trend of traffic accidents involving roadside skips. Number of traffic accidents involving roadside skips with personal injury dropped to 0 in 2019 (see **Annex**). The Government will

¹ The JWG is led by the Environment Bureau and the Environmental Protection Department (“EPD”) and comprises the Development Bureau, Transport and Housing Bureau, the Food and Environmental Hygiene Department (“FEHD”), the Highways Department (“HyD”), the Hong Kong Police Force (“HKPF”), the Lands Department (“LandsD”), the Transport Department (“TD”), and the Home Affairs Department (on a need basis).

continue the efforts.

3. As to progress of the various initiatives and measures, since 2017, the JWG has been providing two short-term tenancy (“STT”) sites in Tseung Kwan O and Tuen Mun² for the skip trade to store idling skips. Despite the COVID-19 pandemic, the JWG has arranged 11 joint enforcement operations in 2020 to tackle the placement of idling skips at black spots, covering Kowloon Bay, Kai Tak and Chai Wan areas. Through these joint actions, the malpractice of indiscriminate placement of skips at these locations has been largely under control. The JWG will continue to closely monitor the situation through regular patrols and will mount further joint enforcement operations at these black spots as necessary.

4. To formulate the strategy to enhance the management of skip operations, the JWG has engaged a consultant to explore the setting up of a voluntary skips management system. The consultant has recommended the Government to implement a “Certification Scheme for Skips” (Certification Scheme), a “Registration Scheme for Skip Operators” (Registration Scheme) and a “Charter Scheme for Skip Users” (Charter Scheme) to facilitate the trade’s compliance with government requirements and guidelines. The JWG is currently taking forward these recommendations.

5. Regarding the progress and effectiveness of the surveillance camera systems at Muk On Street and Shing Tai Road as requested in paragraphs 2(a) of your letter, please be informed that a surveillance camera system has been installed at Muk On Street, Kai Tak in June 2020. The situation has been significantly improved in which only one isolated case of roadside skip was identified through the surveillance camera system and immediately tackled on the same day by the enforcement department. As for Shing Tai Road, Chai Wan, though the surveillance camera installation proposal was suggested at the last term of the Eastern District Council (DC), the DC member of the respective constituency relayed local residents’ concerns and requested the JWG to suspend the proposal. We would continue to explore other suitable trial locations.

6. Regarding the information requested in paragraph 2(b) – 2(e) of your letter, please be informed that the Certification Scheme has already been rolled out in November 2020, with a briefing arranged to the relevant trades to facilitate the skip operators in applying for certification of their new skips or in-use skips retrofitted with the specified fixtures. The briefing also covered the forthcoming Registration Scheme and Charter Scheme which will be

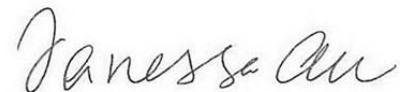
² The two short-term tenancy sites in Tseung Kwan O Area 137 and Siu Lang Shui in Tuen Mun commenced their operations in January and December 2017 respectively.

launched progressively with the increasing number of certified skips in the market.

7. To enable the skips operators to gain the know-how and experience in retrofitting their in-use skips, the JWG had conducted a trial to retrofit 30 in-use skips with fixtures that meet the road safety requirements as set by the Transport Department and the environmental nuisance prevention requirements. The trial has also finalized the design of fixtures from durability, operability and functionality angles taking into account the trade's concerns. The JWG would continue to facilitate the trade in retrofitting the in-use skips and obtaining certification under the Certification Scheme.

8. Taking into account the effectiveness and progress of the above measures and the experience gained from the voluntary skips management system upon full implementation of the aforesaid three Schemes, the JWG will review whether a new regulatory system would still be required to regulate the skip operations in the long run. The JWG will also explore to provide financial assistance to the trade in retrofitting the skips, so as to increase the number of certified skips in the market.

Yours sincerely,



(Vanessa Au)

for Director of Environmental Protection

c.c.

The Chief Secretary for Administration (fax no. 2524 5695)

Secretary for the Environment (fax no. 2537 7278)

Secretary for Transport and Housing (fax no. 2537 6519)

Secretary for Development (fax no. 2845 3489)

Secretary for Financial Services and the Treasury (fax no. 2147 5239)

Director of Lands (fax no. 2152 0450)

Commissioner of Police (fax no. 2520 1210)

Commissioner for Transport (fax no. 2381 3799)

Director of Audit (fax no. 2583 9063)

Number of traffic accidents involving roadside skips and resulted in personal injuries in 2016-2019

Year	Number of traffic accidents involving roadside skips with personal injury	Number of casualties
2016	4	6
2017	3	5
2018	1	1
2019	0	0



電話 TEL: 2601 8947
圖文傳真 FAX NO: 2694 1364
本署檔號 OUR REF: LCSD/4-35/45 C
來函檔號 YOUR REF: CB4/PAC/R75

4 January 2021

Ms Wendy JAN
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms JAN,

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 75
Acquisition and management of collection items in public museums

Thank you for your letter dated 23 December 2020 to the Director of Leisure and Cultural Services. Our responses to the questions raised are set out at **Annex.**

Yours sincerely,

(Ms Eve TAM)

for Director of Leisure and Cultural Services

c.c. Secretary for Home Affairs (email: sha@hab.gov.hk)
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)
Director of Audit (email: john_nc_chu@aud.gov.hk)

**Replies to questions raised by the Public Accounts Committee on
Chapter 3 of the Director of Audit's Report No. 75**

Acquisition and management of collection items in public museums

Part 1: Introduction

- 1) According to Table 3 of paragraph 1.7, in the past five financial years, the Leisure and Cultural Services Department ("LCSD") acquired artefacts at a total amount of \$77.7 million. The procedures, assessment criteria and objective standards that the LCSD adopted for the acquisition of individual artefacts

The Leisure and Cultural Services Department (LCSD) has put in place a set of procedures and assessment criteria for the acquisition of collection items. The criteria include the artistic/historical/scientific/technological merit of the proposed acquisition, relevance to museums' collections, authenticity, physical condition, price, display and education value, as well as the reputation of the artist or maker. The procedures and criteria were adopted after taking into account the advice of the Corruption Prevention Department of the Independent Commission Against Corruption. Details of the criteria have been publicised on the respective museum websites.

When conducting the assessment, the LCSD museum will consider the proposal in its Programme Committee. With the endorsement of the Programme Committee, the museum will invite Museum Expert Advisers (Advisers), who are appointed according to their areas of expertise, to give independent advice on the proposed acquisition on a rotation basis. The number of Advisers to be engaged for each acquisition depends on the price of the proposed acquisition. At least 3 Advisers have to be engaged if the price of the proposed acquisition is over \$50,000.

Staff members of the LCSD involved in the planning, assessment and approval procedures, and Advisers whose advice were sought, are required to declare their interests as specified without exception to avoid perceived or actual conflict of interests.

Part 2: Acquisition and Accession of Museum Collection Items

- 2) In Case 1 of paragraph 2.9 regarding the acquisition of donated items, how could the LCSD prevent the reoccurrence of incidents which involved prolonged periods required in the identification of storage space for donated items, resulting in the reduction, or even withdrawal of donations

The case mentioned in paragraph 2.9 was only a single case which required the Hong Kong Museum of History (Museum of History) to locate a suitable venue for fumigation of exceptionally large donated items. So far the Museum of History has had no other case which involved prolonged period required in the identification of storage space for donated items, resulting in the reduction, or even withdrawal of donation.

- 3) According to paragraph 2.17, as at 31 December 2019, there were 13 346 items pending accession in the Hong Kong Museum of History; paragraph 2.24 also pointed out that as at 30 April 2020, there were 24 314 items and 693 819 items pending accession in the Hong Kong Heritage Museum and the Hong Kong Film Archive (“Archive”) respectively. As at present, what is the latest progress of accession of collection items in each museum; the number of collection items still pending accession; whether there is any timetable for accession of collection items; if yes, the details; if no, the reasons for that

The progress of accession of collection items in the Museum of History, the Hong Kong Heritage Museum (Heritage Museum) and the Hong Kong Film Archive (Archive) is as follows:

	Hong Kong Museum of History	Hong Kong Heritage Museum	Hong Kong Film Archive
Number of items pending accession (as mentioned in Report No. 75 of the Director of Audit)	13 346	24 314	693 819
Number of items accessioned (from the respective dates in Report No. 75 of the Director of Audit up to 30 November 2020)	550	2 368	361
Updated number of items pending accession (as at 1 December 2020)	12 796	21 946	693 458

Moreover, the Museum of History, the Heritage Museum and the Archive have plans to further review and streamline the accessioning process (such as upgrading the collection management system to expedite approval process, simplifying information required for accession and workflow, etc.), with an anticipation that the time required for completing accession could be reduced by one-third. The expected time for the remaining collection items to complete accession is as follows:

Museum	Expected time required to complete accession
Hong Kong Museum of History	About 3 years
Hong Kong Heritage Museum	About 3 years
Hong Kong Film Archive	Around 7 to 8 years (the target completion time would be further shortened, subject to review on the effectiveness of the enhanced measures and manpower plan)

- 4) According to paragraphs 2.18 and 2.19, the LCSD originally planned to complete the accession of some 10 000 items acquired in the 1980s of the Hong Kong Museum of History before the end of 2010. However, as at 31 December 2019, 1 714 items were still under the registration process, and there were an estimate of 137 items with accession not yet commenced. Whether the LCSD has completed the accession of the items acquired in the 1980s; if not, the number of items which are still under registration or with accession not yet commenced; the reasons for the concerned items acquired 40 years ago still pending accession

The items concerned were acquired in the 1980s when computerised collection registration system was non-existent. The Museum of History therefore encountered difficulties in tracing their source and related records after it moved to its present premises. In this connection, it took time to stocktake each and every item, examine and verify their details, as well as take photos and document their condition. Registration of the whole batch of items is in progress, and as at 31 December 2020, 137 outstanding items pending accession have already moved into the initial registration stage, making a total of 1 851 items now under the process of registration. The Museum of History targets to complete accession for the whole batch of items this year.

5) In paragraph 2.29(e)(v) regarding the backlog of items pending accession in the Archive, the LCSD replied that temporary additional manpower would be secured to handle the collection items pending accession; and in paragraph 3.15(c)(i) in the aspect of stocktaking of film-related items in the Archive, LCSD replied that temporary additional manpower would be secured to expedite the stocktaking exercises and shorten the time required. Please advise:

(a) the existing manpower of the Archive; the number of staff responsible for accession and stocktaking of collection items

Collection items of the Archive are acquired mainly through donations from the film industry and the public, and are available for access by researchers and the public after being filed and catalogued. Activities such as film screenings, exhibitions and seminars, etc., are held on a regular basis and monographic volumes are published to enhance public awareness on the history and culture of Hong Kong films.

As at 1 October 2020, there were 52 civil servants in the Archive responsible for acquisition, cataloging, organisation of exhibitions and film screenings, research and publication. In addition to the inspection, documentation, conservation, and digitisation of films, as well as management of the collection stores, they were also tasked with venue operation and management, and venue-related duties such as hiring and ticketing, etc. At present, accessioning and stocktaking duties are mainly performed by 7 staff in the Archive and 17 temporary staff.

(b) whether the existing manpower has been reviewed and evaluated to see if it is sufficient to cope with the work of accession and stocktaking of collection items

For management of collection items, some staff are deployed specially for film digitisation to ensure the items are well-preserved for promotion and research purposes. The significant increase in the number of donated film items (i.e. film reels) and film-related items (i.e. photos, magazines and posters, etc.) resulting from the gradual transition of the use of digital media in the film industry was far beyond estimation. Between 2007 and 2020, the number of collection items of the Archive has increased by 65%, i.e. more than 500 000 items. All these factors, coupled with the very time-consuming

process of collection management and accession, lead to the increasing number of collection items pending accession.

The Archive has reviewed its manpower resources with plans to engage over 30 temporary staff this year, making the number of staff increase from 17 to over 50, with 6 of the additional temporary staff to be in place, with an aim to expedite the accessioning and stocktaking process of existing and new donated items. Additional manpower will be further engaged and the number of temporary staff is expected to increase gradually to over 60, subject to the review on the effectiveness of the new measures and new working teams.

In addition, the Archive will outsource part of its stocktaking exercises to service provider this year on a trial basis. Subject to the effectiveness of the trial, the Archive will consider extending outsourcing to other areas of stocktaking exercises to further shorten the time required for stocktaking of collection items.

(c) whether the LCSD plans to engage temporary staff to expedite the processing of related work; if yes, the details and the estimated time for training, additional expenditure and cost for each new temporary staff

After securing more workspace and equipment, the Archive plans to engage over 30 temporary staff this year, with 6 of the additional temporary staff to be in place, with an aim to expedite the accessioning and stocktaking process of existing and new donated items. The number of temporary staff is expected to increase gradually to over 60 in order to further expedite the work process efficiently, subject to the review on the effectiveness of the new measures and new working teams.

It takes around 3 to 6 months of on-the-job training for the new temporary staff to familiarise with the basic requirements on different areas of work, such as collection management, registration and research, as well as film conservation and cataloging, etc., so that they could assist in expediting the processing of related work. The cost of hiring each temporary staff is around \$200,000 per annum. The expenditure incurred will be absorbed by the existing resources of the LCSD.

(d) there is serious backlog and delay in the accession, conservation and stocktaking of collection items in the Archive. Whether the LCSD is satisfied with the progress of the related work; if not, what enhanced measures has the LCSD taken and their effectiveness

A number of factors attributed to the delay in the progress of accession, conservation and stocktaking of collection items. The significant increase in the number of donations received in recent years is far beyond expectation. Also, the accession of collection items involving inspection and consolidation of vast amount of information is a very time-consuming process. For large scale donations of diversified items, extra time is required. Handling of donated items has to be performed under a secure and temperature-humidity controlled environment equipped with collection management system facilities. Among the donations, many are fragile film reels which require additional processing time and careful inspection. Additionally, digitisation of films has to be proceeded at an accelerated speed to timely preserve Hong Kong film heritage and facilitate public's appreciation at the same time while accession is undergoing. Therefore, it is difficult for the Archive to complete the accession, conservation and stocktaking arising from the huge increase in collection items in a short period of time with its existing manpower, workspace and equipment. The Archive has been striking a balance among the needs of different areas of work as far as possible by conducting the accession and stocktaking of collections in phases without sacrificing the provision of service to the public. The delay will be largely improved after the implementation of a series of measures and engagement of additional manpower.

(e) what other effective measures will the LCSD take to shorten the time required for stocktaking, and the details of those measures; whether the LCSD will consider outsourcing part of the stocktaking exercises as mentioned in paragraph 3.15(c)(ii)

The Archive has put in place a series of measures, such as streamlining stocktaking procedures, drawing up timetables of stocktaking exercises, reporting stocktaking progress on a monthly basis, and recruiting temporary staff for stocktaking, etc. To further shorten the time required for stocktaking, the Archive has arranged to outsource part of the stocktaking exercises this year on a trial basis. However, taking into consideration the complexity of procedures and the expertise required for preliminary categorisation and verification of information of the collection items, only

part of the collection items could be included in the trial run to be carried out this year. Subject to the review of the outcome, the Archive will consider extending the scope of the outsourcing to further shorten the time required for stocktaking.

Part 3: Stocktaking and Storage of Museum Collection Items

- 6) According to paragraph 3.15(e), the LCSD has planned to review the practices of regular stocktaking and surprise checking for all museums starting from 2021, and take remedial measures where necessary. The details of the remedial measures

The LCSD has planned to review the practices of regular stocktaking and surprise checking, as well as the number of collection items to be included in each checking with a view to enhancing efficiency. Measures include streamlining the procedures, deployment of additional manpower, outsourcing and setting up of a regular reporting mechanism, etc.

- 7) According to paragraph 3.32, the construction of the Heritage Conservation and Resource Centre project has taken some 15 years and it is still at the pre-construction stage. Whether the LCSD has estimated the additional cost (including conservation of deteriorated collections, maintenance of off-site stores and other additional expenses) incurred by the delay in commencement of the project

Pre-construction activities for the Heritage Conservation and Resource Centre are now underway and due for completion in the middle of this year. Funding approval for the construction work will be sought in a timely manner from the Finance Committee of the Legislative Council after completion of the pre-construction activities, in order to finalise the project cost and completion date. No additional cost has been incurred so far. The LCSD has been maintaining the museum collections well all along. Maintenance work for off-site storages was conducted according to actual needs, with expenditure absorbed by the existing resources of the LCSD.

- 8) According to paragraph 3.34(f), the LCSD has planned to revise the plan of the Heritage Conservation and Resource Centre to secure support from the local community. Whether the LCSD has estimated the additional time required for the revision of plan (including the nature of facilities and scope); whether the LCSD has identified other locations as an alternative, in order to

avoid the plan of the Heritage Conservation and Resource Centre from being potentially rejected again due to the deteriorating relationship between the Government and the District Council

The project was presented at the Yuen Long District Council in 2019 and a few members raised their concerns on the lack of public vehicle parking facilities. After the meeting, the LCSD enhanced the overall strategic development of the project to combine with the adjacent sports centre, with a view to providing public vehicle parking facilities as required. The LCSD plans to submit the revised proposal to the Yuen Long District Council again this year, and believes that the revised plan will garner their support.

Part 4: Other Related Issues

9) According to paragraphs 4.5 and 4.6(a), permanent exhibitions of the two science-related museums (i.e. the Hong Kong Science Museum and the Hong Kong Space Museum) of the LCSD are often designed to last for 10 to 15 years. However, 10 out of 17 permanent exhibitions in the two above mentioned museums have been staged for more than 15 to 29 years. Please advise:

(a) the reasons of no renewal work for the 10 permanent exhibitions having been staged for more than 15 to 29 years

The themes of 10 permanent exhibitions in the Hong Kong Science Museum (Science Museum) have been kept unchanged in the past 15 to 29 years. As the themes of these exhibition galleries are related to the timeless fundamental principles in science which are suitable for teachers and students to undertake learning activities, there is a need to retain the displays on a more permanent basis. Although the main content remains unchanged, the Science Museum will update, refurbish and introduce new exhibits continuously, which is in line with the arrangement of overseas science museums and technology centres.

(b) whether the LCSD has conducted internal evaluation to understand if the outdated exhibits will become much less appealing and affect Hong Kong's image

The Science Museum attaches great importance to its service quality and exhibition content, and makes reference to the experience of renowned overseas science museums and technology centres to evaluate the contents of exhibitions. As the themes of these exhibition galleries are related to the timeless fundamental principles in science which are suitable for teachers and students to undertake learning activities, the majority of exhibits related to fundamental science have remained unchanged. Meanwhile, the Museum updates the presentation style and contents of exhibits, and replaces individual obsolete exhibits from time to time to maintain the quality of services. Moreover, the Museum makes every effort to collect public opinions through different channels. Every year, the Museum conducts two visitor liaison sessions and a meeting with Museum Expert Advisers, and actively liaises with experts in the education sector. Apart from briefing them on the content and progress of the refurbishment, the Museum also gauges their opinions on the themes and contents of exhibitions. According to the findings of previous opinion surveys on museum services conducted in the past 10 years, the overall satisfactory rate of the Science Museum was close to 90% among local, Mainland and overseas visitors. Moreover, the Science Museum has all along been the most popular museum under the LCSD with the highest attendance for years.

Regarding new exhibitions, in order to keep up with the latest technological advancements and sustain their appeal to the public, the Science Museum has been making efforts on different fronts to update its exhibits. For instance, the Museum keeps abreast of the development of new technology, and applies mature new technologies, such as augmented reality, virtual reality technologies and artificial intelligence in the production of exhibits. It also steps up cooperation with local universities and scientific research institutes on promoting science knowledge behind new technology and its future application. Ties with overseas science museums, science centres and scientific research institutes are being strengthened to bring in new and inspiring interactive exhibits. Staff training has also been enhanced to encourage application of new technology and development of new exhibits. To enhance public understanding of robots and artificial intelligence, the Science Museum jointly organised the “Robohelpers” exhibition with Robotics Catalysing Centre, Hong Kong Science and Technology Parks Corporation in November 2020 to feature local research projects and application of robot technologies in the construction and commercial field.

- (c) whether the LCSD or the two museums mentioned above have received any complaints about exhibits and facilities being outdated and less appealing. If yes, what are the number and details of the complaints, and the follow-up actions taken

In the past 10 years (between 2011 and 2020), the LCSD received around 10 cases on average per year in relation to exhibits and facilities of the Science Museum and the Hong Kong Space Museum (Space Museum), including views on the information and themes of exhibitions, as well as on exhibits. In this connection, permanent exhibition galleries of the Science Museum and the Space Museum were refurbished, and new exhibits were introduced over the years. Examples include the Biodiversity Gallery and the Children's Gallery which completed their refurbishment in 2016 and 2017 respectively, the two permanent exhibition galleries of the Space Museum which reopened in 2018 after refurbishment, as well as the Earth Science Gallery which opened on 20 November 2020 for test run. The LCSD has plans to continue refurbishing the permanent exhibition galleries of the Science Museum by phases, and updating and introducing new exhibits to the two museums in a timely manner. Details are as follows:

- (i) Paleontology Gallery: expected to open in 2021 after renewal works;
- (ii) Transportation Hall, Home Technology Hall and Food Science Hall: refurbishment work will be conducted together, and is expected to complete in 2023;
- (iii) Motion Hall, Light Hall, Sound Hall, Electricity and Magnetism Gallery, and Mathematics Hall: the Museum has drawn up plans to renew the contents of the exhibitions, replace worn-out interactive exhibits, as well as apply new modes of presentation to bring new experience to visitors. The relevant work has already commenced, and is expected to complete in 2023-24; and
- (iv) Telecommunications Gallery: will be converted into the InnoTech Gallery and is expected to complete in 2024-25.

