

Laying of the Report The Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2011 and his Report No. 57 on the results of value for money audits were laid in the Legislative Council ("LegCo") on 16 November 2011. The Committee's Report (Report No. 57) was subsequently tabled on 15 February 2012, thereby meeting the requirement of Rule 72 of the Rules of Procedure of the LegCo that the Report be tabled within three months of the Director of Audit's Report being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 57 was laid in the LegCo on 16 May 2012. A progress report on matters outstanding in the Government Minute was issued on 30 October 2012. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 28 below.

Equal Opportunities Commission

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

3. Hon Paul TSE Wai-chun declared that he was currently a Board member of the Equal Opportunities Commission ("EOC").

4. The Committee was informed that the EOC had decided to halt the recruitment of the Chief Operations Officer ("COO") and let the new Chairperson to choose his/her candidate, despite the fact that it was mentioned in the Government Minute laid before the LegCo in May 2012 that the EOC had concluded the review of the division of responsibilities within the senior management of the EOC and preparation for the recruitment of COO was in progress.

5. The Committee wishes to be kept informed of the development on the recruitment and appointment 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)

6. The Committee was informed that the Security Bureau:
- had discussed the issue of outstanding advances with the United Nations High Commissioner for Refugees ("UNHCR") in June 2012; and
 - had written to the Head of Hong Kong Sub-office of the UNHCR in August 2012 to reiterate the Administration's stance on the matter and register the Hong Kong community's expectation of an early recovery of the outstanding advances.
7. The Committee wishes to be kept informed of the development on the Government's recovery of the outstanding advances to the 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)

8. The Committee was informed that in July 2012, the owner of Building II proposed alternative alignment of footbridge connection. The owner of Building I had requested the owner of Building II to provide the details of their proposal for review. The location of Building I and Building II is shown in *Appendix 4*. The Lands Department and the concerned departments would continue to follow up on the matter.
9. The Committee wishes to be kept informed of further development on the footbridge proposal.

Small house grants in the New Territories

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

10. The issues relating to small house grants in the New Territories were discussed in the Public Accounts Committee Report No. 39 published in February 2003. In the course of the Committee's public hearing on those issues, the then

Secretary for Housing, Planning and Lands undertook in December 2002 to complete within the tenure of his office a review of the small house policy.

11. In the Government Minute laid before the LegCo in May 2012, it was mentioned that:

- (a) the existing small house policy had been in operation for a long period of time; and
- (b) any major policy change would entail complex legal, land use and planning issues which required careful examination.

12. The Committee was informed that the Administration had recently said that it needed to maintain dialogue with key stakeholders as well as the community at large on any major policy change on existing small house policy.

13. The Committee recommends that the issue be followed up by the LegCo Panel on Development.

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

The acquisition and clearance of shipyard sites

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

15. The Committee was informed that the Lands Tribunal hearing to determine the claim for compensation under the Foreshore and Sea-bed (Reclamations) Ordinance (Cap. 127) was held from 8 October 2012 to 19 October 2012 and the case was adjourned by the Lands Tribunal to March 2013.

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

The Community Investment and Inclusion Fund

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

17. To follow up on the Committee's recommendation of putting in place effective assessment tools, the Labour and Welfare Bureau ("LWB") had commissioned independent consultants to conduct a second evaluation study for the Community Investment and Inclusion Fund ("CIIF"), including the design of a set of social capital outcome indicators and assessment tools for CIIF projects to evaluate the outcome of social capital development. The study was commenced in October 2010.

18. The Committee was informed that:

- the independent consultants engaged by the LWB to conduct the second evaluation study for the CIIF had completed their final reports in September 2012. The findings confirmed that the CIIF could effectively enhance capacity building of individuals, and promote cross-generational care, mutual help across different social strata and ethnic harmony, resulting in an overall enhancement of community capacity. The LWB had followed up with the CIIF Committee on the recommendations of the independent consultants' reports and devised the way forward and scale of operation for the CIIF;
- the CIIF Secretariat had collated and released the relevant data collected by the independent consultants as part of the second evaluation study on the CIIF website at end-September 2012. The data would be updated on a regular basis; and
- the Financial Secretary had proposed in the 2012-2013 Budget an injection of \$200 million into the CIIF and the approval of the Finance Committee of LegCo would be sought in due course¹.

