

THE GOVERNMENT MINUTE

in response to the

**REPORT OF
THE PUBLIC ACCOUNTS COMMITTEE
No. 59**

of February 2013

22 May 2013

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 59
DATED FEBRUARY 2013**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS
(Report No. 56)**

MATTERS OUTSTANDING

Hong Kong 2009 East Asian Games
(Chapter 1 of Part 4 of PAC Report No. 56)

Reconversion of office accommodation into squash courts

The reinstatement work to convert the office space at the Hong Kong Squash Centre back to six squash courts for multi-purpose use commenced in November 2012. It is scheduled for completion in the second quarter of 2013.

Hong Kong Housing Authority: Management of commercial properties
(Chapter 3 of Part 4 of P.A.C. Report No. 56)

2. The Housing Department has been taken action to follow up on all of the Audit Commission (Audit) and Public Accounts Committee (PAC) recommendations in respect of the management of retail premises, car parks and factory estates, performance measurement and reporting. The progress of the follow up action and implementation of the recommendations has been reported to the Commercial Properties Committee of the Hong Kong Housing Authority. We recommend deleting this chapter from the next progress report.

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS
(Report No. 57)**

MATTERS OUTSTANDING

Equal Opportunities Commission

(Paragraphs 3 and 4 of Part 4 of P.A.C. Report No. 57)

3. All the recommendations made by the Audit and the PAC in 2009 in respect of the Equal Opportunities Commission (EOC) have been implemented, save for the recommendation on the separation of the posts of Chairperson and Chief Executive Officer.

4. After the Administration has submitted the Government Minute (GM) in response to PAC Report No. 57, the EOC advised that the recruitment of the Chief Operations Officer (COO) was put on hold, pending the new Chairperson's assumption of office. The new Chairperson assumed office on 1 April 2013 and one of his priorities is to follow up on the composition of the management echelon of the EOC and to give consideration to the recruitment of the COO.

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

(Paragraphs 11 and 12 of Part 4 of P.A.C. Report No. 57)

5. The Administration has continued to urge the United Nations High Commissioner for Refugees (UNHCR) to make renewed efforts to appeal to the international community for donations with a view to settling the outstanding advances, which remain at \$1,162 million. The Security Bureau discussed the issue with UNHCR again in November 2012 to reiterate the Administration's stance and register the Hong Kong community's expectation of an early recovery of the outstanding advances.

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

Footbridge connections between five commercial buildings in the Central District

(Paragraphs 13 and 14 of Part 4 of P.A.C. Report No. 57)

7. Lands Department (Lands D) has urged the owner of Building II to make an early submission of building plans for the proposed Footbridge A to the Buildings Department (BD). The Lands D, the BD and the concerned departments will continue to follow up on the matter.

Small house grants in the New Territories

(Paragraphs 15 to 18 of Part 4 of P.A.C. Report No. 57)

8. The existing Small House Policy has been in operation for a long period of time. The relevant review would inevitably entail complex issues including legal, environment and land use planning issues which require careful examination. At the same time, we need to maintain dialogue with key stakeholders as well as the community at large.

The acquisition and clearance of shipyard sites

(Paragraphs 19 and 20 of Part 4 of P.A.C. Report No. 57)

Assessment of Contamination at the Penny's Bay Shipyard Site

9. The Lands Tribunal hearings to determine the amount payable in respect of the former lessee's claim for compensation under the Foreshore and Sea-bed (Reclamations) Ordinance (Cap. 127) were held from 8 October 2012 to 19 October 2012 and 20 March 2013 to 22 March 2013. The case was adjourned by the Lands Tribunal to April 2013.

The Community Investment and Inclusion Fund

(Paragraphs 29 and 30 of Part 4 of P.A.C. Report No. 57)

Development of Social Capital

10. As mentioned in the previous progress report, approval would be sought from the Finance Committee (FC) of the Legislative Council (LegCo) on the Financial Secretary's proposal to inject \$200 million into the Community Inclusion and Investment Fund (CIIF). The proposal was approved by the FC in January 2013. The Labour and Welfare Bureau is closely monitoring the administration of CIIF to ensure that it will continue to perform its social function and further social capital development at the district level.

11. The Administration has already taken follow-up actions to address all the comments of the PAC. We recommend deleting the part on "Community Investment and Inclusion Fund" from the next progress report.

Food labelling and nutrition labelling of infant and special dietary foods
(Chapter 1 of Part 7 of P.A.C. Report No. 57)

Legislative proposals relating to formula products and foods intended for infants and young children

12. The Administration has put forward a package of legislative proposals relating to formula products and foods intended for infants and young children under the age of 36 months. We propose to prescribe in the law the nutritional composition requirements for infant¹ formula before complementary feeding is introduced and nutrition labelling requirement for infant formula, follow-up formula and foods intended for infants and young children under the age of 36 months.

13. The legislative proposals were discussed at a joint meeting of the LegCo Panel on Food Safety and Environmental Hygiene and Panel on Health Services on 20 November 2012. A two-month public consultation exercise was launched on the same day. In general, traders and members of the public welcomed the Codex-based² approach and supported the legislative proposals. The views and comments received during the public consultation were reported to the LegCo Panel on Food Safety and Environmental Hygiene on 12 March 2013.

14. The Administration will proceed with the legislative amendments for tabling at LegCo in 2013. Before the enactment of the legislative amendments, the relevant articles of the Hong Kong Code of Marketing and Quality of Formula Milk and Related Products, and Food Products for Infants & Young Children (the Hong Kong Code) will serve as guidelines to manufacturers and distributors of formula products and foods for infants and young children with respect to nutritional composition and nutrition labelling of these products. As the legislative amendments will be tabled for scrutiny by LegCo, we suggest deleting this part from the next progress report.

Development of the Hong Kong Code of Marketing of Breast-milk Substitutes

15. A four-month public consultation on the Hong Kong Code was conducted from 26 October 2012 to 28 February 2013. Briefing sessions and meetings with manufacturers, distributors, importers, retailers and other relevant parties have been arranged. The Administration is collating and analysing the comments received. The Hong Kong Code would be promulgated after consultation.

¹ “infant” means a person not more than 6 months of age.

² The Codex Alimentarius Commission (Codex) was established in 1963 by the Food and Agriculture Organization of the United Nations and World Health Organization as an international authority to set food-related standards and guidelines.

16. The trade's compliance with the Hong Kong Code will be monitored by the Department of Health (DH) and the Centre for Food Safety (CFS) working closely together, and in collaboration with other non-governmental organisations and professional bodies.

17. As regards nutrition labelling of special dietary foods, the CFS has conducted a preliminary survey on the distribution of special dietary foods in the local market and is now analysing the information collected on a wide range of foods for special dietary use. The CFS will take into account the local situation and international development in recommending the way forward. We will keep PAC informed of the progress.

Nutrition claims and health claims

18. We plan to start to examine the issue of regulating nutrition and health claims of formula products and foods for infants and young children at a later stage in 2013. Should regulation be deemed necessary, different regulatory options taking into account international practices as well as the current situation in Hong Kong will be considered. To keep abreast of international development of nutrition and health claims including the views of overseas experts on the subject, a symposium on food claims was held on 29-30 October 2012. This was followed by an expert meeting held on 30 October 2012 on possible approaches to regulate claims of formula products and foods for infants and young children. The meeting was attended by government officials and experts from the Mainland and overseas countries.

19. In the meantime, as the Hong Kong Code includes provision on nutrition and health claims, traders will be encouraged to comply with the Hong Kong Code upon its implementation when they make claims about formula products and foods intended for infants and young children under the age of 36 months.

Publicity and education

20. A survey to identify knowledge gaps and information needs of the general public to facilitate further planning of publicity and education programmes has been completed. Data analysis is currently in progress and the survey findings are expected to be available in the first half of 2013. We will keep PAC informed of the progress.

21. To further promote the use of nutrition labels and reduce barriers to using nutrition labels for consumers, the CFS has launched a public education and communication campaign in 2013 with simplified messages focusing on the use of nutrition labels for product comparison. Echoing the theme of World Health Day 2013, particular emphasis will be put on sodium reduction as one of the measures to prevent high blood pressure.

Follow-up actions on cases identified by Audit

Paragraph 3.12 of Chapter 3 Food labelling" of the Audit Report

22. CFS had followed up the 17 cases with suspected improper nutrition claim. Action was completed for all 17 cases, of which labels of 11 were revised, two were not found for sale and four were found to be in order. Since action has been completed, we suggest deleting this part from the next progress report.

Chapter 4 Nutrition labelling of infant and special dietary foods" of the Audit Report

23. CFS had followed up the 12 cases involving 30 products identified by Audit. The labels of 12 products are considered to be in order, one was found not for sale, and the remaining 17 are still under investigation. We will keep PAC informed of the progress.

**Records management work of the Government Records Service
(Chapter 2 of Part 7 of P.A.C. Report No. 57)**

Overseeing of records management programmes

24. As an ongoing effort to monitor the records management practices of bureaux and departments (B/Ds), the Government Records Service (GRS) initiated the second service-wide survey on records management practices of B/Ds in October 2012 and embarked on the first comprehensive records management review for individual B/Ds in November 2012.

Records appraisal and accessioning of archival records

25. The GRS is actively clearing the backlog of records pending appraisal of archival value and archival records pending accessioning, and aims to complete the tasks in 2015.

Condition survey

26. The condition survey of the GRS' collection is scheduled for completion by mid-2013.

Manpower of the GRS

27. To ensure sufficient manpower to meet various types of records management work and new challenges, action has been taken to create and fill the additional posts approved in 2012-13 as early as possible.

Progress made in implementing the Audit's recommendations

Encl. 1 28. A summary of the updated progress of implementing the Audit recommendations is at the Enclosure 1.

Water losses from unauthorized consumption and inaccurate metering
(Chapter 3 of Part 7 of P.A.C. Report No. 57)

Overall

29. To deal with unauthorised consumption, Water Supplies Department (WSD) adopts a two-pronged approach: (a) detection and prosecution and (b) promotion and education. WSD is implementing the various initiatives under such approach.

30. For meter accuracy, WSD continues with the catch-up meter replacement programme, which started in 2006, for the 15-mm meters. Up to April 2013, some 1.7 million aged meters have been replaced. WSD will continue to replace aged water meters.

Enforcement action against unlawful water taking

31. In response to WSD's request, Development Bureau (DEVB) has included a provision in the contractor administration procedures to the effect that the occurrence of any unauthorised water use in a contractor's work site shall be reflected in the contractor's performance report with appropriate sanctions.

32. In 2012, the fine imposed by Magistrates on convicted cases of unlawful water taking ranged from \$1,000 to \$18,000 (with an average of \$4,213). This shows that the fine imposed has been increased as compared with the \$1,000 to \$10,000 (with an average of \$3,317) in 2011, but is still rather low as compared with the maximum fine of \$25,000 under the Waterworks Ordinance (Cap. 102) for unlawful water taking. After review, it is considered that there is no imminent need at present to consult the Department of Justice (DoJ) on pursuing increase of the penalty level. Nonetheless, WSD will continue to review the fine imposed in future cases and, if the need arises, consult DoJ on pursuing increase of fine in individual cases. In addition, WSD has deployed additional resources for strengthening the prosecution work.

33. As regards the initiative to promote proper maintenance of internal flushing systems in private buildings, which when failed, are prone to cause unlawful taking of water as a temporary quick-fix, WSD has worked out the implementation details of the new scheme entitled "Flushing Water Plumbing Quality Maintenance Recognition Scheme" to encourage property owners to maintain their internal flushing systems properly. WSD has consulted the "Working Group on Quality of Water in Buildings" (WG) under the "Advisory

Committee on Water Resources and Quality of Water Supplies” (ACRQWS). The new scheme has obtained in-principle support from the WG and subsequent endorsement from the ACRQWS. The WG has further agreed on the implementation details and procedures of the new scheme, which is anticipated to be launched in June 2013.

Inspection of unauthorised water consumption

34. WSD plans to engage a consultant in September 2013 to develop the data-mining technique for conducting surprise inspections.

35. On training of staff involved in investigation or prosecution duties, WSD continues to arrange officers of the Prosecution Unit to attend relevant training courses organised by the Hong Kong Police Force and DoJ. WSD will also continue to provide all newly recruited Consumer Services Inspectors (CSIs) of the Department with training on unlawful taking of water, the latest one being held in March 2013. WSD will continue to organise annual refresher training courses and experience sharing sessions for frontline CSIs involved in handling of suspected unlawful water taking, with the next round in May 2013. To extend the network of detecting and reporting, similar sessions for regional staff, who may come across suspected case of unlawful taking of water, was conducted in January 2013. WSD conducted a review on the training needs and mode and considered that the content of the training courses was adequate.

Management of water meter accuracy

36. To sustain the efforts in improving the management of water meter accuracy, WSD will continue to reinforce the current catch-up meter replacement programme, placing more emphasis on expediting the replacement of water meters larger than 15-mm diameter.

37. The reviews of the optimal replacement cycle for 15-mm and 150-mm to 300-mm water meters have been completed and a set of cumulative flow volume-driven replacement criteria was also established. The review for 25-mm to 100-mm water meters is in progress, and will be completed by August 2013.

Performance reporting

38. WSD has published the annual target on meter accuracy in its 2011/12 annual report and Departmental website in December 2012. The performance target and extent of achievement on water meters replaced within the optimal service lives will be published in 2013-14 upon completing the reviews of their optimal replacement cycles.

Progress made in implementing the Audit recommendations

39. A summary of the progress in implementing the Audit’s recommendations is at the Enclosure 2.

REPORT ON THE RESULTS OF VALUE FOR MONEY AUDITS (Report No. 59)

Chapter 1 – Monitoring and reporting of air quality

40. The Administration agrees with the recommendations of the Director of Audit and the PAC of the LegCo. The Environment Bureau (ENB) and Environmental Protection Department (EPD) have been following up the recommendations as appropriate and the progress is reported below. ENB released “A Clean Air Plan for Hong Kong” on 28 March 2013 which sets out in detail the various measures to tackle air pollution from power plants, land and sea transport, and non-road mobile machinery (NRMM) and to strengthen collaboration with Guangdong to deal with regional pollution.

Management of Air Quality Objectives (AQOs)

Revision of AQOs

41. The Air Pollution Control (Amendment) Bill 2013 for effecting the proposed new AQOs in 2014 was introduced into the LegCo for first and second readings on 20 March 2013. Underlining the Administration’s commitment to protecting public health and improving air quality, the Bill also includes a mechanism to review the AQOs at least once every five years with a view to tightening the standards where practicable. We will use the Air Quality Guidelines (AQG) of the World Health Organisation (WHO) as our constant reference. As follow-up action has been taken, we recommend deleting this part from the next progress report.

Achievement of AQOs

42. To attain the proposed new AQOs, the Government has put forward a wide range of new air quality improvement measures. In addition, the Hong Kong Special Administrative Region (HKSAR) and Guangdong Provincial Governments endorsed in November 2012 a new set of regional emission reduction targets/ranges for 2015 and 2020 respectively. Meeting the emission reduction targets would enable the ambient air quality of Hong Kong to meet broadly the new AQOs by 2020. As a long-term goal, the Administration will strive to attain the ultimate AQG of the WHO. As follow-up actions will continue to be taken on an on-going basis and reported to the LegCo Panel on Environmental Affairs (EA Panel) regularly, we recommend deleting this part from the next progress report.

Administration of Air Pollution Index (API)

Review of API reporting system

43. To tie in with the implementation of the new AQOs in early 2014, EPD has proposed to replace the API with a new health risk-based Air Quality Health Index (AQHI) system. EPD consulted the EA Panel on 25 February 2013 and the Advisory Council on the Environment on 18 March 2013 on the proposal and obtained their support. EPD will continue to engage the relevant stakeholders and carry out preparatory work in liaison with relevant Government B/Ds to facilitate a smooth implementation of the new AQHI system. We will inform the PAC of the progress.

Air-quality monitoring network

44. Since October 2012, EPD has provided on its website the district-based coverage of the 11 general air-quality monitoring stations to facilitate the public to better understand the air-quality situation of the 18 administrative districts. Also in October 2012, EPD updated the precautionary advice for roadside API exceeding 100, thereby providing clearer advice that the public should avoid prolonged stay at roadsides with heavy traffic and surrounded by tall buildings in urban areas and new towns when roadside API was high.

45. Based on the review of the air-quality monitoring network completed in late 2012, EPD has planned to set up a general air-quality monitoring station in Tseung Kwan O. In this connection, a preliminary site-search exercise has just been completed. EPD will consult the Sai Kung District Council and concerned departments on the potential sites. A general air-quality monitoring station has been built in Tuen Mun and the equipment is now under trial run. If the trial run is successful, the station will come into operation in the latter part of 2013. We will inform the PAC of the progress.

Performance reporting

46. EPD will report in the Controlling Officer's Reports (CORs) the extent of achievement of the new AQOs. EPD will also report in the CORs if the performance targets are not met and the key reasons involved. Relevant follow-up measures will be identified. With regard to improving performance reporting on websites, EPD has included performance reporting of the air-quality situation on its website and improved the presentation of these reports.

47. For emission reduction measures targeting at vehicles and vessels, EPD has been working on the implementation of measures jointly with the

B/Ds concerned, and will monitor the progress of meeting the targets and compile regular reports for release as appropriate in collaboration with these B/Ds. As follow-up actions will continue to be taken on an on-going basis, we recommend deleting this part from the next progress report.

Way forward

High priority for policies and initiatives on the environment

48. The 2013 Policy Address set out the Administration's firm commitment to improving air quality. Specifically, the Administration has premised its air quality policies on protection of public health and will strive to improve air quality on all fronts, through better co-ordination of relevant policies on environmental protection, energy, transport and planning, as well as co-operation with Guangdong, with an aim to broadly achieving the new AQOs at ambient level by 2020. The Policy Address has also announced that improving roadside air quality is the next priority. In this regard, it has proposed setting aside \$10 billion as subsidies, coupled with regulatory measures, to progressively phase out heavily polluting pre-Euro IV diesel commercial vehicles. New policy initiatives have also been put forward to reduce emissions from the marine sector (i.e. the plan to introduce legislation to enforce the requirement of fuel switch at berth following the completion of consultation with the maritime sector; promote the use of cleaner fuels among local vessels; and seek funding approval from the LegCo to install on-shore power supply facilities for use by cruise vessels at the Kai Tak Cruise Terminal). Since the Administration will keep the EA Panel informed of developments in these new policy initiatives, we recommend deleting this part from the next progress report.

Commissioning studies on the health impact of local air quality

49. Between 1997 and 2002, EPD commissioned local universities to carry out various studies on the health effects of air pollution in Hong Kong. Findings of these studies have provided a solid foundation to understand the health effects of air pollution, particularly the increase in health risk due to increase in air pollutant concentrations. We will keep in view the need to engage further studies as and when necessary and keep the EA Panel informed of any further development. We recommend deleting this part from the next progress report.

Progress Made in Implementing the Audit's Recommendations

50. A summary of progress in implementing the Audit's recommendations is set out at Enclosure 3.

Chapter 2 – Implementation of air-quality improvement measures

51. The Administration agrees with the recommendations of the Director of Audit and the PAC of the LegCo regarding the implementation of air quality improvement measures. The ENB and EPD have been following up the recommendations as appropriate. The latest progress is reported below. ENB also released “A Clean Air Plan for Hong Kong” on 28 March 2013 which sets out in detail the various measures to tackle air pollution from power plants, land and sea transport, and NRMM and to strengthen collaboration with Guangdong to deal with regional pollution.

Emission control of vehicles

Emissions from pre-Euro, Euro I and Euro II diesel vehicles

52. To improve roadside air quality and protect public health, the Administration has proposed to progressively phase out some 86 000 pre-Euro IV (i.e. pre-Euro, Euro I, Euro II and Euro III) diesel commercial vehicles (including goods vehicles, light buses and non-franchised buses) through an incentive-cum-regulatory approach. We are consulting the relevant transport trades and other stakeholders about the proposal before submitting a final proposal for consideration by the LegCo. We will inform the PAC of the progress.

Emissions from diesel light buses

53. The above-mentioned incentive-cum-regulatory approach to phase out pre-Euro IV diesel commercial vehicles covers diesel light buses. Eligible vehicle owners can replace their pre-Euro IV diesel light buses with new liquefied petroleum gas (LPG) vehicles under the proposed scheme.