- 10) According to paragraph 4.14(a), the LCSD has planned to renew the permanent exhibitions and exhibits in a number of museums in the coming years. What are the details and timetable of the renewals; and whether the LCSD will consider conducting large-scale consultation and research to understand views, taste and needs from the public, so as to ensure proposals for renewal would address their needs to make the exhibitions more appealing

The renewal plans of permanent exhibitions in other major museums, apart from the Science Museum (Q.9), are detailed as follows:

- (i) The Heritage Museum is planning for a permanent exhibition themed on Hong Kong popular culture, showcasing distinctive features of Hong Kong Culture from a macro perspective, which is scheduled for opening in the first quarter this year. In the course of exhibition renewal, the Museum has established an expert advisory panel comprising academics and professionals in related fields, as well as consulted the Museum Expert Advisers (Advisers) and the Museum Advisory Committee to garner views from various channels.
- (ii) The renewal of the permanent exhibition and the historical trail of the Hong Kong Museum of Coastal Defence, as well as the enhancement work for its ancillary facilities are now underway. It is expected to re-open in 2021-22. While planning for the new permanent exhibition, advice of the Advisers as well as primary and secondary school teachers have been sought.
- (iii) The permanent exhibition “The Hong Kong Story” of the Museum of History is currently under large scale renewal. Given the sizable area of the exhibition gallery (7 000 sq. meters), massive structural alterations with complex installations, as well as the upgrading of ancillary facilities, it is anticipated that the renewal will take more than two years to complete. While planning for the new permanent exhibition, the Museum has undertaken a series of consultation to gauge views from museum visitors, Advisers, academic groups, youth groups, the education sector and disability groups, complemented by two public consultation sessions. Furthermore, an expert advisory panel comprising experts in Hong Kong history and educators was specially formed to advise the Museum in formulating the contents and design of the new permanent exhibition.



電話 TEL: 2601 8947
圖文傳真 FAX NO: 2694 1364
本署檔號 OUR REF: LCSD/4-35/45 C
來函檔號 YOUR REF: CB4/PAC/R75

13 January 2021

Ms Wendy JAN
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms JAN,

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 75
Acquisition and management of collection items in public museums

Thank you for your letter dated 8 January 2021 to the Director of Leisure and Cultural Services. Our replies to the questions raised by the Public Accounts Committee on Chapter 3 of the Director of Audit's Report No. 75 are as follows -

- (1) With reference to the reply to Question 1, when the museum of the Leisure and Cultural Services Department consults the Programme Committee and Museum Expert Advisers on a proposed acquisition, whether they will be provided with sufficient options, such as funding availability, type and quantity of the proposed acquisition, etc.

When consulting the Programme Committee and Museum Expert Advisers on a proposed acquisition, information including title, quantity, period, material, price and photos, etc., as well as information of similar or related items in the museum collection (if any), including type, quantity, acquisition price and year of collection, etc. will be provided for reference and consideration. The Programme Committee will consider whether funding is available and whether the acquisition proposal is in line with the overall collection strategy of the museum. After the proposal is confirmed suitable and feasible, the museum will invite Museum Expert

Advisers on a rotation basis to provide independent expert advice according to the acquisition assessment criteria that include the artistic/historical/scientific/technological merit of the proposed acquisition, relevance to the scope of museum collection, authenticity and price, etc.

- (2) With reference to the reply to Question 3, it is estimated that the Hong Kong Film Archive will take around 7 to 8 years to complete the accession of all existing collection items. The measures taken by the Department to ensure the items pending accession (especially old film reels) are not damaged or lost

The Hong Kong Film Archive (Archive) maintains the collection items pending accession (including film reels) in accordance with prevailing collection management procedure, which includes basic registration for each batch of donated items, such as photo-taking, numbering, documenting object content, date of receipt, name of donor, mode of acquisition, quantity, storage location and file reference, etc. Donated items are then properly packed and placed in individual containers, sealed and marked with batch numbers and stored in lockable collection stores equipped with strict control on temperature and humidity as well as special security system. Film reels are placed in purpose-designed cold stores for long-term keeping. Entry to collection stores is restricted to no less than two persons, with one being the staff from the subject team of the Archive. Individual access is not allowed. Name of each person, time, date and signature have to be recorded when entering and leaving the collection stores. Besides, the Archive conducts regular stocktaking and surprise checking of the donated items to ensure that all are properly maintained.

Yours sincerely,



(Ms Eve Tam)

for Director of Leisure and Cultural Services

- c.c. Secretary for Home Affairs (email: sha@hab.gov.hk)
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)
Director of Audit (email: john_nc_chu@aud.gov.hk)

政府總部
環境局
香港添馬添美道2號
政府總部東翼15至16樓



ENVIRONMENT BUREAU
GOVERNMENT SECRETARIAT

15/F & 16/F, East Wing
Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

本函檔號 Our Ref:
來函檔號 Your Ref: CB4/PAC/R75

電話 Tel: (852) 3509 8619
傳真 Fax: (852) 2147 5834

5 January 2021

Ms Wendy Jan
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Ms Jan,

Public Accounts Committee
Consideration of Chapter 5 of the Director of Audit's Report No. 75
"Energy efficiency and conservation in government buildings"

Thank you for your letters dated 23 December 2020 to the Secretary for the Environment, Director of Electrical and Mechanical Services, and Director of Architectural Services respectively, requesting for information in connection with Chapter 5 of the Director of Audit's Report No. 75 on "Energy efficiency and conservation in government buildings".

Attached please find the consolidated response from the Environment Bureau, Electrical and Mechanical Services Department, and Architectural Services Department, for the Public Accounts Committee's consideration.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'José Yam', written in a cursive style.

(José Yam)

for Secretary for the Environment

c.c. Director of Electrical and Mechanical Services
Director of Architectural Services
Secretary for Financial Services and the Treasury
Director of Audit

Chapter 5 of the Director of Audit's Report No. 75
“Energy efficiency and conservation in government buildings”
Questions and Information Requested

(I) Response from the Electrical and Mechanical Services Department

Part 2: Achievement of Energy Saving Targets

Need to explore measures to complete the compilation and submission of annual reports on achievement of energy saving target as early as possible

- 1) With reference to paragraph 2.3, please advise:
 - (a) the current staff establishment which is responsible for compiling the relevant annual reports and the cost involved; and
 - (b) the content and scope of the annual reports.

Reply to 1(a) & (b):

Government bureaux/departments (B/Ds) collect annual raw electricity consumption data of their buildings every year, and make adjustments to the raw data in accordance with their operational changes such as operating hours, utilisation rates, etc. (this process is called “normalisation”). The normalised electricity consumption data are then submitted to the Electrical and Mechanical Services Department (EMSD). After sample checking, follow-ups and revisions of B/Ds’ data, EMSD carries out consolidation, calculations and compilation of the annual reports, which cover the statistics, analysis and graphs of overall electricity consumption of government buildings, as well as the electricity saving data and progress of the 2015-20 electricity saving plan for the government buildings of the respective B/Ds.

As of July 2020, the Energy Efficiency Office (EEO) of EMSD had 6 staff members with duties related to energy efficiency and conservation in government buildings on a part-time basis. The other duties of the 6 staff members include analysing and compiling the energy end-use data for Hong Kong, assisting the Environment Bureau (ENB) in formulating

energy saving targets, organising the “Energy Saving for All” campaign, etc. As EEO’s staff members are multi-tasked, it is not feasible to provide a breakdown of staff resources solely for the work on the compilation of the annual reports.

2) With reference to paragraph 2.6, please advise:

- (a) whether EMSD will make best use of technology tools to compile the returns on electricity consumption; and
- (b) whether EMSD will conduct an overall review of the Department’s use of technologies for data compilation.

Reply to 2(a) & (b):

EMSD has completed the review on the use of feasible and pragmatic information technology solutions to enhance the consolidation of energy data. EMSD will make use of information system with programming function to facilitate data input and reduce input errors by B/Ds, and to help in automatic integration and processing of the submitted energy consumption data. The information system will also enhance the data analytical and statistical capabilities so as to improve the efficiency of compilation of annual reports on the government energy saving target. EMSD will work closely with B/Ds for their feedback and suggestions with a view to continually optimising the technology solutions.

Need to continue to take follow-up actions on energy saving performance of B/Ds

3) With reference to paragraph 2.7(a), please explain whether the Administration knew the reasons why the electricity saving performance of 13 B/Ds was below the overall electricity saving achieved in 2016-2017. Did they encounter any problems in the process?

Reply to 3:

The 5% electricity saving target for government buildings in 2015-20 is a 5-year government-wide target. B/Ds formulate and implement their own energy saving and related improvement measures in accordance with

their operational requirements and own progress in order to jointly achieve the government energy saving target.

Considering that the potentials, planning and roadmaps of building electricity saving vary amongst B/Ds, and B/Ds' saving progresses are not linear, it may not be appropriate to directly compare the saving progress of individual B/D against the overall progress. EMSD does not have the detailed reasons for the 2016-17 electricity saving performance of the 13 B/Ds concerned but understands that their performance is related to the variations in their building electricity saving potentials, measures and project implementation schedules. Nevertheless, the Government has achieved the 2015-20 electricity saving target in 2018-19 (i.e. 4 years after implementation and a year ahead of schedule), with a saving of 5.7%. Although the submitted 2019-20 electricity consumption data of B/Ds are still under review, the preliminary overall government building electricity saving in 2019-20 is over 7% using 2015-16 as the baseline.

Scope for improvement in the normalisation process

- 4) With reference to paragraph 2.14, regarding EMSD's evaluation of B/Ds' achievement of electricity saving targets, please advise the relevant workflow, and the manpower and resources involved.

Reply to 4:

EMSD's assessment on B/Ds' achievement of electricity saving target is carried out together with the compilation of annual reports. For example, in the last 5-year electricity saving cycle, EMSD collected the raw and normalised electricity consumption data of government buildings from B/Ds after the end of each financial year, and conducted sample checking. B/Ds would follow up and revise the data according to the checking results. Upon completion, EMSD compiled the data from B/Ds, calculated the Government's overall electricity saving, and compiled the annual report for submission to ENB.

As of July 2020, EEO of EMSD had 6 staff members with duties related to energy efficiency and conservation in government buildings on a part-time basis. The other duties of the 6 staff members include analysing and compiling the energy end-use data for Hong Kong,

assisting ENB in formulating energy saving targets, organising the “Energy Saving for All” campaign, etc. As EEO’s staff members are multi-tasked, it is not feasible to provide a breakdown of staff resources solely for the review on whether each B/D has achieved the electricity saving target.

- 5) With reference to paragraph 2.17(a), please explain the reasons for EMSD not seeking further clarifications from the B/Ds concerned on the effect of activity changes of four venues on the normalisation calculations.

Reply to 5:

Upon receipt of the annual electricity consumption data from B/Ds, EMSD conducts sample checking, and makes inquiries or suggestions on the data of specific venues. For the 4 venues concerned, their electricity consumption was less than 0.2% of the total electricity consumption of all government buildings. Observing that the electricity savings of these 4 venues were relatively high, EMSD recommended the B/Ds concerned to review the results. All concerned B/Ds responded to EMSD’s comments and supplementary information was provided for some venues such as renovation and partial office relocation, etc. After review, the B/Ds considered that no change to the saving results of these 4 venues was necessary. Given that the operating environment is unique for each government venue, and B/Ds are intimately aware of the method and information on electricity normalisation of their buildings, EMSD usually will not oppose B/Ds’ decision on normalisation after they have taken the views of EMSD into consideration.

Need to keep under review the implementation of green energy target

- 6) With reference to paragraph 2.21, please advise:
 - (a) EMSD’s guidelines on normalisation of electricity consumption and the relevant amendments; and
 - (b) the staff establishment and resources involved in the implementation of measures to achieve the green energy target.

Reply to 6(a) & (b):

The Guide to Applying Normalisation in Electricity Consumption, prepared by EMSD with reference to the International Performance Measurement and Verification Protocol¹, is a reference document for B/Ds to apply normalisation in electricity consumption of their premises and facilities. It mainly covers the concept, principles, applications, calculation methods and practical example cases of normalisation in electricity consumption. The guide has also been uploaded to government intranet for B/Ds' reference.

Since the targets of the past energy saving plans of the Government focused on electricity saving in government buildings, the existing version of the guide was thus prepared for the normalisation calculation of building electricity consumption. In response to the Government's 2020-25 Green Energy Target that includes new scope, such as the electricity consumption of government infrastructure, and the consumption of other energy sources (such as Towngas and liquefied petroleum gas) in government buildings and infrastructure, EMSD is revising the guide for target completion in early 2021. It will be released to B/Ds as reference for the normalisation of 2020-21 energy data.

As of July 2020, EEO of EMSD had 6 staff members with duties related to energy efficiency and conservation in government buildings on a part-time basis. The other duties of the 6 staff members include analysing and compiling the energy end-use data for Hong Kong, assisting ENB in formulating energy saving targets, organising the "Energy Saving for All" campaign, etc. As EEO's staff members are multi-tasked, it is not feasible to provide a breakdown of staff resources solely for the work on the implementation of measures on the Green Energy Target.

¹ International Performance Measurement and Verification Protocol (IPMVP), <https://evo-world.org/en/products-services-mainmenu-en/protocols/ipmvp>

Part 3: Management of Energy Audits and Retro-commissioning for Government Buildings

Need to ensure that government buildings meeting the selection criteria are selected for conducting energy audits

- 7) With reference to paragraph 3.6, please advise:
- (a) the reasons why it was necessary to further review the need for conducting energy audits for the four buildings concerned; and
 - (b) the selection process for conducting energy audits.

Reply to 7(a) & (b):

In accordance with the established selection criteria set out in ENB Circular Memorandum No. 1/2020, starting from 2020-21, the 3-year energy audit programme on government buildings covers buildings that have an annual electricity consumption above 500 000 kWh, energy saving performance below average level (i.e. 4.9%) in 2017-18 and potential for further energy saving; or buildings that have an annual electricity consumption between 400 000 and 500 000 kWh in 2017-18. During the planning of the energy audit programme for each year, EMSD will discuss with the concerned B/Ds to ensure that all government buildings meeting the established selection criteria will participate in the energy audit programme.

For the 4 venues mentioned in paragraph 3.6, upon further checking with the concerned B/Ds in the planning of the energy audit programme for 2021-22, it is confirmed that the 2 venues located in private office buildings are government-owned. As for the other 2 venues, they are considered having potential for further energy saving after reviewing their energy consumption data and energy saving performance. Therefore, all 4 venues meet the established selection criteria for participating in energy audits. Their energy audits will be conducted in 2021-22.

Scope for obtaining information for selected government buildings on implementation of energy management opportunities identified in energy audits

- 8) With reference to paragraph 3.9, please advise how EMSD ascertained if the B/Ds concerned had taken follow-up actions on the energy management opportunities identified in the energy audit reports and mapped out the scope of work.

Reply to 8:

During the last round of energy audit programme (2015-17), EMSD conducted energy audits on government buildings in accordance with the Energy Audit Code, and identified energy management opportunities (EMOs) for the concerned B/Ds to follow up. Being the managers of these government buildings, the concerned B/Ds would implement the EMOs as far as practicable based on various operational needs. However, some EMOs might not have been implemented due to operational constraints. During the implementation of the 3-year energy audit programme starting from 2020-21, EMSD will discuss with the concerned B/Ds to ensure that all government buildings meeting the selection criteria will be audited with a view to identifying EMOs. During energy audits, energy auditors will collect information and conduct reviews on the implementation of EMOs and the related energy savings achieved in government buildings with a view to identifying improvement areas in energy saving from the energy audit and energy management perspectives.

Need to keep under review the retro-commissioning implementation timetable for government buildings

- 9) With reference to paragraph 3.25, please advise the current staff establishment which is responsible for retro-commissioning and the resources involved.

Reply to 9:

As of July 2020, EEO of EMSD had 6 staff members with duties related to energy efficiency and conservation in government buildings on a part-time basis. The other duties of the 6 staff members include

analysing and compiling the energy end-use data for Hong Kong, assisting ENB in formulating energy saving targets, organising the “Energy Saving for All” campaign, etc. As EEO’s staff members are multi-tasked, it is not feasible to provide a breakdown of staff resources solely for the work on the implementation of retro-commissioning (RCx).

\$13 million and \$39 million was allocated to EMSD in 2019-20 and 2020-21 respectively for the implementation of RCx in government buildings.

Need to encourage the pertinent B/Ds to include the government buildings under their management in the RCx programme

- 10) With reference to paragraph 3.27, regarding the 50 buildings for which a decision was not made as to whether they would be included in the RCx programme, please advise the respective B/Ds to which they belonged and the reasons why a decision had not yet been made.

Reply to 10:

Those 50 buildings as mentioned in the report are under the management of 16 B/Ds, including the Architectural Services Department; Buildings Department; Civil Aviation Department; Commerce, Industry and Tourism Branch of Commerce and Economic Development Bureau; Correctional Services Department; Administration Wing; Education Bureau; Fire Services Department; Government Logistics Department; Government Property Agency; Hong Kong Police Force; Post Office; Independent Commission Against Corruption; Leisure and Cultural Services Department; Social Welfare Department; and Water Supplies Department.

There are various reasons why the pertinent B/Ds have not yet decided, such as: replacement / energy saving projects in respect of building services equipment in the concerned buildings are under planning or being implemented; buildings have decanting / redevelopment / renovation / demolition plans; there are concerns on the scale and arrangement of RCx and the possible impact on public services to be provided, and, there may be impact on building occupants.

Following further liaison with the pertinent B/Ds, 9 buildings have been included in the RCx programme recently. EMSD will continue to encourage the pertinent B/Ds to include their buildings in the programme and coordinate with the B/Ds to iron out practical work arrangements carefully in order to avoid or minimise possible impact on public services whilst improve building energy efficiency in a win-win situation.

Part 4: Management of Energy Saving Projects and Other Management Issues

Scope for improvement in monitoring the progress of energy saving projects

- 11) With reference to paragraph 4.6, please advise the reasons why 18 projects had fallen behind schedule by 0.9 to 1.9 years, and how the Administration will ameliorate the problem.

Reply to 11:

The delay of the actual completion of these 18 energy saving projects was mainly attributed to the social unrest earlier and COVID-19, in which a large amount of site investigation activities, tendering work, material delivery and site installation works were postponed and delayed due to various reasons such as special work arrangements, temporary closure of government venues, and delay in material manufacturing and shipment processes. Despite the difficulties encountered above, as of August 2020, the performance measurements in respect of energy saving for 14 projects were completed and the remaining 4 projects will be completed in the second quarter of 2021.

EMSD will continue to liaise closely with the B/Ds concerned to monitor the progress of energy saving projects and will conduct timely reviews to achieve the expected energy saving targets earliest possible.

Scope for improving performance measurements for energy saving projects

- 12) With reference to paragraph 4.9, please advise:

- (a) the workflow for conducting performance measurements and the staff establishment and resources involved; and
- (b) the three projects that had been completed for more than one year but for which the performance measurements were still in progress, and how the Administration will ameliorate the problem.

Reply to 12(a) & (b):

EMSD has been regularly requesting B/Ds to conduct performance measurements upon completion of energy saving projects by measuring and verifying the electricity saving performance and payback period for comparison with the original estimates in project application forms. As per the prevailing practice, the B/Ds concerned or their works agents are required to complete performance measurements within the 1-year defects liability period upon completion of the energy saving projects.

As regards the 3 projects with performance measurement taking more than 1 year to complete, the performance measurements were deferred largely due to the implementation of such measures as special work arrangements and temporary closure of government venues during COVID-19. Despite the difficulties encountered, the performance measurements for these 3 projects were completed in August 2020.

EMSD will continue to liaise and work closely with the B/Ds concerned and provide timely assistance with a view to ensuring early completion of their performance measurements within the 1-year defects liability period upon completion of the energy saving projects.

Scope for improving accuracy of project estimates

- 13) With reference to paragraph 4.11, please advise the projects which had the largest increase and decrease in cost estimates, the reasons for the misestimation, and how the Administration will ameliorate the problem?

Reply to 13:

For some energy saving projects, the actual expenditures are higher or lower than their original estimates as stated in the application forms.

This is mainly due to the revisions in the scope of works in response to the actual operational needs of the B/Ds concerned during project implementation.

The energy saving project with the largest increase in project estimate was the one with an increase of 300%, the scope of works of which was revised to include the replacement of 28 additional floodlights (on top of the original scope involving 33 floodlights) with more energy-efficient ones as requested by the B/D concerned. The replacement of these additional floodlights involved installation works at the building façade at more than 50 metres above ground level, resulting in the overall works estimate being much higher than the original plan.

The energy saving project with the largest decrease in project estimate was the one with a decrease of 96%, the scope of works of which was reduced as the number of energy efficient LED lights required for replacement was brought down from the original estimate of 1 200 to 138. EMSD has substantially revised the relevant project estimate upon review.

EMSD has all along reminded B/Ds to provide accurate project estimates in the application forms and review and update project estimates in a timely manner. As such, EMSD was made aware of, at an early stage, the surplus funding, which was then transferred to energy saving projects on the waiting list or those submitted through in-year bids.

(II) Response from the Architectural Services Department

Part 2: Achievement of Energy Saving Targets

Need to complete renewable energy projects at existing government buildings as early as possible

14) With reference to paragraphs 2.24 and 2.25, please advise:

- (a) the estimated costs of the 67 projects approved for implementation and the types of projects included;

- (b) the reasons why the implementation of nine projects had not progressed as expected, and the contents of these nine projects; and
- (c) the reasons why 14 projects were still under feasibility study, and the contents of these 14 projects.

Reply to 14(a), (b) & (c):

The estimated cost of the 67 projects that have been approved for implementation is approximately \$198 million. These projects mainly concern the addition of renewable energy (RE) systems such as photovoltaic and solar lighting systems at various types of existing government buildings.

The 9 RE projects that could not be completed by the original completion date concern the addition of RE systems including photovoltaic and solar lighting systems to the existing government buildings. They were affected by various causes, including extra time for structural design due to site constraints or lack of building plans and design calculations for the existing buildings, additional structural alteration works being required, rescheduling of works to suit the operations of the managing B/Ds concerned, material delivery being affected by COVID-19 and inclement weather affecting external works, etc. These unforeseeable situations have affected the progress of the projects.

Since September 2018, the Architectural Services Department (ArchSD) has started to plan and carry out feasibility studies for 178 RE project proposals, funding application and the implementation of these projects by batches to tally with the resources arrangement. The 14 project proposals under feasibility study as mentioned in paragraph 2.25 were the last batch in the plan. These 14 projects concern the addition of RE systems including photovoltaic and solar lighting systems at existing government buildings. Their feasibility studies were all completed in October 2020 as scheduled. ArchSD would further discuss with the managing B/Ds concerned regarding funding application and implementation details for those technically feasible projects.