19. The Committee recommends that the issue be followed up by the LegCo Panel on Welfare Services.

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

¹ The Finance Committee of the LegCo approved an injection of \$200 million into the Community Investment and Inclusion Fund at its meeting on 25 January 2013.

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

21. The Committee was informed that:

Public consultation on legislative proposals relating to formula products and foods intended for infants and young children

- in November 2012, the Administration had launched a two-month public consultation on the legislative proposals relating to formula products and foods intended for infants and young children under the age of 36 months. According to the Food and Health Bureau:
 - (a) where breastfeeding was not feasible, infant formula was the only processed foodstuff which wholly fulfilled the nutritional requirements of infants during the first months of life until the introduction of appropriate complementary feeding. Therefore, the Administration must ensure that infant formula had the appropriate composition and was nutritionally adequate; and
 - (b) it was also important to provide nutrition information on labels of foods intended for infants and young children to assist parents in making informed food choices for their children;
- the legislative proposals would involve introducing the following:
 - (a) the Codex Alimentarius Commission ("Codex") requirement on nutritional composition for infant formula before complementary feeding (i.e. energy and 33 nutrients as specified by Codex);
 - (b) nutrition labelling requirement for infant formula before complementary feeding by listing the energy and 33 nutrients which were required to be present in infant formula as specified by Codex;
 - (c) nutrition labelling requirement for follow-up formula intended for infants and young children under the age of 36 months by listing the energy and 25 nutrients as specified by Codex; and

- (d) nutrition labelling requirement for foods intended for infants and young children under the age of 36 months by listing the energy and nutrients required for such foods as specified by Codex;

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

- a Taskforce was set up under the Department of Health ("DH") in June 2010 to develop and promulgate the Hong Kong Code of Marketing of Breast-milk Substitutes;
- the Taskforce studied the local situation and considered that the Code should not only cover marketing of breast-milk substitutes but also the quality standards of formula milk and food products for infants and young children. The Taskforce had therefore drafted the Hong Kong Code of Marketing and Quality of Formula Milk and Related Products, and Food Products for Infants & Young Children (0-36 months) ("the Code") to provide guidelines for manufacturers and distributors of these products;
- upon completion of the drafting work, the DH had conducted consultation with the trade/stakeholders in October 2012 on the detailed implementation. Briefing sessions had been arranged for manufacturers, distributors, importers, retailers and other relevant parties. Besides, the Taskforce had urged all healthcare service providers to support the Code. The Code would be promulgated after consultation;
- the trade's compliance with the Code would be monitored by the DH and the Centre for Food Safety ("CFS") working closely together, and in collaboration with other non-governmental organizations ("NGOs") and professional bodies;
- the CFS was conducting targeted surveillance of the nutritional composition of infant and follow-up formulae available in the local market. Tests on all formulae catering for infants below six months old were completed by the end of 2012 and tests on those catering for young children between six and 36 months old within the first half of 2013. The testing results would be released as appropriate if matters of health concern were identified. As certain infant formula products were found to be deficient in iodine, the Administration would expedite

its work in formulating regulatory proposals regarding powdered formulae and food for infants and young children;

- as regards special dietary foods, the CFS had commenced the review of the labelling of these foods by making reference to the Codex Alimentarius Commission standards. The CFS was conducting a preliminary survey on the distribution of special dietary foods in the local market. Taking into account the local situation and international development in regulating special dietary foods, the CFS would make recommendations on whether such products require regulation and, if so, the priority to be accorded to them;