54. To further expand the LPG filling network for providing greater convenience to drivers of LPG vehicles, the Administration has since June 2000 required suitable new petrol filling stations on the land sales programme to provide LPG filling facilities, subject to safety requirements being met. To make better use of available sites for providing LPG filling services, this policy was further enhanced in 2012 by stipulating in the tender conditions of future petrol-cum-LPG filling stations, both in respect of new sites and old sites upon expiry of their current land leases, a minimum requirement for LPG filling facilities at 25% of the nozzles, subject to fulfillment of the necessary safety requirements. This new requirement should help improve the overall provision of LPG filling facilities. As follow-up action has been taken, we recommend deleting this part from the next progress report.

Emissions from LPG and petrol taxis and light buses

55. The LegCo FC approved \$150 million for the Administration to provide a one-off subsidy to help vehicle owners replace once the catalytic converters and oxygen sensors in their LPG and petrol taxis and light buses so as to improve their emission performance. Tender invitations ended in February 2013 and tender assessment is being conducted. The replacement scheme is expected to commence in the second half of 2013 and will take about nine months to complete. Immediately after its completion, EPD will deploy roadside remote sensing equipment to catch those LPG or petrol vehicles emitting excessively and ask their owners to rectify the excessive emission problem. We will inform the PAC of the progress.

Emissions from Euro II Government diesel vehicles

56. The Government will continue to arrange for the prompt replacement of the remaining Euro II government diesel vehicles with a view to completing the replacement programme as soon as practicable. When replacing vehicles in the government fleet, the Government will give priority to environment-friendly vehicles, having regard to the operational requirements of departments and the availability of suitable models on the market. As follow-up actions will continue to be taken on an on-going basis, we recommend deleting this part from the next progress report.

Emissions from franchised buses

57. As stated in the 2013 Policy Address, the Administration will explore ways to rationalise bus routing, enhance feeder service and improve interchange arrangements in order to reduce roadside pollution. To gain community support for a more vigorous approach in rationalising bus routes, the Secretary for Transport and Housing, the Secretary for the Environment and the Commissioner for Transport briefed the Chairmen and Vice-Chairmen of the 18 District Councils (DCs) or their representatives on details of this policy initiative on 7 March 2013 and appealed for their support.

58. As an annual exercise, the Transport Department (TD) is processing route rationalisation proposals under the 2013-14 route development programmes (RDP) exercise. The consultation with DCs, undertaken jointly by TD and EPD, has begun in February 2013. TD will continue to consult DCs in taking forward the route rationalisation proposals, and meet their concerns and requests as appropriate. Apart from the annual RDP exercise, TD and the franchised bus companies are taking a holistic perspective in taking forward route rationalisation through an "area approach". Under this approach, the entire area/district, as opposed to individual routes, is used as the basis for rationalising bus routes to ensure better use of resources. A bus route rationalisation plan under the area approach may entail

frequency reduction, re-routeing and cancellation or amalgamation of overlapping or under-utilised routes, as well as introduction of new bus-bus interchange (BBI) arrangements or improvement of existing BBIs with wider choice of route destinations and more attractive fare concessions. TD will also pursue vigorously rationalisation plans of franchised buses and other road-based transport modes as and when new railway lines are commissioned. Such rationalisation will help reduce roadside emissions most notably along busy corridors and other urban roads. As follow-up actions will continue to be taken on an on-going basis, we recommend deleting this part from the next progress report.

Emission control of marine vessels

Measures to lower emissions from marine vessels

59. To further control air pollution from the maritime sector, the 2013 Policy Address announced the following new initiatives -

- (a) to submit legislative proposal to enforce the requirement of fuel switch at berth in the next legislative session following the completion of consultation with the maritime sector;
- (b) to promote the use of cleaner fuels among local vessels; and
- (c) to seek funding approval from LegCo to install on-shore power supply facilities for use by cruise vessels at the Kai Tak Cruise Terminal.

The Administration will continue to take forward these initiatives and report the progress to the EA Panel as and when appropriate. We recommend deleting this part from the next progress report.

Enforcement of international standards / Dark-smoke control of vessels

60. The Transport and Housing Bureau is working with the Marine Department (MD) and the DoJ to expedite the legislative amendment exercises to incorporate the latest standards of the International Maritime Organization on vessel emissions in local laws, and to adopt an objective benchmark for measuring dark smoke emission from vessels for more effective control. We will inform the PAC of the progress.

Emission control of power plants

61. We will continue exploring the scope to further reduce the cap on emissions from power plants in future reviews of the Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences in light of the

developments on the fuel mix in future as well as advancement in control technology on emissions from power plants. For fine suspended particulates (PM2.5) emissions, we would explore the feasibility of establishing the emission caps for PM2.5 for power plants in the next review of the Technical Memorandum in 2014. In determination of the emission caps under the recent Third Technical Memorandum promulgated in November 2012, we have already requested the two power companies to use low emission coal as far as practicable and will continue requesting so in future review of the Technical Memorandum.

62. To effectively combat climate change and improve our air quality, apart from actively promoting energy efficiency on the demand side, we also proposed in 2010 to improve the fuel mix for power generation by substantially reducing the reliance on coal to less than 10% and increasing the share of natural gas and renewable energy to about 40% and 3 to 4% respectively in 2020, with the remaining balance of about 50% to be met with more imported nuclear energy from the Mainland. Following the Fukushima incident, various sectors in the community have different views on the application of nuclear energy. While various fuel sources each have their own merits and demerits, we will review the overall fuel mix and work out a proposal, taking into account the development in the international arena and views of the local community, while striving to strike a balance among the four energy policy objectives of safety, reliability, environmental protection and affordability. We will keep the EA Panel informed of the developments and recommend deleting this part from the next progress report.

Emission control of NRMM

63. EPD is drafting a new regulation for implementing a statutory NRMM emission-control mechanism. The legislative process is expected to complete in late 2013 or early 2014. Upon completion of the legislative procedures, all NRMM units to be imported for sale, lease or supply for local use will have to meet emission standards on par with those in Europe, Japan and the United States. EPD has been closely monitoring the development of technologies and regulations overseas for introducing emission control on NRMM units. We shall explore appropriate measures to bring existing NRMMs under emission control in the future after building up a database with a detailed profile of the existing NRMM units. In the meantime, EPD will continue efforts to ensure the operation of the NRMMs is in compliance with the current requirements under the Air Pollution Control Ordinance.

64. With regard to the recommendation of requiring the use of NRMM units meeting specified environmental standards in public works contracts, DEVB has liaised with relevant stakeholders including contractor associations, NRMM trade and suppliers associations which have indicated general support to the introduction of such requirements in new capital works contracts in a progressive manner. DEVB is working out a solid proposal covering the types of public works

contracts and NRMM units to be controlled, and the phased implementation plan. DEVB is also preparing a merit system for giving extra merits points to tenderers if they indicate the use of NRMM units meeting the specified environmental standards in excess of the requirements stipulated in the related contracts and will consult stakeholders accordingly.

65. As follow-up actions will continue to be taken on an on-going basis, we recommend deleting this part from the next progress report.

Regional emission control

66. In November 2012, the HKSAR and Guangdong Provincial Governments jointly announced a new set of regional emission reduction targets/ranges for 2015 and 2020 respectively. Both sides will implement additional emission reduction measures for the attainment of the reduction targets, which will bring continuous improvement to the regional air quality.

67. We are exploring with the Guangdong Government to jointly introduce fuel switch at berth at ports of Hong Kong and the Pearl River Delta (PRD) region for maximising the environmental benefits in the region. The designation of Emission Control Area (ECA) in the PRD waters will be our long term goal as it involves agreement from the Central People's Government and other stakeholders, and detailed studies and assessments are required before we proceed on this basis. Given the enormity and technical complexity of the task, our priority is to explore with the Guangdong Government fuel switch at berth for ocean-going vessels in PRD ports to achieve a higher emission reduction benefits. As follow-up actions will continue to be taken on an on-going basis, we recommend deleting this part from the next progress report.

Progress Made in Implementing the Audit's Recommendations

Encl. 4 68. A summary of progress in implementing the Audit's recommendations is set out at Enclosure 4.

Chapter 3 – Regulatory control of private hospitals metering

69. The Administration accepts the recommendations of the Director of Audit and the PAC on the regulatory control of private hospitals. The Government has established a Steering Committee on Review of Regulation of Private Healthcare Facilities (Steering Committee) which would, among others,^{Note 1}

Note 1 The full scope of the Steering Committee is as follows –

- (a) differentiation of medical procedures/ practices and beauty services;
- (b) defining high-risk medical procedures/ practices performed in ambulatory setting;
- (c) regulation of premises processing health products for advanced therapies; and
- (d) regulation of private hospitals.

conduct a review of the regulatory regime for private hospitals, including enhancing the safety and quality of private healthcare services and better protecting consumer rights through greater transparency. The recommendations of Audit and PAC, as well as the findings and recommendations of the 2000 review conducted by the DH would be taken into consideration in the review. The Steering Committee, underpinned by four working groups, has commenced its review and would submit recommendations within this year. The Administration would conduct public consultation subsequently and proceed with the necessary legislative process. The Panel on Health Services of the LegCo would be kept informed of the outcome of the review in due course.

70. In the meantime, DH would take proactive measures with reference to the recommendations of Audit and PAC to enhance the regulatory control over private hospitals. We will keep PAC informed of the progress.

Inspection of private hospitals

Documenting inspections

71. In response to the Audit's recommendation, the Office for Registration of Healthcare Institutions (ORHI) within DH has since September 2012 resumed the use of inspection checklists for its annual inspection to private hospitals to document findings. A checklist has been developed based on the Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes (COP). Another has been drawn up for monitoring private hospitals' compliance with land grant conditions relating to the provision of hospital services.

72. Apart from compiling inspection reports after annual inspections and ad-hoc inspections, ORHI has also prepared inspection reports for each inspection for all purposes since September 2012.

73. We recommend deleting this part from the next progress report as we have addressed Audit's and PAC's suggestion.

Regulatory actions against irregularities detected during inspections to private hospitals

74. With regard to Audit's and PAC's remarks on regulatory actions taken by DH against private hospitals, DH is reviewing the protocol on regulatory actions to be taken against non-compliance by private hospitals. The level of regulatory actions would be commensurate with the seriousness of non-compliance. For serious non-compliance, regulatory letters would be issued. For those with impact on public health, the requirements for rectification would be stipulated in the registration conditions of the private hospitals concerned.

75. In view of Audit's and PAC's suggestion, enhancements have been made to regulatory letters issued by DH to private hospitals since 2013, including -

- (a) indicating explicitly in the subject line the level of disciplinary action (i.e. advisory or warning); and
- (b) where irregularities are to be rectified, a time frame will be set out within which the requisite rectification must be effected.

76. DH has been disseminating good practices and learning points identified from its investigation of complaints, incidents and inspections to private hospitals through the annual Patient Safety Digest since 2011. The past issues covered learning points on patient care, patient's rights, equipment maintenance, etc.

77. As DH has taken appropriate follow-up actions, we recommend deleting this part, except the review of the protocol on regulatory actions, from the next progress report.

Closure Arrangements

78. DH has started formulating guidelines to assist any private hospital which intends to cease operation with the closure arrangement. DH staff would also be equipped with a set of guidelines when conducting inspection to the private hospital concerned to ensure that the hospital winds up properly. The guidelines are expected to be ready by end-2013.

Monitoring of sentinel events and complaints

Reporting of sentinel events

79. All private hospitals are required to observe the requirements on the surveillance, reporting and management of sentinel events in the COP. DH has reminded private hospitals of such requirements again in February 2013. Reminders on the reporting of sentinel events would also be included in the annual Patient Safety Digest. Starting from 2011, advisory letters will be issued to private hospitals if they fail to report sentinel events to DH within 24 hours upon occurrence.

Public disclosure and follow-up action of sentinel events

80. As to whether the identities of private hospitals where sentinel events are reported should be disclosed and to what extent the details of the sentinel events should be made public, DH will review the arrangements and the monitoring system of sentinel events having regard to international best practices, the practice of the Hospital Authority and other relevant considerations. The subject matter will

also be put forth for discussion at the Steering Committee as part and parcel of its review of the regulatory regime for private hospitals. The Steering Committee will formulate recommendations by end-2013.

81. For sentinel events suspected of contravening statutory provisions, or of professional misconduct with significant public health impact, DH will continue with its practice of making referrals to the relevant regulatory authorities for healthcare professionals for follow-up.

Handling of complaints

82. DH has reminded private hospitals of the importance to make timely submission of monthly complaint digests to DH under the COP in February 2013. ORHI would review and analyse the complaint digests as well as complaints lodged direct to DH with respect to the requirements of the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) and the COP. A summary of the analysis will be submitted to DH's senior management for review; any systemic issues identified would be brought to the management's attention. As we have addressed Audit's and PAC's recommendations, we recommend deleting this part from the next progress report.

Price transparency in hospital charges

83. During inspections conducted since 2013, DH has reminded private hospitals to observe the requirements on price transparency in the COP as well as to enhance the communication of price information to patients. For instance, private hospitals are advised to prepare information leaflets on common chargeable items in different service units for patients' reference. Regulatory actions would be taken if non-compliance with the COP is identified. As we have addressed Audit's and PAC's recommendations, we recommend deleting this part from the next progress report.

84. The Steering Committee would seek to enhance price transparency of private hospital services and is expected to conclude with recommendations by end-2013. Reference would be made to regulatory frameworks in overseas jurisdictions and the international trend for safeguarding patient interests, while taking into account the local circumstances of private healthcare services and the demands and expectations of the public at large. Meanwhile, the Food and Health Bureau (FHB) also encourages private hospitals to improve payment certainty for patients, in particular those undergoing elective treatments/ procedures, through packaged pricing or quotation as far as practicable. We will keep PAC informed of the progress.

Performance reporting in COR

85. In response to the concerns of Audit and PAC about the adequacy of performance reporting in COR, DH will look for ways to improve its performance/outcome indicators on regulation of private hospitals in its COR and will keep PAC informed of the progress.

Way Forward

86. The review on the regulatory regimes for private healthcare facilities would take into account the audit observations and recommendations, as well as the findings and recommendations of the 2000 review. In the meantime, DH has put in place various interim measures as highlighted in the foregoing paragraphs to strengthen the regulatory control of private hospitals. We will keep PAC informed of the progress.

87. As regards the Audit recommendation that the Administration should explore the possibility of extending the set of special requirements applicable to new private hospital development to existing private hospitals, the FHB would look into the appropriateness and possibility of the recommendation in the context of the on-going review on the regulatory regimes for private healthcare facilities. We will keep PAC informed of the progress.

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

Encl. 5 88. A summary of progress in implementing Audit's and PAC's recommendations is at Enclosure 5.

Chapter 4 – Land grants for private hospital development

89. The Administration welcomes and agrees with the observations, suggestions and recommendations of Audit and PAC on matters concerning land grants for private hospital development.

90. As the Government land authority, the LandsD will continue to, in consultation with the FHB and DH, follow due processes in handling land grant or land transaction applications for private hospital use, with a view to meeting the Government intention and optimising the use of land. LandsD has also taken follow-up actions as appropriate to implement necessary improvement measures. In the meantime, DH has stepped up efforts to ensure compliance by private hospitals with land grant conditions in connection with the provision of hospital services. DH will work closely with LandsD and other relevant departments to ensure that land grant conditions are complied with by private hospitals; suspected

non-compliance cases would be referred to LandsD for action. We will keep PAC informed of the progress.

Special land grant conditions set on private hospitals

91. The Administration has taken note of the PAC's concern over the inclusion of the two salient requirements in land grants made to private hospitals. In light of the PAC's recommendation, LandsD is developing a general protocol on matters related to the administration of private treaty grants for private hospital development at nominal or concessionary premiums. The protocol seeks to set out the respective responsibilities of B/Ds in processing this type of land grant, in setting service standards and lease conditions, and in monitoring service delivery as well as lease compliance. Since this protocol may also form the basis of guidelines for the administration of private treaty grants in general, relevant B/Ds will be consulted as appropriate.

92. In response to the concerns of Audit and PAC that the Two Salient Requirements should be included in the land grants made to non-profit-making private hospitals whenever feasible, the Administration would impose appropriate conditions on the land lease or other documents of existing private hospital sites to effect the latest Government intention when opportunities arise (e.g. application for modification of lease conditions).

93. Meanwhile, with a view to ensuring that the prevailing policies of the Administration in relation to private treaty grants will be followed through, LandsD has tightened up the general processing of the relevant lease modification/ land exchange applications and development submissions for approval under the lease through strengthened monitoring at the headquarters. We recommend deleting this item (paragraph 5.10(a) of Audit Report) from the next progress report as we have addressed Audit's and PAC's suggestion in this aspect.

Monitoring and enforcement of land grant conditions

94. On the irregularities detected at some existing private hospitals, DH and LandsD are actively following up with the grantees.

DH's compliance programme

95. DH has tightened up the monitoring of private hospitals' compliance with land grant conditions in connection with the provision of hospital services. A checklist has been developed to facilitate monitoring and inspection.

96. To ensure timely and full submission of information (e.g. audited accounts, bed occupancy rate, etc.) under each land grant referred to in Chapter 4 of the Audit Report No. 59, DH has reminded the grantees concerned of their

obligation to do so under the relevant land grants. Where there are financially-related conditions under a land grant, the grantee is required to produce an auditor's certification of observance each year. DH has identified such conditions from the relevant land grants and informed the grantees concerned accordingly. We recommend deleting this item (paragraph 5.10(d) of Audit Report) from the next progress report as we have addressed Audit's and PAC's suggestion in this aspect.

Provision of free or low-charge beds

97. The Administration is taking action to address the concerns of Audit and PAC about the provision of free or low-charge beds by Hospitals D and F as required by their respective land grant conditions. Regarding free beds required of Hospital D, the hospital has set up a geriatric ward with 20 free beds since February 2013. The hospital has promulgated the availability of free beds and application channel through its website and at its admission office. It has also invited referrals from social workers of the Hospital Authority.

98. In the case of low-charge beds, DH is in discussion with Hospital D on measures to increase the utilisation rate of the 100 low-charge beds being provided. DH has also been in discussion with the grantee of Hospital F on the provision of low-charge beds.

Profits/ surplus plough-back requirement

99. For private hospitals which are subject to financially-related conditions under their land grants, DH has since 2010 required them to submit audited accounts and auditors' certification on observance with such conditions. DH would ensure that the grantees comply with conditions related to restriction on profit distribution.

100. DH and LandsD would follow up on cases concerning compliance with financially-related conditions under the relevant land grants. DH would also review past audited accounts of the private hospitals concerned thoroughly.

Site development required by land grant conditions

101. DH has reviewed, in consultation with LandsD, the services currently provided on LG4 by Hospital C. According to the relevant land grant condition, all services provided on the lot have to be approved by the Director of Health. DH considered that the hospital has complied with the land grant condition as the services have been given prior approval by the Director of Health. In this connection, we note that Hospital C is proceeding to set up a physiotherapy service centre on the lot. The vetting of amendment building plans submitted by Hospital C in January 2013 relating to the social centre for the elderly is also in progress.

Sub-leasing of hospital premises

102. For business arrangement with third party for providing services in private hospitals, DH has reminded private hospitals to observe the relevant clauses in their land leases and make applications, as appropriate, to LandsD for such business arrangement. LandsD will follow up on referrals and applications received. In particular, the temporary waiver allowing the grantee of LG7 to let part of the hospital site to Organisation E was executed in February 2013. We recommend deleting this item (paragraph 5.10(h) of Audit Report) as we have addressed Audit's and PAC's concern.

103. LandsD will continue to follow up on other outstanding cases and take lease enforcement actions, in consultation with DH, to ensure compliance with those lease conditions restricting sub-leasing of hospital premises.

Sale of land for private hospital development

104. The relevant B/Ds including FHB, DEVB, DH, LandsD and Planning Department will draw on the experience of the development of Hospital G. For future disposal of private hospital sites, the Administration will take into account the demand and supply and service requirements of the private healthcare sector in order to determine the suitable size of private hospital sites, the scale of development as well as hospital-related lease requirements.