Part 4: Management of Energy Saving Projects and Other Management Issues

Scope for improvement in monitoring the progress and cashflow of energy saving projects

- 15) With reference to paragraph 4.19, please advise the reasons why 58 projects had not incurred any expenditure and how the Administration will ameliorate the problem.

Reply to 15:

These 58 projects have not incurred any expenditure in the year of approval as energy saving projects are usually implemented in existing occupied premises, and the progress and expenditure for some approved projects would be affected when the works schedules need to be adjusted to meet the operational requirements of the managing B/Ds. To monitor more closely the financial position of approved energy saving projects, ArchSD has prepared regular overall progress and financial reports to timely review the situation. As the majority of the approved energy saving projects are implemented by the Electrical and Mechanical Services Trading Fund under the purview of EMSD, ArchSD has stepped up the communication with EMSD through regular project coordination meetings so as to timely handle the issues affecting project status and cashflow together.

Scope for enhancing the participation in green building certification

- 16) With reference to paragraph 4.30, please advise the process of obtaining the relevant green building certification. Has any effort been made to find out why other government buildings have not yet applied for the certification? Is it due to publicity or other reasons?

Reply to 16:

To trigger BEAM Plus assessment, the applicant should register a project by filling in Hong Kong Green Building Council (HKGBC)'s online registration form. After registration, the applicant will have to submit necessary project materials (e.g. project information fact sheet, supporting

documents and drawings) for BEAM Plus assessment. A project may be subject to two assessments, namely provisional and final assessments, depending on the type of assessment tool selected. A new building project will be subject to provisional assessment when it is at design / early construction stage. Provisional assessment offers an opportunity to the applicant to review and improve its building design before commencing the actual construction works. When all the prerequisites are achieved in the provisional assessment, HKGBC will issue the provisional certification result to the applicant. Provisional certification is valid for a period of 6 years or up to the issue of final certification result, whichever is earlier. Given the need to ensure that green and sustainable design features are actually implemented effectively after the building is completed and in operation for a certain period of time, the entire assessment cannot be finalised until a final certification result is obtained. The certificate will be issued by HKGBC upon successful assessment.

As per the Joint Circular on “Green Government Buildings” issued by the Development Bureau and ENB in April 2015, all new government buildings of construction floor area above 5 000 square metres with central air conditioning or above 10 000 square metres, should aim to obtain BEAM Plus certification as far as practicable. All 34 completed new government buildings as mentioned in paragraph 4.30 meeting the above criteria have already registered and obtained BEAM Plus certification. So far, 9 projects have obtained provisional Platinum or Gold Grade certification while 25 projects have obtained final Platinum or Gold Grade certification.

(III) Response from the Environment Bureau

Part 1: Introduction

17) How did the Administration set the four rounds of electricity saving targets described in Table 2 of paragraph 1.5?

Reply to 17:

As one of the major electricity users in Hong Kong, the Government has

been taking the lead in promoting energy saving and setting electricity saving targets. In formulating the 4 electricity saving targets as set out in table 2 of paragraph 1.5 of the report, the Government has considered the energy saving potential of the energy saving measures concerned, the electricity consumption and operations of the relevant buildings, latest developments in energy saving technologies, whether the electrical and mechanical installations have to be replaced, technical feasibility, and other relevant factors.

Part 2: Achievement of Energy Saving Targets

Need to keep under review the implementation of green energy target

18) With reference to paragraph 2.21, please advise the staff establishment and resources involved in the implementation of measures to achieve the green energy target.

Reply to 18:

All B/Ds are involved in achieving the Green Energy Target through energy saving measures, including green office management and implementation of relevant recommendations of energy audit reports. Hence, no separate staff establishment figure is available. On resources, as the energy and carbon audits are being rolled out progressively, the capital expenditure on energy saving works is not yet available. As regards promotion of RE, the Government has earmarked \$2 billion in total since 2017-18 for the installation of small-scale RE facilities at existing government buildings, venues and facilities.

**Environment Bureau
Electrical and Mechanical Services Department
Architectural Services Department
January 2021**

The Government of the Hong Kong Special Administrative Region

發展局
文物保育專員辦事處
香港九龍尖東麼地道 68 號
帝國中心 7 樓 701B 室



Commissioner for Heritage's Office
Development Bureau
Unit 701B, 7/F
Empire Centre, 68 Mody Road
Tsim Sha Tsui East
Kowloon, Hong Kong

本局檔號 Our reference : () in DEVB/CHO/1C/CR/10/1
來函檔號 Your reference : CB4/PAC/R75
電話號碼 Tel No. : 2906 1529
傳真號碼 Fax No. : 2906 1574

4 January 2021
(By email)

Ms Wendy Jan
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Ms Jan,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 75
Funding schemes for conservation of built heritage managed by
the Development Bureau

Thank you for your letter dated 23 December 2020 regarding the Public Accounts Committee's consideration of Chapter 6 of the Director of Audit's Report No. 75. Our response is at Appendix.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Karen Kam', written over a horizontal line.

(Ms Karen Kam)

for Secretary for Development

c.c. Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)
Director of Audit (email: john_nc_chu@aud.gov.hk)

Appendix

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 75
"Funding schemes for conservation of built heritage
managed by the Development Bureau"

Part 2: Management of the Revitalising Historic Buildings Through Partnership Scheme ('Revitalisation Scheme')

Scope for improvement in inviting applications

- 1) According to paragraph 2.4 and Table 2, the number of applications received for each historic building varied considerably. For example, the number of applications received for each historic building launched under Batch V ranged from 2 applications to 12 applications. According to paragraph 2.6(a)(iii), only two applications were received for a historic building launched under Batch V because it was a historic building located in remote area and the gross floor area of the building was relatively small. Please inform this Committee how the Administration will enhance the attractiveness of historic buildings which are located in remote areas and the gross floor areas of which are relatively small to potential applicants in the future.

The number of applications received under the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme) depends on various factors, such as the nature of the building, geographical environment and building size. All buildings included in the Revitalisation Scheme must be government-owned historic buildings with no designated use and limited commercial viability. Some of these buildings are located in remote area and the gross floor area of the buildings is relatively small. Such physical and geographical constraints might reduce their attraction to potential applicants. Although one historic building located in remote area with a relatively smaller gross floor area under Batch V of the Revitalisation Scheme received just two applications, it is only an isolated example. In fact, when that historic building was re-launched under the latest Batch VI of the Revitalisation Scheme, five applications were received.

The Development Bureau (DEVB) has all along striven to raise public awareness of the importance of conserving and revitalising historic buildings through organising various publicity and public education activities targeting different sectors of the community. Besides, projects under the Revitalisation Scheme are generally well-received and recognised by the public. In recent years, more organisations are interested in participating in the conservation of historic buildings. As in the example shown above, even if the number of applications a project received previously under the Revitalisation Scheme was relatively small, it can still attract more applications when re-launched. We believe that even though some historic buildings are relatively small in size and located in remote area, they can still be attractive. Non-profit-making organisations (NPOs) can usually unleash their creativity and put forward different viable revitalisation proposals. With collective public wisdom, we can definitely find new uses for the buildings for the enjoyment of the public.

In addition, DEVB considers that the quality of applications outweighs the number. Despite the small number of applications received for individual historic buildings under the previous five batches of the Revitalisation Scheme, the quality of the application proposals we received was quite high with concrete and practical operation modes and strategies. They are also very creative and can bring out the value of the historic buildings.

To further enhance the attraction of historic buildings to potential applicants when launching a new batch of the Revitalisation Scheme in future, DEVB will also step up promotion through social media in addition to our websites, newsletters, press releases and publicity activities, so that organisations of varying scales can submit applications for the most suitable historic buildings according to their needs and abilities. DEVB will also consider organising more open days during the application period to provide more opportunities for interested organisations to visit and have a better understanding of the historic buildings. Furthermore, if necessary, we will consider extending the application period so that interested organisations will have more time to prepare application proposals.

- 2) **According to paragraph 2.6(b)(i), regarding the invalid applications received by the Development Bureau ("DEVB"), DEVB had already used various means to facilitate potential applicants to understand the application requirements, including organizing workshops. Will the Administration revise the contents of the workshops so that it will be easier for applicants to understand the application requirements? If yes, what are the details? If no, what are the reasons?**

DEVB has already used various means to facilitate potential applicants to have a better understanding, including organising workshops, publishing the Guide to Application and resource kits, and publicising such requirements on our websites, newsletters and roving exhibitions. Whenever a new batch of the Revitalisation Scheme is launched, DEVB will review and revise the contents of workshops, the Guide to Application and resource kits, so that the applicants will have a better understanding of the scheme and know how to complete the application form. We will consider explaining the reasons and cases regarding previous invalid applications in future workshops, so as to explain the application requirements to applicants through concrete examples to reduce invalid applications. We will also invite more selected organisations to share their experience in completing the application form and preparing related documents.

- 3) **It is pointed out in the Director of Audit's Report that there were often delays in the submission of various kinds of applications, information and reports as well as in the implementation of works by non-profit-making organizations ("NPOs") under various funding schemes for conservation of built heritage. In this connection, what specific improvement measures has DEVB put in place to ensure that the historic buildings concerned can be conserved and revitalized in a timely manner? Will DEVB consider providing more proactive and professional support to those NPOs which lack project management experience? If yes, what are the details? If no, what are the reasons?**

DEVB has been providing professional support for successful non-profit-making applicants to take forward their proposals in the areas

of heritage conservation, land use and planning, building architecture and compliance with the Buildings Ordinance (Cap. 123). During the design of advance works, DEVB will provide templates for tender documents to assist the NPOs in engaging engineering design consultants to take forward detailed design. During the implementation of works, DEVB will hold progress and site meetings with the NPOs on a regular basis to keep informed of the works progress and help supervise the consultants and contractors. During operation, DEVB will assist the NPOs in formulating building maintenance manuals and offer technical advice on maintenance in a timely manner.

Improvement in setting the criteria for shortlisting applicants for second-round assessment

4) According to paragraph 2.9(a), in assessing the applications received under Batch I of the Revitalisation Scheme, the Advisory Committee on Built Heritage Conservation ("the advisory committee") did not set a pre-determined passing score for five historic buildings. According to paragraph 2.9(b), there was no documentary evidence showing that pre-determined shortlisting criteria had been set by the advisory committee in considering the applications received for all historic buildings under Batches II to IV. According to paragraph 2.9(c), for a historic building with two applications received, an applicant with a score below the passing score was shortlisted to attend the interview with the advisory committee. In this connection, please provide the following information:

(a) why did the advisory committee not set a pre-determined passing score for five historic buildings in assessing the applications received under Batch I of the Revitalisation Scheme?

When Batch I of the Revitalisation Scheme was launched in 2008, the Advisory Committee on Revitalisation of Historic Buildings, responsible for assessment of the Scheme already established a set of assessment criteria and a passing score in assessing the first two historic buildings. These were recorded by the Secretariat in the relevant minutes of the assessment meeting. The passing criteria

also applied to the remaining five historic buildings but were simply not laid down in the minutes again.

- (b) is the advisory committee obliged to comply with the guidelines on setting pre-determined shortlisting criteria? In case of members' failure to comply with the guidelines on setting pre-determined shortlisting criteria and documenting the justifications for any deviations from the pre-determined criteria, what measures will DEVB take to ensure compliance by members; and**

At the beginning of assessment of each batch of the Revitalisation Scheme, the committee responsible for assessment will discuss and endorse the assessment criteria for that particular batch of the scheme. During the assessment process, if the committee finds it necessary to deviate from the relevant criteria, it will set out detailed justifications and the Secretariat will record them in the minutes of meeting. The assessment committee of Batches I to IV was chaired by the same person, whereas the membership of the committee for Batches I to III was more or less the same except for a few changes in Batch IV. Therefore, the same set of assessment criteria and passing score were used when assessing the applications under Batches I to IV. There was no deviation from the relevant criteria in the assessment process.

- (c) please explain why an applicant with a score below the passing score was shortlisted to attend the interview with the advisory committee.**

Under Batch V of the Revitalisation Scheme, assessment was carried out by the then newly established Advisory Committee on Built Heritage Conservation (ACBHC), which adopted the assessment criteria for Batches I to IV and the same passing score. However, as one of the historic buildings under the scheme was located in a relatively remote area and its usable area was quite small, certain constraints and difficulties would be encountered during the revitalisation process. We received two applications for that building, but both of them did not attain the passing score. After

detailed discussion, the ACBHC agreed to invite the applicant with a score nearer to the passing score for an interview, so as to better understand the details of the application before deciding whether the application would be considered. After the interview with the applicant, the ACBHC considered that the application did not meet the threshold for shortlisting and therefore could not enter the second round of assessment. The decision and detailed justifications given by the ACBHC have been clearly recorded in the relevant minutes of meeting.

Need to strengthen monitoring of works variations

- 5) As stated in paragraph 2.21(a), an NPO awarded the contract for the main works of a project to a contractor at a contract sum of \$195.5 million. According to the draft final project account of the project in August 2019, the estimated final contract sum had increased by \$26.6 million (i.e. from \$195.5 million to \$222.1 million), with variation works of about \$13.3 million. In this connection, please provide the following information:**
- (a) has DEVB investigated the reasons why the NPO issued many instructions of works variations without prior approval? If yes, please provide the records of the follow-up actions taken. If no, what are the reasons and how did DEVB monitor the situation and enhance accountability? Moreover, why did the NPO not seek prior approval?**

As the draft final project account submitted by the NPO recently was incomplete and missed quite a lot of information (including documents regarding the approvals for works variations), DEVB already requested the NPO on 25 November 2020 to include all documents regarding the approvals for works variations (both written and verbal approval-in-principle) when submitting a revised draft final project account. All works variations without approval have to be removed from the revised draft final project account. The NPO is responsible for the financial cost of the works variations carried out without approval.

- (b) according to paragraph 2.22(a), as informed by DEVB, it would first give verbal approval-in-principle to some variation requests involving minor changes. Under what circumstances will verbal approval-in-principle be normally given? How will DEVB assess NPOs' justifications for variation requests?**

In general, verbal approval-in-principle is given to solve problems encountered during the actual works process. The relevant proposals will be discussed and decisions will be made immediately on site by the project team in order to avoid delay of works. DEVB will carefully examine and review the variation requests according to the contract provisions, and consider the cost and time implications before confirming whether the variations are justified. If necessary, we will seek technical advice from the Architectural Services Department (ArchSD).

- (c) what measures will DEVB take to ensure that NPOs get prior written approval for variation works as far as possible; and**

As regards Batch IV revitalisation projects underway, we will hold progress and site meetings with the NPOs on a regular basis to discuss and monitor the works progress of the projects and remind the NPOs to submit their applications for works variations in advance for approval.

- (d) when is the review referred to in paragraph 2.22(c) expected to be completed?**

DEVB expects that the review of the approval for works variations for the relevant projects will be completed in the second quarter of 2021.

Need to continue to keep under review financial viability and sustainability of projects

- 6) According to paragraph 2.32(b), three projects accumulated deficits of \$1 million, \$1.8 million and \$6.6 million respectively as of their reporting dates in 2019. Please provide the following information:**

- (a) have the NPOs which are operating at a deficit implemented measures to improve their financial performance? If yes, what are the details? If no, what are the reasons; and**

All three NPOs with deficits have implemented measures to improve their financial performance, including the new services already provided or will be provided (such as special catering services and new interest classes and workshops) to attract more visitors and customers. In addition, these NPOs have successfully sought sponsorship and donations through different channels, including funding from the Hong Kong Jockey Club Charities Trust, the HSBC Hong Kong Community Partnership Programme and the Kadoorie Farm, to improve their financial situation.

- (b) regarding those NPOs which continue to have deficits, has DEVB taken actions to assist them to operate the relevant projects? If yes, please provide records on the follow-up actions taken. If no, what are the reasons?**

Under the Revitalisation Scheme, the Government will provide a maximum of \$5 million grant to an NPO with deficits in the first two years of operation. Of the above three NPOs with deficits, one has already been granted \$2.2 million earlier on and another NPO will receive a maximum of \$3.3 million grant. DEVB has also decided to provide maintenance subsidies for operators that will renew their third tenancy, so as to facilitate these organisations to carry out works to maintain and conserve the relevant historic buildings. In order to alleviate the impact of the COVID-19 epidemic, all operators can apply for a subsidy of \$3 million from the Anti-epidemic Fund to solve their cash flow problems and continue operation. DEVB also helps the operators to promote local built heritage tourism and provide them with financial assistance to attract visitors and improve their operation.

Need to ensure NPOs' compliance with submission requirements

7) According to paragraph 2.36(a) to (c), there were delays in the submission of business plans and financial plans, building management plans, mid-year progress reports and annual reports by NPOs. Please provide the following information:

(a) has DEVB gained an understanding of the reasons for the late submission of reports by NPOs, and explored if there are other ways to resolve this problem?

As far as we know, the main reasons for the delay in the submission of their first business, financial and building management plans by the NPOs include: (i) the building management plans involved information submitted by third parties, and the NPOs could only finish drawing up the documents after the submission of as-built drawings by the consultants and contractors engaged by them; and (ii) since the submission deadlines for the above plans coincided with the renovation period during which the NPOs were preoccupied with the works progress and business preparation, the submission of the project plans was delayed.

As to the main reasons for late submission of regular progress reports, they include: (i) since the NPOs were not familiar with how to fill out the report proforma (in particular the financial part) during initial operation, they spent a longer time to complete the whole report; (ii) the auditors engaged by the NPOs failed to complete their audit work on schedule; (iii) the financial reports had to be approved by the boards of directors but the dates for board meetings might not match the submission deadlines; and (iv) the operators under Batches I and II of the Revitalisation Scheme were not required to set up independent companies, so their financial reports would only be ready after the completion of the financial reports by their parent companies and the approval by the boards of directors, but the financial years of the parent companies and the operators might not be the same, which resulted in delays.

DEVB has all along followed up on cases of non-submission or late submission of reports and documents, including giving verbal and

written reminders on a regular basis. Cases with serious delay would be escalated to senior management of both DEVB and the NPOs with written advices given. As mentioned above, the reasons for late submission of reports and documents by the NPOs were often not anticipated by them. They include: reports involved information submitted by third parties, the NPOs were not familiar with how to fill out the report proforma during initial operation, the external auditors failed to complete their audit work on schedule, the financial reports had to be approved by the boards of directors of the operators. We understand the difficulties encountered by the NPOs in submitting their reports, and we will communicate with them more closely to assist them in submitting their reports on time.

- (b) according to paragraph 2.37, even though DEVB had given verbal and written reminders and written advices, the problem of late submission of reports by NPOs was still serious. Will DEVB strengthen the existing measures or establish afresh a more effective regulatory mechanism to ensure the timely submission of reports by NPOs; and**

To further enhance the monitoring of the submission of reports by the NPOs, since September 2020, at the internal meetings held every two months for the Revitalisation Scheme projects chaired by a directorate officer, the progress of the submission of reports by the NPOs would be discussed and examined so that timely and appropriate follow-up action would be taken. Regarding reports that have been long overdue, directorate officers will meet with the NPOs to understand their difficulties and look for a solution together. We will also examine the use of information system to enhance our efficiency in recording, analysing and monitoring the project performance of the NPOs.

- (c) as regards the late submission of reports by NPOs, is there a mechanism for imposing penalties?**

DEVB will evaluate the operation of the social enterprises on a regular basis through the reports submitted by the NPOs, and will report the situation to the ACBHC so as to discuss and monitor the

progress of each project and give appropriate advice. As regards late submission of reports by the NPOs, after we have issued reminders and advice to them, the NPOs concerned have made improvements. If such unsatisfactory situation persists or if the NPOs fail to submit the reports, we may consider terminating their tenancy agreements and take back possession of the historic buildings.

Part 3: Management of the Financial Assistance for Maintenance Scheme on Built Heritage (“FAS”) and two funding schemes

Scope for assisting applicants to submit required information and expediting the processing of FAS applications

8) According to paragraph 3.3(a)(i) and (ii), for the 145 valid applications received during August 2008 to July 2020, the processing time (i.e. the duration between the date of receipt of application and date of formal approval) of 22 (28% of 79) applications was more than two years, and the case with the longest processing time lasted for more than four years. According to paragraph 3.3(b), 66 FAS applications pending formal approval were still being processed by DEVB as of July 2020. Please provide the following information:

(a) regarding the two-stage approval mechanism introduced in April 2015 by DEVB to deal with relevant matters as mentioned in paragraph 3.4(a), please provide the staffing establishment and expenditure involved, and how effective is the mechanism; and

Before April 2015, an applicant was required to submit an application form together with the proposed scope of maintenance works and cost estimates. Upon receipt of the application, DEVB would check the eligibility of the application (e.g. completeness of the submitted information) and site visits would be conducted by DEVB and ArchSD to inspect the historic building and carry out assessments to form a view on the proposed maintenance works. Previously, applications for the Financial Assistance for Maintenance Scheme on Built Heritage (FAS) would be approved by us in one stage. Without the assistance of the consultants in

conducting technical assessment, an applicant usually needed longer time to obtain formal approval.

Since April 2015, FAS applications received have been processed in two stages (i.e. two-stage processing mechanism). Under stage one, vetted applicants will be granted with approval-in-principle and are allowed to engage consultants. Under stage two, with the assistance of consultants in conducting technical assessment, applicants will be able to obtain a formal approval more efficiently. The number of formally approved applications also increased from two in 2015/16 to 13 in 2019/20. Since 2008, there are three posts responsible for the administrative work of the FAS, namely one senior professional grade member, one professional grade member and one senior technical grade member. According to the expenditure for 2019-20, the annual expenditure in this regard was about \$2.98 million.

(b) what other measures will DEVB take to address the problem?

When processing applications, we are aware that some applicants fail to submit the required information within a reasonable time to obtain a formal approval. We will enhance communication with the applicants, for example, by holding meetings with them, and do our best to help them submit the required information so that they will obtain a formal approval as soon as possible.

Scope for providing further guidelines on handling concurrent FAS applications in relation to a single historic building

- 9) **According to paragraph 3.7, a single historic building could at most have three concurrent applications at any instant covering different aspects of the building, and such practice for handling concurrent applications has neither been specified in the Guide to Application nor in DEVB's internal guidelines. In this connection, will the Administration specify such practice in the Guide to Application or in its internal guidelines, so as to handle concurrent FAS applications? If yes, what are the current implementation situation, progress and details? If no, what are the reasons?**

DEVB will specifically include the current practice, i.e. a single historic building can at most have three concurrent applications at any instant covering different aspects of the building, into the Guide to Application and our internal guidelines as soon as possible.