Food labelling

- in accordance with the Committee's recommendations, the CFS now regularly published the results of compliance tests on nutrition labelling of prepackaged food and the applicable tolerance limits in a monthly Report on Nutrition Labelling Testing Results on CFS' website. Compliance test results for food allergens were also published in the same report. The CFS had issued a set of "Trade Guidelines on Preparation of Legible Food Label" in May 2012 for reference by the trade for coming up with legible food labels;

Nutrition claims and health claims

- the Undesirable Medical Advertisements (Amendment) Ordinance (Cap. 231) had come into operation on 1 June 2012. The CFS would continue to follow up complaints related to nutrition and health claims of food and initiate prosecution under section 61 of the Public Health and Municipal Services Ordinance (Cap. 132) if there was sufficient evidence that a claim was calculated to mislead as to the nature, substance or quality of the food. The CFS was conducting a study on labelling and claims of infant formulae and was seeking legal advice on the appropriate follow-up action against some suspected misleading claims. The Administration proposed to tackle the regulation of claims at a later stage in 2013;

Exemptions from nutrition labelling

- the Administration had reported the progress of the review of fees for the Small Volume Exemption Scheme to the LegCo Panel on Food

Safety and Environmental Hygiene at its meeting on 8 May 2012. The review had been completed in the second half of 2012. The outcome of the review would be followed up with the Panel;

Surveillance and enforcement work

- since 1 April 2011, the CFS had adopted a risk-based enforcement approach as recommended in the Independent Commission Against Corruption's assignment report on enforcement of food labelling requirements, targeting at high-risk retail outlets. The CFS would continue to build up a database of retail outlets (over 4 000 as at July 2012) to facilitate inspection, surveillance, enforcement, risk management and public education work. The CFS would continue its risk-based enforcement efforts. The relevant measures were being implemented on an on-going basis; and

Publicity and education

- following the three-year publicity and education campaign that ended in June 2011, the CFS had initiated a two-year enhancement programme since July 2011 to cultivate the use of nutrition information on labels in collaboration with schools and NGO. A survey to evaluate the current knowledge, attitude and behaviours among the public to facilitate further planning of publicity and education programmes had been completed and the survey findings were expected to be available by the first half of 2013.

22. The Committee was also informed of the progress of follow-up actions on cases identified by Audit as set out below:

Paragraph 2.10 of Chapter 3 "Food labelling" of the Audit Report

- the CFS had completed the investigation of all 42 suspected non-compliant cases referred by Audit. Out of the 22 unsatisfactory samples, the labels of 16 products were revised after investigation, four were not found for sale, the explanation from the trader on one was accepted by the CFS, and one was re-tested with another method upon request by trader and the result was satisfactory;

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

- the CFS had followed up the 17 cases with suspected improper nutrition claim. Action was completed for 16 cases. One was still under investigation; and

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

- the CFS had followed up the 12 cases involving 30 products identified by Audit. The labels of ten products were considered to be in order, one was found not for sale, five were pending legal advice for prosecution under section 61 of Cap. 132, and the remaining 14 were still under investigation.

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

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

24. The Committee was informed that:

Overseeing of records management programmes

- as part of the continued effort to provide enhanced support and guidance to bureaux/departments ("B/Ds"), the Administration had issued two circulars in July 2012, one on guidelines on creation and collection of records, and the other on establishment of departmental records management policies;
- the Government Records Service ("GRS") would continue to monitor B/Ds' records management practices including conducting the next service-wide survey on records management practices of B/Ds in the fourth quarter of 2012;

Records appraisal and accessioning of archival records

- regarding the backlog of records pending appraisal of archival value and backlog of archival records pending accessioning, the GRS was actively implementing measures to clear the backlogs in three years' time, including the deployment of additional permanent and temporary staff to assist in the tasks;

Condition survey

- the GRS was making good progress on the condition survey of its collection, which was scheduled for completion by mid-2013; and

Manpower of the GRS

- to ensure work quality and provision of good service to the public, the GRS would create in 2012-2013 a total of 21 additional posts. Action had been taken to create and fill the additional posts as early as possible.

25. A summary of the updated progress of implementing the Audit recommendations since the Government Minute was laid before the LegCo in May 2012 is in *Appendix 5*.