Way Forward and Audit Recommendations

105. The Administration disposed of a site in Wong Chuk Hang in March 2013 for private hospital development by open tender under a two-envelope approach. Detailed requirements on land use, the scale of development, bed number requirement and the operation commencement date were imposed under the land lease document while the services aspects such as service scope, price transparency, provision of standard beds at packaged charges and service standards were imposed through a separate service deed. This would impose a contractual obligation on the hospital operator and ensure that more effective government sanction can be taken for breaches of the requirements. Besides, the Administration will not allow the purchasers of this site and other government sites for private hospital use in future to change the use of these sites throughout the term of the lease.

Progress made in implementing the Audit's recommendations

106. A summary of progress in implementing the Audit's recommendations is at Enclosure 6.

Chapter 5 – Government's financial support to film industry

107. The Administration generally welcomes the views and accepts the recommendations made by the Audit and the PAC of the LegCo. Create Hong Kong (CreateHK) of the Communications and Technology Branch of the Commerce and Economic Development Bureau (CEDB(CTB)) has taken follow-up actions to address the recommendations of the Audit. Most of the follow-up actions have now been implemented as reported in this GM.

Strategic review

108. CreateHK will, in consultation with the Film Development Council (FDC) and the relevant stakeholders, review the use of the Film Development Fund (FDF) to support the film industry. CreateHK will kick-start the review in the second half of 2013. CreateHK will take the opportunity to also review the Film Guarantee Fund (FGF). In the meantime, CreateHK will continue to liaise with the film industry to promote the use of the FDF and the FGF, and identify further areas of improvement from operational perspectives.

109. CreateHK has reviewed the funding arrangement for Hong Kong International Film Festival (HKIFF) Society and considers that the current mode of funding, i.e. CEDB(CTB) to provide an annual grant to the HKIFF Society, should continue. This will enable the HKIFF Society to engage professional staff on a longer term, maintain smoother operation and accomplish its missions in promoting public and professional interest in films and filmmaking. CreateHK is conducting a review on the need to set a ceiling on the accumulated fund of the HKIFF Society and adjust the Government's annual funding if the ceiling is exceeded. We will report to the PAC the progress of the review in due course.

Administration of film-production projects

110. CreateHK has taken appropriate follow-up actions to improve the assessment, administration and monitoring of film-production projects under the FDF. It has revised the internal procedures and practices to ensure that only eligible funding applications with relevant supporting documents will be accepted. CreateHK has adopted a marking scheme which incorporates all relevant assessment factors for evaluating funding applications.

111. CreateHK has sought covering approval from the Fund Vetting Committee (FVC) of the FDC and the FDC for those existing projects with caps on sales agent and distributor (SA&D) expenses and commissions exceeded. For future cases, CreateHK is revising its internal procedures and practices for promulgation by end June 2013 to ensure that film production companies seek prior endorsement for cases where the caps on SA&D are likely to be exceeded.

112. CreateHK is revising internal guidelines for promulgation by end June 2013 to ensure that collection agents comply with the terms and conditions stipulated in the collection account management agreement on collection and distribution of revenue. In future, CreateHK will take action to terminate the service of collection agents with unsatisfactory services in accordance with the relevant provisions in the collection account management agreement.

113. CreateHK will make continuous efforts to implement measures for proper monitoring of the progress of approved film-production projects prior to the signing of production finance agreements. It is also drawing up internal guidelines for promulgation by end June 2013 to ensure expeditious execution of these agreements and timely follow-up actions in the event of delayed cases.

114. CreateHK is working on the administrative procedures for selling back copyright of films with a view to finalising them within 2013. CreateHK is devising a mechanism whereby the Panel of Examiners will be consulted on the reasonableness of the selling price proposed by the film production companies for subsequent consideration by the FVC.

115. As part of the review of the FDF as mentioned in paragraph 108 above, CreateHK will review the practice of using the applicant's ability to secure third-party financing as a measure of the commercial viability of a film and rationalisation of the requirements for submission of documents stipulated in the production finance agreement. As for Audit's recommendation to amend the terms of the production finance agreement pertaining to the rights to audit the books and records of distributors, CreateHK will consult the DoJ on the need to revise the terms.

116. Except for those outstanding items mentioned in paragraph 115 above, we recommend deleting other parts in respect of the administration of film-production projects from the next progress report as CreateHK has addressed the concerns of the Audit.

Administration of film-related projects

117. CreateHK has asked organisers of film-related projects to provide details of anticipated project incomes in their applications, and include actual incomes in their project completion reports and audited accounts. CreateHK is drawing up internal guidelines for promulgation by end June 2013 to ensure that appropriate follow-up actions will be taken to ascertain the actual project incomes and determine the need to refund surpluses, if any, to the Government, and to ensure expeditious execution of the funding agreements. As part of the review of the FDF, CreateHK will review the requirements for submission of documents as stipulated in the funding agreement.

118. Except for the progress of the review of the FDF, we recommend deleting other parts in respect of administration of film-related projects from the next progress report as CreateHK has addressed the concerns of the Audit.

Progress made in implementing the recommendations of the Audit

Encl. 7 119. Details of the progress in implementing the recommendations of the Audit are set out at Enclosure 7.

Chapter 6 – Management of public enquiries and complaints by the Food and Environmental Hygiene Department

Overall

120. The Administration accepts the observations and recommendations made by Audit and the PAC on the management of public enquiries and complaints by the Food and Environmental Hygiene Department (FEHD). FEHD fully recognises that complaints from the public are a valuable source of feedback for improvement of its services and has taken necessary follow-up actions on Audit's recommendations to improve and enhance its work in the management of public enquiries and complaints.

Management of long-outstanding cases

121. FEHD has taken action to enhance the monthly reports on overdue cases provided to its directorate officers and heads of districts/sections for monitoring. Since January 2013, FEHD has revised its departmental guidelines on complaint handling by stressing the need that supervising officers should closely oversee the progress of cases undertaken by their subordinates. The guidelines provide that supervising officers should make better use of the monthly ageing analysis of overdue cases for effective monitoring, look into the reasons for any long periods of overdue cases or inaction during investigation of the cases and provide guidance/assistance to their subordinates as necessary with a view to concluding the cases as soon as possible. To strengthen the monitoring of cases, long overdue cases and repeated cases are now included as standing agenda items for discussion at management meetings at the headquarters and district level. Moreover, FEHD has put in place a sample checking mechanism requiring officers at appropriate level to conduct sample checks on complaint cases on a monthly basis to enhance the monitoring of complaint cases and improve the accuracy of data in the Complaints Management Information System (CMIS).

Manpower to cope with the increased workload in handling water-seepage cases

122. To cope with the increased workload in handling water-seepage cases and frequent turnover of Environmental Nuisance Investigators (ENI) employed

under non-civil service contract terms in the Joint Office of the BD and the FEHD (Joint Office), 81 Health Inspectors I/II (HI I/II) have been deployed to replace some ENIs in mid-2011 and 38 additional ENI positions have been created in late 2011. In addition, 9 time-limited Senior Health Inspector posts have been created to strengthen supervisory support for the Joint Office in 2011-12 and 17 time-limited HI I/II posts have been created to replace the same number of ENIs in 2012 so as to reduce staff turnover and enhance workforce stability and continuity in the Joint Office's work. Subsequent to the increase and reinforcement in manpower, there has been a significant decrease in the number of overdue water-seepage cases by 51% from June 2011 to February 2013. FEHD will continue to closely monitor caseload and review manpower resources in handling water-seepage cases.

New CMIS and its interface with 1823

123. FEHD is developing a new CMIS which will be equipped with information technology tools for performing functions such as case management, automated workflow and progress tracking, thereby enabling more effective monitoring of the processing of complaint cases. The system design for the new computer system has commenced. The new CMIS is expected to be implemented in phases starting from August 2013 and come into full operation in 2014. In the interim, measures have been implemented in the existing CMIS to remind case officers and their supervisors in a timely manner of the latest state of outstanding cases and the relevant response time frames with a view to enhancing the monitoring work.

124. FEHD expects that the new CMIS will not only upgrade the information technology infrastructure but also fundamentally change the way FEHD handles complaints and facilitate more in-depth management analysis for service improvement.

125. Subsequent to the meetings and exchanges between FEHD and the Efficiency Unit, agreement has been reached regarding the interface between the 1823 System and the new CMIS, including the transfer of case information between the two systems. With the enhancement of the interface between the two systems, there will be automatic capturing of complaint case details between the two systems and manual transcribing of referral data will no longer be necessary. This will help improve efficiency and data accuracy.

Progress made in implementing the Audit's recommendations

126. A summary of progress on implementing the Audit's recommendations is at Enclosure 8. We recommend deleting all parts, except the items in relation to the implementation of new CMIS (i.e. paragraphs 4.12(e), 5.8, 5.13(b) and 6.21(a) of the Audit Report), from next progress report as actions have been taken to address the Audit's concerns.

Chapter 7 – Provision of local services by the Marine Department

127. The Administration welcomes and accepts the recommendations made by the Audit. Specifically, the MD is devising measures to improve the management of Public Cargo Working Areas. It is also reviewing the procedures for surveying of vessels for tighter control. By taking more targeted measures, MD is working to tackle expired licence cases of vessels and improve the management of licence renewal. MD is also drawing up measures to tighten management on private moorings.

128. The Administration attaches importance to maritime investigation which is important for improving safety of life at sea. MD will continue to strive to complete investigations into maritime accidents as soon as practicable.

Progress made in implementing the Audit's recommendations

129. MD has taken follow-up actions in relation to the various recommendations made by the Audit. Details of the progress made in implementing improvement measures are set out at the Enclosure 9.

Encl. 9

Chapter 8 – Youth employment services

130. The Administration considers that the recommendations by the Audit and PAC will help strengthen the monitoring of services rendered by the training bodies of the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme (YPTPS) and the operator of the Youth Employment Resource Centres, as well as improve the relevant administration work. The Labour Department (LD) has commenced to implement the recommendations. The progress made is reported below.

Issues highlighted in the PAC Report

Case management services

131. LD has discussed with training bodies and launched a series of monitoring measures to ensure the timely provision of case management services. For case managers, LD has organised more training activities and further training will be provided as needed.

132. In December 2012, LD held two consultation-cum-sharing sessions with training bodies to ascertain why the training bodies had not submitted the

Training and Career Plans and Case Review Reports in a timely manner and the difficulties encountered. The training bodies participated actively in the discussion. Based on the deliberations, various improvement measures were formulated and would be put in place. In January 2013, LD enhanced the computer system so that reminder emails would be automatically issued to training bodies to alert them to overdue cases. The enhanced system allows the training bodies to check the latest position of the overdue cases at their end. Moreover, LD wrote to the training bodies in January 2013 to reiterate the importance of case management services.

133. In the longer term, LD will revise the Training Bodies Manual for the 2013-14 programme year (September 2013 - August 2014), making it clear that late submission of case management service fee claims will not be accepted unless there are good justifications. On the other hand, a service standard on the processing time of case management service fee claims will be set. Training bodies will be informed of the service standard in future procurement exercises.

134. In response to the concern of Audit and PAC about the low level of case management hours claimed, LD advises that the actual utilisation of case management services would depend on the trainees' actual needs and case managers' professional assessment. Nonetheless, LD will, through regular dialogue with training bodies, find out the difficulties encountered by case managers and explore improvement measures.

Workplace attachment and on-the-job training

135. LD has, in its discussion with training bodies mentioned in paragraph 132, examined how participation in workplace attachment and on-the-job training can be further promoted. LD will canvass more suitable and attractive training vacancies, and enhance collaboration with employers in launching training-cum-employment projects, especially for those trades or industries in which young people are more interested. As announced by the Chief Executive in his 2013 Policy Address, LD will increase the one-month workplace attachment training allowance for trainees from \$2,000 to \$3,000, and the on-the-job training subsidy for employers under YPTPS from \$2,000 to \$3,000 per month. This will encourage employers to provide more training vacancies for young people and help boost participation of trainees in workplace attachment and on-the-job training. The new level of allowance and subsidy will be adopted in June 2013.

Progress made in implementing the Audit recommendations

136. As at early May 2013, in respect of all the 38 recommendations in the Report No. 59 of the Director of Audit, implementation or follow-up action has been duly completed or will be taken on an on-going basis for 28 items. LD will continue to report progress on the remaining 10 items. Details of the implementation progress are set out at Enclosure 10.

Encl. 10

**Records management work of the
Government Records Service**

**Updated Progress of Implementing Audit's Recommendations
(As at May 2013)**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Overseeing of Records Management Programmes		
2.32	<p><i>Records management surveys</i> Audit has recommended that the Director of Administration should:</p> <p>(a) conduct service-wide surveys at appropriate times after promulgating major records management policies and practices so that any common implementation issues can be identified and addressed in a timely manner;</p> <p>(c) conduct follow-up surveys to monitor bureaux and departments (B/Ds)' compliance with the mandatory records management requirements set out in General Circular No. 2/2009 (particularly those concerning records disposal); and</p> <p>(d) based on the results of the follow-up surveys in (c) above, consider taking more stringent measures in warranted cases;</p>	<p>(a), (c) and (d) The Government Records Service (GRS) conducted the second service-wide survey in 2012 to monitor B/Ds' compliance with the mandatory records management requirements. To further enhance the records management practices of B/Ds, the GRS will make recommendations on areas which need further improvements and refinement on the basis of the findings of the 2012 survey.</p> <p>As (a) has been implemented and (c) and (d) will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 4: Management of Archival Records		
4.35	<p><i>Access to archival records</i> Audit has recommended that the Director of Administration should:</p> <p>(a) expedite action on ascertaining the current B/Ds responsible for confirming the access status of the 627 archival records created by some former B/Ds;</p>	<p>(a) The GRS has identified the current B/Ds responsible for confirming the access status of the 627 records and the B/Ds concerned have been invited to review the access status</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) set mandatory requirements specifying that B/Ds should confirm the access status of classified archival records within a reasonable time after they reach 30 years old;</p> <p>(c) urgently follow up the long outstanding cases mentioned in para. 4.34 with the B/Ds concerned at an appropriate senior level; and</p> <p>(d) monitor B/Ds' compliance with the requirements in (b) above and consider taking more stringent measures where warranted by circumstances.</p>	<p>of these records accordingly. So far the access status of over 370 records has been confirmed. We will continue to follow up with the rest expeditiously.</p> <p>(b) & (d) The GRS is monitoring the effectiveness of improvement measures implemented in recent years to facilitate review of the access status of classified records by B/Ds in a more coordinated and timely manner. These measures include requesting Departmental Records Managers of B/Ds since 2009 to coordinate the review exercise, and shortening the review period from six months to three months since 2012. The GRS will consider the need for setting the proposed mandatory requirements if necessary.</p> <p>(c) The GRS has followed up the outstanding cases with the B/Ds concerned since September 2011. Of the 1 137 records mentioned in the Audit Report, the access status of over 1 100 records has been confirmed. The GRS has urged the relevant B/Ds to complete the review of the remaining records as soon as possible.</p>

Water Losses from Unauthorised Consumption and Inaccurate Metering
Updated Progress of Implementing Audit Recommendations
(As at May 2013)

Para. No.	Audit Recommendations	Progress to date
Part 2 : Enforcement Action against Unlawful Water Taking		
2.29(b)	<p><i>Unlawful water taking for flushing at residential developments</i></p> <p>Take measures to encourage residential developments to properly maintain their flushing systems.</p>	<p>Water Supplies Department (WSD) has worked out the implementation details of the new scheme entitled “Flushing Water Plumbing Quality Maintenance Recognition Scheme” to encourage property owners to maintain their internal flushing systems properly. WSD has consulted the “Working Group on Quality of Water in Buildings” (WG) under the “Advisory Committee on Water Resources and Quality of Water Supplies” (ACRQWS). The new scheme has obtained in-principle support from the WG and subsequent endorsement from the ACRQWS. The WG has further agreed on the implementation details and procedures of the new scheme, which is anticipated to be launched in June 2013.</p>
2.29(d)	<p>Expedite action to install bulk meters for residential developments and villages.</p>	<p>WSD has reviewed the programme of installation of bulk meters for residential developments and villages. Bulk meter installation works are progressing well on site under existing contracts. A new contract specifically for bulk meter installation works was put out to tender on 22 March 2013 to expedite the installation work. We recommend deleting this part from the next progress report.</p>

Para. No.	Audit Recommendations	Progress to date
Part 3 : Inspection of Unauthorised Water Consumption		
3.19(a)	<p><i>Surprise inspections</i></p> <p>Formulate and document a risk-based strategy for conducting surprise inspections, taking into account good overseas practices.</p>	<p>WSD has planned to engage a consultant in September 2013 to develop the data-mining technique for conducting surprise inspections.</p>
Part 4 : Management of Water Meter Accuracy		
4.18(a)	<p><i>Replacement of 15-mm water meters</i></p> <p>Expedite action to replace 15-mm water meters aged over 12 years.</p>	<p>WSD has planned to expedite in 2013-14 the replacement of 15-mm water meters aged over 12 years by outsourcing more respective works to the contractors. We recommend deleting this part from the next progress report.</p>
4.18(c)	<p>Accord high priority to replacing aged 15-mm meters long overdue for replacement.</p>	<p>WSD has reinforced in 2013-14 the current meter replacement programme with high priority accorded to replacing aged 15-mm meters long overdue for replacement. We recommend deleting this part from the next progress report.</p>
4.22(a)	<p><i>Replacement of large water meters</i></p> <p>Expedite action to replace aged large water meters which have exceeded their optimal service lives.</p>	<p>WSD has planned to expedite in 2013-14 the replacement of large water meters aged over their optimal service lives by outsourcing more respective works to the contractors. We recommend deleting this part from the next progress report.</p>
4.22(b)	<p>Accord high priority to replacing aged large meters long overdue for replacement.</p>	<p>WSD has reinforced in 2013-14 the current meter replacement programme with high priority accorded to replacing aged large meters long overdue for replacement. We recommend deleting this part from the next progress report.</p>

Para. No.	Audit Recommendations	Progress to date
4.28	<p><i>Replacement of water meters for government establishments</i></p> <p>Expedite action to replace aged water meters exceeding their optimal service lives in government establishments.</p>	<p>WSD has planned to expedite in 2013-14 the replacement of water meters aged over their optimal service lives in government establishments by outsourcing more respective works to the contractors. We recommend deleting this part from the next progress report.</p>
4.34(a)	<p><i>Water meter replacement strategy</i></p> <p>Conduct periodic reviews of the meter replacement strategies for 15-mm and large meters, with reference to good overseas practices.</p>	<p>WSD has completed the reviews for 15-mm meters and 150-mm to 300-mm meters in November 2011 and September 2012 respectively. The review for 25-mm to 100-mm meters is in progress, and will be completed by August 2013. The cumulative flow volume-driven replacement criteria for 15-mm and 150-mm to 300-mm water meters have been established in light of overseas practices under the respective reviews. The criteria for 25-mm to 100-mm water meters are being studied.</p>

Monitoring and reporting of air quality

Para. No.	Audit Recommendations	Progress to date
Part 2: Management of Air Quality Objectives (AQOs)		
2.32	<p>The Secretary for the Environment (SEN) and the Director of Environmental Protection (DEP) should:</p> <p>(a) in collaboration with other B/Ds and stakeholders, make vigorous efforts to formulate and implement strategies for achieving the AQOs as early as possible</p> <p>(b) take measures to ensure that the AQOs are regularly reviewed and revised, taking account of new World Health Organization (WHO) guidelines and overseas practices</p> <p>(c) set time targets with milestones for achieving the AQOs</p>	<p>In collaboration with the Transport and Housing Bureau, Food and Health Bureau (FHB) and Development Bureau, the Environment Bureau (ENB) released “A Clean Air Plan for Hong Kong” on 28 March 2013 providing further details on the policy approach and air quality improvement measures. We will continue to discuss and resolve major air quality issues involving other B/Ds through established mechanism such as Policy Group, Policy Committee and the “3S Committee” attended by the Secretary for Transport and Housing, the Secretary for Development and SEN.</p> <p>Action completed.</p> <p>The Air Pollution Control (Amendment) Bill 2013 for effecting the proposed new AQOs in 2014, which was introduced into the Legislative Council (LegCo) on 20 March 2013, includes a provision to review the AQOs no less than once every five years with a view to tightening the standards where practicable. We will use the Air Quality Guidelines (AQG) of the WHO as our constant reference as well as a long-term goal to be attained.</p> <p>Action completed.</p> <p>In November 2012, the Hong Kong Special Administrative Region and Guangdong Provincial Governments</p>