- 10) According to paragraph 3.8, owing to the low grant ceiling of \$2 million for each successful application under FAS, some owners of privately-owned graded historic buildings might intentionally carry out the repair and maintenance works of the buildings in phases in order to obtain more subsidies under separate applications. In this connection, will the Administration consider raising the grant ceiling? If yes, what are the details? If no, what are the reasons?**

DEVB raised the grant ceiling from \$1 million to \$2 million in 2016. However, we have not found any cases in which the owners intentionally carried out the repair and maintenance works of the buildings in phases solely because the grant ceiling for each successful application was \$2 million. In addition, a single historic building can at most have three concurrent applications covering different aspects of the building and a total of \$6 million will be granted. We, therefore, currently have no plans to further raise the grant ceiling for each successful application.

Need to ensure that grantees comply with submission requirements

- 11) According to paragraphs 3.18, 3.19 and Table 7, of the 59 projects with maintenance works completed, the Audit Commission selected five projects for examination. For two projects, only three and two brief reports were submitted by the grantees during the respective nine-year and five-year periods after the completion of maintenance works, and for the other three projects, no reports were submitted by the grantees. DEVB did not issue reminders in a timely manner to those grantees which had not submitted or had delay in submitting the brief reports. Please provide the following information:**
- (a) for those grantees who were late in submitting or had not submitted brief reports, has DEVB understood from them the difficulties involved and assisted them in resolving these difficulties?**

When processing these cases, we found out that the correspondence addresses or telephone numbers of some grantees had already been changed. We had to locate the grantees when conducting regular site visits. The grantees of the above five cases have already submitted all the brief reports.

- (b) will DEVB strengthen the existing measures or establish afresh a more effective regulatory mechanism to ensure timely submission of brief reports by grantees; and**

DEVB has followed up on all cases of non-submission or late submission of brief reports on a regular basis, including giving written reminders or contacting them by telephone. We will enhance communication with the grantees (such as requesting the grantees to provide two telephone numbers for contact), so as to remind them to submit brief reports on time in a more effective manner.

- (c) as regards the non-compliance with the requirements in FAS agreements by the grantees, is there a mechanism for imposing penalties?**

Regarding the grantees who have breached the conditions in the FAS agreement, DEVB has put in place a disciplinary mechanism to monitor the situation, which is also specified in the agreement signed and returned by the grantees. Should the grantees breach any conditions in the agreement, we will examine the situation and the grantees may be required to repay the Government the whole or part of the grant together with the administrative cost incurred at the Government's discretion.

Scope for improvement in implementing the projects

- 12) According to paragraph 3.24, a grantee organized six workshops under three planned activities from November 2018 to April 2019, and one of such workshops fell short of the target number of participants by 62%. Please provide the following information:**

- (a) what is the status of DEVB following up with the grantee to understand the reasons for not achieving the target number of participants?**

The Secretariat to the Built Heritage Conservation Fund (the Secretariat) under DEVB has been liaising closely with the grantee to understand and follow up on the progress of the project. In respect of the activities mentioned in paragraph 3.24 of the Director of Audit's report, according to the progress reports and information provided by the grantee, the organiser has taken the initiative to contact a number of schools with a view to increasing the number of student participants. However, school activities were heavily scheduled then and therefore the response was not enthusiastic. Besides, the workshop which fell short of the target was actually held on the last day of two consecutive workshops, and it was conducted in the form of group presentation. As each group was allowed to send its representatives to the workshop to give presentations, the actual number of participants was lower than the target number. (The target number of participants was 40, and only 15 of the 64 registered participants showed up.)

- (b) how does DEVB monitor whether the grantees under the funding schemes have met the targets at present? What are the Government's scope of authority, as well as the expenditures and staffing establishment involved; and**

According to the Guide to Application – Funding Scheme for Public Engagement Projects on Built Heritage Conservation and the Conditions for the Use of Fund at its Appendix IV, the grantee is required to submit progress reports to the Secretariat periodically to report the latest progress of the project, and submit the project evaluation report and audited statement of accounts within three months after completion of the whole project. The Secretariat will examine these progress, financial and evaluation reports submitted by the grantee to monitor if the project activities have met the objectives and targets as stipulated in the approved project proposal. In addition, the Secretariat will conduct on-site inspection during the

activities from time to time, and give recommendations and advice on the improvement measures to the grantee afterwards.

Under the existing establishment, a total of four posts were established under the Secretariat since 2018 to help monitor the two pilot schemes, including one Curator (Heritage Conservation), one Senior Heritage Officer and two Heritage Officers. The annual expenditure on the four posts was about \$3.7 million in the financial year 2019-20.

- (c) are there any measures to increase the number of participants of the workshops? If the situation continues to be unsatisfactory, how will this problem be resolved?**

The Secretariat will continue to exchange views with the grantees to increase the attendance rate of workshops and make recommendations accordingly. Measures include increasing the application quotas, providing phone call reminders to all registered participants before the day of activities, increasing the means of publicity and making wider use of social media to enhance promotion. For those activities with continuously low attendance rate, the Secretariat will advise the grantees to review and change the concept and mode of the activities to enhance their attractiveness.

Part 4: Other management issues

Room for improving practices on declaration of interests

- 13) According to paragraph 4.13, DEVB did not request declaration of general pecuniary interests from members of the advisory committee when they were appointed. Instead, members were requested to declare their interests at the first committee meeting or six days before the first committee meeting, which were one to two months after the date of appointment. In addition, no time limit was set by DEVB for the return of the declaration forms, and some members submitted their declaration forms long after DEVB requested them to do so. Please provide the following information:**

(a) what are the existing procedures and guidelines for committee members to declare their interests?

The existing procedures and guidelines for the declaration of interests by those who are appointed as members of the committee are formulated according to the two-tier declaration system proposed by the Independent Commission Against Corruption. Members, upon their appointment, shall declare and register their personal interests, direct or indirect, pecuniary or otherwise. In addition, prior to the assessment of applications for the revitalisation of historic buildings or the discussion of any subject matters, if a member finds any potential or actual conflict of interest in the subject matters to be discussed, he/she has to make a declaration before the meeting. The chairman and other members of the committee will decide whether that member should abstain from the meeting or withdraw from discussion.

(b) for those members who were late in submitting declaration forms or had not submitted annual declaration forms, has DEVB followed up with them, and how did DEVB address potential conflict of interests?; and

Regarding members who are late in submitting the forms to register their personal interests, DEVB has all along followed up with the members, including reminding them by telephone and email to return the forms as soon as possible. In the end, all members have returned the relevant forms. If there is any change to members' interests during their term of office, they will also notify the Secretariat. Besides, as mentioned in (a) above, prior to the discussion of any subject matters, members also have to declare any potential or actual conflict of interest. The chairman and other members of the committee will decide whether that member can continue to attend the meeting and participate in the relevant discussion, so as not to affect the discussion of the meeting due to conflict of interest.

- (c) what measures will DEVB take to ensure that members of the advisory committee will declare their interests upon appointment and annually thereafter?**

In future, DEVB will invite members to register their personal interests immediately upon their appointment and will invite them to make declarations annually afterwards. We will set a time limit for the return of the declaration forms, and will step up efforts to remind and follow up with those members who have not returned their forms on time, requesting them to return the forms to register their interests as soon as possible.

The Government of the Hong Kong Special Administrative Region

發展局
文物保育專員辦事處
香港九龍尖東麼地道 68 號
帝國中心 7 樓 701B 室



Commissioner for Heritage's Office
Development Bureau
Unit 701B, 7/F
Empire Centre, 68 Mody Road
Tsim Sha Tsui East
Kowloon, Hong Kong

本局檔號 Our reference : () in DEVB/CHO/1C/CR/10/1
來函檔號 Your reference : CB4/PAC/R75
電話號碼 Tel No. : 2906 1529
傳真號碼 Fax No. : 2906 1574

13 January 2021

(By email)

Ms Wendy Jan
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Ms Jan,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 75
Funding schemes for conservation of built heritage managed by
the Development Bureau

Thank you for your letter dated 8 January 2021 regarding the Public Accounts Committee's consideration of Chapter 6 of the Director of Audit's Report No. 75. Our response is at Appendix.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Karen Kam'.

(Ms Karen Kam)

for Secretary for Development

c.c. Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)
Director of Audit (email: john_nc_chu@aud.gov.hk)

**Chapter 6 of the Director of Audit's Report No. 75
Funding Schemes for Conservation of Built Heritage
Managed by the Development Bureau
Questions Asked and Information Requested**

In response to Question 1, part 2 of the report mentioned that some projects under the Revitalising Historic Buildings Through Partnership Scheme had received smaller number of applications, and some of them even had to be re-launched. Has the Development Bureau (DEVB) ever re-evaluated these less attractive projects and considered if there are other alternative means of revitalisation? If not, will DEVB implement the above practice in future? Moreover, will DEVB introduce more different and flexible modes to allow more organisations to participate in the conservation and revitalisation of government-owned historic buildings? If yes, what are the details; if not, what are the reasons?

Reply

The government all along adopts different modes to conserve and revitalise historic buildings according to their individual circumstances. In addition to incorporating historic buildings into the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme), the government also lets out historic buildings to interested organisations for proper uses. The government also invites non-governmental organisations to revitalise and operate projects through other forms of partnership to make good use of historic buildings. For example, “Tai Kwun – Centre for Heritage and Arts” was revitalised from the Central Police Station Compound, and “PMQ” was revitalised from the Former Hollywood Road Police Married Quarters. Moreover, the government also operates and revitalises relevant historic buildings directly, if appropriate. For example, the Ex-Ma Tau Kok Animal Quarantine Depot was converted into “Cattle Depot Artist Village”, which is available for lease by artists and art groups and is open to the public for visit and participation in the activities.

Under the Revitalisation Scheme, there were cases where re-launched projects could successfully identify suitable partners and new uses. For example, although no proposal was selected to revitalise the Old Tai Po Police Station under Batch I of the

Revitalisation Scheme, a proposal was selected under Batch II and it has been successfully revitalised as the “Green Hub for Sustainable Living” to promote sustainable living. The government re-launched King Yin Lei under Batch VI of Revitalisation Scheme upon review and made more flexible arrangement to increase the usable area. Without affecting the heritage significance of King Yin Lei, applicants are allowed to construct new structures compatible with the landscape of King Yin Lei at part of the rear garden area in order to meet their land usage requirements. There were also cases where although only a small number of applications was received under individual projects of the Revitalisation Scheme, more applications were received when the projects were re-launched in subsequent batches. For example, Fong Yuen Study Hall only received two applications under Batch V of the Revitalisation Scheme. However, a total of five applications were received when it was re-launched under Batch VI of the Revitalisation Scheme.

The incorporation of the relevant historic buildings into the Revitalisation Scheme and the selection of the revitalisation proposals through an open, fair and competitive mechanism is conducive to finding the most suitable partner and use for these historic buildings through tapping of community’s wisdom and creativity. The Development Bureau (DEVB) considers that this an appropriate method. Nevertheless, DEVB will continue to explore different and flexible modes to allow more organisations to participate in the conservation and revitalisation of government-owned historic buildings.

香港特別行政區政府
商務及經濟發展局
工商及旅遊科



COMMERCE, INDUSTRY AND TOURISM BRANCH
COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU
GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

香港添馬添美道二號
政府總部西翼二十三樓

23/F, WEST WING
CENTRAL GOVERNMENT OFFICES
2 TIM MEI AVENUE
TAMAR, HONG KONG

本函檔號 Our Ref. : TC CR T3 22/28/13
來函檔號 Your Ref. : CB4/PAC/R75

電話號碼 Tel. No.: 2810 2087
傳真號碼 Fax No.: 2121 1468/2147 5834

5 January 2021

Urgent By Email: wyjan@legco.gov.hk

Ms Wendy Jan
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Jan,

Public Accounts Committee

**Consideration of Chapters 7 and 8
of the Director of Audit's Report No. 75**

I refer to your two letters dated 23 December 2020.

As requested, I attach CEDB's responses (in English) to the issues raised in the Appendices of your letters for PAC's consideration, please.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Maggie Chow'.

(Miss Maggie Chow)
for Secretary for Commerce and Economic Development

Public Accounts Committee
Director of Audit's Report No. 75 Chapters 7 & 8
Response of the Commerce and Economic Development Bureau

Chapter 7 Hong Kong Tourism Board: Corporate governance and administrative issues

Part 2: Corporate Governance

11) According to para. 2.21, the Commerce and Economic Development Bureau has never entered into a Memorandum of Administrative Arrangements with the Hong Kong Tourism Board as required under Financial Circular No. 9/2004 since the establishment of HKTB in April 2001. What is the reason behind? What specifically are the established practices and guidelines mentioned in para. 2.24(a)?

The Memorandum of Administrative Arrangement (MAA) is meant to set out the responsibilities of subvented body concerned and the Government as a monitoring body. While Commerce and Economic Development Bureau (CEDB) has not signed a Memorandum of Administrative Arrangement with Hong Kong Tourism Board (HKTB), CEDB and HKTB have put in place a set of effective established practices and guidelines over the years for both parties to discharge their respective responsibilities, which is elaborated below:

- (a) HKTB Ordinance (Cap. 302) – the Ordinance provides the statutory framework under which HKTB shall perform its functions and sets out clearly the Government's powers and monitoring responsibilities in the operation of HKTB (e.g. provision of financial resources, appointment of members etc.);
- (b) Annual monitoring of HKTB through the Annual Business Plan and Budget - under the Ordinance, HKTB is required to submit its budget and programmes for the next financial year for approval of Secretary for Commerce and Economic Development (SCED) (under delegated

authority from Chief Executive) before an appointed date (28 February);

- (c) Accountable to the public - a paper on the Annual Business Plan and Budget is submitted to the Panel on Economic Development of Legislative Council at its meeting at the beginning of each year (usually in February);
- (d) Draft Estimates vetted by CEDB - CEDB vets HKTB's financial resources requests. The supported funding is included in Programme 7 under the Controlling Officer's Report of Head 152 of the Draft Estimates for the financial year;
- (e) Performance Indicators - after SCED approved the Annual Business Plan and Budget, CEDB will request HKTB to set out Performance Indicators for its programmes and activities;
- (f) Quarterly Progress Reports - HKTB is required to submit Quarterly Progress Reports to the Controlling Officer (i.e. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)) on the progress of its work and use of subvention;
- (g) Through the TC-HKTB-TIC Joint Liaison Meeting - Tourism Commission (TC), HKTB and Travel Industry Council of Hong Kong (TIC) will discuss matters of mutual interests periodically. HKTB also makes use of this forum to report on the latest state of play of the various key areas of work; and
- (h) Board and Committees - through participation in HKTB's Board meetings and Committee meetings by the Commissioner for Tourism (CT), who is the Deputy Chairman of the Board, CT will monitor the performance of HKTB and give views on HKTB's programmes at the meetings as appropriate.

CEDB will adopt the recommendations of the Audit Commission and enter into a MAA with HKTB within this year in accordance with the Financial Circular No. 9/2004.

Part 3: Human resource management and other administrative issues

12) According to para. 3.6 to 3.11, HKTB has carried out too few pay structure reviews for its Head Office staff and Worldwide Offices staff, and has never reviewed the remuneration of staff at the top three tiers for 20 years. It is obvious that the latter is contrary to the requirements stated under Circular Memorandum No. 2/2003 issued by the Administration Wing. Has the Secretary for Commerce and Economic Development noted this problem? If so, has any follow-up action been taken?

HKTB's existing policy is to conduct review on its Head Office (HO) and Worldwide Offices' (WWO) staff pay structure by its consultant every three years. The last review on the staff of HO and WWO were conducted in 2017 and 2018 respectively, and the findings were reported to HKTB Staff and Finance Committee (S&FC) in 2018 and 2019. CT also participated in the exercise. The next review on the HO staff has started since 2020, and is expected to be completed in Q1 2021. The review on the WWO staff is expected to be conducted in 2021.

As regards the remuneration of the top three tiers (i.e. Executive Director (ED), Deputy Executive Director, General Managers and Regional Directors) of HKTB's senior executives, around May every year, the Chairman of HKTB and the S&FC will form the Remuneration Review Committee to review the performance of the staff of the top three tiers to determine the rate of salary adjustment and give approval on the variable pay proposal for the top three tiers. CT also participates in the exercise.

Besides, HKTB submits its annual report to SCED every year. The report covers information regarding the remuneration of ED and other senior executives. The annual report is published in December each year for tabling at LegCo and access by members of the public as well.

The above shows that CEDB has all along been participating in the reviews of the remuneration of the top three tiers of HKTB's senior executives, and the annual pay adjustment exercise.

That notwithstanding, CEDB accepts the view of the Audit Commission, and will ensure that HKTB will submit to CEDB every three years a report on the number, ranking and remuneration of staff in the top three tiers, following the timeline for the review of staff pay structures. The next report is expected to be submitted in April 2021.

Others

13) The Director of Audit pointed out in Report No. 49 of 2007 that there were a number of management and administrative problems in HKTB, whereas some of the problems were noted again in the Report this year. What implementation plan did HKTB and CEDB, which was responsible for regulating HKTB, adopt to follow up on the recommendations in the Report No. 49? Why do the same problems still exist at present?

CEDB expresses gratitude to the Audit Commission for conducting the audit review on HKTB with valuable recommendations. CEDB and HKTB have all along attached great importance to the views and recommendations of the audit reports. HKTB had implemented in 2009 the recommendations in Report No. 49 of 2007. Examples include

completion of the review of procurement matters, financial policies and procedures, as well as extending the consultation on the business plan and budget to persons/ institutions of other trades.

For the recommendations in this Report, CEDB has started to follow up closely with HKTB on all the recommendations. Some of the recommendations have been put into practice and implemented gradually with a view to further improving the governance and management of HKTB. In fact, HKTB has established a working group steered by the ED, with members including heads of various divisions, which will review each of the recommendations of the Audit Commission and formulate appropriate follow-up plans. For the 38 recommendations in the two Audit Reports, HKTB has completed follow up actions on 15 recommendations. It is expected that HKTB will complete follow-up actions of another 17 recommendations in June 2021, and the remaining recommendations within 2021-22. The Internal Audit Division and Finance Division of HKTB will closely monitor the progress of the improvement plan, and will regularly report to HKTB Audit Committee, the Board and the Government of the progress. CEDB will also report on the relevant progress to the Public Accounts Committee of the Legislative Council.

Chapter 8 Hong Kong Tourism Board: Efforts in promoting tourism

Others: Helping Measures to the Travel Trade and Hotel Trade

13) Please list out the helping measures to the Travel Trade and Hotel Trade implemented by the Administration from June 2019 to November 2020 in form of a table. Please also provide the details of measures, benefitted organisations, and the budget and the actual expenditure of the measures in the table.

Please refer to the Annex for details.

**Reply to the Public Accounts Committee of the Legislative Council
on the questions and information requested
for Chapter 8 of the Director of Audit's Report No. 75
Hong Kong Tourism Board: Efforts in promoting Tourism**

Question (13) - Government's Helping Measures to the Travel Trade and Hotel Trade

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
1. Waiver of travel agent licence fees	Waive the fees for new issue, renewal or duplicate of a licence for travel agents and fees for amending a licence for an additional address from 1 Oct 2019 to 30 Sep 2021.	About 1,800 travel agents	Estimated revenue foregone: \$22.1 million	Revenue forgone: \$11.9 million from 1 Oct 2019 to 30 Nov 2020

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue forgone (as at Dec 2020)
2. Waiver of hotel licence fees	<p>(i) Each hotel will benefit ranging from \$2,980 to \$73,000 (calculated as per the renewal of licence) (depending on the scale of hotels and validity period of licences).</p> <p>(ii) The waiver of licence fees was implemented on 1 October 2019 (effective period is 12 months) and was extended by another 12 months starting from 1 October 2020.</p>	<p>➤ 1 Oct 2019 to 30 Sep 2020: 316 hotel licensees</p> <p>➤ 1 Oct 2020 to 30 Sep 2021 (as at 30 Nov 2020): 59 hotel licensees</p>	<p>➤ Estimated revenue forgone: \$5.72 million from 1 October 2019 to 30 September 2020</p> <p>➤ \$5.02 million from 1 October 2020 to 30 September 2021</p>	<p>➤ Revenue forgone: \$3.5 million from 1 October 2019 to 30 September 2020</p> <p>➤ \$0.65 million from 1 October 2020 to 30 September 2021 (as at 30 November 2020)</p>
3. Rental concession of Government venues	(i) Government venues offered 50% rental concession for six months from Oct 2019	Operators of food trucks	Estimated revenue forgone	Revenue forgone respectively: \$39,000

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>to Mar 2020.</p> <p>(ii) Government venues increased rental concession from 50% to 75% for six months, from Apr 2020 to 30 Sep 2020, and extended the concession for six more months till 31 Mar 2021.</p>		<p>respectively: \$138,000</p> <p>\$158,000</p>	<p>\$27,000</p>
4. Waiver of Government fees and charges	The Government waived the renewal fees for Food Factory Licence, registered commercial vehicle licence and vehicle examination fee for two years.	13 food truck operators	Estimated revenue foregone: \$178,000	Revenue forgone: \$94,000
5. Food Licence Holders Subsidy Scheme	The Government provided a one-off subsidy of \$80,000 to each licence holder of a valid food business licence of any one	13 food truck operators	Estimated revenue foregone: \$1.04 million	Revenue forgone: \$1.04 million

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue forgone (as at Dec 2020)
	of the eight targeted categories (including Food Factory Licence) issued by the Food and Environmental Hygiene Department.			
6. Offering fees and rent reduction for cruise lines berthing at Kai Tak Cruise Terminal (KTCT) and existing tenants of KTCT	To support cruise lines' continuous deployment in Hong Kong and promote the business of relevant sectors, the Government uses the turnover rent received from the terminal operator of KTCT to offer, through the operator, fees and rent reduction for cruise lines and existing tenants for the	10 cruise lines and 12 tenants	Estimated revenue forgone: \$62 million	Revenue forgone: \$13.55 million (as at 30 Nov 2020)

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	period from 1 Dec 2019 to 31 Mar 2021 ¹ .			
7. Travel Agents Subsidy Scheme	To provide each eligible travel agent with a subsidy of \$80,000.	1,719 licensed travel agents	\$140 million	\$137.52 million
8. Tourism Industry Support Scheme under the second round of Anti-epidemic Fund (AEF)			\$1,079 million	about \$740.75 million (as at 18 Dec 2020)
(a) Travel Agents and Practitioners Support Scheme	(i) to provide each of the eligible licensed travel agents with cash subsidy ranging from \$20,000 to	➤ Some 1,560 travel agents have been disbursed with subsidies	\$851 million	about \$587 million (as at 18 Dec 2020)

¹ In view of the pandemic situation, the Government has suspended the immigration services at cruise terminals since 5 Feb 2020.

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>\$200,000 (depending on the number of its employees);</p> <p>(ii) to provide each travel agent's staff and freelance accredited tourist guide and tour escort whose main occupation is tourist guide or tour escort a subsidy equivalent to \$5,000 monthly for six months;</p>	<p>➤ Some 17,700 persons have been disbursed with subsidies</p>		
(b) Hotel Sector Support Scheme	to provide each eligible hotel a one-off subsidy of \$300,000 or	316 licensed hotels	\$115 million	\$113.6 million

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>\$400,000 (depending on the number of guestrooms under the licence).</p> <p>The Scheme was launched on 18 Apr 2020 and closed on 18 May 2020.</p>			
(c) Tour Service Coach Drivers (Mainly Serving Tourists) Support Scheme	The Government provided a one-off subsidy of \$10,000 to each eligible tour service coach driver.	3,418 tour service coach drivers	\$93 million	\$34.18 million
(d) Waiving the monthly fixed rent and management	To waive monthly fixed rent and management fees of the terminal operator of KTCT for the period from 1 Jun 2020 to 31 Mar 2021.	1	\$10 million	\$4.34 million (as at 14 Dec 2020)

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
<p>fees of the terminal operator of KTCT</p> <p>- Providing refund to cruise lines in respect of berth deposits for cancelled ship calls during suspension of immigration service</p>	<p>To provide refund to cruise lines in respect of berth deposits for cancelled ship calls during suspension of immigration service on the condition that the cruise lines re-schedule on or before 31 May 2021 prospective ship calls anytime at KTCT or Ocean Terminal.</p>	<p>7 cruise lines</p>	<p>\$10 million</p>	<p>\$1.63 million (as at 14 Dec 2020)</p>
<p>9. Tourism Industry Support Scheme under the third round of AEF</p>	<p>(i) To provide each of the licensed travel agents with a cash subsidy, directly proportional to the</p>	<p>➤ Some 1,560 travel agents have been disbursed with subsidies</p>	<p>\$397 million</p>	<p>about \$356 million (as at 18 Dec 2020)</p>

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>number of staff members they have, using a subsidy level (i.e. \$5,000) per travel agent staff member as the basis of calculation. Travel agent without any staff will also be getting a one-off subsidy of \$5,000;</p> <p>(ii) to provide each travel agent's staff and freelance accredited tourist guide and tour escort whose main occupation is tourist guide or tour escort a one-off subsidy of \$15,000; and</p> <p>(iii) to provide each eligible</p>	<p>➤ Some 17,600 persons have been disbursed with subsidies</p>		

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>tour service coach driver a one-off subsidy of \$6,700.</p>	<p>➤ 3,418 persons have been disbursed with subsidies</p>		
<p>10. Tourism Industry Additional Support Scheme (“Chief Executive’s 2020 Policy Address”)</p>	<p>(i) To provide each of the licensed travel agents with a cash subsidy; the subsidy level for travel agents with 10 staff members or less will be at a flat rate of \$100,000 each; the subsidy level for travel agents with 11 staff members or more will be directly proportional to the number of staff members they have, using a subsidy</p>	<p>➤ Some 1,200 travel agents have been disbursed with subsidies. The remaining applications are being processed. (The estimated beneficiaries were about 1,700 travel agents.)</p>	<p>\$564 million</p>	<p>about \$142 million</p>

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>level of \$10,000 per staff member as the basis of calculation;</p> <p>(ii) to provide each travel agent's staff and freelance accredited tourist guide and tour escort whose main occupation is tourist guide and tour escort a one-off subsidy of \$15,000; and</p> <p>(iii) to provide each eligible tour service coach driver a one-off subsidy of \$6,700.</p>	<p>➤ Applications are being processed, hence the subsidies are not yet disbursed (The estimated beneficiaries were about 19,000 persons).</p> <p>➤ Some 3,400 persons have been disbursed with subsidies (The estimated</p>		

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
		beneficiaries were about 3,400 persons).		
11. Travel Agents Incentive Scheme	To provide incentive payments for travel agents based on the number of inbound and outbound overnight travellers they serve. The maximum number of eligible travellers for which incentive payments can be disbursed to a travel agent is 1 000, which includes inbound travellers (incentives of HK\$120 each) and outbound travellers (incentives of HK\$100 each).	Some 1,700 travel agents	about \$100 million	about \$54 million (for applications received up to Oct 2020)
12. Green Lifestyle Local Tour	To provide travel agents with	Some 1,700	\$100 million	about \$1.87 million

Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
Incentive Scheme	incentive payments based on the number of green lifestyle local tour participants they serve. Each travel agent is eligible to a maximum of incentive payments of HK\$200,000 (incentives of HK\$200 for each tour participant).	travel agents		(as at 30 Nov 2020)

5 January 2021

Ms Wendy Jan
Council Business Division
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central

Dear Ms Jan

Subject: Ch. 7 “Hong Kong Tourism Board: Corporate governance and administrative issues” and Ch. 8 “Hong Kong Tourism Board: Efforts in promoting tourism” in the Director of Audit’s Report No. 75

Thank you for your letters with inquiries on the captioned reports dated 23 December 2020. On behalf of the Hong Kong Tourism Board (HKTB), I am writing to provide further details.

The HKTB would like to express its gratitude to the Public Accounts Committee (PAC) for its enquiries. The HKTB attaches great importance to the recommendations raised in the Director of Audit’s Report No. 75 and has taken the following action to follow up on the recommendations:

- The HKTB set up a taskforce, led by the Executive Director and comprising all department heads, to examine each of the Audit Commission’s recommendations and to formulate an appropriate action plan for follow-up work.
- Regarding the 38 recommendations in the Report, the HKTB has completed the follow-up action on 15 recommendations and expects to complete the follow-up on 17 other recommendations by June 2021. The remaining 6 recommendations are expected to be completed in the 2021–22 financial year.
- The taskforce led by Executive Director will closely monitor the progress of the follow-up work and will regularly report to the Audit Committee, the Board of Directors, and the Government on the progress, and will then report to the PAC through the Commerce and Economic Development Bureau.

Regarding the information requested by the PAC from the HKTB, please refer to Appendix A for that on Ch. 7 “Hong Kong Tourism Board: Corporate governance and administrative issues”, and Appendix B for that related to Ch. 8 “Hong Kong Tourism Board: Efforts in promoting tourism”.

Yours sincerely,



Dane Cheng
Executive Director
Hong Kong Tourism Board

cc: Secretary for Commerce and Economic Development (email address: sced@cedb.gov.hk)
Secretary for Financial Services and the Treasury (email address: sfst@fstb.gov.hk)
Director of Audit (email address: john_nc_chu@aud.gov.hk)

Appendix A

Reply to the Public Accounts Committee of the Legislative Council on Inquiries and Request of Information on Chapter 7 of the Director of Audit's Report No. 75-

“Hong Kong Tourism Board: Corporate governance and administrative issues”

Part 2: Corporate Governance

1) It is mentioned in paragraphs 2.4(a) and 2.4(b) that the appointment and the re-appointment of Industry members of the Quality Tourism Services Committee were not always made in a timely manner. In the period from 2015-2016 to 2019-2020, there were delays in the appointment of six members and the re-appointment of three members. The average period of vacancy of membership was four months. After the retirement of the Chairman of the Audit Committee in March 2019, a new Chairman was appointed only in July the same year. The Audit Committee was operating without a head during the three-month interim period. Were there any difficulties encountered in the process of appointing the Chairmen and members of the Committees? What improvement measures can be taken at present?

Reply:

As mentioned in paragraphs 2.4(a) and (b) of the Director of Audit's Report, the industry members of the Quality Tourism Services (QTS) Committee and the Chairman of the Audit Committee were not appointed in a timely manner. It is true that in certain cases, the process of finding a suitable candidate and handling the nomination process takes time. Some of the candidates invited take a longer time to consider whether to take up the relevant public duty. For example, between the 2015–2016 and 2019–2020 financial years, three candidates declined to serve on the QTS Committee after consideration. Therefore, the committee needed to find other candidates and start the invitation process again, resulting in a longer time to confirm the appointments.

In response to the recommendations in the Director of Audit's report and to ensure that sufficient time is allowed for the completion of the appointment or

reappointment process for industry members, the QTS Committee Secretariat initiates the candidate selection process 6 months before the departure of industry members to ensure that a suitable successor is confirmed at least 1 month before the departure of the outgoing members.

For the committee chairman, the HKTB confirms the successor 1 month before the departure of the incumbent chairman.

- 2) According to paragraph 2.12, the Board/Committee minutes of 126 meetings held in the period from 2015-2016 to 2019-2020 showed impropriety in the management of conflict of interest in 17 meetings. In two of these meetings, the decisions on handling conflict of interest were documented in the meeting minutes, but the rationales behind the decisions were not documented; in five meetings, the decisions on handling conflict of interest and the rationales behind the decisions were not documented in the minutes, and although the persons concerned abstained from discussion or voting, they had not withdrawn from the meeting; and in the remaining 10 meetings, not only had the persons who had conflict of interest not withdrawn from the meeting but they had also participated in discussion or voting. What is the basis for the corresponding measures adopted in respect of the declared interest in the 17 meetings? Given that the guidelines provided in the Code of Conduct for Board Members for handling relevant matters are not clear enough, has the Hong Kong Tourism Board ("HKTB") considered making improvements to the Code of Conduct for Board Members?

Reply:

With regard to paragraph 2.12, the minutes of the 126 board and committee meetings between the 2015–16 and 2019–20 financial years revealed that the handling of conflict of interest declarations was found to be inadequate in 17 meetings. In fact, the HKTB requires its members to comply with a two-tier system of declaration of interest in accordance with the Code of Conduct for Board Members:

- i. All members are required to declare any potential conflict of interest upon appointment and annually thereafter; and
- ii. All members are required to declare whether they have a conflict of interest

before discussion commences at each meeting. If there is a declared conflict, the Chairman makes a ruling on whether the members concerned must withdraw from the meeting, whether they can participate in the discussion, and whether they can vote.

In accordance with these requirements, members with conflicts of interest in the 17 meetings declared such conflicts in compliance with the two-tier system, and the board or committee chairmen made rulings accordingly (including rulings that withdrawal from the meeting was unnecessary, or that participation in discussion or vote was allowed). However, the board or committee secretaries did not clearly document the details of the rationale for the related decisions.

Since July 2019, to strengthen the declaration system and improve the relevant guidelines, the HKTb has sought advice from the ICAC. Upon receiving the guidelines on the requirements for documenting the rationale behind decisions made for conflicts of interest declared from the ICAC in July 2020, the Board secretary has fully implemented the guidelines in August 2020.

- 3) According to paragraph 2.21, the Commerce and Economic Development Bureau ("CEDB") has not entered into a memorandum of administrative arrangements with HKTb in accordance with Financial Circular No. 9/2004 since the establishment of HKTb in April 2001. What are the reasons for that? What do the established practices and guidelines mentioned in paragraph 2.24(a) refer to specifically?

Reply:

In paragraph 2.21 concerning the recommendation to enter into a Memorandum of Administrative Arrangements with the Commerce and Economic Development Bureau (CEDB), the CEDB will provide its response on the matter.

Part 3: Human Resources Management and Other Administrative Issues

- 4) According to Table 6 of paragraph 3.6, the mid-points of all job levels' salary ranges of HKTb's Taipei Worldwide Office ("WWO") were over 115% of the market median and exceeded the acceptable deviance range by as many as 14 to 56

percentage points. Could you explain why this situation occurred? What current adjustment has HKTB made to the salaries of staff in the Taipei WWO?

Reply:

The HKTB established a pay structure with salary range of different job levels, in which the minimum and maximum salaries for each job level are 75% and 125% of the mid-point of the salary range. With regards to the setting of the salary range mid-point, the HKTB makes reference to the market level, so that the salary range mid-point for each job level falls within 85% to 115% of the market median.

According to Table 6 in paragraph 3.6, the salary range mid-point of all job levels of staff in the HKTB's Taipei office exceeded the acceptable deviance range, i.e. exceeding 115% of the market median. This refers to the pay structure but not the actual salaries of the staff.

This was mainly because the pay structure for staff in the HKTB's Worldwide Offices (WWOs) has not been reviewed since 2006. As the job market and economic situation have changed since 2006, when the HKTB conducted a review of the pay structure for its WWOs, the salary range mid-point of the Taipei office was found to exceed the market level in 2018 and hence has immediately been rectified.

In fact, when determining salary offer for its employees, the HKTB does not adopt a pay point system. Instead it follows market practice, which takes into consideration the candidate's experience, and the current and expected salary to determine the respective salary to be offered. Comparing the 2018 pay structure review results and the actual salaries of all staff in the Taipei office in 2018–19, the **actual salaries** did not deviate from the range between 75% and 125% of the salary range mid-point for their respective job levels. Therefore, the HKTB did not need to adjust the salaries of the Taipei office staff at the time.

Now, the salary range mid-point for all job levels in the HKTB's WWOs now falls within the acceptable deviance and stays similar with the market level.

In the April 2018 and May 2019 meetings, the Staff and Finance Committee approved the recommendation to review the pay structure for Head Office and WWO staff every three years, and the HKTB adopted and implemented the recommendation.

- 5) According to Table 8 of paragraph 3.19, in the period from April 2019 to June 2020, HKTB was late in submitting to the Inland Revenue Department ("IRD") the notifications for 88 staff who ceased to be employed, with 69% of them having been late for 31 to 333 days. What were the reasons for HKTB failing to submit in a timely manner the notifications to IRD according to the requirements stipulated in the Inland Revenue Ordinance (Cap. 112)? What specific improvement measures have currently been taken to ensure that a similar situation will not recur?

Reply:

According to Table 8 in paragraph 3.19, some notifications relating to employees were not submitted in a timely manner to the Inland Revenue Department (IRD) as required by the Inland Revenue Ordinance (Cap. 112). The HKTB agrees that there is room for improvement.

Since July 2020, the HKTB has reminded heads of all departments to inform the Human Resources Department as soon as possible of any employee's decision to resign. The Human Resources Department then immediately notifies the IRD upon receiving written notification of the employee's departure and updates any changes to the relevant information upon confirming the final payment for the employee's last month of service.

- 6) According to paragraph 3.27(b), 30 items of portable electronic equipment of two user departments could not be located and the attempts to find them failed eventually. Had the procuring department of HKTB identified the uses of the equipment concerned prior to its procurement? Had any thorough investigation been conducted and accountability been sought for this batch of missing portable electronic equipment? Had any responsible officers of the relevant departments been held accountable? What lessons has HKTB learnt from this incident?

Reply:

Regarding 30 pieces of portable electronic equipment that could not be located, mentioned in paragraph 3.27(b), 7 of them were used to assist in mega events, and the remaining 23 were used by the Digital Marketing Department for testing in their daily work.

The HKTB found out that the equipment concerned was lost in an internal audit in late 2017. An immediate inquiry and thorough investigation by the Internal Audit Department and the Finance Department with the related staff concluded that the equipment has been misplaced and then mistakenly disposed of. The investigation report was submitted to the Audit Committee in March 2018 for discussion, and all members of the Audit Committee agreed with the conclusion of the investigation.

Although the equipment concerned had been purchased for a long time and the net book value has depreciated to a very low value, the HKTB takes the incident very seriously, as the lost equipment was purchased with public money. To avoid similar incidents from happening again, the HKTB strengthened the monitoring and control of its fixed assets (especially portable electronic equipment). In April 2018 a custodian system was introduced, whereby each piece of portable electronic equipment is assigned to a specific person, who is responsible for safekeeping and maintaining it. The related information is centrally documented, and the department heads are required to conduct regular checks with the custodians of the equipment, during which the custodians are required to present the equipment to show that it is well kept. A post-checking report is submitted to the Finance Department for records purposes. Also, the Internal Audit Department regularly conducts auditing of the HKTB's fixed assets.

- 7) According to paragraph 3.29, the percentage of the number of slow-moving inventories stored in a warehouse increased from 14.8% in 2015 to 19.7% in 2019, and the percentage of the number of inventories aged 36 months or more increased more than sixfold from 0.7% to 5.3% during the same period. Had HKTB assessed the actual demand for publicity materials and promotion materials for its events prior to the production and distribution of such materials? If yes, what were the criteria for assessment? If no, on what basis did HKTB ascertain the specific quantity of publicity materials and event promotion materials to be produced over the years?

Reply:

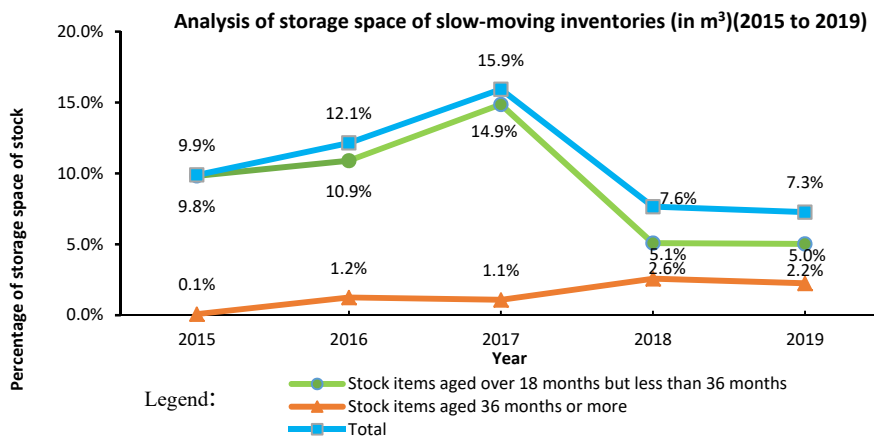
In response to paragraph 3.29 about an increase in slow-moving inventory stored in the warehouse, the HKTB has always made its best efforts to estimate an adequate amount of publicity and promotional materials based on actual need and past

experience. The estimation of the required quantity every year is based on the following considerations:

- During the course of procurement, reference is made to the actual quantity used in related events in the previous year;
- The actual quantity ordered is further determined according to any changes in the scale and duration of the event or promotional campaign in the year; and
- If the materials are to be distributed in source markets, the HKTB consults the related worldwide offices (WWOs), which recommend a quantity, which is taken into consideration by the Head Office.

The increase in warehouse usage in 2017 was mainly due to the need for more space to store new inventory items for a new event, the Hong Kong E-Sports & Music Festival, which was held for the first time in 2017, and for the tourism promotions celebrating the 20th anniversary of the establishment of the Hong Kong Special Administrative Region.

As inventory costs are calculated based on **area-capacity**, not the number of items, it is more appropriate to assess the usage based on cubic metres. The warehouse occupancy of slow-moving inventory dropped from 15.9% in 2017 to 7.3% in 2019, as shown in the following chart.



Since the HKTB adopted more stringent inventory control measures in June 2019, the overall inventory level (in terms of cubic meters) fell by 17.9%.

Part 4: Worldwide Offices and Representative Offices

- 8) According to Table 13 of paragraph 4.10(c), the office area per staff of HKTB's New York WWO was 65.31 square metres, and the accommodation cost per staff was as high as HK\$377,500. Does HKTB consider that such costs are at an acceptable level with no room for reduction?

Reply:

Regarding the Director of Audit's recommendation about the size and average office space cost per person of the HKTB's New York office, which is reflected in Table 13 of paragraph 4.10(c), the HKTB agrees with the recommendation, and as a result, the HKTB exercised the break clause in the contract, which is applicable five years after the lease came into effect. After negotiation, the HKTB reached an agreement with the owner of the New York office in December 2020 that the office space will be cut in half starting in June 2021, when five years will remain on the lease. The new agreement will replace the 10-year lease signed in 2016 and will provide office space for the two employees in the New York office, instead of the original team of four.

- 9) In response to the audit recommendation in paragraph 4.19(a) that HKTB should promulgate guidelines on the accommodation arrangements (e.g. the area and grade of office accommodations) of WWOs, HKTB stated in paragraph 4.20(a) that it was difficult to standardize the ratio of premises cost per member of staff across all WWOs. What surveys had HKTB conducted on various markets and space requirements for various WWOs before drawing this conclusion? Does this mean that it is impossible to set a limit on the expenditure of WWOs? Is there any mechanism currently in place to monitor and assess the accommodation costs of WWOs? If there is, does HKTB agree to review and update the relevant mechanism as appropriate? If not, what improvement measures may be taken in future?

Reply:

In response to paragraph 4.19(a), the HKTB stated that it was difficult to standardise the space-cost ratio across all WWOs, as the rental market situation and practices are

not the same in the different markets. In addition to the difference in rental rates, the layout of commercial buildings in the various markets vary. In some cases, facilities such as washrooms and pantries are located inside the offices, while other offices share facilities outside the offices, making it hard to standardise the space–cost ratio across all WWOs.

Nevertheless, in order to better control the rental expenses of the offices, the HKTB will endeavour to identify similar units available in the market (e.g. in terms of size, location, and the level of the unit in the commercial building) at the time of each lease renewal for comparison and selection of value-for-money units. The cost-effectiveness of the one-off cost of moving offices will also be taken into consideration. With regard to the approval procedure, if a lease is longer than 5 years and its total value exceeds HK\$5 million, the related information will be submitted to Staff and Finance Committee for approval.

In light of the pandemic, the HKTB is conducting a thorough review of Hong Kong’s tourism positioning and investment strategies in visitor source markets, including the arrangements for WWOs to ensure the prudent use of public money.

Others

10) The Director of Audit pointed out in his Report No. 49 published in 2007 that there were a number of corporate governance and administrative issues that plagued HKTB, and some of the issues resurface in this year's report. What measures had HKTB and CEDB, which is responsible for overseeing HKTB, taken to follow up on the implementation of the recommendations in the Director of Audit's Report No. 49? Why do the same issues resurface now?