Para. No.	Audit Recommendations	Progress to date
	<p>(d) set up a mechanism for effective monitoring of the extent of achieving the AQOs and for publicising the progress of achievement periodically</p> <p>(e) accord a higher priority to resolve the vehicle emission problem in order to achieve the AQOs at roadside at an earlier time</p>	<p>endorsed a new set of regional emission reduction targets/ranges for 2015 and 2020 respectively. By meeting the emission reduction targets through the implementation of additional air improvement measures, the ambient air quality of Hong Kong would be able to meet broadly the new AQOs by 2020.</p> <p>Action completed.</p> <p>Environmental Protection Department (EPD) has regularly monitored and reported the extent of achieving the AQOs in its annual reports and on its website. EPD will continue to release these air-quality data and information to the public, as well as to make the reports more reader-friendly.</p> <p>The Administration has accorded high priority to reduce emissions from motor vehicles. To reduce roadside air pollution, we have, since 2000, progressively tightened vehicle emission and motor vehicle fuel standards and introduced various vehicle replacement programmes that aimed to reduce the emissions from diesel commercial vehicles.</p> <p>To further reduce roadside pollution, the Administration proposed to set aside \$10 billion as subsidies to owners of over 86 000 heavily polluting pre-Euro and Euro I to III diesel commercial vehicles in order to progressively phase out these vehicles. The scheme will significantly reduce the overall vehicular emissions of particulates and nitrogen oxides by 80% and 30% respectively. The Administration also proposed to set a service life limit for newly registered diesel commercial vehicles at 15 years.</p>

Para. No.	Audit Recommendations	Progress to date
	(f) formulate an air-quality management strategy for achieving the WHO AQG in the long term	Action completed. ENB released on 28 March 2013 the Clean Air Plan providing further details on our policy approach and air quality improvement measures, with a view to achieving the WHO AQG in the long term.
Part 3: Administration of Air Pollution Index (API)		
3.22	<p>The SEN and the DEP should:</p> <p>(a) provide on EPD website pertinent district-based air-quality information for each of the eight administrative districts not yet installed with a general air-quality monitoring station</p> <p>(b) set up a general air-quality monitoring station each in Tseung Kwan O and Tuen Mun, and compile a general API for each of the two districts</p> <p>(c) consider providing the public with clearer and more specific precautionary advice when a roadside API exceeds 100</p>	<p>Action completed.</p> <p>Since October 2012, EPD has provided on its website the district-based coverage of the 11 general air-quality monitoring stations to facilitate the public to understand the air-quality situation of the 18 administrative districts.</p> <p>Based on the review of the air-quality monitoring network completed in late 2012, EPD has planned to set up a general air-quality monitoring station in Tseung Kwan O and just completed a preliminary site-search exercise. EPD is arranging to consult the Sai Kung District Council and concerned departments on the potential sites. A general air-quality monitoring station has been built in Tuen Mun and the equipment is now under trial run. If the trial run is smooth, the station will come into operation in the latter part of 2013.</p> <p>Action completed.</p> <p>In October 2012, EPD updated the precautionary advice for roadside API exceeding 100, providing clearer advice that the public should avoid prolonged stay at roadsides with heavy</p>

Para. No.	Audit Recommendations	Progress to date
	<p>(d) set a time target for revamping the API reporting system, taking account of overseas practices in revamping the system</p>	<p>traffic and surrounded by tall buildings in urban areas and new towns when roadside API is high.</p> <p>Action completed.</p> <p>To tie in with the implementation of the new AQOs in early 2014, EPD has proposed to replace the API with a new health risk-based Air Quality Health Index (AQHI) system. The AQHI has taken into account overseas practices, WHO's AQG and local health data. EPD consulted the LegCo Panel on Environmental Affairs (EA Panel) on 25 February 2013 and the Advisory Council on the Environment on 18 March 2013 on the proposal and obtained their support. EPD will continue to engage the relevant stakeholders and carry out preparatory work in liaison with relevant B/Ds to facilitate a smooth implementation of the new AQHI system.</p>
PART 4: Performance reporting		
4.15	<p>The SEN and the DEP should:</p> <p>(a) include in the Controlling Officer's Reports (CORs) time targets for achieving the AQOs and progress of achieving the targets</p> <p>(b) report in the CORs any adverse trends in performance against targets and remedial action to be taken</p>	<p>By implementing various air improvement measures locally and collaborating with the Guangdong authorities to achieve the 2020 emission reduction targets for the Pearl River Delta Region, we aim at broadly meeting the new AQOs at the ambient level by 2020. EPD will report in the CORs the extent of achievement of the new AQOs.</p> <p>EPD will report in the CORs if the performance targets are not met and the key reasons involved. Relevant follow-up measures will also be identified.</p>

Para. No.	Audit Recommendations	Progress to date
	<p>(c) in collaboration with the Commissioner for Transport (C for T) and the Director of Marine (D of M):</p> <p>(i) formulate joint targets on inter-departmental air-quality improvement issues (such as emission controls of vehicles and marine vessels) and regularly report the progress or gap in achieving such targets; and</p> <p>(ii) improve performance reporting on websites, taking account of the audit observations in paragraph 4.14 of the Audit Report</p>	<p>Action completed.</p> <p>For emission reduction measures targeting at vehicles and vessels, EPD has been working on the implementation of measures jointly with the B/Ds concerned, and will monitor the progress of meeting the targets and compile regular reports for release as appropriate in collaboration with these B/Ds.</p> <p>With regard to improving performance reporting on websites, EPD has included performance reporting of the air-quality situation on its website and improved presentation of the reports. Also, EPD has uploaded:</p> <p>(a) statistics on past API exceeding 100 onto its website in October 2012; and</p> <p>(b) the emission inventory for 2010 and 2011 onto its website in October 2012 and March 2013 respectively.</p>
Part 5: Way forward		
5.9	To enhance public accountability, the SEN and the DEP should strengthen efforts in timely reporting and publishing measurement results of air quality	EPD will keep LegCo and the public informed of the progress of attaining the new AQOs and the implementation of the air-quality improvement measures from time to time and publish the relevant information on its website.

Implementation of air quality improvement measures

Para. No.	Audit's recommendation	Progress to date
Part 2: Emission Control of Vehicles		
2.14	<p>The SEN and the DEP should:</p> <ul style="list-style-type: none"> (a) formulate better strategies for reducing the number of pre-Euro, Euro I and Euro II diesel commercial vehicles running on the street; (b) in implementing a subsidy scheme for replacing high-polluting vehicles in future: <ul style="list-style-type: none"> (i) draw lessons from the implementation of similar previous grant schemes; and (ii) estimate the participation rate more accurately before seeking funding from the LegCo; (c) strengthen publicity efforts to encourage Euro II diesel commercial vehicle owners to participate in the 2010 Grant Scheme (d) expedite action to implement measures to prevent excessive emissions from liquefied petroleum gas (LPG) vehicles after implementation of the emission-reduction-device replacement scheme 	<p>To improve air quality and protect public health, the Administration has proposed an incentive-cum-regulatory approach to progressively phase out some 86 000 pre-Euro IV diesel commercial vehicles. The proposal includes offering eligible vehicle owners an ex-gratia payment up to 30% of the taxable values of new vehicles and banning the renewal of licences for pre-Euro IV diesel commercial vehicles in phases, with pre-Euro II on 1 January 2016, Euro II on 1 January 2017 and Euro III on 1 January 2019. It also includes limiting the service life of newly registered diesel commercial vehicles to 15 years.</p> <p>EPD is now consulting the relevant transport trades and other stakeholders about the proposal before reporting to the EA Panel on the consultation feedback and the recommended way forward. Subject to the support of the LegCo, our aim is to put it in place as soon as practicable.</p> <p>EPD is conducting the tender assessment for the supply of replacement parts and replacement services and will make preparations to award the contracts to successful tenderers. We expect that the replacement scheme can commence in the second half of 2013 and would take about nine months to complete. Immediately after its completion, EPD will deploy roadside remote sensing equipment to catch those LPG or petrol vehicles emitting excessively and ask</p>

Para. No.	Audit's recommendation	Progress to date
		their owners to rectify the excessive emission problem.
2.15	The Director of Government Logistics should, in collaboration with the DEP, consider replacing Euro II diesel government vehicles with new ones earlier	The Government Logistics Department (GLD) has actively arranged with departments concerned for prompt replacement of the remaining Euro II government diesel vehicles. Most of the Euro II vehicles in the government vehicle fleet will be replaced in 2013-14, and the remaining Euro II diesel vehicles will be phased out in 2014-15. GLD will continue to work with departments concerned in completing the replacement programme as soon as practicable.
2.30	<p>C for T should:</p> <p>(a) in collaboration with the DEP, step up efforts in reducing franchised bus trips;</p> <p>(b) in consultation with franchised bus companies and related District Councils (DCs), formulate a better strategy for reducing franchised bus trips</p>	<p>To gain community support for route rationalisation, the Secretary for Transport and Housing, SEN and C for T briefed the Chairmen and Vice-Chairmen of the 18 DCs or their representatives on details of this policy initiative on 7 March 2013 and appealed for their support.</p> <p>The Transport Department (TD), underpinned by EPD, has started to consult the DCs on the 2013-14 route development programmes (RDP) exercise, which covers service improvement proposals of 123 items and service re-organisation proposals of 67 items. TD will continue to consult DCs in taking forward the route rationalisation proposals, and meet their concerns and requests as appropriate.</p> <p>Also, TD and the franchised bus companies are taking forward route rationalisation through an "area approach", under which the entire district/region is used as the basis for rationalising bus routes. As a start, TD</p>

Para. No.	Audit's recommendation	Progress to date
		<p>and the bus companies have started consulting the North DC in early 2013 for target implementation of the proposed route rationalisation plan in around mid-2013. TD and the bus companies are actively making plans to apply the “area approach” to other districts for local consultation and implementation in phases starting from the second half of 2013. TD is also exploring with the bus companies provision of enhanced interchange facilities at major locations.</p> <p>TD will also pursue vigorously rationalisation plans of franchised buses and other road-based transport modes as and when new railway lines are commissioned (e.g. the commission of the West Island Line in 2014 and South Island Line (East) in 2015).</p>
2.31	<p>Regarding the implementation of the emission-reduction-device retrofit project, the DEP should:</p> <p>(a) set a minimum remaining service life for franchised buses participating in the retrofit project;</p> <p>(b) inform the Finance Committee (FC) of the remaining service lives of the buses involved when seeking funding for the project</p>	<p>EPD is undertaking a trial jointly with the franchised bus companies on retrofitting Euro II and III franchised buses with selective catalytic reduction devices. We are analysing the trial data in conjunction with the franchised bus companies. Upon completion of data analysis, we will report the findings of the trial and the next steps to the EA Panel. Subject to satisfactory trial results and support of the EA Panel, the Administration will seek funding approval from the FC for implementing the large-scale retrofit programme on Euro II and III franchised buses.</p> <p>Having considered the cost-effectiveness of the retrofit, we suggest that a bus should have at least two years of service life after the</p>

Para. No.	Audit's recommendation	Progress to date
		retrofit. We will also take note of the Audit's recommendation in seeking funding approval from the FC.
Part 3: Emission Control of Marine Vessels		
3.13	The STH and the D of M should seek legislative support for adopting the International Maritime Organisation (IMO) 2010 standards in Hong Kong as early as possible	The Transport and Housing Bureau (THB) and the Marine Department (MD) are working closely with the Department of Justice to expedite the legislative amendment exercise for incorporating the latest IMO Standards in the Merchant Shipping (Prevention of Air Pollution) Regulation (Cap. 413M). We will consult the LegCo Panel on Economic Development on the legislative proposal by June 2013.
3.23	<p>The SEN and the DEP should, in consultation with the D of M:</p> <p>(a) require local and river-trade vessels to use ultra-low-sulphur diesel in Hong Kong waters as early as possible;</p> <p>(b) explore measures to further reduce the sulphur limit of fuel used by local and river-trade vessels, taking account of the more stringent fuel sulphur limits set in the Mainland and overseas countries</p>	<p>EPD formed a working group whose members comprised representatives of local marine trades and relevant government departments, as well as a marine engineering expert from a local university to explore the technical feasibility of reducing the sulphur content of local marine light diesel. A technical study on reducing the sulphur content cap from 0.5% to 0.05% was completed in January 2013 with the assistance of a local university. The study has confirmed the technical feasibility of tightening the sulphur content cap.</p> <p>EPD reported to the EA Panel at its meeting on 25 March 2013 the study findings and the proposal to upgrade the standard of local marine light diesel. The EA Panel supported the proposal.</p> <p>After tightening the cap on the sulphur</p>

Para. No.	Audit's recommendation	Progress to date
	<p>(c) monitor closely the implementation of the incentive scheme to encourage ocean-going vessels (OGVs) to use diesel with a sulphur limit of 0.5% in Hong Kong waters, and assess its effectiveness</p> <p>(d) proceed with the proposed trial scheme on replacing high-polluting engines of government vessels, report the results to the EA Panel and formulate appropriate replacement strategies in a timely manner</p>	<p>content of local marine light diesel to 0.05%, EPD will continue to monitor closely the relevant developments in the region to further improve the quality of marine fuel.</p> <p>EPD has been closely monitoring the participation of OGVs in the incentive scheme. In parallel, EPD is consulting the relevant stakeholders on mandating the use of low-sulphur fuel for OGVs while at berth in Hong Kong waters. Our plan is to submit the legislative proposal in the 2013-14 legislative session following the completion of consultation.</p> <p>EPD has selected one government vessel for the replacement trial to ascertain the technical feasibility, operability and maintainability. EPD is also conducting the cost-effectiveness evaluation of replacing high-polluting engines of the government fleet. The trial result will help chart the way forward for further reducing the emissions of government vessels. The Administration will keep the EA Panel informed of the developments.</p>
3.38	<p>The STH and the D of M should:</p> <p>(a) expedite action to seek legislative support to give effect to adopting the Ringelmann Chart as a reference to measure dark-smoke emissions from vessels</p> <p>(b) review the desirability of re-launching the Smoky Vessels Spotter Programme after adoption</p>	<p>THB/MD consulted the trade on the proposal to adopt Shade 2 on the Ringelmann Chart as an objective benchmark for measuring dark smoke emission from vessels. The trade did not raise any objection. We will consult the LegCo Panel on Economic Development on the legislative proposal by June 2013.</p> <p>Subject to enactment of the legislative proposal mentioned in item 3.38 (a) above, MD will review whether to</p>

Para. No.	Audit's recommendation	Progress to date
	of the Ringelmann Chart in detecting smoky vessels	re-launch the Smoky Vessels Spotter Programme.
PART 4: Emission Control of Power Plants		
4.10	<p>The SEN and the DEP should:</p> <p>(a) take further measures to reduce nitrogen oxides (NO_x) emissions from local power plants</p> <p>(b) review the long-term fuel mix for local electricity generation, taking account of the high emission of air pollutants by using coal vis-à-vis natural gas</p> <p>(c) consider setting emission allowances for fine suspended particulates (PM_{2.5}) taking into account of good practices abroad</p>	<p>EPD will continue exploring the scope to further reduce the cap on the NO_x emission from power plants in future reviews of the Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences in light of the developments in fuel mix in future and advancement in control technology on emissions from power plants.</p> <p>We will review the overall fuel mix and work out a proposal, taking into account the development in the international arena and views of the local community, while striving to strike a balance among the four energy policy objectives of safety, reliability, environmental protection and affordability.</p> <p>We would explore the feasibility of setting emission allowances for PM_{2.5} for power plants in the next review of the Technical Memorandum in 2014.</p>
Part 5: Emission Control of Non-road Mobile Machinery (NRMM)		
5.11	<p>The SEN and the DEP should:</p> <p>(a) consider introducing emission-control measures on existing NRMM, taking into account the views of the Advisory Council on Environment, the 2007 Consultancy Review recommendations and overseas practices</p>	<p>EPD has been closely monitoring the development of technologies and regulations overseas for the control of NRMM units. After building up a database with a detailed profile of the existing NRMMs, EPD would have better information on the existing NRMM for mapping out the way</p>

Para. No.	Audit's recommendation	Progress to date
	<p>(b) complete the legislative procedures necessary for implementing the proposed NRMM emission-control system as early as possible</p>	<p>forward. In the meantime, EPD will continue to keep up efforts to ensure their operations are in full compliance with the existing requirements under the Air Pollution Control Ordinance, including the dark smoke emission and fuel sulphur requirements.</p> <p>EPD aims to complete the legislative exercise for implementing the emission control mechanism for new NRMM units to be imported for sale, lease or supply for local use in late 2013 or early 2014.</p>
<p>5.12</p>	<p>The Secretary for Development should, in collaboration with the DEP and in consultation with the industry, consider exploring the feasibility of stipulating the use of NRMM units meeting specified environmental standards in public works contracts</p>	<p>Development Bureau (DEVB) has liaised with relevant stakeholders including contractor associations, NRMM trade and suppliers associations who have indicated general support to the introduction of the requirements of using NRMM units meeting specified environmental standards in new capital works contracts in a progressive manner. When stipulating the new requirements, DEVB will take into account the service life of the respective NRMM units, their market availability, cost consideration, and the lead time required by the industry to prepare for the change. DEVB is also working out a solid proposal covering the types of public works contracts and NRMM units to be controlled, and the phased implementation plan. Furthermore, DEVB is preparing a merit system for giving extra merits points to tenderers if they indicate the use of NRMM units meeting the specified environmental standards in excess of the requirements stipulated in the related contracts and will consult stakeholders accordingly.</p>

Para. No.	Audit's recommendation	Progress to date
Part 6: Regional Emission Control		
6.12	<p>The SEN and the DEP should:</p> <ul style="list-style-type: none"> (a) work closely with the Guangdong EPD with a view to setting the post-2010 emission-reduction targets and related implementation arrangements at an early time (b) in collaboration with the STH and the D of M, continue to pursue with the Governments of the Guangdong Province and the Macao Special Administrative Region on: <ul style="list-style-type: none"> (i) requiring OGVs to switch to use diesel with a sulphur limit of 0.5% while berthing at ports of Hong Kong and the Pearl River Delta region; and (ii) setting up an emission-control area in PRD waters (c) conduct a study to estimate the share of major local air pollutants emitted from sources outside Hong Kong 	<p>Action completed.</p> <p>In November 2012, the Hong Kong Special Administrative Region and Guangdong Provincial Governments jointly announced new sets of regional emission reduction targets/ranges for 2015 and 2020 respectively. Both sides will implement additional emission reduction measures for bringing continuous improvement to the regional air quality.</p> <p>We are exploring with Guangdong authorities to jointly reduce marine emissions in the PRD region. We will continue to pursue with the Guangdong authorities on mandating OGVs to switch to using low-sulphur diesel while berthing in PRD ports in the short term. Setting up an emission-control area in PRD waters would be our long term target.</p> <p>Action completed.</p> <p>Among the various air pollutants, particulates and ozone are subject to high regional influence. EPD has engaged a local university to study the contribution from local and regional sources for particulates. Another local university has also studied the contribution of regional resources on ozone. The findings have been taken into account in our formulation of air-quality management strategies.</p>

Para. No.	Audit's recommendation	Progress to date
Part 7: Way Forward		
7.8	<p>The SEN and the DEP should:</p> <p>(a) take on board the audit observations and recommendations in this Audit Report for implementing measures to improve the air quality of Hong Kong</p> <p>(b) fully apprise the public and stakeholders through periodic promotion campaigns of the health, economic and social implications of introducing air-quality improvement measures, with a view to gaining public support for implementing the measures, and the ways and means for implementation</p>	<p>Action completed.</p> <p>ENB and EPD have taken on board the observations and recommendations in the Audit Report. The priorities of air-quality management initiatives are to improve roadside air quality, reduce emissions from marine vessels, and tackle the regional pollution problem in collaboration with the Guangdong authorities.</p> <p>On 28 March 2013, ENB released “A Clean Air Plan for Hong Kong” to provide further details on our policy approach and air-quality improvement measures.</p> <p>Action completed.</p> <p>In the recently released Clean Air Plan, ENB and EPD aim to promote public understanding of the health, economic and social implications of introducing various air-quality improvement measures and enlist their support for the implementation of such measures.</p>