Reply:

In the Director of Audit’s Report No. 49, published in 2007, the Director of Audit provided various recommendations on the governance and administration of the HKTB, which the HKTB has been committed to implement over the years. However, over the past years, some of the administrative issues arising from the implementations are not completely faultless. Therefore the HKTB is grateful to the Audit Commission for conducting another audit of the HKTB in 2020. The HKTB will follow up on the recommendations of the Audit Commission and continue to

improve its work.

The HKTB set up a taskforce, which is led by the Executive Director and comprising all department heads, to examine each of the recommendations of the Audit Commission and formulate an appropriate action plan for follow-up work. Regarding the 38 recommendations in the Director of Audit's Report, the HKTB has already completed follow-up action on 15 of them and expects to complete its follow-up on 17 other recommendations by June 2021. Follow-up on the remaining 6 recommendations is expected to be completed in the 2021–22 financial year. The taskforce led by the Executive Director will closely monitor the progress of the follow-up work and regularly report to the Audit Committee, the Board of Directors and the Government, and will then report to the PAC of the Legislative Council according to established procedures.

Appendix B

Reply to the Public Accounts Committee of Legislative Council on Inquiries and Request of Information on Chapter 8 of the Director of Audit's Report No. 75

“Hong Kong Tourism Board: Efforts in promoting tourism”

Part 2: Mega Events

- 1) According to paragraph 2.6, the Hong Kong Tourism Board ("HKTB") organized mega events on a yearly basis around the same time of the year. However, the timing of placing open invitation for title sponsorship varied from year to year. Audit recommended that the most appropriate timeframe of inviting title sponsorship for mega events be set out and sufficient time be provided to interested parties for submission of expression of interest("EOI"). HKTB also responded that it would standardize the timeframe for placing invitation for the title sponsorship. In fact, the themes and dates of various mega events for each year are more or less the same. Will HKTB draw up annual schedules of events setting out the respective dates of invitation for title sponsorship, and make public at the beginning/end of each year such event schedules and deadlines for placing open invitation of title sponsorship for the coming year, so that both large and small companies will have enough time to consider and earmark budgets for event sponsorship? Apart from standardizing the timeframe for placing open invitation for the title sponsorship of events and providing a longer time for potential parties to submit EOI, will HKTB take any other measures to solicit higher amounts of cash sponsorship or in-kind sponsorship for mega events? If yes, please advise the details of such measures.

Reply:

The HKTB agrees with the audit recommendation to standardise the timeframe for placing open invitations for the title sponsorship of events and has decided to take the following measures:

- Starting from 2021, at the end of first quarter of the year, i.e. after the review of the HKTB Work Plan by the Legislative Council and the announcement of the Budget by the Government, the HKTB will publish the schedule and related information about the mega events that require title sponsorship in that financial year on its website for the reference and consideration of interested parties.
- The HKTB will place open invitations for title sponsorship on its website and in newspapers nine months before the event date. The submission deadline for

expressions of interest will be extended from three weeks to six weeks after the open invitation is placed to provide sufficient time for potential sponsors to prepare their submissions.

- In view of the evolving market situation caused by the COVID-19 situation in 2020, the HKTB has remained agile about event planning. In 2021, the HKTB will continue to update its website to provide information on changes to mega events, including the staging of new events, to allow interested parties adequate time for consideration and to allow the HKTB to secure suitable sponsors as soon as possible.

2) According to Table 3 of paragraph 2.10, among the 32 mega events completed in the period from 2015-2016 to 2018-2019, HKTB provided less event budgetary information year on year to the Product and Event ("P&E") Committee when seeking approval for event implementation. In a total of 20 mega events, no budgetary information was provided. In particular, not even one of the nine mega events completed in 2018-2019 was provided with any budgetary information.

Government subvention is a major source of income of HKTB. To make proper use of public funds, it is necessary for the Committees under the Board of HKTB to know whether the cost budgets and the allocation of expenditure are reasonable. How did HKTB and the P&E Committee, which was responsible for approving the events, assess if the events were value for money, and how did they control the overall expenditure of the mega events? Without budgetary information, how did HKTB and the P&E Committee assess if there was excessive spending and/or cost overrun in respect of such mega events?

According to paragraph 2.16, HKTB responded that it would enhance the information provided to the P&E Committee in future, including more budgetary details. What is the progress of its follow-up actions? Has it formulated any guidelines on information submission or any criteria for submission of budget breakdown setting out the required event information and budget details?

Reply:

The HKTB agrees with the audit report's recommendation to provide event budgetary information to the Product and Event (P&E) Committee and implemented this recommendation when organizing the "Hong Kong Wine & Dine Festival", which was held in November 2020.

Although the budget and actual expenditure of all individual events are not provided to the Committee, the budgets of mega events are covered in HKTB's annual Work Plan, as well as additional funding submitted to, and approved by, the Government and the Board every year. This is the basis on which the HKTB prudently plans event expenditure. The HKTB also submits an interim report to the Board with the

latest budget and expenditure for each business area; and the actual expenditure and the latest estimated expenditure for each mega event is included.

In addition to the provision of event budgets and expenditure to the Committee, as recommended in the audit report, the HKTb will take the following measures:

- Establish a set of standardised performance indicators and items that require the Committee's review, including the budget, expenditure and revenue for each event;
- Submit the related information to the Committee for review at least two months before the event dates; and
- Submit a post-event report, which presents the results of all performance indicators and items under the scope of review, to the Committee within three months after the completion of the events.

3) Apart from failing to provide budgetary information to the P&E Committee in all the nine mega events completed in 2018-2019 as mentioned above, it was also stated in paragraph 2.18 that HKTb did not report to the P&E Committee the achievement in event awareness of most events (the achievement was only reported for one mega event (i.e. "e-Sports and Music Festival Hong Kong")) and the actual expenditure on all the nine events. In addition to relying on the established mechanism or framework to measure the performance of the mega events, had the P&E Committee of HKTb measured the financial performance of the mega events? Had it assessed the budget allocation of the events for the coming year based on previous financial expenditure? If not, does HKTb agree that the continuous decrease in the awareness of most mega events is attributable to the absence of a well-established mechanism or framework at present to measure the performance of mega events?

Reply:

The HKTb's mega event budget is based mainly on each event's expenditure in the previous year and the estimated scale and major elements of the event to be held in the coming year. As the key objectives of staging mega events are to enrich Hong Kong's tourism appeal, strengthen its status as the Events Capital of Asia, and enhance the city's overall tourism image globally, hence, the HKTb will continue to adopt following 11 performance indicators to measure the outcome of each of its mega events.

- i. event awareness;
- ii. event satisfaction;
- iii. destination image of Hong Kong;
- iv. enhanced satisfaction about Hong Kong due to the event;
- v. likelihood of participating in similar event in next visit to Hong Kong;

- vi. recommend event to friends and relatives;
- vii. satisfaction of Hong Kong trip;
- viii. revisit Hong Kong intention;
- ix. recommendation of Hong Kong to friends and relatives;
- x. visitor's split (i.e. percentage of non-locals in the event attendance); and
- xi. perception of event as an Asia's signature event.

Besides, the HKTb is conducting a review of the tourism positioning of Hong Kong and its overall promotion strategies, the scope of the review will cover mega events, and an evaluation of the financial return will be included to assess the performance of mega events in future.

- 4) Further to the previous question and according to paragraph 2.29(e), HKTb responded that as it was conducting a review of the tourism positioning of Hong Kong and its overall promotion strategies, before the review was completed, all mega events would be assessed against a set of performance indicators approved in 2018. What is the schedule for completing the review? Will the performance indicators for assessing mega events be updated as well when the aforesaid review is completed? If yes, will the return on financial investment be added to the set of performance indicators for use as reference for preparing budgets or measuring the proportion of expenditure when the same mega event is held again in the coming year?

Reply:

In addition to this follow-up action, the review of Hong Kong's tourism positioning and overall promotion strategies will take into consideration the audit recommendations on mega events. The review is expected to be completed by the third or fourth quarter of 2021.

- 5) Regarding the countdown fireworks mentioned in paragraph 2.11, please provide information about the following expenditure:
- (a) organizing and staging expenses;
 - (b) local promotion and marketing expenses;
 - (c) overseas promotion and marketing expenses;
 - (d) other expenses; and
 - (e) total expenditure.
- 6) Regarding the digital countdown and the lucky draw mentioned in paragraph 2.11, please provide the following information:
- (a) organizing and staging expenses;

- (b) number and cost of lucky draw prizes;
- (c) number and total value of prizes given out;
- (d) local promotion and marketing expenses;
- (e) overseas promotion and marketing expenses;
- (f) other expenses; and
- (g) total expenditure.

Reply:

The expenditure for the New Year countdown fireworks and lucky draw in the “Hong Kong New Year Countdown Celebrations” for 2019/20 was as follows:

	Countdown fireworks	Digital countdown and lucky draw
Organising and staging expenses	HK\$11 million (note 1)	HK\$ 7.18 million
Number and cost of lucky draw prizes	N/A	20,540 HK\$3.54 million
Number and total value of prizes given out	N/A	14,214 Around HK\$3.43 million (note 2)
Local and overseas promotion and marketing expenses (Since the “Hong Kong New Year Countdown Celebrations” covered two major elements – the countdown fireworks and a lucky draw, the promotion was conducted as one event and carried out regionally, so the total promotion budget of entire event is provided.)	HK\$2.57 million	
Total expenditure	HK\$20.75 million	

Note 1: The organising cost of last year’s “Hong Kong New Year Countdown Celebrations”, which featured a fireworks display as the key highlight, was about HK\$16 million. In view of the uncertain social situation in 2019, the countdown fireworks display was cancelled and replaced by an enhanced version of “A Symphony of Lights”. However, since the fireworks production had been completed, the related fee had to be paid.

Note 2: There were 6,326 expired unclaimed prizes, over 98% of which were \$100 supermarket coupons. Those prizes are now in the custody of the Finance Department for future marketing purposes.

7) Please advise how many planned mega events were cancelled eventually since the outbreak of social events in Hong Kong in 2019, and provide the following information about the various mega events which were cancelled during the said period:

- (a) original mega event date;
- (b) mega event cancellation date;
- (c) estimated and actual organizing and marketing expenses; and
- (d) loss of estimated revenue and sponsorship due to event cancellation.

Reply:

In view of the social events and the COVID-19 pandemic, the HKTB cancelled the following mega events after careful consideration and immediately discussed the situation with the related contractors to minimise the cost involved.

Cancelled mega events from 2019 up to now

Event	Original event date	Event cancellation date	Estimated organising and marketing expenses	Actual organising and marketing expenses	Loss of estimated revenue and sponsorship due to event cancellation
2019 Hong Kong Dragon Boat Carnival	14–16 June 2019	12 June 2019	About HK\$15.6 million	About HK\$12.4 million (note 1)	About HK\$5.5 million (including sponsorship and event enrolment fees)
2019 Hong Kong Cyclothon	13 October 2019	3 October 2019	About HK\$22 million	About HK\$ 9 million (note 2)	About HK\$10.4 million (including sponsorship and event enrolment fees)
2019 Hong Kong Wine & Dine Festival	31 October–3 November 2019	3 October 2019	HK\$59 million	HK\$25 million (note 3)	HK\$39 million (including sponsorship, exhibitor rental fees and entrance fees)

2020 International Chinese New Year Celebrations	25 January 2020	23 January 2020	HK\$32 million	HK\$31 million (note 4)	N/A
2020 Hong Kong Dragon Boat Carnival	19–21 June 2020	24–25 March 2020	HK\$0 (note 5)	HK\$0	N/A
2020 Hong Kong Cyclothon	15 November 2020	19 August 2020	About HK\$19.2 million	About HK\$1.12 million (note 6)	Around HK\$9.4 million (including sponsorship and event enrolment fee)

Note 1: Owing to the uncertainty resulting from the social events that took place near the event venue in Admiralty and Central a few days before event date, the event had to be cancelled, but the preparatory work had almost been completed.

Note 2: In early October 2019, the social events resulted in an uncertain situation, and since the Cyclothon mega event covered many places, including three bridges, three tunnels, and many major roads in the urban area, the event was cancelled. Part of the preparatory work had been completed at the time, including road inspections, event promotion and cycling technique assessments.

Note 3: In early October 2019, the social events resulted in uncertainty regarding the event, especially in the area around Admiralty and Central, where the event was to be held. The situation was expected to continue for weeks, so the event was cancelled. Most of the preparatory work had been completed except for site construction.

Note 4: As the coronavirus outbreak worsened, the Government announced a series of anti-epidemic measures on 23 January, two days before the event date, which including cancellation of all large-scale events, so the event was cancelled on the same day. However, all preparatory work had been completed, including site construction and readiness of the international performing teams, who had arrived in Hong Kong a few days earlier for rehearsal.

Note 5: In view of the COVID-19 developments, the HKTb announced the cancellation of the 2020 Hong Kong Dragon Boat Carnival three months before the event date.

Note 6: The event was cancelled in view of the COVID-19 developments, but part of the preparatory work had been completed, including road inspections.

Part 3: Marketing Activity

- 8) According to paragraph 3.21, in the period from 2014-2015 to 2019-2020, 320 articles were created by four content partners for HKTB's Website, involving a total of seven partnership agreements over the period, and five of which (71.4%) were made in the form of approving the quotations. However, there was no evidence showing that the partners were required to avoid conflict of interest between them and the commercial entities they featured. According to paragraph 3.23(d), measures had been in place to ensure that content partners of HKTB's Website complied with HKTB's guidelines to avoid conflict of interest with the commercial entities they featured. What were the measures adopted by HKTB and the progress made so far?

Reply:

Para. 3.21 of the report recommended that the HKTB take measures to require its website content partners to avoid any possible conflict of interest with the commercial entities they feature in accordance with HKTB guidelines. The HKTB took immediate action starting in October 2020, requiring all its website content partners to sign an agreement, along with the contract, guaranteeing no conflict of interest with the commercial entities they featured. The HKTB will also include the related requirements in the website content guidelines to ensure its business partners follow the guidelines.

Part 4: Quality Tourism Services Scheme

- 9) According to paragraphs 4.12 and 4.13, HKTB had outsourced the management of the operational activities of the Quality Tourism Services ("QTS") Scheme to a contractor. According to the agreement between the contractor and HKTB, the contractor would prepare a monthly patrol plan to target shops for checking of fraudulent display of QTS decals and logos. However, irregularities have been identified in the 10 merchants to which Audit conducted site visits. Did HKTB monitor if the contractor had conducted monthly patrols in compliance with the performance pledge set out in the agreement, e.g. by requiring the contractor to provide patrol records? Has HKTB considered taking recovery action against or impose severe penalty on the contractor when it fails to comply with the performance pledge on conducting monthly patrols set out in the agreement?

Reply:

The HKTB requires the contractor of the QTS Scheme to provide a monthly patrol record for the HKTB to review and monitor whether the contractor has fulfilled the requirement to check whether merchants that withdrew from the scheme no longer

display QTS decals. According to the agreement, if the contractor fails to complete the required tasks, it must carry out agreed substitution tasks.

The HKTB agrees that the related scrutiny has to be stepped up and enhanced, so the following enhancement measures will be implemented starting in 2021:

1. HKTB representative will be deployed to conduct on-site checks of the patrol record provided by the contractor.
2. A penalty clause will be included in the contract with the contractor. If the contractor does not achieve the target, a service fee will be deducted. If the situation is not improved, the contract will be terminated early.
3. The HKTB will step up its monitoring of merchants that have withdrawn from the QTS Scheme. If the merchants that have withdrawn from the scheme are warned by an on-site patrol and are issued a notification letter but continue to display the QTS decals or logos, the HKTB will take legal action.

Part 5: Way Forward

- 10) According to paragraph 5.8(c), HKTB said that the overall outbound travel of Malaysia had been affected by the incident of the disappearance of a passenger flight since 2014. The whole Malaysia outbound market had shrunk and air capacity had slashed. HKTB had been cutting recurrent subvention marketing expenditure in Malaysia till 2018-2019 when it saw some signs of recovery. However, according to paragraph 5.7(b), the marketing expenditure for Malaysia increased by 92.3% from \$3.9 million in 2014-2015 to \$7.5 million in 2018-2019. Why did HKTB significantly increase the marketing expenditure while claiming to cut the relevant expenditure?

Reply

In para. 5.8(c), the HKTB mentioned that the marketing expenditure allocated to the Malaysian market had been cut because of the Malaysian passenger flight disappearance in 2014. The marketing expenditure refers to the recurrent subvention allocated for the Malaysian market. The impact of the incident appeared in 2015 and intensified in 2016, when flight capacity between Hong Kong and Malaysia dropped to its lowest level. As a result, the HKTB cut recurrent expenditure for the Malaysian market from HK\$7 million in the 2015/16 financial year to about HK\$4 million from the 2016/17 to the 2018/19 financial years.

From 2014 to 2016, Hong Kong's tourism image was damaged by social events, like Occupy Central, protests against parallel traders, and violence in Mong Kok. This adversely affected the desire of people to visit Hong Kong, not only visitors from the Mainland, but also from other markets in the region, like Southeast Asia. Therefore, the HKTB sought additional funding from the Government to launch a new branding

campaign, “Best of all, it’s in Hong Kong”, starting in 2016, for regional promotion to rebuild Hong Kong’s tourism image. Since the promotion covered markets like the Mainland, Taiwan, South Korea, Japan and Southeast Asia, which included Malaysia, the promotional expense was shared by all related markets and was reflected in the expenditure for Malaysia, leading to a rise in overall marketing expenditure for the market.

	2014–15	2015–16	2016–17	2017–18	2018–19
Marketing expenditure allocated in Malaysia (millions)					
Recurrent expenditure	3.9	7.0	4.2	3.9	4.3
Additional expenditure derived from the regional branding campaign	0.0	3.5	4.3	3.3	3.2
Overall expenditure	3.9	10.5	8.5	7.2	7.5
Visitor arrivals from Malaysia (thousands)					
	2014	2015	2016	2017	2018
Overnight visitor arrivals	437	406	404	391	392
Total visitor arrivals	590	545	536	517	511

11) According to paragraph 5.7(b), the marketing expenditure for Indonesia increased by 119.6% from \$4.6 million in 2014-2015 to \$10.1 million in 2018-2019. However, the numbers of overnight visitor arrivals and total visitor arrivals from Indonesia in the period from 2014 to 2018 decreased by about 6% and 13.2% respectively. In addition, according to paragraph 5.8(d), the overnight visitor arrivals from Indonesia reached record high in 2017, hence HKTB saw market potential and further increased recurrent subvention marketing expenditure in this market. Against the background of decreases in both the numbers of overnight visitor arrivals and total visitor arrivals from Indonesia in the period from 2014 to 2019, why did HKTB confirm the market potential of Indonesia based only on the number of overnight visitor arrivals in 2017? Would this assessment be one-sided? Were there other figures to support HKTB's positive assessment of the Indonesian market?

Reply:

Regarding the increase in marketing resources for the Indonesian market mentioned in 5.7(b), there are other considerations apart from the abovementioned new regional brand campaign in question 10).

- a. Visitor arrivals from the Indonesian market in 2016 and 2017 recorded an encouraging increase of 12% and 4%, respectively;

- b. Indonesia's Gross Domestic Product performed well in 2016 and 2017 with 5% growth and was expected to increase in 2018;
- c. Hong Kong was the fourth most popular outbound travel destination in the Asia Pacific region for Indonesians, but competition in the region was fierce, so more resources had to be allocated to Indonesia to maintain Hong Kong's competitiveness.
- d. The commencement of direct flights between Indonesia and Macao in July 2017 provided an opportunity for Hong Kong to promote multi-destination travel products to Indonesian visitors travelling to Hong Kong.

	2014-15	2015-16	2016-17	2017-18	2018-19
Marketing expenditure allocated in Indonesia (millions)					
Recurrent expenditure	4.6	4.0	4.1	3.3	6.2
Additional expenditure for the regional brand campaign	0.0	1.7	4.3	3.1	3.9
Overall expenditure	4.6	5.7	8.5	6.4	10.1
Visitor arrivals from Indonesia (thousands)					
	2014	2015	2016	2017	2018
No. of overnight visitor arrivals	365	313	363	386	343
Total visitor arrivals	492	414	464	482	427

Since visitor arrivals from individual markets are easily affected by external factors, like the social and political environment, epidemics, visa policies, regional competition and accommodation fees, the allocation of marketing resources should aim for long-term benefits, rather than looking at visitor arrivals for a single year for the promotion's return.

- 12) With reference to paragraph 5.13, please set out in table form the following information on local tours launched by HKTb since June 2020:
- (a) the estimated and actual expenditure of each local tour;
 - (b) expenditure on promoting such tours;
 - (c) the amount of funding provided to the tourism industry in connection with these local tours; and
 - (d) the number of participating travel agents for each local tour and the number of visitors joining such tours.

Reply:

The requested information for the Free Tour programme launched by HKTB is as follows:

- a) The HKTB subsidises participating travel agents HK\$500 for each participant who joins the spend-to-redeem local tours.
- b) The HKTB leveraged the “Holiday at Home” campaign to promote the Free Tour programme. There is no separate breakdown of promotion expenses.
- c) The total budget for subsidising the participating travel agents of the Free Tour programme was HK\$5 million.
- d) The Free Tour programme received applications from 71 travel agents. Fifty itineraries from 50 travel agents met the requirements. As the travel agents had to follow a number of anti-pandemic measures set by the Government, when the programme was launched in November 2020, five travel agents decided to withdraw. In the end, there were 45 participating travel agents and 10,000 registered participants.

In view of the pandemic upsurge in late November 2020, the Government removed the exemption on group-gathering restrictions in relation to local tours. The HKTB announced the suspension of its Free Tour programme on 2 December. From the first departure date on 1 November until the date of suspension, 330 tours were organised and 7,500 local residents participated. The remaining tours will be rescheduled when the pandemic situation stabilises.



YOUR REF 來函檔號： CB4/PAC/R75
 OUR REF 本署檔號： L/M(19) to BD CR/4-35/2 C
 FAX 圖文傳真： 2868 3248
 TEL 電話： 3842 3010

8 January 2021

Ms Wendy JAN
 Clerk to Public Accounts Committee
 Legislative Council
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Ms JAN

Public Accounts Committee
Consideration of Chapter 9 of the Director of Audit's Report No. 75
Management of Mandatory Building Inspection Scheme by
the Buildings Department

Thank you for your letter of 23 December 2020 to the Secretary for Development and to this Department concerning the captioned Audit Report. We are pleased to provide a consolidated reply to the requested information.

2. For any further questions, please contact the undersigned or our Chief Building Surveyor / Mandatory Building Inspection 2, Mr WONG Kin-yip, Andy, at 3842 3040.

Yours sincerely



(NG Kin-shing)
 Assistant Director/ Mandatory Building Inspection
 for Director of Buildings

c.c. Secretary for Financial Services and the Treasury (Fax: 2147 5239)
 Secretary for Development (Fax: 2899 2916)
 Director of Audit (Fax: 2583 9063)

Public Account Committee
Consideration of Chapter 9 of the Director of Audit's Report No.75
Management of Mandatory Building Inspection Scheme
by the Buildings Department

Part 2: Selection of buildings for issuance of statutory notices

Reply to question 1 of Part (I) and the question at Part (II)

Question: According to paragraphs 2.5, 2.6 and 2.8(b), in May 2008, the Development Bureau (“DEVB”) informed the Legislative Council (“LegCo”) that 2 000 private buildings would be selected each year to undergo building inspection under the Mandatory Building Inspection Scheme (“MBIS”). In November 2013, DEVB informed LegCo that the Buildings Department (“BD”) had encountered major difficulties in meeting the planned progress in issuing statutory notices under MBIS (e.g. an under-estimation of workload associated with the implementation of MBIS). BD’s target number of buildings for issuance of statutory notices had decreased from 2 000 in 2014 to 400 in 2019, and then increased to 600 in 2020. Could BD explain why the workload was under-estimated at that time? Had DEVB taken any measures to help BD address the difficulties in implementing MBIS? If yes, what were the measures and why was the latest target of 600 buildings still far below the number of 2 000 that LegCo was informed of in 2008? If not, why not?

Response: The workload was under-estimated mainly in respect of the average number of household units per target building requiring statutory notices to be issued, the amount of consequential follow-up work such as preparation and serving of statutory notices and handling Registered Inspector (“RI”)s’ MBIS submissions, and the volume of public enquiries and requests for briefings received by BD. As the MBIS was a new scheme, there was limited information available for reference at that time in estimating the workload. With experience

gained and the adjustments in the target numbers of buildings for issuance of statutory notices, resources have been redeployed to enhance assistance to owners to facilitate compliance, strengthen regulation of service providers, clear backlog of large number of buildings targeted in previous years but not yet been served with statutory notices, and take enforcement action against non-compliant statutory notices.

Further, as explained in the LegCo Paper CB(1)343/13-14(03) discussed in the LegCo Panel on Development on 26 November 2013, based on feedback received then, there was a concern back then that given the novelty and complexity of the MBIS and the general lack of acquaintance with the scheme at that time, the scale of the scheme was causing a great impact on the society and pushing up cost. There was a need to allow reasonable time for the community to get familiar with and prepared for the arrangements.

As policy bureau, the Development Bureau (“DEVB”) has been working closely with BD and providing the necessary support, in terms of policy steer and resources specifically, to BD for successful implementation of MBIS and other initiatives. For instance, with DEVB’s support, the number of professional and technical staff of the Mandatory Building Inspection division of BD which are involved in the MBIS had increased from 110 in 2014-15 to 194 in 2020-21. Another recent example is the commitment of \$6 billion for launching the Operation Building Bright 2.0 (“OBB 2.0”) administered by the Urban Renewal Authority in 2018 that seeks to provide financial and technical assistance and thus incentivise building owners in complying with the MBIS.

With respect to the pace of implementation of MBIS, the reply to Question 2 below is relevant.

Reply to question 2

Question: According to paragraph 2.10, based on the 2020 target of selecting 600 buildings each year, it would take about 20 years to cover some 12 000 buildings not yet selected for issuance of statutory notices under MBIS, let alone the new buildings which would be covered by MBIS coming up after 2019. Given that MBIS was founded on the principle of “prevention is better than cure”, did BD consider that such a long timeframe was not conducive to achieving the objective of MBIS? Did BD consider that the annual target could be increased? If yes, to what extent? If not, why not? Would BD formulate a long-term strategy for MBIS as recommended by the Audit Commission in paragraph 2.34(a)?

Response: The pace of implementation of MBIS is subject to, among others, the building owners’ understanding of the requirements of the MBIS, their willingness to comply with the notices, their ability to coordinate with other owners, the availability of financial and technical assistance provided to the building owners, the capacity of the market for building inspections and repairs, etc. In fact, timely and proper repair and maintenance of buildings is the primary responsibility of owners and is in the interest of owners and occupiers. The implementation of MBIS since 2012 has helped raise awareness of owners in proper maintenance and repair. There are cases where building owners sought to comply with the MBIS voluntarily without receipt of MBIS notices, and with the incentive provided under OBB 2.0, around 370 high-aged buildings without outstanding MBIS notices have joined the second round applications.

BD agrees with the Audit Report’s recommendation in paragraph 2.34(a), and will continue to regularly review the number of target buildings after taking into account the manpower required to implement the scheme, the operation experience gained, market situation, feedback from stakeholders and members of the community as well as the available assistance schemes provided to the owners. Every year, BD will formulate the target and incorporate such target into the Controlling Officer's Report. In parallel, BD will continue to optimise its efficiency by streamlining

the operational procedures with a view to stepping up the pace of the implementation of MBIS. Furthermore, BD will review the progress of compliance by the owners, in particular with reference to the implementation of OBB 2.0, in formulating the long term strategy for MBIS. If necessary, BD will apply for additional resources for the effective implementation of MBIS.

To achieve the objective of MBIS to tackle the problem of building neglect and promote the principle of “prevention is better than cure”, BD will continue to organise various public education and publicity campaigns with a view to raising public awareness on the importance of regular building maintenance, thereby prompting more people to carry out timely and necessary building inspection and repairs on their own initiative. In addition to the current mobile application on MBIS, BD will continue to make use of information technologies to enhance communication with building owners and practitioners, monitor the work progress and facilitate the implementation of the MBIS. We will also monitor the effectiveness of the ongoing OBB 2.0 in incentivising early compliance with MBIS which aims to benefit a total of 5 000 old and dilapidated buildings with a total funding of \$6 billion.

Reply to question 3

Question: According to paragraph 2.19, BD's overriding selection criterion (i.e. private residential or composite buildings aged 40 years or above) was based on building type and age. However, under the Building Score System, building type was not a selection criterion and building age was only one of the four selection criteria. Building condition which was a criterion carrying a higher weight under the System had not been taken into account. In addition, some buildings covered by MBIS not meeting BD's criterion (i.e. of different building type (e.g. industrial buildings) or aged below the specified age of this criterion) might also be of high risk to public safety as indicated by their higher scores or incidents of fallen building elements as mentioned in paragraphs 2.16 and 2.17(b) and (c). Given that buildings with higher scores under the Building

Score System were of relatively higher potential risk to public and priority should be given to such buildings, could BD explain how the use of the overriding selection criterion alone could select high-risk buildings? Did BD agree that some high-risk buildings might not be selected by using the overriding selection criterion? If yes, how could this risk be addressed? If not, why not?

Response: There is a significant number of buildings covered by MBIS and prioritisation is necessary for the implementation of MBIS. To enhance the transparency in the selection process of the target buildings and community acceptance, BD has established a selection panel (“SP”) comprising representatives from professional institutions, non-governmental organisation, property management professionals and district councils to tender advice on the selection of target buildings. Each year, the SP would select a certain number of target buildings for the implementation of MBIS.

Noting from past incidents that old private residential or composite buildings posed relatively higher potential building safety risks and owners of these buildings were less coordinated in carrying out building maintenance and repairs, and having regard to the launching of the OBB 2.0 funded by the Government and administered by the Urban Renewal Authority to provide technical and financial assistance to eligible owners of these old buildings to meet the requirements of MBIS, the SP endorsed in 2017 to focus on selecting this type of buildings first for the implementation of MBIS.

Implementation of MBIS is only part of BD’s work in ensuring building safety through enforcement of the Buildings Ordinance (“BO”). Whilst MBIS focuses on preventive maintenance through regular building inspections, apart from the implementation of MBIS, BD handles public reports on building defects and unauthorised building works. In addition, BD proactively conducts large-scale operations to take holistic enforcement actions under the BO against actionable unauthorised building works and building defects in the target buildings. If obvious defects are found during inspections, BD is empowered under the BO to issue repair orders to mandate building owners to carry out repair and rectification works.

In an emergency situation, BD will mobilise the Government contractor to remove the danger to ensure public safety and will recover the cost of works and supervision charge from the responsible owners in accordance with the BO.

Reply to question 4

Question: According to paragraphs 2.22 and 2.23, BD had prioritised buildings based on the list of private buildings. While there were a total of 17 508 buildings covered by MBIS as of December 2018, 7 514 buildings were still not given scores by BD. Given that the main reason admitted by BD was due to the fact that a majority of 7 514 buildings had already been selected under MBIS. Did BD consider that there was a need to ensure that all buildings covered by MBIS were scored with the Building Score System for reviewing purpose?

Response: BD agrees with the Audit Report's recommendation in paragraph 2.34(e) and will score all buildings covered by MBIS in accordance with the Building Score System in future for reviewing purpose.

Reply to question 5

Question: According to paragraph 2.25, after the Selection Panel's endorsement of the nomination list (for target buildings to be selected under MBIS), BD might change some buildings in the endorsed building list due to various reasons. BD deleted a total of 76 buildings after their selection by the Selection Panel from 2017 to 2019, including 67 buildings with replacement from the list of buffer buildings and nine buildings without replacement. Could BD explain why some buildings were deleted with replacement while some were deleted without replacement?

Response: In general, target buildings deleted after selection would be replaced by buildings from the list of buffer buildings for issuing of statutory notices. BD would conduct initial checks on the selected target buildings shortly after they were nominated by the SP before

assigning them to the consultants for preparation and service of statutory notices. Consultants would serve such notices in batches. Nine buildings selected in 2017 and 2018 were later deleted without replacement from the list of buffer buildings as the deletion took place at a late stage of the consultancy after the buildings were found to have been demolished or substantially repaired. That said, in fact BD had issued notices to 54 additional buildings altogether in 2017 and 2018 on top of the annual target of selecting 400 target buildings. These additional target buildings were in a defective state or belonged to the same cluster¹ of the buildings selected by the SP.

With effect from 2021, BD will ensure replacement of all deleted buildings and update the SP accordingly.

Reply to question 6

Question: With reference to paragraph 2.27 regarding the building selection exercise for MBIS in 2019, there were 35 buildings with higher scores than some buildings in BD's nomination list of target buildings but were not included in the nomination list. No documentation was available showing BD's assessment that such buildings were in fair condition. Could BD explain why this happened? What improvement measures would BD take to avoid recurrence of similar problem in future?

Response: As mentioned above, after selection of target buildings, BD would conduct initial checks on these nominated buildings (including the list of selected buildings and the list of buffer buildings) within a short period of time before assigning them to the consultants for preparation and service of statutory notices. Within such short processing period, the initial check records had not been properly

¹ Paragraph 2.3(e) of the Audit Report explains that for a number of buildings situated on the same land lot with owners being jointly responsible for maintenance and repair of the common parts in the buildings, the buildings concerned will form a building cluster. If a building forms part of a building cluster is selected, all buildings in the building cluster will also be selected together regardless of their scores.

maintained.

BD has since September 2020 required all initial check results be recorded in files.

Reply to question 7

Question: With reference to paragraphs 2.29, 2.30 and 2.31 regarding the issuance of statutory notices under MBIS for building selected in 2018, BD engaged a consultant to carry out the work. However, the consultant completed all the work in eight months later than the original contract completion date. Apart from issuing warning letters and reminder letters, would BD take any other measures to strengthen the monitoring of consultants' performance?

Response: To strengthen the monitoring of consultants' performance, BD has enhanced relevant provisions in the consultancy agreements in 2019. Under the extant consultancy agreements, the following enhancements have been implemented:

- (a) To strengthen monitoring of the progress by requiring the consultants to attend regular monthly progress meetings with BD officers. Such requirements also provide a communication platform with the consultants for timely discussion on problems encountered by the consultants (e.g. access problems); and
- (b) To add two more milestones in the work programme (i.e. submission of desk study reports and submission of draft statutory notices) to facilitate closer monitoring of progress of work.

BD will enhance the progress monitoring reports by providing an automatic checking feature to identify assignments behind schedule. The enhancement will be completed in the second quarter of 2021.

Part 3: Follow-up actions on compliance with statutory notices

Reply to question 8

Question: According to paragraph 3.8, as at 30 April 2020, among the 24 639 non-compliant statutory notices, no warning letters had been issued to owner in 6 941 (28%) cases of non-compliance with statutory notices. For almost all (6 862(99%)) of these 6 941 cases, more than one month time target for issuing warning letters set out in BD’s guidelines had not been met in these cases. Did BD consider this not satisfactory? What follow-up actions had been taken? What was the latest position of these non-compliant notices?

Response: Since August 2020, BD has streamlined the procedures for issuing of warning letters. With respect to the 6 941 non-compliant cases without warning letters issued as at 30 April 2020, only 2 617 cases were pending for issuing of warning letters as at 30 November 2020 notwithstanding the special work arrangement for Government employees during this period. BD aims to complete issuing of warning letters to all these cases in the second quarter of 2021.

Out of 24 639 non-compliant statutory notices as at 30 April 2020, 4 131 (17%) of them have been discharged as at 30 November 2020. BD would continue to closely follow-up on the non-compliant notices.

Reply to question 9

Question: According to paragraph 3.16(b), as at 30 April 2020, BD had said that the Building Condition Information System (“BCIS”) would be enhanced to ensure timely referral of the statutory notices served on the common parts of a building to the Land Registry for registration, timely issue of warning letters as well as timely and accurate updates of registration records of statutory notices at the Land Registry. What was the progress in enhancing BCIS? When would the enhancement be completed?

Response: BD plans to commence the enhancement to the BCIS in the first quarter of 2021 for completion by the first quarter of 2022.

Reply to question 10

Question: According to paragraph 3.21, among the 1 071 non-compliant statutory notices referred to prosecution teams in 2019 for instigating prosecution, 696 (65%) notices were referred more than two years and up to six years after the completion due dates of the statutory notices. Could BD explain why it took such a long time to refer cases to prosecution teams? What measures would be taken to expedite the referral process?

Response: Given the novelty and complexity of the new MBIS and that the community needs time to understand the requirements and be prepared to take up their responsibility as building owners to contribute and arrange for the necessary inspection and repair works, BD has focused its resources on providing technical and financial supports to owners and allowing the building owners and practitioners more time to understand MBIS and get prepared in meeting MBIS requirements as well as comprehending their responsibilities and obligations. From 2012 to 2015, much efforts had been made on the publicity and public education activities on MBIS and through responses to enquiries and briefings to encourage building owners to comply with the statutory notices in a voluntary and cooperative manner. Prosecution actions against non-compliant owners at that early stage would unlikely to be effective in compelling the owners to discharge their statutory responsibilities for MBIS. Hence, prosecution action against non-compliant statutory notices was not accorded with priority at that time.

After years of publicity on MBIS and taking into account the feedback from stakeholders and the community and operational experience gained, BD has stepped up its prosecution actions against non-compliant statutory notices since 2016. In addition, Fast Track Prosecution Teams were set up in early 2019 to streamline and

expedite the prosecution actions for non-compliant notices. That said, whether prosecution should be instigated would depend on facts of individual cases and thus the number of prosecution could be smaller than the number of outstanding notices. While prosecution would remain one of the measures (instead of the sole measure) to encourage compliance of MBIS, BD will continue to step up prosecution and to explore measures to streamline and facilitate BD's prosecution work while at the same time providing technical and financial assistance to needy owners.

Reply to question 11

Question: According to paragraphs 3.28 and 3.29, default works for the required inspection and repair under MBIS had been carried out by BD since 2016. According to BD guidelines, demand notes should be issued to the building owners within six months after completion of default works and settlement should be made within 14 days. However, among the eight cases issued with demand notes, demand notes for five cases (involving a total amount of about \$2.7 million) had been overdue for about seven to 19 months. What actions had been taken so far on these outstanding demand notes? What improvement measures would BD take to avoid recurrence of similar problem in future?

Response: Of the five cases with outstanding settlement of demand notes, BD has recovered costs from three cases as at 30 November 2020. For the remaining two cases, BD has issued certificates under section 33 of the BO to concerned owners and registered the certificates at the Land Registry, which will constitute a first charge against the title of their property. BD has also referred the two cases to the Department of Justice for taking legal action to recover the outstanding payment.

Since June 2020, BD has enhanced the BCIS to facilitate monitoring on the progress of the cost recovery actions. The progress of cost recovery action is also being monitored in the regular sectional meetings to ensure timely follow-up actions.

Reply to question 12

Question: According to paragraphs 3.6 to 3.31, BD had not taken timely follow-up actions, such as issuing warning letters, registering statutory notices at the Land Registry and referring cases to prosecution teams, on many cases of non-compliance with statutory notices. Would BD consider outsourcing more work under MBIS so as to expedite the follow-up actions on non-compliant cases?

Response: BD will continue to explore measures to streamline and facilitate the follow-up actions on non-compliant notices, including the feasibility of assigning certain types of follow-up action to outsourced consultants so as to speed up the enforcement process.

Part 4: Monitoring of registered inspectors' submissions

Reply to question 13

Question: According to paragraph 4.6, among the 7 408 certificates of building inspection received from registered inspectors ("RIs") by BD under MBIS in 2019, 3 860 (52%) certificates were received more than seven days and up to 4.5 years (averaging 56 days) after completion of building inspection, thus not meeting the seven-day statutory requirement. Among the 607 certificates of building repair received from RIs in 2019, 238 (39%) certificates were received more than 14 days and up to 4.5 years (averaging 162 days) after completion of building repair, thus not meeting the 14-day statutory requirement. Did BD consider this not satisfactory? What were the reasons for late submission by RIs? What measures would be taken to ensure compliance with the statutory requirements?

Response: Some RIs after completion of building inspection or repair might first submit their inspection/completion reports to the owners for agreement and payment. This practice of seeking prior agreement with owners however could take some time, leading to late submission of completion certificates to BD. There are also cases that RIs have completed inspections/repairs for several premises in

the same building on different dates but choose to submit the certificates for all premises in one go to BD. This practice would also render the earlier completed cases late for BD submission. In addition, there were resubmissions of certificates due to incompleteness of or incorrect information in the previously submitted certificates.

BD has reminded practitioners to comply with statutory requirements on submission at its regular briefing sessions with RIs in November 2020. In addition, BD will include checking of timely submission of certificates in the document audit² to ensure compliance. Furthermore, the information system will be enhanced to compile regular reports on the compliance situation to facilitate monitoring.

Reply to question 14

Question: According to paragraph 4.9, among the 1 174 MBIS submissions with BD's audit checks completed in 2019, 213 (18%) submissions had BD's audit checks completed more than one year and up to five years (averaging 1.8 years) after receipt of submissions by BD. Did BD consider this not satisfactory? What were the reasons for taking a long time to complete BD's audit checks? According to paragraph 4.17(b), the relevant internal instructions would be updated to include the time target for completing BD's audit checks. Had the guidelines been updated? If yes, what was the time target for completing BD's audit checks? If not, when would BD do so?

Response: BD has set time targets for completing actions on inviting owners to provide access for site audit checks in internal guidelines. BD however has not set a time target for owners to arrange for access into their premises for site audit checks. In order to successfully conduct site audit checks, BD usually would suit owners' time schedule as far as practicable. Sometimes even with initial positive response, owners may change their mind later, resulting in

² According to paragraph 4.3(b) of the Audit Report, for MBIS submissions selected for audit checks, BD will conduct document audit on submissions to verify compliance with the scopes and requirements under the BO, the relevant code of practice and practice notes.

rescheduling the site audit checks or declining BD's request for site audit check. Hence, there were cases taking longer time to complete site audit checks.

Having regard to past experience, BD will set the maximum waiting time for owners' arrangement for access into their premises for site audit checks and update the internal guidelines in the first quarter of 2021.

Reply to question 15

Question: Regarding paragraph 4.20, according to BCIS records, as of April 2020, a total of 35 639 statutory notices issued under MBIS had been complied with. However, for some of these statutory notices, there were no BCIS records for the receipt of some of the required submissions, including notification of appointment of RI for building inspection and repair (for 4 747 (13%) notices), certificates of building inspection (for 1 314 (4%) notices) and certificate of building repair (for 596 (2%) notice with building repair needed). Could BD explain why, on the one hand, BCIS recorded that the related statutory notices had been complied with, but on the other hand, there were no BCIS records for the receipt of some of the required submissions? What measures would be taken to ensure that BCIS records were complete, accurate and up-to-date?

Response: After serving statutory notices, some buildings may subsequently be demolished for redevelopment while in other cases, the owners may provide proof of recent completion of major building repairs. Under these circumstances, owners are not required to make further arrangement to meet the requirements of MBIS and BD would discharge the statutory notices with no record of RI's MBIS submission in the BCIS.

There are also cases that after checking of RI's MBIS submissions and serving of compliance letters to owners, no corresponding records were made in the BCIS.

As an improvement measure, BD will enhance the BCIS to mandate data entry to all fields related to RI's MBIS submissions before creating and storing of compliance records in the BCIS, except for cases not required to make further arrangement to meet the requirements of MBIS.

BD plans to commence the enhancement to the BCIS in the first quarter of 2021 for completion by the first quarter of 2022.



YOUR REF 來函檔號： CB4/PAC/R75
 OUR REF 本署檔號： L/M(19) to BD CR/4-35/2 C
 FAX 圖文傳真： 2868 3248
 TEL 電話： 3842 3010

13 January 2021

Ms Wendy JAN
 Clerk to Public Accounts Committee
 Legislative Council
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Ms JAN

Public Accounts Committee
Consideration of Chapter 9 of the Director of Audit's Report No. 75
Management of Mandatory Building Inspection Scheme by
the Buildings Department

Thank you for your letter of 11 January 2021 concerning the captioned Audit Report. We are pleased to provide the requested information in the Appendix.