Regulatory Control of Private Hospitals
Progress in implementing the Audit and PAC Recommendations

Para. No	Audit Recommendations	Progress to date
Part 2: Inspection of Private Hospitals		
Para. 2.15 of Audit Report	<p>Audit recommends that the Administration should –</p> <p>(a) consider developing and using a suitable checklist for guiding and documenting Office for Registration of Healthcare Institutions (ORHI) inspections of private hospitals;</p> <p>(b) ensure that the ORHI properly documents all inspections conducted and, as a good management practice, an inspection report should, as far as possible, be prepared for each inspection;</p> <p>(c) ensure that all service areas of private hospitals are covered in Department of Health (DH) inspection programme within a reasonable timeframe;</p> <p>(d) develop compliance checklists for checking private hospitals' compliance with relevant land grant conditions, and incorporate appropriate ones into the DH's inspection programme and conduct regular compliance checking;</p>	<p>Action completed.</p> <p>A checklist has been developed based on the Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes (COP) to document findings of inspection. The checklist has been put into use since September 2012;</p> <p>Action completed.</p> <p>Inspection reports have been prepared for each inspection since September 2012;</p> <p>Action completed.</p> <p>All clinical service areas of private hospitals have been inspected during annual inspection and the areas visited are documented in inspection reports;</p> <p>Action completed.</p> <p>DH has started to use a checklist for monitoring observance with land grant conditions in connection with the provision of hospital services and has incorporated such procedure into the inspection programme since September 2012;</p>

Para. No	Audit Recommendations	Progress to date
<p>Para. 2.29 of Audit Report</p>	<p>(a) indicate explicitly a regulatory letter issued to a private hospital as an advisory letter or a warning letter;</p> <p>(b) issue advisory/warning letters to private hospitals when serious irregularities are detected during inspections in accordance with DH guidelines;</p> <p>(c) strengthen DH efforts in disseminating relevant good practices to help private hospitals address frequent irregularities of similar nature identified during inspections;</p> <p>(d) critically review the adequacy of DH regulatory actions, including the need to step up its actions if serious irregularities identified are not rectified within a reasonable timeframe;</p> <p>(e) once a serious irregularity is identified, impose a timeframe within which the irregularity should be rectified, and take prompt follow-up actions;</p>	<p>Action completed.</p> <p>All regulatory letters issued by DH to private hospitals have explicitly indicated in the subject line whether they are advisory or warning letters since 2013;</p> <p>DH is reviewing the protocol on regulatory actions to be taken against non-compliance by private hospitals. Level of regulatory actions would be commensurate with the seriousness of non-compliance. For serious non-compliance, regulatory letters would be issued;</p> <p>Action completed.</p> <p>DH has been disseminating good practices and learning points concluded from complaints, incidents and inspections to private hospitals through the annual Patient Safety Digest since 2011. DH will continue the practice and further enhance the content of Patient Safety Digest of 2013;</p> <p>DH is reviewing the enforcement protocol on regulatory actions to be taken against non-compliance by private hospitals. For serious non-compliance with public health significance, the requirement for rectification would be stipulated in the registration conditions;</p> <p>Action completed.</p> <p>Timeframe for rectifying non-compliance has been imposed on private hospitals and specified in the regulatory letters since September 2012;</p>

Para. No	Audit Recommendations	Progress to date
<p>Para. 2.33 of Audit Report</p>	<p>(a) formulate guidelines to assist private hospitals in the closure arrangements in case they intend to cease operation; and</p> <p>(b) develop procedures to assist DH staff in the inspection work concerning closure of private hospitals.</p>	<p>DH has started formulating guidelines to assist private hospitals with closure arrangements; and</p> <p>DH has started developing guidelines to assist DH staff with inspection work concerning closure of private hospitals.</p>
<p>Part 3: Monitoring of Sentinel Events and Complaints</p>		
<p>Para. 3.21 of Audit Report</p>	<p>Audit recommends that the Administration should –</p> <p>(a) closely monitor the effective implementation of the sentinel event reporting system, including issuing advisory/warning letters to private hospitals when they do not follow the required procedures and ensuring that they take prompt remedial actions;</p> <p>(b) consider directly referring cases of sentinel events involving professional misconduct/substandard performance to the Medical Council of Hong Kong or the Nursing Council of Hong Kong for investigation and follow-up;</p> <p>(c) consider issuing guidelines to private hospitals for the surveillance, reporting and management of sentinel events, as well as the setting up of relevant policies and procedures, particularly the criteria for disclosing sentinel events to the public;</p>	<p>Since 2011, DH has started to issue advisory letters to private hospitals which fail to report sentinel events to DH within 24 hours upon occurrence;</p> <p>DH would adopt a proactive approach to refer cases that are suspected of contravening statutory provisions, or of professional misconduct with significant public health impact, to the relevant regulatory authorities of healthcare professionals for follow-up;</p> <p>DH has reminded all private hospitals again to observe the requirements on the surveillance, reporting and management of sentinel events in the COP in February 2013. Reminders on the reporting of sentinel events would also be included in the annual Patient Safety Digest. DH will review the guidelines on sentinel event reporting system, including disclosure arrangement. The subject matter will also be put forth to the Steering Committee for discussion as part and parcel of the review;</p>

Para. No	Audit Recommendations	Progress to date
	<p>(d) consider disclosing in a timely manner the identities of private hospitals and more details of the sentinel events, including the cumulative number of sentinel events for each private hospital;</p> <p>(e) consider aligning the systems and practices for disclosing sentinel events in both private and public hospitals as soon as possible;</p>	<p>DH will review the guidelines on sentinel event reporting system, including disclosure arrangement. The subject matter will also be put forth to the Steering Committee for discussion as part and parcel of the review;</p>
<p>Para. 3.38 of Audit Report</p>	<p>(a) take measures to ensure that private hospitals submit their complaint digests to the ORHI monthly in accordance with the COP;</p> <p>(b) issue advisory or warning letters to private hospitals when serious irregularities are detected during investigation of complaints;</p> <p>(c) provide guidelines requiring the ORHI to submit regularly (e.g. monthly) a summary of complaints received by private hospitals to DH senior management for review, and ensure that the guidelines are properly followed;</p> <p>(d) critically analyse the causes of complaints on a regular basis to identify systemic issues for management attention as well as areas where service improvements are needed; and</p> <p>(e) disseminate the analysis results for private hospitals to share the lessons learnt and make further improvements on their services.</p>	<p>Action completed.</p> <p>DH has reminded all private hospitals to observe the requirement on timely submission of monthly compliant digest under the COP in February 2013;</p> <p>DH is reviewing the enforcement protocol on regulatory actions. For serious non-compliance, regulatory letters would be issued;</p> <p>Action completed.</p> <p>ORHI analyses complaint digests submitted by private hospitals and prepare summary for regular submission to DH's senior management for review;</p> <p>Action completed.</p> <p>All complaints received by ORHI are critically analysed against the COP requirements. Any systemic issues identified would be brought to the management's attention; and</p> <p>Action completed.</p> <p>DH has been disseminating good practices and learning points concluded from investigation of complaints and incidents involving private hospitals</p>

Para. No	Audit Recommendations	Progress to date
		through the annual Patient Safety Digest since 2011. DH will continue the practice and further enhance the content of Patient Safety Digest of 2013.
Part 4: Price Transparency in Hospital Charges		
Para. 4.16 of Audit Report	<p>Audit recommends that the Administration should –</p> <p>(a) remind private hospitals to effectively communicate price information (covering all items) to patients prior to any procedures or operations;</p> <p>(b) take follow-up actions (e.g. issue of advisory letters) on those private hospitals failing to effectively communicate price information to patients; and</p> <p>(c) take measures (e.g. by revising the COP) to further enhance the price transparency of private hospitals, taking into account the good practices adopted locally and overseas.</p>	<p>Action completed.</p> <p>DH has reminded private hospitals to observe the requirements on price transparency in the COP in February 2013;</p> <p>Action completed.</p> <p>DH would issue regulatory letters to private hospitals if non-compliance with the requirements on price transparency is identified upon the audit recommendation; and</p> <p>During inspections conducted since 2013, DH has reminded private hospitals again to enhance price transparency during inspections to private hospitals. The Steering Committee would seek to enhance price transparency of private hospital services and is expected to conclude with recommendations by end-2013.</p>
Page 116 of PAC Report	<p>PAC urges the Administration to –</p> <p>(a) continue to encourage private hospitals to offer more services at packaged charges, thereby enhancing price transparency; and</p> <p>(b) formulate guidelines for private hospitals to adopt standardised format and terminology for their fee schedules for the purpose of facilitating price comparison.</p>	<p>FHB encourages private hospitals to improve payment certainty for patients, in particular those undergoing elective treatments/ procedures, through packaged pricing or quotation as far as practicable.</p>

Para. No	Audit Recommendations	Progress to date
Part 5: Performance Measurement and Reporting		
Para. 5.7 of Audit Report	<p>Audit recommends that the Administration should –</p> <p>(a) develop appropriate effectiveness/ outcome indicators in respect of DH’s regulatory work on private hospitals for publication in the COR; and</p> <p>(b) consider providing a breakdown of inspections conducted for each type of healthcare institution in the COR.</p>	DH will look for ways to improve its performance/ outcome indicators on regulation of private hospitals in its COR.
Part 6: Way Forward		
Para. 6.14 of Audit Report	<p>Audit recommends that the Administration should –</p> <p>(a) take into account the audit observations and recommendations, and take on board the findings and recommendations of the 2000 review when conducting a review on the regulatory regime for private healthcare facilities;</p> <p>(b) pending amendments to the Ordinance, explore interim measures to strengthen the regulatory control of private hospitals; and</p> <p>(c) explore the possibility of extending the set of special requirements (which are applicable to new private hospital developments) to existing private hospitals, for example through legislative amendments or other administrative measures (including revision of the COP).</p>	<p>The review on the regulatory regimes for private healthcare facilities would take into account the audit observations and recommendations, as well as the findings and recommendations of the 2000 review;</p> <p>Action completed.</p> <p>DH has put in place various interim measures to strengthen the regulatory control of private hospitals; and</p> <p>FHB would look into the appropriateness and possibility of extending the set of special requirements to existing private hospitals in the context of the review on the regulatory regimes for private healthcare facilities.</p>

Land Grants for Private Hospital Development
Progress in implementing the Audit and PAC Recommendations

Para. No	Audit Recommendations	Progress to date
Part 2: Special Land Grant Conditions set on Private Hospitals		
Para. 5.10 of Audit Report	<p>Audit recommends that the Administration should –</p> <p>(a) take appropriate steps to ensure that future policy decisions made on land grant conditions set on private hospitals are strictly and consistently applied, with approval sought from Executive Council (ExCo) as necessary if deviations are required to be made;</p> <p>(b) for direct land grants made in the past to non-profit-making private hospitals, negotiate to impose appropriate conditions when opportunities arise, to align with the Government's new approach in promoting packaged charging and price transparency;</p> <p>(c) in the case of LG 8 made to Hospital F, specify the Government's requirements clearly for provision of "low-charge beds and services" in the hospital; and</p>	<p>Action completed.</p> <p>The Administration would impose appropriate conditions on non-profit-making private hospitals to align with the Government intention;</p> <p>Lands Department (Lands D) has tightened up the general processing of the relevant lease modification/ land exchange applications and development submissions for approval under the lease through strengthened monitoring at the headquarters;</p> <p>DH has also stepped up efforts to ensure compliance by private hospitals with land grant conditions in connection with the provision of hospital services. A checklist has been drawn up to facilitate the checking of compliance with land grant conditions relating to hospital services under DH's purview;</p> <p>The Administration would impose appropriate conditions on non-profit-making private hospitals subject to relevant land grants to align with the latest Government intention;</p> <p>DH has been in discussion with Hospital F on the compliance with the land grant condition; and</p>

Para. No	Audit Recommendations	Progress to date
	<p>clarify the legal position on whether it is feasible for the Government to impose other additional requirements (such as the 2011 minimum requirements) on the operation of the hospital through the use of the “Compliance with prevailing policies” condition available in the land lease.</p>	<p>The 1981 Two Salient Requirements are applicable to the land grant of Hospital F. DH has been in discussion with Hospital F on the compliance with land grant conditions.</p>
<p>Page 152 of PAC Report</p>	<p>PAC urges the Administration to –</p> <p>(a) delineate clearly their responsibilities for the inclusion or continuance of the Two Salient Requirements in the terms of the private treaty grants (PTGs) made to non-profit-making private hospitals to ensure that essential requirements are always included in the lease terms in future; and</p> <p>(b) take the opportunity to include the Two Salient Requirements in the land grants made to non-profit-making private hospitals when the grantee applies for lease renewal, lot extension or lease modification to cope with any hospital expansion or redevelopment.</p>	<p>LandsD is developing a general protocol on matters related to the administration of private treaty grants for private hospital development at nominal or concessionary premiums. The protocol seeks to set out the respective responsibilities of B/Ds in processing this type of land grant, in setting service standards and lease conditions, and in monitoring service delivery as well as lease compliance; and</p> <p>The Administration would impose appropriate conditions on non-profit-making private hospitals subject to relevant land grants to align with the Government intention.</p>
<p>Part 3: Monitoring and Enforcement of Land Grant Conditions</p>		
<p>Para. 5.10 of Audit Report</p>	<p>Audit recommends that the Administration should –</p> <p>(d) specify the land grant conditions which the Government expects the hospital auditors to certify for compliance (see also paragraph 54 of PAC Report);</p>	<p>Action completed.</p> <p>Where there are financially-related conditions under a land grant, the grantee is required by DH to produce an auditor's certification on their compliance with the financially-related land grant conditions each year;</p>

Para. No	Audit Recommendations	Progress to date
	<p>(e) put in place a proper mechanism and step up the Government’s controls to monitor the private hospitals’ compliance with the land grant conditions, in particular the provision of “free or low-charge beds” and the “profits/surplus plough-back” requirement;</p> <p>(f) in the case of Hospital D and Hospital F, request the submission of grantees’ confirmations and audited accounts to ensure that they have complied with the “profits/surplus plough-back” requirement in the land grants, and look into other issues highlighted in</p>	<p>DH has identified such conditions from the relevant land grants and informed the grantees concerned accordingly in February 2013;</p> <p>DH and LandsD have stepped up efforts to ensure compliance by private hospitals with land grant conditions. DH has drawn up a checklist to facilitate the checking of compliance with land grant conditions relating to hospital services under DH’s purview. LandsD has tightened up the general processing of the relevant lease modification/ land exchange applications and development submissions for approval under the lease through strengthened monitoring at the headquarters;</p> <p>Hospital D has set up a geriatric ward with 20 free beds since February 2013. The hospital has promulgated the availability of free beds and application channels through various channels. DH is in discussion with Hospital D on measures to increase the utilisation rate of the 100 low-charge beds being provided. DH has also been in discussion with Hospital F on the provision of low-charge beds;</p> <p>DH has also required the hospitals concerned to submit audited accounts and auditor’s certification on their compliance with the financially-related land grant conditions each year;</p> <p>DH has required Hospital D and Hospital F to submit audited accounts and auditor’s certification on their compliance with the financially-related land grant conditions each year;</p> <p>DH has also reminded private hospitals to make applications to LandsD for any</p>

Para. No	Audit Recommendations	Progress to date
	<p>paragraph 3.13 (such as whether related party transactions and profit-sharing arrangements are permissible under the land grant conditions) (see also pages 158-159 of PAC report);</p> <p>(g) require Hospital C to rectify as early as possible, in consultation with the Social Welfare Department, the various irregularities found on LG 4;</p> <p>(h) rectify the situation in LG 7 to Hospital E as soon as possible, including seeking the approval of ExCo as necessary for the continued operation by Organisation E (which is not the grantee) of the hospital on the site and its continued subletting of the hospital premises to medical centres, which may or may not be allowed under the land grant; and</p> <p>(i) take actions to clarify if similar situations as in Hospital E also exist in other private hospitals and take appropriate follow-up on the three issues of audit concern as mentioned in paragraph 3.38, including whether the provision of specialist medical centres (operated by third parties) within the hospital premises on PTG sites would constitute subletting and whether the hospital management is responsible for the hospital-related</p>	<p>business arrangement with third party for providing services in the hospitals. LandsD would follow up on referrals and applications received.</p> <p>DH has reviewed the services currently provided on LG4 by Hospital C in consultation with LandsD and considered that Hospital C has complied with the relevant land grant condition, which requires that all services provided on the lot are approved by the Director of Health;</p> <p>Separately, the vetting of amendment building plans submitted by Hospital C in January 2013 relating to the social centre for the elderly is also in progress;</p> <p>Action completed.</p> <p>The temporary waiver allowing the grantee of LG7 to let part of the hospital site to Organisation E was executed by LandsD in February 2013; and</p> <p>DH has reminded private hospitals to make applications to LandsD for any business arrangement with third party for providing services in the hospitals. LandsD will follow up on referrals and applications received.</p>

Para. No	Audit Recommendations	Progress to date
	services provided by such medical centres (see also page 161 of PAC Report).	
Part 4: Sale of Land for Private Hospital Development		
Para. 5.11 of Audit Report	<p>Audit recommends that the Administration should draw lessons from the way the Government had disposed of the hospital site, including the subsequent change in use of a sizeable portion of the hospital site for private residential development. Specifically, the Administration should take actions to prevent recurrence, including:</p> <p>(a) the avoidance of providing a site area which turned out to be excessive for private hospital development; and</p> <p>(b) due consideration be given to any existing/ potential shortfall in hospital beds and other planning needs when consenting to any change in use of a hospital site for private residential development.</p>	<p>For future disposal of private hospital sites, the Administration will take into account the demand and supply and service requirements of the private healthcare sector in order to determine the suitable size of private hospital sites, the scale of development as well as hospital-related lease requirements; and</p> <p>the Administration will not allow the purchasers of private hospital sites sold in future to change the use of the sites throughout the term of the lease.</p>
Part 5: Way Forward and Audit Recommendations		
Para. 5.10 of Audit Report	(j) Audit recommends that the Administration should periodically assess the effectiveness of the stepped-up enforcement measures taken on existing private hospitals on PTG sites to ensure compliance with land grant conditions, and make any necessary adjustments as required.	The Administration would review the effectiveness of the stepped-up enforcement measures taken on existing private hospitals on PTG sites when appropriate.
Para. 5.12 of Audit Report	<p>Audit recommends that the Administration should –</p> <p>(a) take steps to ensure that the 2011 minimum requirements set for new private hospitals to be developed</p>	In disposal of the Wong Chuk Hang site for private hospital development, the Administration has imposed on the

Para. No	Audit Recommendations	Progress to date
	<p>on new Government sites are properly included in the land leases and service deeds to be entered into by the Government with the successful tenderers; and</p> <p>(b) conduct a post-implementation review, at an opportune time in future, of the Government's new policy and arrangements for private hospital development.</p>	<p>tenderer a set of minimum requirements covering land use, date of commencement of operation, bed number requirement, service scope, packaged charge and price transparency, service target, service standard, incident reporting and so forth. The requirements are included in the conditions of sale and the service deed;</p> <p>DH would develop the enforcement protocol in consultation with FHB and LandsD for monitoring compliance with the conditions of sale and the service deed; and</p> <p>The Administration would review the policy and arrangements for private hospital development when appropriate.</p>

Government's financial support to film industry
Follow-up Actions in Response to Public Accounts Committee
Report No. 59

Para. No.	Audit Recommendations	Progress to date
2.15	Head of Create Hong Kong (Head of CreateHK) should conduct a strategic review of the use of Film Development Fund (FDF) funds to support the film industry in future, taking into account Audit's observations in paragraphs 2.4 to 2.14.	Create Hong Kong (CreateHK) will conduct a strategic review in the latter half of 2013 in consultation with the Film Development Council (FDC) and relevant stakeholders.
2.21	Head of CreateHK should critically examine whether: <ul style="list-style-type: none"> (a) the Film Guarantee Fund (FGF) meets the needs of the film industry; and (b) all or part of the FGF's commitment can be deployed to other uses. 	CreateHK will conduct a review on the FDF in the latter half of 2013 and will take that opportunity to also review the FGF.
2.30(a)	Head of CreateHK should consider the need to set a ceiling on the accumulated fund of the Hong Kong International Film Festival (HKIFF) Society, and to adjust the Government's annual funding if the ceiling is exceeded.	CreateHK is conducting a review to consider the need for setting a ceiling on the accumulated fund balance held by the HKIFF Society.
2.30(b)	Head of CreateHK should review the funding arrangement for the HKIFF Society.	Action completed. CreateHK has reviewed the funding arrangement for the HKIFF Society and considered that the current mode of funding, i.e. making an annual grant to the Society out of the vote of the Communications and Technology Branch of the Commerce and Economic Development Bureau, should continue.

Para. No.	Audit Recommendations	Progress to date
3.15(a)	Head of CreateHK should ensure that all supporting documents are submitted by applicants for FDF funding.	<p>Action completed.</p> <p>CreateHK has revised the internal procedures and practices to ensure that an application will not be accepted unless it has fully met the eligibility requirements and all supporting documents have been submitted.</p>
3.15(b)	Head of CreateHK should always verify that among the applicant, the film producer and the film director, at least one has produced not less than two released films before the date of application for FDF funding.	<p>Action completed.</p> <p>CreateHK has revised the internal procedures and practices to ensure that an application will not be accepted unless it has fully met the eligibility requirements, including the qualifications of the film producer and film director.</p>
3.15(c)	Head of CreateHK should critically review the existing practice of using the applicant's ability to secure third-party financing as a measure of the commercial viability of a film.	<p>CreateHK will conduct a review on the FDF in the latter half of 2013, covering the existing practice of using the applicant's ability to secure third-party financing as a measure of the commercial viability of a film.</p>
3.15(d)	Head of CreateHK should establish a marking scheme incorporating all relevant assessment factors for the evaluation of FDF funding applications.	<p>Action completed.</p> <p>CreateHK has since December 2012 improved the assessment system in evaluating applications for film production financing by the use of a marking scheme. Under the improved system, the film project will be assessed based on four aspects, namely "reasonableness of production budget", "marketability (i.e. commercial viability)", "creativity" and "local production elements". The marking scheme, which incorporates all relevant assessment factors in the evaluation process, has been used since February 2013.</p>

Para. No.	Audit Recommendations	Progress to date
3.21(a)	Head of CreateHK should always consult the Fund Vetting Committee (FVC) and the FDC about setting caps of sales agent and distributor (SA&D) expenses and commissions.	Action completed. CreateHK has revised the internal procedures and practices to ensure that the FVC and FDC are consulted about setting caps on SA&D expenses and commissions.
3.21(b)	Head of CreateHK should seek the endorsements of the FVC and the FDC for the cases with caps exceeded in paragraphs 3.20(a)(i) and (iii), and (b).	Action completed. CreateHK has sought covering endorsement of the FVC on 28 January 2013 and that of the FDC on 15 March 2013 for the approved film projects which have incurred SA&D expenses in excess of the approved cap.
3.21(c)	<p>Head of CreateHK should, in cases where the caps on SA&D expenses and commissions are likely to be exceeded, take measures to ensure that film production companies always seek prior endorsements from the FVC and the FDC. Such measures may include:</p> <ul style="list-style-type: none"> <li data-bbox="323 1451 791 1641">(i) liaising regularly with the companies to ascertain the actual SA&D expenses and commissions incurred to date; and <li data-bbox="323 1686 791 1955">(ii) exercising the right to disclaim responsibility for any excessive SA&D expenses and commissions for which no prior approval has been obtained. 	Action completed. CreateHK is revising internal guidelines for promulgation by end June 2013 to ensure that film production companies will always seek prior endorsements from the FVC and FDC where the caps on SA&D expenses and commissions are likely to be exceeded.

Para. No.	Audit Recommendations	Progress to date
3.21(d)	Head of CreateHK should, in approving cases of excess of SA&D expenses or commissions, ensure that all the SA&D expenses or commissions are accounted for.	<p>Action completed.</p> <p>CreateHK has revised internal procedures and practices to ensure that the related expenditure statements are checked and all SA&D expenses or commissions are accounted for.</p>
3.26(a)	Head of CreateHK should ensure that collection agents issue collection statements and distribute film revenues in accordance with the terms and conditions of the collection account management agreements.	<p>Action completed.</p> <p>CreateHK is revising internal guidelines for promulgation by end June 2013 to ensure that collection agents comply with the terms and conditions stipulated in the collection account management agreement, particularly in respect of issue of collection statements and distribution of revenue.</p>
3.26(b)	Head of CreateHK should take adequate and prompt actions to follow up with the collection agents on all irregularities found (e.g. failure in issuing collection statements, and distribution of film revenues without the Film Services Office (FSO)'s approvals).	<p>Action completed.</p> <p>CreateHK is revising internal guidelines for promulgation by end June 2013 to ensure that suitable follow up action is taken against non-compliant collection agents, including termination of the collection agents' service.</p>
3.26(c)	Head of CreateHK should consider terminating the services of collection agents with unsatisfactory performance.	<p>Action completed.</p> <p>In future, CreateHK will take action to terminate the service of collection agents with unsatisfactory services in accordance with the relevant provisions in the collection account management agreement.</p>
3.30	Head of CreateHK should finalise the administrative procedures for selling back copyrights of films.	<p>Action completed.</p> <p>CreateHK is working on the administrative procedures for selling back copyrights of films</p>

Para. No.	Audit Recommendations	Progress to date
5.8(b)	Head of CreateHK should take measures to expedite the execution of agreements, including urging the successful applicants of film-related projects to sign and return the funding agreements as soon as possible, and following up with those delayed cases in a timely manner.	Action completed. CreateHK is drawing up internal guidelines for promulgation by end June 2013 to ensure that successful applicants will comply with our requirements for execution of agreements and to sign and return the agreements as soon as possible. CreateHK will, where appropriate, seek endorsement of the FVC to withdraw approval for those delayed cases which fail to provide sound justifications for the delay.
5.13(a) and (b)	Head of CreateHK should: (i) review the existing requirements on submission of documents stipulated in the production finance agreement and funding agreement; and (ii) in the light of the results of the review, rationalise the requirements for submission of documents.	CreateHK will review the existing requirements on submission of documents stipulated in the production finance agreement and related funding agreement in consultation with the DoJ to rationalise the relevant requirements. This will be done in conjunction with the review of the FDF to be conducted in the latter half of 2013.
5.17	Head of CreateHK should, in consultation with the DoJ, review and revise the terms of the production finance agreement pertaining to the rights to audit the books and records of distributors.	CreateHK will consult the DoJ on the need to revise the terms of the production finance agreement pertaining to the rights to audit the books and records of distributors.

**Management of public enquiries and complaints by the
Food and Environmental Hygiene Department (FEHD)
Progress in implementing Audit's recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Receiving and recording enquiries and complaints		
2.10	<p>Audit has recommended that the Director of Food and Environmental Hygiene should:</p> <p>(a) having regard to the Efficiency Unit (EU) template, consider publicising more information about the FEHD's complaint handling mechanisms;</p> <p>(b) apart from publicising through the Internet, ensure that adequate information about the FEHD's complaint handling system is also available through non-computer means (e.g. posters and pamphlets);</p> <p>(c) consider making it mandatory for staff to input details of the enquiry/complaint channels into the Complaints Management Information System (CMIS);</p> <p>(d) compile on a regular basis, management information from the CMIS to help monitor the accessibility of the various channels of public enquiries and complaints; and</p> <p>(e) taking account of management information generated by the CMIS, monitor the accessibility of the FEHD's complaint handling system and take necessary remedial measures.</p>	<p>(a)-(b) Action completed.</p> <p>Since 12 November 2012, more information about the FEHD's complaints handling mechanism, including complaint channels, time frames for making replies as well as the right and means to appeal, has been promulgated in FEHD's website and publicity materials displayed in FEHD offices.</p> <p>(c) Action completed.</p> <p>Starting from 1 October 2012, the "channel" field in the CMIS has been made a mandatory field.</p> <p>(d) – (e) Action completed.</p> <p>Since December 2012, monthly analysis of "channel" information has been compiled and management information on the channels used by the public to lodge complaints has been distributed to district/section heads for reference.</p>

Para. No.	Audit's Recommendations	Progress to date
2.15	<p>Audit has recommended that the Director of Food and Environmental Hygiene should consider enhancing the user-friendliness of the existing arrangements in handling telephone calls at District Offices outside office hours including, for example:</p> <ul style="list-style-type: none"> (a) in District Offices where it is technically feasible, providing an option for callers to have their calls automatically transferred to the FEHD's departmental hotline; and (b) exploring the feasibility of upgrading the telephone systems in other District Offices to provide similar functions. 	<p>Action completed.</p> <p>Out of 19 District Offices, enhancement work for 17 District Offices had been completed between January and March 2013 to provide an option for callers to have their calls outside office hours automatically transferred to the FEHD's departmental hotline. The remaining 2 District Offices would complete enhancement work by May 2013.</p>
2.25	<p>Audit has recommended that the Director of Food and Environmental Hygiene should:</p> <ul style="list-style-type: none"> (a) look into the reasons for any significant variations among the complaint handling offices in the number of service requests and complaints received from the public, with a view to identifying possible errors, omissions and inconsistent practices in recording service requests and complaints; (b) in consultation with the Head, EU, standardise the practices of different complaint handling offices of the FEHD in classifying the public's service requests and complaints; (c) take measures to ensure that the standard practice is effectively followed by FEHD staff; and 	<p>(a)-(c) Action completed.</p> <p>Taking into account Audit's observations and after consultation with the EU, FEHD has decided to adopt the same practice as the EU and other government departments, i.e. FEHD no longer differentiates cases into "complaints" and "service requests". All "complaints" and "service requests" are classified as "complaints" and dealt with in accordance with the guidelines and procedures stipulated in the FEHD Administrative Circular on "Handling of Complaints" issued on 4 January 2013.</p>

Para. No.	Audit's Recommendations	Progress to date
	(d) remind FEHD staff to record in the CMIS all service requests and complaints received from the public about the FEHD.	(d) Action completed. Staff have been reminded to properly record in the CMIS all complaints/service requests received from the public about the FEHD. The requirement has also been set out in the FEHD Administrative Circular on "Handling of Complaints" issued on 4 January 2013 and monthly reminders are sent to complaints handling offices to remind staff to comply with the requirement.
Part 3: Investigations and follow-up actions		
3.7	Audit has recommended that the Director of Food and Environmental Hygiene should, with a view to improving the effectiveness of the FEHD's complaint handling system, remind FEHD staff to assign appropriate officers to look into the staff-related elements of complaints, having due regard to the need for an independent officer normally at the same or higher rank than the officer being complained about.	Action completed. Staff have been reminded to comply with the guidelines on handling staff-related complaints set out in the FEHD Administrative Circular on "Handling of Complaints" that a suitable officer who is of the same rank or of a higher rank than the staff under complaint, should be appointed to look into a staff-related complaint.
3.15	Audit has recommended that the Director of Food and Environmental Hygiene should: (a) revise the FEHD's internal and pledged time frames for replying to service requests and complaints, with a view to aligning them with each other; and	(a) Action completed. In light of the Audit's observations and taking into account the time frames set out in General Circular No. 6/2009, FEHD has aligned its internal and pledged time frames as follows – An interim reply will be given within 10 calendar days upon receipt of the complaint. In case a substantive reply cannot be made within

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) remind FEHD staff to strictly follow the revised time frames for replying to service requests and complaints.</p>	<p>30 calendar days upon receipt of the complaint, the complainant will be updated on the progress.</p> <p>The revised pledged time frames have been set out in FEHD Administrative Circular on "Handling of complaints" issued on 4 January 2013.</p> <p>(b) Action completed.</p> <p>Since 12 November 2012, the revised time frames have been implemented and promulgated in FEHD's website and publicity materials displayed in FEHD offices with public interface. Staff have been reminded of the need to strictly comply with the stipulated time frames. The requirement has also been set out in the revised FEHD Administrative Circular on "Handling of complaints" issued on 4 January 2013 for compliance.</p>
3.21	<p>Audit has recommended that the Director of Food and Environmental Hygiene should:</p> <p>(a) review the adequacy of the FEHD's mechanism in:</p> <p>(i) identifying repeated cases of service request/ complaint for monitoring purpose;</p> <p>(ii) identifying systemic issues from the repeated cases, which may need to be addressed at a higher and more strategic level; and</p> <p>(iii) escalating the identified repeated cases and systemic issues to management for attention, advice and direction; and</p>	<p>Action completed.</p> <p>Guidelines on handling repeated cases of service request/complaint have been drawn up and set out in the FEHD Administrative Circular on "Handling of Complaints". Staff are required to pay attention to repeated cases and to identify the reasons leading to repeated complaints and specific locations which are prone to complaints, and to take remedial/follow-up measures proactively. For systemic issues identified from repeated cases, they should be escalated to senior officer's attention as appropriate. Repeated complaints are now put as standing agenda item for discussion at management meetings at the headquarters and district level with a view to ascertaining whether the repeated complaints are caused by</p>

Para. No.	Audit's Recommendations	Progress to date
	(b) take measures to ensure that the mechanism is followed by all FEHD staff.	systemic issues and formulating appropriate measures to address the issues.
Part 4: Management of long-outstanding cases		
4.12	<p>Audit has recommended that the Director of Food and Environmental Hygiene should:</p> <p>(a) review the data accuracy of the CMIS, with a view to improving the reliability of the management information it generates, including:</p> <ul style="list-style-type: none"> (i) amending the incorrect data in the CMIS; and (ii) taking measures to guard against errors and omissions in recording data; <p>(b) remind FEHD operational units to properly maintain all case files for service requests and complaints;</p> <p>(c) closely monitor long-outstanding cases of service request and complaint;</p> <p>(d) look into the reasons for the long time taken to complete some of the cases, so as to identify room for improving the FEHD's practices in handling service requests and</p>	<p>(a) Action completed.</p> <p>Staff have been reminded that details of all complaints should be accurately and promptly recorded in the CMIS upon receipt of the complaint, and that the date of the replies given to complainants should be input into the CMIS immediately to reflect the latest position of the cases in the system, as set out in FEHD Administrative Circular on "Handling of Complaints". FEHD has also put in place a sample checking mechanism requiring officers at appropriate level to conduct sample checks on complaint cases on a monthly basis to enhance the monitoring of complaint cases and improve the accuracy of data in the CMIS.</p> <p>(b) Action completed.</p> <p>Staff have been reminded to properly maintain all case files for service requests and complaints.</p> <p>(c)-(d) Action completed.</p> <p>FEHD has enhanced the monthly ageing reports on overdue cases provided to its directorate officers and heads of districts/sections for monitoring. FEHD has also revised its departmental guidelines on complaints handling by stressing the</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>complaints; and</p> <p>(e) review the role and establishment of the Complaints Management Section in overseeing the FEHD's public enquiries and complaints to ensure that outstanding cases of service request and complaint are followed through promptly and effectively.</p>	<p>need that supervising officers should closely oversee the progress of cases undertaken by their subordinates. The guidelines also provide that supervising officers should make better use of the monthly ageing analysis of overdue cases for effective monitoring, look into the reasons for any long periods of overdue cases or inaction during investigation of the cases and provide guidance/assistance to their subordinates as necessary with a view to concluding the cases as soon as possible. To strengthen the monitoring of cases, long overdue cases and repeated cases are now included as standing agenda items for discussion at management meetings at the headquarters and district level.</p> <p>(e) FEHD plans to review the role and establishment of the Complaints Management Section after the full implementation of the new CMIS in mid-2014.</p>
4.20	<p>Audit has recommended that the Director of Food and Environmental Hygiene should:</p> <p>(a) look into the reasons for any long periods of inaction of the FEHD during investigations of water-seepage cases; and</p> <p>(b) take effective measures to improve the efficiency of the FEHD's investigation of water-seepage cases.</p>	<p>Action completed.</p> <p>FEHD has looked into the reasons for long periods of inaction for the relevant cases and found that they were mainly due to shortage of staff and frequent turnover of Environmental Nuisance Investigators (ENI) who are non-civil service contract staff.</p> <p>To enhance efficiency in the investigation process, FEHD has carried out a number of improvement measures, including the provision of additional staff to cope with the increased workload, provision of Senior Health Inspector posts to</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>strengthen supervision of the Joint Office of the Buildings Department and the FEHD (Joint Office), and creation of Health Inspector posts to replace some of the ENI so as to reduce staff turnover and enhance workforce stability and continuity in the Joint Office's work. The FEHD's increase/reinforcement in manpower to cope with the increased workload in carrying out its investigation of water-seepage cases has improved efficiency and made it possible for FEHD to make dedicated efforts to reduce overdue cases. There has been a significant decrease in the number of overdue water-seepage cases by 51% from June 2011 to February 2013.</p> <p>FEHD will continue to closely monitor caseload and review manpower resources in handling water-seepage cases.</p>
Part 5: Learning from enquiries and complaints		
5.8	<p>Audit has recommended that the Director of Food and Environmental Hygiene should better realise the potential of the CMIS database in generating management information on public enquiries and complaints, through such measures as:</p> <p>(a) developing more useful reporting tools for the CMIS to facilitate operational unit staff in applying data mining techniques to analyse enquiry and complaint data; and</p> <p>(b) making better use of data mining techniques for compiling, on a regular basis, relevant analyses of enquiry and complaint data.</p>	<p>The Audit's recommendations have been included in the system analysis and development of the new CMIS which will be equipped with various reporting tools to generate management reports on enquiries and complaints for data analysis. This will facilitate the management to take proactive action and to deploy appropriate strategies to address the issues identified. The project is progressing well and on schedule. The new CMIS will be rolled out to district offices by phases in August 2013 and users' training will commence in mid-July 2013 by phases. The new system will come into full operation in mid-2014.</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>Pending the full implementation of the new CMIS, FEHD has taken measures to make better use of the management information generated in the existing CMIS and analysed its complaint cases completed by The Ombudsman to identify irregularities and draw up improvement measures with a view to enabling staff to handle complaints more effectively. In addition, staff have been advised to make good use of the 1823 monthly reports which include the number of major categories of complaints that were referred to each district, the location analysis (sorting of complaints by area and street for major categories of complaints) and active repeated complaints, so as to identify the locations which are more prone to complaints and systemic issues for necessary follow-up or proactive measures. The requirements are now set out in the FEHD Administrative Circular on "Handling of Complaints" issued on 4 January 2013 for compliance.</p>
<p>5.13</p>	<p>Audit has recommended that the Director of Food and Environmental Hygiene should:</p> <p>(a) remind District Offices to hold regular meetings for their staff to deliberate matters relating to public enquiries and complaints, taking account of the needs for:</p> <p>(i) shortening the intervals between meetings so as to better align their timing with that of the FEHD senior management meetings (e.g. the bi-monthly meetings chaired by the Deputy Director); and</p>	<p>(a) Action completed.</p> <p>Both regular and ad hoc meetings are held at headquarters and district level to resolve issues identified in a timely manner. Moreover, repeated complaints and long overdue cases are now included as standing agenda items for discussion at management meetings at the headquarters and district level with a view to strengthening the monitoring of overdue cases and identifying systemic issues from repeated cases.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(ii) including the thorough deliberation of public enquiry and complaint matters as a standing agenda item for the meetings, with a view to identifying systemic issues for discussion with the senior management; and</p> <p>(b) consider enhancing the role of the Complaints Management Section as a working group/task force to deliberate public enquiry and complaint matters.</p>	<p>(b) FEHD plans to review the role and establishment of the Complaints Management Section after the full implementation of the new CMIS in 2014.</p>
5.20	<p>Audit has recommended that the Director of Food and Environmental Hygiene should:</p> <p>(a) ascertain the reasons for FEHD staff's low participation in refresher courses; and</p> <p>(b) taking account of the reasons, take measures to further promote FEHD staff's participation in refresher courses.</p>	<p>Action completed.</p> <p>The district/section heads have been encouraged to nominate and release staff to attend courses on complaints handling. Apart from inviting officers at Principal Hawker Control Officer/Senior Health Inspector level to consider their staff's participation in refresher courses, officers at Chief Health Inspector level have been advised to review the manpower deployment so as to facilitate the release of staff to attend the courses. Staff have also been encouraged to participate in refresher courses.</p> <p>Furthermore, FEHD will revamp the current self-learning package on complaints handling for Health Inspector grade and other Environmental Hygiene grades, which has been included in the training and development plan 2013/14 and preparations are well underway.</p>
5.24	<p>Audit has recommended that the Director of Food and Environmental Hygiene should consider:</p>	<p>Action completed.</p> <p>Various means of collecting feedback from the enquirers and complainants have been considered. They include</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(a) soliciting feedback from enquirers and complainants on the FEHD's handling of public enquiries and complaints (e.g. by conducting customer satisfaction surveys); and</p> <p>(b) drawing lessons from the feedback so as to enhance the FEHD's complaint handling system.</p>	<p>focus group, face to face interviews, self-administered questionnaires (either on paper or via electronic means) and telephone surveys. Having assessed the pros and cons of these methods, FEHD considered that telephone surveys should be the most suitable means to soliciting customer feedback in terms of ease of access (phone numbers of the target respondents are mostly available), flexibility (interviewer could explore options with respondents), and cost (lower than face-to-face interviews though higher than self-administered surveys). FEHD plans to conduct customer satisfaction surveys to solicit feedback on its complaint handling system after the full implementation of the new CMIS in 2014.</p> <p>On-going efforts will be taken to solicit feedback on complaints handling..</p>
Part 6: Other administrative issues		
6.12	<p>Audit has recommended that the Director of Food and Environmental Hygiene should, in consultation with the Head, EU:</p> <p>(a) enhance the interface between the CMIS and the 1823 System, with a view to improving the efficiency and accuracy in receiving referrals from the 1823 Call Centre, such as obviating the need for the FEHD to:</p> <p>(i) manually transcribe the referral data; and</p> <p>(ii) reclassify the referral cases into service requests and complaints; and</p>	<p>(a) Action completed.</p> <p>FEHD are working closely with the EU to enhance the interface between the 1823 System and the new CMIS, including the transfer of case information between the two systems. The related user requirements have been drawn up by the system contractor of the new CMIS and sent to the EU. Subsequent to the meetings and exchanges between the two parties, agreement has been</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) improve the accessibility of the 1823 System's database to the FEHD regarding information requests, suggestions and compliments from the public on FEHD matters (e.g. exporting the relevant raw data in a computer readable format for use by the FEHD).</p>	<p>reached regarding the interface between the two systems.</p> <p>Following the practice in the EU and other departments, FEHD no longer differentiates between cases on "service requests" and "complaints".</p> <p>With the enhancement of the interface between the new CMIS and the 1823 System, there will be automatic capturing of complaint case details between the two systems. Manual transcribing of referral data will no longer be necessary. This will help improve efficiency and data accuracy.</p> <p>(b) Action completed.</p> <p>Meetings between FEHD and 1823 have been held and management information obtained from 1823 has been referred to relevant sections for reference and follow-up action. Relevant information identified has been uploaded onto FEHD's website in the form of Frequently Asked Questions. 1823 has undertaken that more information would be provided through monthly reports and/or information analysis as requested by FEHD. A mechanism of holding quarterly meetings between FEHD and 1823 has also been established to enhance the communication and improve the service delivered to the public.</p>
6.21	<p>Audit has recommended that the Director of Food and Environmental Hygiene should:</p> <p>(a) continue to closely monitor the progress of the new CMIS project, with a view to launching the new system in a timely manner; and</p>	<p>(a) In accordance with the project management guidelines of the Office of the Government Chief Information Officer, FEHD has set up a two-tier</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) pending full implementation of the new CMIS and taking account of the audit observations and recommendations in this Audit Report, explore effective interim measures to alleviate the inadequacies of the existing CMIS.</p>	<p>monitoring system, i.e. the Project Steering Committee and the Project Assurance Team, to monitor the progress of the new CMIS project. The project is progressing well and on schedule. The new CMIS will be rolled out to district offices by phases in August 2013 and users' training will commence in mid-July 2013 by phases. The new system will come into full operation in mid-2014. FEHD will continue to closely monitor the progress of the project with a view to ensuring its smooth implementation in a timely manner.</p> <p>(b) Action completed.</p> <p>Pending the full implementation of the new CMIS, the following enhancements have been made to the existing CMIS to provide better tools for case officers and their supervisors to monitor their cases more effectively –</p> <p>(i) providing a new user interface in the CMIS for case officers to view cases pending the interim reply or substantive reply;</p> <p>(ii) sending e-mails to case officers (copied to their supervisors) to remind them of the dates to issue interim reply and substantive reply; and</p> <p>(iii) sending weekly summary reports to the supervisor of case officers to draw his/her attention to the outstanding cases of respective case officers under his/her command.</p> <p>With the introduction of these measures, supervisors could easily spot</p>