2. For any further questions, please contact the undersigned or our Chief Building Surveyor / Mandatory Building Inspection 2, Mr WONG Kin-yip, Andy, at 3842 3040.

Yours sincerely



(NG Kin-shing)

Assistant Director/ Mandatory Building Inspection
 for Director of Buildings

c.c. Secretary for Financial Services and the Treasury (Fax: 2147 5239)
 Secretary for Development (Fax: 2899 2916)
 Director of Audit (Fax: 2583 9063)

Chapter 9 of the Director of Audit’s Report No.75
“Management of Mandatory Building Inspection Scheme
by the Buildings Department”
Questions and Requested Information

Reply to question 1

Question: Paragraph 2.3 of the report stated that Buildings Department (“BD”) had developed a score system to prioritise the selection of buildings for issuing statutory notices under the Mandatory Building Inspection Scheme (“MBIS”). The selection criteria include building age, building condition, building management, risk to public, and building cluster. Please provide more detailed information for the respective score system, including the scoring standards and weighting, etc., of all criteria.

In view of the public concern on the epidemic situation, would BD consider “risk to public health” posed by a building be included as one of the selection criteria? If yes, please advise the scoring standards and weighting of the scores. If not, will BD consider including that as one of the selection criteria as soon as possible?

Response: According to the Building Score System (“BSS”) endorsed in 2020 by the selection panel rendering advice to BD for the selection of target buildings for implementation of MBIS (“Selection Panel”)¹, scores for drainage systems which are inadequate or in a defective/ insanitary condition have been included. Other selection criteria are the age of the building, condition of the construction elements of the building, level of building management, and building

¹ To enhance the transparency and community acceptance in the selection process of the target buildings for the implementation of MBIS, the Selection Panel comprises representatives from professional institutions, non-governmental organisation, property management professionals and district councils. Each year, the Selection Panel would select a certain number of target buildings.

construction with cantilever slab balcony/canopy. Details of the BSS are as below:

Scoring Standards	Score
A. Building age	0 to 20
B. Building condition (no. of reports on building/drainage defects and outstanding building/drainage repair/investigation orders [#])	0 to 60
C. Building management (3-nil building*)	0 to 5
D. Risk to public (cantilever slab balcony/canopy)	0 to 10
Total	95 (Maximum)

Notes:

[#] If a building has rendered dangerous or liable to become dangerous, BD may serve an order under section 26 of the Buildings Ordinance (“BO”) requiring the owners to carry out repair works to make such building safe. If any dilapidation or defect is found in a building, BD may serve an investigation order under section 26A of the BO requiring the owner to carry out an investigation on the building and submit a remedial works proposal. If the drainage system of a building is found to be inadequate or in a defective/insanitary condition, BD may serve an order under section 28 of the BO requiring the owners to carry out investigation and/or repair works. For buildings with outstanding orders but not selected for MBIS, BD would continue to follow up the orders to ensure public safety.

^{*} 3-nil buildings are buildings which do not have owners’ corporation or any form of residents’ organisations, nor engage property management companies in managing their buildings.

Reply to question 2

Question: According to BD's reply to question 4, BD agrees to give score to all the remaining 7 541 buildings covered by MBIS for reviewing purpose. Please inform this Committee of the target timeframe.

Response: BD will give score to all buildings covered by MBIS in accordance with the BSS in the second quarter of 2021 for reviewing purpose.



Our Ref. : SWD/Prog-10/2020/3
Your Ref. : CB4/PAC/R75
Tel Number : 2892 5288
Fax Number : 2838 0757

4 January 2021

Public Accounts Committee
Legislative Council Complex,
1 Legislative Council Road,
Central, Hong Kong
(Attn.: Ms Wendy JAN)

Urgent by email :
wyan@legco.gov.hk
kmho@legco.gov.hk &
pkwlai@legco.gov.hk

Dear Ms JAN,

Public Accounts Committee
Consideration of Chapter 10 of the Director of Audit's Report No. 75
Provision of humanitarian assistance to non-refoulement claimants
By the Social Welfare Department

Thank you for your letter dated 23 December 2020 to the Director of Social Welfare regarding the captioned subject. I am now authorized to give you this reply.

Attached please find our reply (in Chinese and English) and its soft copy for your information.

For enquiry, please contact Miss Monica MOK, Senior Social Work Officer (Family)1, at 2892 5169.

Yours sincerely,

(Ms PANG Kit-ling)
for Director of Social Welfare

cc Secretary for Security (email: lee@sb.gov.hk)
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)
Director of Audit (email: john_nc_chu@aud.gov.hk)

Chapter 10 of the Director of Audit's Report No. 75
“Provision of humanitarian assistance to non-refoulement claimants by
the Social Welfare Department”
Questions asked and information requested by Public Accounts Committee
(Written reply)

Part 1: Introduction

1) In reference to Table 2 of paragraph 1.10, how does the Government formulate the standard level of humanitarian assistance (including monthly rent of \$1,500 per adult and monthly food assistance of \$1,200, etc.)?

A: Since 2006, the Government has commissioned a non-governmental organisation (NGO) to offer in-kind assistance to non-refoulement claimants (NRCs) who are deprived of basic needs during their presence in Hong Kong to prevent them from becoming destitute, while at the same time avoiding any magnet effect which may have serious implications on the long-term sustainability of the assistance programme and our immigration control. The Social Welfare Department (SWD) determines the level of various types of humanitarian assistance by reviewing a basket of factors including the data provided by the service contractor and the needs of service users, etc. In February 2014, taking into account the views of concerned NGOs, changes in price level and other relevant factors (including the public expenditures), the Government implemented the enhancement measures of the humanitarian assistance programme which have been effective until today.

Part 2: Provision of humanitarian assistance under the service contract

2) According to Table 3 of paragraph 2.4, the amount of assistance provided to service users under the service contract fell during the 10-month period 1 April 2018 to 31 January 2019, yet the figure rebounded afterwards. Will the Government inform this Committee of the reasons?

A: The change in the overall amount of assistance provided to service users is mainly due to changes in the number of service users. The number of service users began to decline steadily, falling from 13 622 in June 2017 to 11 047 in January 2019. As such, the overall amount of assistance provided to service users for the period from 1 April 2018 to 31 January 2019 decreased correspondingly.

- 3) Regarding the late submission of monthly service statistics reports, financial reports and rental deposit reports by the service contractor in reference to Table 5 of paragraph 2.6, the note remarked that delay in submission was most serious in the period from February 2017 to September 2018. SWD explained that the delay was mainly due to a system error encountered by the service contractor, as well as a change in the format of the monthly financial statements requested by SWD in early 2018. Will the Government inform this Committee of the reasons in detail?

Apart from the aforementioned period, e.g. from 1 February 2019 to 31 January 2021, why is there still such a large proportion of late submissions, i.e. 14 monthly financial statements (100%) and 7 monthly rental deposit reports (50%)?

- A: Unlike the previous service contracts, the new service contract that commenced in February 2017 adopted a new reimbursement mode and demarcation of service regions. The service contractor had found errors in handling and recording the data of over 10 000 service users and various types of assistance at the early stage of the contract. As such, the service contractor had to amend the monthly reports submitted between 2017 and 2018. To enhance the accuracy of the reports, the service contractor has begun reviewing and consolidating the workflow since 2018, including internal accounting and financial arrangements, so as to meet the reimbursement requirement of the new contract regarding the provision of the amount of assistance to service users and administrative costs. Moreover, in order to have a better grasp of the administrative costs of the service contractor, in 2018, SWD requested the service contractor to list out a breakdown of expenditure.

For the period from 1 February 2019 to 30 November 2020, there were late submissions of monthly financial statements by the service contractor. The reason is that the service contractor often had to wait for the half-monthly expenditure reports to be confirmed by SWD in the middle of the month before submitting the monthly financial statements. Although this practice could enhance the accuracy of the reporting materials, it caused the service contractor to submit the reports beyond the time limit. SWD immediately requested the service contractor in November 2020 to improve the procedures in order to facilitate the timely submission of monthly financial reports in accordance with the contract requirement.

As for late submissions of monthly rental deposit reports in the aforementioned period, the delay is mostly due to amendment of data in the report made by the service contractor, as well as revisions made in response to the change of reporting format in March 2019. SWD will continue to closely monitor the submission of financial reports by the service contractor and make further enhancement whenever necessary.

- 4) According to paragraph 2.7, late submission of audited financial statements by the service contractor would result in late return of the balance of rental deposits to SWD. Note 9 remarked that the balance of rental deposits of \$10.2 million was returned to SWD only on 18 December 2019 (i.e. more than 10 months after the expiry of the contract). In this regard, will the Government conduct a review and speed up the recovery of the relevant rental deposits?

A: For the service contract ending 31 January 2019, the service contractor delayed the submission due to format changes of the audited financial statements and other related reasons. SWD has clarified with the service contractor on the format requirements of the statements. Furthermore, upon review of the situation, SWD has reminded the service contractor as early as possible to submit the reports in a timely manner and demand the return of rental deposits in accordance with the contract requirement. To safeguard the interest of the Government, the service contractor has to return the related interests in one go when returning the rental deposits.

- 5) According to paragraph 2.8, the monthly service statistics reports submitted by the service contractor only indicated the number of cases taken up within 3 working days, 4 to 10 working days or more than 10 working days in the period from 1 February 2017 to 31 March 2020. Accordingly, SWD could not ascertain from the said reports the number of certain non-compliant cases (e.g. urgent cases not taken up within 2 working days in the period from 1 February 2017 to 31 January 2019 and regular cases not taken up within 7 working days in the period from 1 February 2019 to 31 March 2020). Did SWD ask for an explanation from the service contractor about the reason(s) why it had not reported the number of cases that fall within the specific timeframe of the aforesaid services (i.e. providing services within 2 and 7 working days)? According to paragraph 2.11(b), SWD has adopted the modified monthly service statistics report starting from October 2020. Has the service contractor used the new format in its submission of monthly service statistics reports? Has the performance of the service contractor after

October 2020 complied with the specific timeframe stated in paragraph 2.8(b)?

- A: The service contractor has submitted relevant monthly service data to SWD by way of service statistical reports. Despite the fact that the performance of the service contractor could not be fully monitored and reflected because of the reporting requirements within the aforesaid contract period, SWD has performed spot checks on individual cases during surprise visits to the office of the service contractor so as to find out the reason(s) why it failed to comply with the specified timeframe for taking up cases.

SWD has since October 2020 requested the service contractor to use the modified monthly service statistical report to record the number of all non-compliance cases (i.e. urgent cases not taken up within 3 working days and regular cases not taken up within 7 working days) and reasons. As shown in the monthly statistical reports of October and November 2020 submitted by the service contractor, the respective percentages of service provision within the specified timeframe are 92.8% and 98%. According to the explanation of the service contractor, it failed to provide services within the specified timeframe because one of its offices had suspended its services for 5 days due to the identification of a COVID-19 confirmed case in early October, while the remaining cases were due to the loss of contact with the applicant, multiple rescheduling of interview because of absence of the applicant, or failure of the applicant to attend the interview owing to hospitalisation, etc., leading to failure of the service contractor to complete the assessment procedures in time. SWD has requested the service contractor to formulate enhancement plans, including stepping up internal monitoring, strengthening manpower deployment and enhancing means to contact applicants, with a view to improving its service performance.

[Internal reference: 141 out of 152 referrals and 196 out of 200 referrals were handled by the Service Contractor within the time frame in October and November 2020 respectively]

- 6) According to paragraph 2.15, Audit examined the monthly service statistics report prepared by the service contractor on the Hong Kong, Kowloon and Islands (HKKI) region in January 2020, and found that of 2 843 service users receiving rent assistance in the HKKI region, the caseworkers of the service contractor conducted visits to 156 (5.5%) service users. However, of the 156 visits, 74 (47%) were unsuccessful attempts (i.e. the service users were not at home). Would the Government inform this Committee

of the follow-up actions if the service users are not at home when caseworkers of the service contractor conduct visits?

A: According to the service contract, the service contractor shall conduct comprehensive assessments and home visits prior to approval of each rent assistance case, and conduct monthly spot checks on 5% of the total number of service users receiving accommodation assistance in that month in order to ensure the proper use of the assistance. In May 2020, the service contractor established an Internal Audit and Investigation Unit (IAIU) to strengthen its monitoring on the use of accommodation assistance. In the event of unsuccessful visits due to service users not being at home, the investigator will revisit the service user concerned. The service contractor will immediately suspend the accommodation assistance to service users of dubious cases or who cannot be reached in the 2 said visits.

7) According to paragraph 2.32(a), in two cases, the actual rents paid by the service users exceeded the standard rate of rent assistance by about \$800 and \$1,200 respectively. Upon enquiry by the service contractor in the vulnerability and needs assessment, the service users refused to disclose the source of financial support. According to paragraph 2.32(b), in another two cases, the actual rents paid by the service users exceeded the standard rate of rent assistance by about \$200 and \$500 respectively. There was no documentary evidence indicating that the service contractor had asked for the sponsorship information. Regarding the suspected cases concerned, what are the follow-up actions of the Government?

A: Regarding the situation mentioned in paragraphs 2.32(a) and (b), SWD has requested the service contractor to adopt more stringent measures in vetting the financial status of applicants. Subject to the result of vetting, SWD will consider suspending the applications for humanitarian assistance or deducting the amount applied from NRCs who refuse to provide information. Besides, if service user has provided false information for the purpose of receiving accommodation assistance, the service contractor will commence formal investigation, and report to SWD or refer the case to the Police for follow-up.

8) According to paragraph 3.2, SWD has commissioned the food contractor since February 2017 through open tendering. Would the Government advise the eligibility of tenderer, the total number of tenders received and

whether the number of eligible potential contractors in the market has been evaluated?

A: Complying with the Agreement on Government Procurement of the World Trade Organization and the Stores and Procurement Regulations, SWD has conducted two open tendering exercises for the provision of food assistance to NRCs under the “Supply of Food by Electronic Purchase to the Social Welfare Department” (food contract). In the tender documents, the Government has not required the tenderers to have relevant experience or qualifications, but they will have to meet the minimum requirements in terms of the number of outlets and geographical distribution. SWD evaluated that there were at least over 100 potential contractors in local and overseas market. Two tenders from local market were received in each of the two tendering exercises.

9) According to Table 10 of paragraph 3.8, the percentage of late submission of monthly statistical reports and monthly payment reports by the food contractor reached 97% during the period from 1 February 2017 to 31 August 2019. According to Table 11 of paragraph 3.14, the percentage of late submission of monthly certification reports by the service contractor reached 100% during the period from 1 June 2019 to 31 March 2020. According to paragraph 3.15, SWD indicated that sometimes the service contractor had to clarify with the food contractor on inconsistencies in the statistical reports, resulting in longer time taken to certify correct the reports. In this connection, has the Government conducted reviews and made improvements with the food contractor, such as facilitating statistical work and certification through application of information technology?

A: Upon SWD’s reflection of the situation, the food contractor has redeployed designated manpower to handle matters relating to the food contract. Therefore, there has not been any delay in the submission of the monthly statistical reports since May 2020. SWD will continue to adopt appropriate monitoring measures. Meanwhile, to expedite the completion of certification reports by the service contractor, SWD will liaise with the service and food contractors on improvement plans, including reviewing the workflows for statistical work and certification, and studying the feasibility of providing basic data by the service contractor to the food contractor before it submits the monthly reports, with a view to improving the accuracy of the reports.

10) Regarding matters relating to misuse of electronic tokens (e-tokens) in paragraphs 3.29 to 3.33, will the Government inform this Committee of the following:

- (a) whether service users and salespersons of food outlets of the food contractor know that bulk purchases of non-staple food will be regarded as misuse of e-tokens?
- (b) what measures have been taken by the Government to ensure that both service users and salespersons of food outlets are fully aware of the relevant terms of using e-tokens?
- (c) whether there were conflicts between frontline salespersons and service users in the past? If so, what were the relevant figures and what corresponding measures were taken?

A: Before issuing e-tokens to service users, the service contractor will state clearly the proper use of e-tokens and consequences of misuse. Service users' purchase receipts will also be verified during the monthly contract renewal to confirm whether they have misused the e-tokens. Besides, relevant terms and conditions of use are provided on the back of each e-token. The food contract has also specified that the food contractor shall formulate a staff training guideline so as to assist frontline staff in understanding the proper use of e-tokens and procedures of data checking. According to SWD's record, except for 1 complaint received in relation to poor attitude of frontline staff, SWD has not received any report on conflicts between frontline staff and service users.

Part 4: Other administrative issues

11) According to Note 16 of paragraph 4.2, under the service contracts signed before 2017, the contractor undertook that not less than 77% of the total service fee (i.e. the contract sum) should be spent in the provision of assistance to the service users. Has the above commitment been included in the service contracts signed after 2017? If not, what are the reasons?

According to the 3 periods (from 1 February 2017 to 31 March 2020) listed in Table 16 of paragraph 4.3, the proportion of assistance provided to service users to the total contract sum had declined continuously (71%, 68% and 65% respectively), reflecting that the proportion of administrative cost had increased continuously. Would the Government advise on the reasons for that?

A: Unlike previous service contracts under which the service contractor undertook to provide all types of humanitarian assistance to NRCs, the humanitarian assistance have been split into two contracts since February 2017, namely “Administering and Delivery of Assistance for Non-refoulement Claimants” (the service contract) and “Supply of Food by Electronic Purchase to the Social Welfare Department” (the food contract). The amounts listed in Table 16 only included the assistance directly provided to service users (except for food assistance) and administrative cost paid to the service contractor. As the amount of food assistance provided to service users is not taken into account, the proportion of assistance provided to service users to the total contract sum worked out based on Table 16 cannot fully reflect the actual situation.

If the amount of food assistance is included in the total amount of assistance, the actual proportion of direct assistance provided to service users to the total contract sum during the above 3 periods (i.e. from 1 February 2017 to 31 March 2018, from 1 April 2018 to 31 January 2019, and from 1 February 2019 to 31 March 2020) will be 78%, 76% and 73% respectively, which are similar to those figures in the contracts before 2017. It is worth noting that under the service contracts, the administrative cost payable is calculated on a sliding scale (i.e. the greater the total number of service users, the lower the administrative cost per service user that the service contractor can apply for). As the total number of service users had decreased from 2017 to 2019, the unit administrative cost per service user would slightly increase.

12) According to paragraph 4.9, SWD indicates that there has been a lack of market interest in tendering for the service contract. Since 2010, service contracts had been awarded through open tendering. In each tender exercise, only 1 tenderer submitted a tender. According to paragraph 4.10, Audit Commission noted that tenderer’s experience had been stated as an essential requirement in the tender documents. This might have hindered other organisations to participate in tendering. According to paragraph 4.12, SWD agrees with the Audit recommendations, and according to paragraph 4.12(b), SWD will remove the tenderer’s experience as an essential requirement in submitting the tender when issuing the invitation in the next round of tendering. Apart from removing the tenderer’s experience, has the Government conducted a comprehensive review in this respect, including consultation with various stakeholders, such as potential contractors? What measures have been taken by SWD to enhance the competitiveness of tendering? If so, what

are the details? What measures will be taken in future to promote competitiveness?

A: Apart from removing the tenderer's experience as a basic requirement in the next round of tendering, SWD has adopted different strategies to attract more tenderers to participate in the tendering process, whereby enhancing competitiveness. These include actively inviting potential tenderers in the market to participate in the tender exercise, splitting the original service contract into 3 contracts to attract the participation of potential contractor of smaller scale, etc. SWD will continue to monitor the situation and implement measures where practicable to enhance the competitiveness of tendering.

-End-

ACRONYMS AND ABBREVIATIONS

Audit	Audit Commission
ACBHC	Advisory Committee on Built Heritage Conservation
AFCD	Agriculture, Fisheries and Conservation Department
APE	Approved project estimate
ArchSD	Architectural Services Department
Audit Report	Director of Audit's Report
B/Ds	Bureaux/departments
BCIS	Building Condition Information System
BD	Buildings Department
CDF	Child Development Fund
CFI	Court of First Instance of the High Court
CIT	Commissioner for Innovation and Technology
CUE	Common Utility Enclosures
DEVB	Development Bureau
EBPDF	Electronic bundles in portable document format
EDB	Education Bureau
EMs	Ethnic minorities
EMSD	Electrical and Mechanical Services Department
ENB	Environment Bureau
EPEM	Employment Programme for the Elderly and Middle-aged
EV	Electric vehicle
FAS	Financial Assistance for Maintenance Scheme on Built Heritage
FEHD	Food and Environmental Hygiene Department
FSA	Funding and Service Agreement
FSPEP	Funding Scheme for Public Engagement Projects on Built Heritage Conservation

ACRONYMS AND ABBREVIATIONS

FSTR	Funding Scheme for Thematic Research on Built Heritage Conservation
GMPs	Greening Master Plans
GPA	Government Property Agency
HAB	Home Affairs Bureau
HKAPA	Hong Kong Academy for Performing Arts
HKHA	Hong Kong Housing Authority
HKPC	Hong Kong Productivity Council
HKTB	Hong Kong Tourism Board
ID	Intellectual disability
IT	Information technology
ITC	Innovation and Technology Commission
ITSP	Information Technology Strategy Plan
JA	Judiciary Administration
JWG	Joint Working Group on Management of Roadside Skips
KPI	Key Performance Indicator
LandsD	Lands Department
LCSD	Leisure and Cultural Services Department
LD	Labour Department
LegCo	Legislative Council
LGV	Light goods vehicle
LWB	Labour and Welfare Bureau
MAA	Memorandum of Administrative Arrangements on the Administration of the Subvention for the Hong Kong Productivity Council
MBIS	Mandatory Building Inspection Scheme
MEAs	Museum Expert Advisers

ACRONYMS AND ABBREVIATIONS

MIC	Meeting, Incentive and Convention
NGOs	Non-governmental organizations
NPOs	Non-profit-making organizations
NRCs	Non-refoulement claimants
OJT	On-the-job training
PTRP	Public Toilet Refurbishment Programme
QTS	Quality Tourism Services
RCx	Retro-commissioning
RI	Registered inspectors
RTHK	Radio Television Hong Kong
SPD	Selective Placement Division
SSDs	Schools for social development
SWD	Social Welfare Department
TD	Transport Department
TV	Television
VTC	Vocational Training Council
WOPS	Work Orientation and Placement Scheme
WVO	Worldwide Office
YETP	Youth Employment Training Programme