Para. No.	Audit's Recommendations	Progress to date
		outstanding items and anomalies, if any, and take follow-up actions.
6.27	<p>Audit has recommended that the Director of Food and Environmental Hygiene should critically assess the overall effectiveness of the FEHD's complaint handling system, taking account of:</p> <p>(a) the reasons why so many people approach third parties instead of the FEHD in making enquiries and complaints about the FEHD's services;</p> <p>(b) the findings of the business process re-engineering (BPR) study; and</p> <p>(c) the audit observations and recommendations in this Audit Report.</p>	<p>(a) Action completed.</p> <p>Some complainants may choose to lodge their complaints with a third party or with multiple parties as they may believe that their complaints will then be handled more effectively and given higher priority. FEHD respects their choices and will deal with all complaints in the same manner regardless of which channel is selected by the complainant.</p> <p>(b)-(c) Action completed.</p> <p>FEHD has accepted the findings of the BPR study and the Audit's recommendations in reviewing and improving its complaints handling system. Improvement measures have been formulated and set out in the FEHD Administrative Circular on "Handling of Complaints" for compliance.</p>

**Provision of Local Services by the Marine Department
Progress in Implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
PART 2 : MANAGEMENT OF PUBLIC CARGO WORKING AREAS		
2.17	<p><i>Re-tendering of vacant berths</i></p> <p>The Director of Marine (D of M) should :</p> <p>(a) in seeking policy direction from the relevant bureau (such as on re-tendering of Public Cargo Working Area (PCWA) berths), provide full information on the subject matter to enable an informed decision to be taken;</p> <p>(b) review the tender terms with a view to minimising the risk of an operator surrendering his berth obtained at a high bid price and re-tendering for the surrendered berth at a lower bid price; and</p> <p>(c) explore ways of enhancing the transparency in vacant berth re-tendering, such as publicising on MD's website information of berth vacancy and upcoming tendering exercise.</p>	<p>The Marine Department (MD) will continue to ensure that full information is provided to the relevant bureaux to enable an informed decision to be taken, and that correspondence is properly documented. As the above will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>MD is reviewing the tender terms in consultation with the DoJ. It would take into account the views of representatives of the PCWA operators. MD aims to formulate appropriate tender terms that can further minimise operators' incentives to surrender and re-bid at a lower bid price.</p> <p>MD has arranged to publicise on MD's website the information of berth vacancy with effect from 1 December 2012. Tender notice for vacant berths will continue to be published in the Government Gazette as well as on MD's website. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
2.25	<p><i>Redeployment of posts</i></p> <p>D of M should :</p> <p>(a) take urgent action to delete the 15 vacant posts of the decommissioned Kwun Tong (KT) and Cha Kwo Ling (CKL) PCWAs;</p> <p>(b) grant covering approval for the 12 temporarily redeployed posts and critically review whether there is genuine long-term need for these posts with a view to arranging for their deletion/permanent redeployment in accordance with the requirements of Financial Circular No. 4/94; and</p> <p>(c) strengthen internal controls to ensure that the requirements of Financial Circular No. 4/94 are followed in the deletion/redeployment of posts in connection with organisational changes.</p>	<p>MD deleted seven of these 15 vacant posts on 1 April 2013. MD is reviewing the scope for permanent redeployment of the remaining eight vacant posts and will arrange for their permanent redeployment/deletion as appropriate towards the end of the approved redeployment period, i.e. 25 November 2013.</p> <p>D of M granted covering approval for the temporary redeployment of the 12 posts after the closure of the KT and CKL PCWAs to 25 November 2012. D OF M has further granted approval on 26 November 2012 for the extension of the temporary redeployment of ten of these posts for another 12 months until 25 November 2013 and the permanent redeployment of the remaining two posts. MD will review the long-term need for the ten posts with a view to arranging for their permanent redeployment/deletion as appropriate in compliance with Financial Circular No. 4/94.</p> <p>MD has strengthened internal controls to ensure the requirements of Financial Circular No. 4/94 would be complied with. The relevant Circular on Submission of Staffing Proposals is re-circulated to the officers in charge at half-yearly intervals. In addition, MD has also reminded the relevant staff of the need for obtaining D OF M's personal approval for both temporary and permanent redeployment of posts as stipulated in the said Circular. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
2.36	<p><i>Automated vehicle entry/exit control system</i></p> <p>D of M should :</p> <p>(a) consider installing suitable automated vehicle entry/exit control systems for Western District (WD) and Chai Wan (CW) PCWAs with a view to improving the cost effectiveness and control of their operation;</p> <p>(b) expedite action to replace the unserviceable vehicle entry/exit control systems for Tuen Mun (TM) and Rambler Channel (RC) PCWAs; and</p> <p>(c) take measures to improve the utilisation of the automated payment cum vehicle entry/exit control system of Yau Ma Tei (YMT) PCWA.</p>	<p>(a) and (b)</p> <p>MD will consider installing a suitable automated vehicle entry/exit control system for CW and WD PCWAs with a view to improving the control of their operation, and replacing the unserviceable vehicle entry/exit control systems for TM and RC PCWAs.</p> <p>MD has distributed leaflets and displayed banners to encourage vehicle drivers to use the automated payment system of YMT PCWA. MD has also sought the assistance of Members of the PCWA Management Committee to convey the same message to their drivers. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
2.41	<p><i>Financial performance</i></p> <p>D of M should :</p> <p>(a) conduct more frequent reviews of the financial performance of PCWAs; and</p>	<p>The current Berth Licence Agreement will last for five years from 2011 to 2016. MD conducted an interim review in 2012, and is conducting another interim review in 2013. MD will conduct review of PCWA's financial performance annually in the future. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	(b) explore measures to reduce cost and increase revenue in the PCWA operation where appropriate.	Regarding the financial performance of the PCWAs, MD will continue to explore measures, such as taking up the Green Environment initiatives, to reduce cost and increase revenue in the PCWA operation where appropriate, taking into account the prevailing economic situation and consultation with the operators. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
2.50	<p><i>Enforcement of licence and permit conditions</i></p> <p>D of M should :</p> <p>(a) step up training of PCWA staff to ensure that all non-compliance cases found in PCWAs are duly reported to the senior management;</p> <p>(b) put in place proper procedures to control the granting of any exemption from the berth licence agreement/operation area permit conditions (such as the mooring of vessels which exceeded the permitted berth width) to guard against misuse/malpractice;</p>	<p>MD has reminded the PCWA staff of the importance of enforcing the licence and permit conditions. The supervising officers have also stepped up the inspection visits to each PCWA. During the inspection visits, the supervising officers would give coaching and guidance on site to the PCWA staff on the reporting system. MD will continue to closely monitor the development and take action as appropriate. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>MD has implemented a set of procedures since 4 January 2013 in relation to the granting of exemption from the berth licence agreement/operation area permit conditions. No exemption would be given unless on safety grounds. Granting of approval will be considered by a senior officer in MD on a case-by-case basis. Since follow-up action in respect of the</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) amend the operation area permit (OAP) conditions to limit the stacking of containers in PCWAs to two layers and closely monitor the compliance thereafter; and</p> <p>(d) step up inspection in YMT PCWA and closely liaise with WSD to tackle the problem of unlawful use of fire hydrants.</p>	<p>recommendation has been completed, we recommend deleting this part from the next progress report.</p> <p>MD met the trade through the PCWA Management Committee and emphasised the need to observe safety requirements while operating in PCWAs. The trade explained their operational needs. After further assessments and taking into account safety concerns and operational needs of the operators, MD has amended the OAP conditions to <i>“The maximum superimposed load in the Area shall not exceed 10 KN/sq. m. Under no circumstances shall the height of cargo deposited in the Area exceed the height equivalent to three standard containers placed horizontally one on top of the other”</i>. The revised OAP has taken effect from 1 April 2013. Members have been reminded to strictly observe the conditions and MD would closely monitor the situation and take enforcement action as appropriate. Since follow-up action in respect of the recommendation has been completed, we recommend deleting this part from the next progress report.</p> <p>MD has stepped up patrol and WSD has also strengthened its routine inspections at the PCWA to detect any irregularity. WSD will also invite MD staff to a Prosecution Training course/seminar which aims to provide training to frontline officers on detecting unlawful water taking activities. MD will continue to closely monitor the development and liaise with WSD to take action as appropriate. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
PART 3 : SURVEYING AND LICENSING OF VESSELS		
3.9	<p><i>Timeliness in conducting quality checks</i></p> <p>D of M should :</p> <p>(a) take measures to improve the timeliness in conducting quality checks on the survey work performed by authorised surveyors;</p> <p>(b) closely monitor the compliance with the laid-down 10% quality check requirement to ensure that any reduced scale of check is well justified based on an objective risk assessment; and</p> <p>(c) adopt a risk-based approach in selecting vessels for quality checks taking into account factors such as the past performance of authorised surveyors and coverage of different types of vessels.</p>	<p>To enhance effectiveness and usefulness on monitoring the work of authorised surveyors, MD has since 1 November 2012 implemented a time limit of 15 working days to conduct quality checks on the survey work performed by authorised surveyors. Up to the end of March 2013, all the 61 audit checks conducted have been carried out within the time limit of 15 days after the issue of the Certificates of Survey. Since follow-up action in respect of the recommendation has been taken and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) and (c) MD has conducted a review of the quality check system. As a result of the review, MD has since 14 February 2013 implemented a risk-based approach system in selecting vessels surveyed by authorised surveyors for quality checks. While MD will strive to maintain the 10% target, the actual quality checks conducted may vary from year to year based on the risk-based approach quality check system. Since follow-up action in respect of the recommendation has been completed, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
3.14	<p><i>Provision of plan examination and survey services</i></p> <p>D of M should conduct a review of MD's survey work arrangements and requirements with a view to enhancing efficiency and effectiveness in performing its dual role as a survey service provider and a regulator.</p>	<p>To further optimise the effectiveness of the survey and plan approval services, MD has since May 2012 been conducting a study to collate information on the conditions of the local vessels surveyed by MD's ship inspectors and authorised surveyors. The finding of the study and review will provide a basis for MD to review the efficiency in providing the survey and plan approval services to local vessels, including identifying and deploying resources to enhance the regulatory work in monitoring the performance of authorised surveyors. The study and review are scheduled to be completed by August 2013.</p> <p>MD is also developing technical guidance for the ship surveyors and ship inspectors for the plan approval work. The technical guidance is scheduled for completion in May/June 2013.</p>
3.27	<p><i>Vessels without valid licences</i></p> <p>D of M should :</p> <p>(a) take more targeted measures to tackle those expired licence cases where the vessels concerned are also overdue for surveying;</p>	<p>As a targeted measure, MD will closely monitor the licence validity of stationary vessels and those vessels without valid licences applying to leave or enter Hong Kong waters.</p> <p>For stationary vessels, the licencing unit will issue, within 14 days, reminders to stationary vessel owners if their vessels' licences have expired. From December 2012 to March 2013, prosecution actions on nine stationary vessels have been initiated.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) issue reminders to vessel owners with expired licences irrespective of the expiry dates;</p> <p>(c) lay down requirement that a vessel owner has to present his address proof when applying for licence renewal;</p>	<p>For monitoring vessels without valid licences applying to leave or enter Hong Kong waters, MD drew up guidelines in April 2013 for setting out the internal monitoring procedures in order that MD will follow up promptly and effectively on any vessels which may be operating without valid Certificates of Survey and operating licences.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>MD is working to issue reminders to vessel owners with expired licences irrespective of the expiry dates in phases. Starting from December 2012, MD has issued reminders in phases. Up to the end of March 2013, 2 120 letters have been issued in four batches. If the letters are undelivered or MD has not received any response after three months of the date of issue of the letters, MD will follow up with the owners concerned by phone. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>MD has implemented with effect from 24 December 2012 a requirement that applicants for renewal of licences have to produce address proof. The new requirement has a grace period of six months ending in June 2013. Since follow-up action in respect of the recommendation has been completed, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) improve the documentation of prosecution cases; and</p> <p>(e) conduct a review with a view to formulating appropriate prosecution guidelines on belated licence renewal cases.</p>	<p>In September 2012, MD instructed the officers of its Prosecution Unit to enclose records of defendants' previous conviction history in all related case files and the Prosecution Unit has taken action accordingly. MD will conduct surprise checks to ensure the records are properly documented. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>MD is reviewing the existing practice with an aim to revise the guidelines in consultation with stakeholders. MD targets to bring them into operation by the end of 2013.</p>
3.34	D of M should put in place monitoring procedures to ensure that any information on vessels which may be operating without valid Certificates of Survey and operating licences is promptly and effectively followed up.	MD drew up guidelines in April 2013 for setting out the internal monitoring procedures in order that MD will follow up promptly and effectively on any vessels which may be operating without valid Certificates of Survey and operating licences. Since follow-up action in respect of the recommendation has been completed and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
PART 4 : MANAGEMENT OF PRIVATE MOORINGS		
4.5	<p><i>Application for private moorings</i></p> <p>D of M should proactively publicise the availability of vacant mooring spaces for letting (such as posting such information on its website).</p>	MD has publicised the availability of vacant mooring spaces on MD's website with effect from April 2013. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.

Para. No.	Audit's Recommendations	Progress to date
4.14	<p><i>Control of private moorings</i></p> <p>D of M should :</p> <p>(a) require owners concerned to remove private moorings not in use (such as those no longer used by their designated vessels as mentioned in para. 4.10) and vacate the spaces for MD's re-allocation to applicants on the waiting lists;</p> <p>(b) take more stringent enforcement actions against private mooring owners whose designated vessel licences had expired for a long time;</p>	<p>MD has stepped up patrol at designated mooring areas. To enhance the effectiveness of the patrol, MD is upgrading the computer system with a view to improving the access to the private moorings data to facilitate the patrol officers to conduct onsite inspection. The upgrading is scheduled for completion in April 2014.</p> <p>Separately, MD is in the process of issuing letters to request the owners for updating the information of their designated vessels so as to identify any vacant moorings which could be available for re-allocation. The updating exercise is expected to be completed by August 2013.</p> <p>MD will also conduct onsite inspection in respective designated private mooring areas to verify the record kept in the private mooring unit of MD and the information of the designated vessels received from the owners during the updating exercise.</p> <p>MD issued letters to remind the 121 owners whose licences of vessels had expired for more than three years. Up to the end of March 2013, 76 responses were received indicating that some of the owners have renewed the vessel's licences or designated other vessels with valid licences to their private moorings. For owners not responding to MD's letter, MD will conduct onsite inspection and take enforcement actions including prosecution action against those vessels moored to the private moorings with</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) rationalise the administrative measure for regulating the transfer of private moorings and seek legal advice as appropriate;</p> <p>(d) conduct investigations to ascertain the extent of the problem of subletting private moorings and seek legal advice on the possible enforcement actions that can be taken against subletting cases so identified; and</p> <p>(e) based on the results in para. 4.14(c) and (d), consider the need to review relevant legal provisions with a view to strengthening the control over the transfer and use of private moorings.</p>	<p>expired licence, and serving removal notice to those vessels which are not designated vessels or which exceed the designated length of the private moorings. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(c), (d) and (e) To ascertain the extent of the problem of subletting, MD is in the process of issuing letters to request the owners for updating the information of their designated vessels. The updating exercise record check is expected to be completed in August 2013. MD will then match the ownership of the private moorings and the designated vessels in order to ascertain the problem of subletting. This matching exercise is expected to be completed in October 2013.</p> <p>After the updating and matching exercise, MD will review the situation and formulate the way forward and seek legal advice as appropriate.</p>
PART 5 : MARINE ACCIDENT INVESTIGATION		
5.11	<p><i>Investigation of accidents</i></p> <p>D of M should :</p> <p>(a) tighten control over the timeliness in completing accident investigation reports;</p>	<p>MD has reviewed the 30-week target completion time which, at the time it was set up, had not taken into account certain practical situations beyond the investigation officers' control, namely the time required for response from parties concerned, the complexity of individual cases, the reality that investigation officers concerned might need to attend to other cases as they occur and new evidence that may emerge along the investigation process.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) as early as possible, complete MD's overdue investigations of the Very Serious accidents mentioned in Note 38 to para. 5.5 and the investigation mentioned in para. 5.10 so as to draw lessons for improving the safety at sea and to prevent recurrence;</p>	<p>Following the review, MD now calculates the actual working time spent on an investigation on hourly basis instead of calendar basis.</p> <p>To tie in with the new basis in calculating investigation time, MD is in the process of enhancing the existing Marine Accident Investigation Database. With the enhanced system, the actual time taken by the investigation officer can be checked against the performance target to see whether each step of the investigation is conducted in a timely manner. The enhanced system will be launched in June 2013.</p> <p>MD will continue to monitor the timeliness in completing accident investigation reports. As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>MD has formed a seven-member Marine Accident Investigation (MAI) team comprising experts from the navigation, ship building and engineering aspects to carry out the investigation on the accident that involved "Lamma IV" and "Sea Smooth" on 1 October 2012. The team is tasked to ensure that the investigation can be completed within six months after the accident. The report of investigation into this accident has been completed. All overdue investigations of the 'Very Serious Accident' in the audit recommendation have also been completed. Since follow-up action in respect of the recommendation has been completed, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) take measures to expedite the Chinese translation process of draft investigation reports; and</p> <p>(d) consider publishing the investigation reports in Chinese (besides English) for the benefit of local and river-trade vessel operators.</p>	<p>(c) and (d) MD has amended the investigation guidelines to specify clearly when the English or Chinese language is to be used in the drafting of investigation reports thereby minimising the need for translation. Special emphasis has been placed on the drafting of investigation reports in Chinese for incidents that involved local and river-trade vessel operators. Since follow-up action in respect of the recommendation has been completed, we recommend deleting this part from the next progress report.</p>
<p>5.15</p>	<p><i>Monitoring implementation of recommendations</i></p> <p>D of M should :</p> <p>(a) take measures to ensure that relevant enforcement sections are kept informed of compliance issues identified in investigation reports so that they would cover these cases in their compliance checks without delay; and</p> <p>(b) require the Marine Accident Investigation and Shipping Security Policy Branch to follow up with the local parties involved in marine accidents their adoption of</p>	<p>Before completion of an investigation report and upon availability of initial findings, the MAI Section will, where necessary, inform the relevant enforcement units in MD of issues requiring early attention. On completion of each investigation report, the MAI Section will inform the relevant enforcement units in MD of the findings and the recommended measures. MD is enhancing the existing Marine Accident Investigation Database to capture such information for record and monitoring purpose. The enhanced system will be launched in June 2013. Since follow-up action in respect of the recommendation has been taken, we recommend deleting this part from the next progress report.</p> <p>In case where the recommendations do not involve the enforcement sections in MD, the MAI Section will take up the responsibility to follow up with the local parties involved in the marine</p>

Para. No.	Audit's Recommendations	Progress to date
	good practices recommended in investigation reports and render them assistance where necessary.	accidents to see that good practices recommended in the investigation reports are being followed up and that difficulties in adopting these practices are resolved. The relevant part of the investigation guidelines will be revised accordingly and the revision is expected to be completed in June 2013. MD is enhancing the existing Marine Accident Investigation Database to capture information related to the follow-up for record and monitoring purpose. The enhanced system will be launched in June 2013. Since follow-up action in respect of the recommendation has been taken, we recommend deleting this part from the next progress report.

**Latest progress in implementing Audit's recommendations on
Youth employment services**

Para. No.	Audit's recommendation	Progress to date
PART 2: CASE MANAGEMENT SERVICES		
	<i>Registration of case managers</i>	
2.10 (a)	The Commissioner for Labour should take necessary action to ensure that training bodies inform the Labour Department (LD) when case managers cease to be registered social workers.	LD issued reminders to training bodies in January 2013, requesting them to report changes of the case managers' information as soon as possible, particularly with regard to their registration status under the Social Workers Registration Ordinance. Similar reminders will be issued annually when a programme year commences.
2.10 (b)	LD should organise more training activities to enable case managers to complete the registration process by attending the required amount of training activities	In the 2012-13 programme year (i.e. from September 2012 to August 2013), LD will increase the number of training activities for case managers from two to four. By the end of April 2013, three training activities have been organized with the fourth one to be held in June 2013. More training activities would be arranged where there is a need. As the above two items will be implemented on an on-going basis, we suggest deleting them from the next progress report.
	<i>Submission of Training and Career Plans</i>	
2.14 (a)	LD should ascertain the reasons why the training bodies had not submitted Training and Career Plans for all trainees in a timely manner.	(a) – (b) LD held two consultation-cum-sharing sessions with training bodies in December 2012 to ascertain why the training bodies had not submitted the documents in time and the difficulties encountered. The participants expressed difficulties in contacting some trainees for completion of the plan and identifying overdue cases.
2.14 (b)	LD should take necessary action to ensure that training bodies submit Training and Career Plans for all trainees in a timely manner.	

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		<p>The training bodies participated actively in the discussion. Based on the deliberations, various improvement measures were formulated and would be put in place. In January 2013, LD enhanced the computer system so that emails would automatically be issued to alert them to overdue cases. The enhanced system also allows the training bodies to check the latest position of the overdue cases at their end. In addition, letters will be issued when a programme year commences, to remind training bodies to follow up with trainees regularly in order to provide necessary support and assistance.</p> <p>As appropriate actions have been taken on the above two items, we suggest deleting them from the next progress report.</p>
<p>2.20 (a)</p>	<p><i>Provision of support and assistance</i></p> <p>LD should issue reminders to the training bodies highlighting the importance of case management services to the success of the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme (YPTPS).</p>	<p>LD already wrote to the training bodies in January 2013 to reiterate the importance of case management services. Similar reminders will be issued annually when a programme year commences.</p> <p>As appropriate action has been taken on this item, we suggest deleting it from the next progress report.</p>
<p>2.20 (b)</p>	<p>LD should ascertain the reasons why the training bodies and the case managers had not provided the case management services according to the Training Bodies Manual.</p>	<p>(b) – (c)</p> <p>LD held two consultation-cum-sharing sessions with training bodies in December 2012 to ascertain why the training bodies were unable to provide case management services according to the Training Bodies Manual, how the training bodies monitor the work of their case managers, and whether their internal audit system can ensure that</p>
<p>2.20 (c)</p>	<p>LD should review how the training bodies monitor the work of the case managers and, where necessary,</p>	<p>LD held two consultation-cum-sharing sessions with training bodies in December 2012 to ascertain why the training bodies were unable to provide case management services according to the Training Bodies Manual, how the training bodies monitor the work of their case managers, and whether their internal audit system can ensure that</p>

Para. No.	Audit's recommendation	Progress to date
	<p>recommend ways to improve their monitoring system.</p>	<p>adequate support and assistance are provided to the trainees. Training bodies expressed difficulties in contacting some trainees especially those in employment. Supervisors of the training bodies undertook to review the cases under their purview to ensure appropriate support and assistance were provided to the trainees. Based on the deliberations, various improvement measures were formulated and would be put in place as detailed in the ensuing sections. As appropriate action has been taken on these two items, we suggest deleting them from the next progress report.</p>
2.20 (d)	<p>LD should urge the training bodies to carry out a review of their case files to identify cases in which the case managers have failed to provide adequate support and assistance as required by the Training Bodies Manual, and inform the LD the results of the review.</p>	<p>(d)-(e) LD will carry out sample checks on case files periodically to monitor the performance of the training bodies while training bodies will be reminded to regularly review their case files. LD will also review the arrangements for inspecting the training bodies which provide case management services in the 2012-13 programme year. LD will report the relevant progress to the PAC in due course.</p>
2.20 (e)	<p>LD should carry out periodic checks on the training bodies to ensure that they provide adequate support and assistance to trainees according to the Training Bodies Manual.</p>	
2.20 (f)	<p>LD should, where warranted, consider issuing advisory/warning letters to the training bodies and taking action according to the terms of the agreement to address the issue.</p>	<p>Where non-compliance is detected, an advisory letter or warning will be issued to training bodies in accordance with LD's internal guidelines. As stipulated in the Training Bodies Manual, LD may consider to terminate the contract of a training body immediately in case of very serious breaches. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.</p>

Para. No.	Audit's recommendation	Progress to date
2.20 (g)	LD should take into account the results of the periodic checks when evaluating the training bodies' performance in the forthcoming procurement exercise for case management services.	LD has set out in the tender documents for the forthcoming procurement exercise that non-compliances detected by the periodic checks will be taken into account in evaluating the training bodies' performance in future procurement exercises. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.
	<p data-bbox="300 680 857 757"><i>Claims for case management service fees</i></p> <p data-bbox="300 797 857 1032">2.24 (a) LD should consider revising the Training Bodies Manual to specify that case management service fee claims submitted after submission deadline will not be accepted unless the delay is fully justified.</p> <p data-bbox="300 1196 857 1431">2.24 (b) LD should improve the efficiency of processing claims for case management service fees and consider setting a service standard on the number of days after receiving a claim that payment should be made.</p>	<p data-bbox="879 797 1433 1151">LD will revise the Training Bodies Manual for the 2013-14 programme year, specifying that late submission of case management service fee claims will not be accepted unless there is good justification. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.</p> <p data-bbox="879 1196 1433 1469">A service standard in the processing time of case management service fee claims will be set. Training bodies will be informed of the service standard in the forthcoming procurement exercise. LD will report the relevant progress to the PAC in due course.</p>
	<p data-bbox="300 1514 857 1552"><i>Submission of Case Review Reports</i></p> <p data-bbox="300 1592 857 1749">2.28 (a) LD should ascertain the reasons why the training bodies had not submitted Case Review Reports for all trainees in a timely manner.</p> <p data-bbox="300 1794 857 1951">2.28 (b) LD should take necessary action to ensure that training bodies submit Case Review Reports for all trainees in a timely manner.</p>	<p data-bbox="879 1559 1433 2063">(a) – (b) LD held two consultation-cum-sharing sessions with training bodies in December 2012 to ascertain why the training bodies had not submitted the reports in time and the difficulties encountered. The participants expressed difficulties in contacting some trainees for completion of the review and identifying overdue cases. The training bodies participated actively in the discussion. Based on the deliberations, various improvement</p>

Para. No.	Audit's recommendation	Progress to date
		<p>measures were formulated and would be put in place. In January 2013, LD enhanced the computer system so that emails would be automatically issued to training bodies to alert them to overdue cases. The enhanced system also allows the training bodies to check the latest position of the overdue cases at their end. In addition, letters will be issued when a programme year commences, to remind training bodies to follow up with trainees regularly in order to provide necessary support and assistance. As appropriate actions have been taken on the above two items, we suggest deleting them from the next progress report.</p>
PART 3: TRAINING COURSES		
<p>3.6</p>	<p><i>Accreditation of training courses</i></p> <p>LD should complete the review of the appropriateness of accrediting YPTPS training courses under the Qualifications Framework and report the results to the Panel on Manpower of the LegCo as soon as practicable.</p>	<p>LD will complete the review of the appropriateness of accrediting YPTPS training courses under the Qualification Framework and report to the Panel on Manpower of the LegCo as soon as practicable. LD will report the progress of this item to the PAC in due course.</p>
<p>3.15 (a)</p> <p>3.15 (b)</p>	<p><i>Training course inspections</i></p> <p>LD should consider the feasibility of inspecting more than one training course during each visit to a training venue.</p> <p>LD should review the method of selecting targets for training course inspections.</p>	<p>Starting from January 2013, officers will inspect all training courses held at the same training venue in a visit as far as practicable. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.</p> <p>(b) – (c)</p> <p>LD will review the strategy and overall arrangements related to training course inspections within the 2012-13 programme year, and will report the progress of these items to the PAC in</p>

Para. No.	Audit's recommendation	Progress to date
3.15 (c)	LD should adopt a risk-and-performance-based approach in selecting training bodies for conducting inspections, covering both their case management services and training courses.	due course.
3.15 (d)	LD should in the forthcoming procurement exercise, take into account the results of inspections in the selection of training bodies.	LD will take into account the results of inspections in the selection of training bodies in the forthcoming and future procurement exercises. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.
	<i>Trainers' qualifications</i>	
3.19	LD should, during training course inspections, verify the qualifications of the trainers against the information specified in the approved course proposals.	Starting from January 2013, officers request the training bodies to produce documentary proof of the qualifications of the trainers for verification during training course inspections. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.
PART 4: WORKPLACE ATTACHMENT AND ON-THE-JOB TRAINING		
	<i>Engagement rates</i>	
4.6 (a)	LD should ascertain the reasons why less than half of the trainees were engaged in workplace attachment or on-the-job training.	(a) – (b) In December 2012, LD held two consultation-cum-sharing sessions with training bodies to examine the reasons for the phenomenon and explore improvement measures.
4.6 (b)	LD should take action to encourage more trainees to participate in workplace attachment and on-the-job training.	The participants believed that trainees easily secured jobs in a robust economy and buoyant labour market. Trainees are also provided with abundant options of employment services and channels of further study. Some simply left YPTPS pre-maturely without joining workplace attachment or on-the-job training. The attractiveness of the allowance and subsidy level for trainees

Para. No.	Audit's recommendation	Progress to date
		<p>and employers has worn off with time.</p> <p>The following improvement measures will be implemented:</p> <ul style="list-style-type: none"> - LD will canvass more suitable and attractive training vacancies, and enhance collaboration with employers in launching training-cum-employment projects, especially in those trades or industries in which young people are more interested. - As announced by the Chief Executive in his 2013 Policy Address, LD will increase the one-month workplace attachment training allowance for trainees from \$2,000 to \$3,000, and the on-the-job training subsidy for employers under YPTPS from \$2,000 to \$3,000 per month. This will encourage employers to provide more training vacancies for young people, and help boost participation of trainees in workplace attachment and on-the-job training. The new level of allowance and subsidy will be adopted in June 2013. <p>As appropriate actions have been taken on the above two items, we suggest deleting them from the next progress report.</p>
4.10	<p><i>Trainee surveys</i></p> <p>LD should conduct trainee surveys for on-the-job training to collect trainees' views on on-the-job training with a view to improving the training.</p>	<p>Since January 2013, LD has started to conduct quarterly trainee surveys for on-the-job training to collect trainees' views. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.</p>

Para. No.	Audit's recommendation	Progress to date
4.14	<p><i>Employer surveys</i></p> <p>LD should consider including in employer surveys questions on the performance of individual trainees.</p>	<p>Since January 2013, LD has incorporated in the quarterly employer surveys more questions on the performance of individual trainees. The collected information will be provided to case managers for conducting reviews with the trainees on their development needs. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.</p>
4.19	<p><i>Surveys on development of trainees</i></p> <p>LD should track the employment status of some or all trainees for a longer period after they have completed the 12-month basic period of case management services and on-the-job training.</p>	<p>LD is reviewing the surveys on the development of trainees, and expects to finish the review within the 2012-13 programme year. LD will enhance the follow-up of trainees' employment status in accordance with the findings, and report the relevant progress to the PAC in due course.</p>
4.26 (a)	<p><i>Workplace inspections</i></p> <p>LD should review the justifications for adopting different practices for workplace attachment inspections and on-the-job training inspections. If necessary, revisions should be made so that uniform practices are adopted.</p>	<p>Since January 2013, LD has revised the performance targets for workplace attachment inspections from 10% of employers to 10% of trainees. This is in line with that adopted for on-the-job training inspections, and enhances the support for participants on a trainee basis. We will also align the information to be collected from the two kinds of inspections as suggested in the Director of Audit's report in the 2012-13 programme year, such as incorporating comments from mentors or employers' representatives on trainees' performance, as well as the trainees' views on the usefulness of the on-the-job training.</p>

Para. No.	Audit's recommendation	Progress to date
4.26 (b)	LD should consider the feasibility of deploying one inspecting officer to carry out each on-the-job training inspection with a view to improving the efficiency of the inspections.	Since February 2013, LD has deployed one inspecting officer to conduct each on-the-job training inspection.
4.26 (c)	LD should, for non-compliance cases identified during workplace inspections, carry out follow-up actions to ensure that the employers take necessary remedial actions.	Since February 2013, LD has improved the work flow and strengthened follow-up actions on non-compliance cases to ensure that the concerned employers made rectifications. Cases in which irregularities were detected during inspections are brought up regularly to follow up on the progress of remedial actions. New measures are introduced to ensure that employers have rectified the irregularities before receiving training subsidies.
4.26 (d)	<p>LD should take into account the following risk factors in selecting employers for on-the-job training inspections:</p> <ul style="list-style-type: none"> (i) whether the employer is new to the YPTPS; (ii) whether there are any irregularities observed during previous inspections; and (iii) whether there have been any complaints against the employer. 	<p>LD has reviewed the relevant procedures. Since April 2013, the risk factors recommended by the Audit Commission (Audit) have been taken into account in selecting employers for on-the-job training inspections.</p> <p>As the above four items will be implemented on an on-going basis, we suggest deleting them from the next progress report.</p>

PART 5: PROCUREMENT OF SERVICES

5.9 (a)	<p><i>Procurement of case management services and training services</i></p> <p>LD should closely monitor the progress of revising the procurement procedures to ensure that the new procurement arrangement can be timely adopted.</p>	<p>Having taken the Audit's recommendations into account, LD is taking the following steps to adopt the new procurement arrangements. The drafting of the relevant tender documents for the forthcoming procurement exercise has been completed. We are seeking legal advice from the DoJ on the documents.</p>
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Para. No.	Audit's recommendation	Progress to date
5.9 (b)	LD should take into account the results of the periodic checks (see para. 2.20(g)) and the training body inspections (see para. 3.15(d)) when evaluating the training bodies' performance in the forthcoming procurement exercise.	We will closely monitor progress to ensure that the new procurement arrangement can be timely adopted, and report the relevant progress to the PAC in due course. LD has set out in the tender documents for the forthcoming procurement exercise that non-compliances detected by the periodic checks and the training body inspections will be taken into account in evaluating the training bodies' performance in future procurement exercises. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.
5.9 (c)	LD should consider procuring case management services and training services for a term longer than one programme year.	We will procure case management services and training services for at least two programme years in one contract in the forthcoming and future procurement exercises. As this item will be implemented on an on-going basis, we suggest deleting it from the next progress report.
PART 6: YOUTH EMPLOYMENT START		
6.12 (a)	<i>Opening hours of YERCs</i> LD should review the opening hours of the Youth Employment Resource Centres (YERCs) to ascertain whether they serve the target young people best.	(a) – (b) LD will conduct a review on the opening hours of the YERCs. We will collect feedback from focus groups of different target users, views from YERC members via opinion surveys, and analysis of the utilisation of YERCs in various time slots in different quarters in 2013. In the light of the review findings, we will work out recommendations and put them on trial, and report the relevant progress to the PAC in due course.
6.12 (b)	LD should, in the light of the results of the review, consider revising the opening hours of the YERCs to better suit the needs of the target young people.	

Para. No.	Audit's recommendation	Progress to date
	<p><i>Performance standards</i></p>	
6.19 (a)	LD should review the reasonableness of the operator's calculation of the attendance rates.	<p>(a) – (b)</p> <p>LD has thoroughly reviewed with the YERC operator the reasonableness of the calculation of the attendance rate of training activities. Additional factors, such as the actual number of enrolments of similar courses previously held, popularity of activities envisaged, nature and mode of events, capacity of training venues, will be considered when fixing the target number of enrolments in future. To cater for the change, we are revising the operation manual for the YERC operator. The new manual will be adopted when the new service contracts of the two YERCs come into effect in August and October 2013 respectively.</p> <p>LD commenced the tender exercise for the procurement of 2013-16 service contract of the YERCs in January 2013. In the tender documents, LD has stipulated clearly the performance standard that the operator of each YERC needs to attract members to attend and to make use of the services of YERC 36,000 times per year.</p> <p>As appropriate actions have been taken on the above three items, we suggest deleting them from the next progress report.</p>
6.19 (b)	LD should, in the light of the results of the review, revise the calculation method if necessary, taking into account factors such as the capacity of the training venues and the actual number of enrolments.	
6.19 (c)	LD should in the forthcoming procurement exercise, clarify the performance standard of each YERC to better reflect the intention of the LD, which is to attract members to use the services of the YERC "36,000 times" a year.	