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

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

27. The Committee was informed that:

Overall

- for meter accuracy, the Water Supplies Department ("WSD") would continue with the catch-up meter replacement programme for the 15-mm meters. Up to September 2012, some 1.6 million out of 2.8 million meters had been replaced;

Enforcement action against unlawful water taking

- up to end September 2012, 10 training courses on detecting and reporting unlawful water taking activities for staff of related government departments had been organized;
- on the imputation to the concerned contractor about the unlawful water taking activity allegedly undertaken by his employee at his works site, the Department of Justice ("DoJ") had advised the WSD that whether or not a charge against a contractor was substantiated had to be decided by assessing all the available evidence, both direct and circumstantial, in each individual case. As such, the WSD would consult the DoJ on a case-by-case basis when such a case occurred;
- in response to WSD's request, the Development Bureau ("DEVB") was considering the inclusion of a provision in the contractor administration procedures to the effect that the occurrence of any unauthorized water use in a contractor's works site should be reflected in the contractor's performance report with appropriate sanctions;
- on the publicity front, the WSD had stepped up the publicity and education programme on prevention of unlawful water taking. The WSD had included messages against unlawful water taking in its publicity activities, which included school visits, treatment works open days, seminars and presentation ceremonies, and in its publications such as Annual Report, consumer guidebook (published in October 2012), Waterlink (a departmental newsletter) and pamphlet, as well as in posters and promotion boards displayed at Customer Enquiry Centres and the future Water Resources Education Centre;
- up to end September 2012, the fine imposed on convicted cases of unlawful water taking ranged from \$1,000 to \$18,000 (with an average of about \$3,988). This showed an increase as compared with the \$1,000 to \$10,000 (with an average of \$3,317) in 2011 but was still rather low as compared to the maximum fine of \$25,000 under the Waterworks Ordinance (Cap. 102) for unlawful water taking. At the end of 2012, the WSD had conducted a review on the convicted cases with regard to the fine imposed with a view to consulting the DoJ to see whether there was a case for requiring the strengthening of prosecution work or legislative amendment for increase of the penalty level;

- as regards the initiative to promote proper maintenance of internal flushing systems in private buildings, which when failed, were prone to cause unlawful taking of water as a temporary quick-fix, the WSD had formulated a draft framework of a new scheme for flushing system inside buildings. The new scheme was similar to the current "Quality Water Recognition Scheme for Buildings" to promote proper maintenance of fresh water inside services by property owners and occupants. The Working Group on Water Quality in Buildings supported in principle the new scheme. The WSD was working on the implementation details;

Inspection of unauthorized water consumption

- the WSD had been exploring the use of data mining techniques to detect more target premises. Preliminary results indicated that such techniques should be useful and the WSD was planning to engage consultants to develop the techniques;
- the WSD would continue to organize annual refresher training courses and experience sharing sessions for frontline Consumer Services Inspectors involved in handling of suspected unlawful water taking, the latest round of which was conducted in May 2012. Furthermore, the WSD had conducted a review on the training needs and mode in December 2012 for enhancement;

Management of water meter accuracy

- the reviews of the optimal replacement cycle for 15-mm and 150-mm to 300-mm water meters had 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 was in progress and would be completed by August 2013;
- the WSD, in collaboration with the DEVB, had examined the appropriateness and feasibility of requiring large consumption non-domestic customers to bear the meter replacement costs. Water meters were the properties of the WSD and the replacement costs were hitherto borne by the WSD, which was similar to the practice of the two power companies for their electricity meters. There was also no provision under the Waterworks Ordinance (Cap. 102) which enabled the WSD to charge its customers for meter replacement. In these

circumstances, it might not be appropriate to require the large consumption non-domestic customers to bear the meter replacement costs;

- in respect of overcoming the difficulties confronting meter replacement due to the lack of customers' cooperation, the WSD had promulgated a standard warning letter for use by its district staff. The letter was to be issued to management offices, occupiers or registered consumers who did not render assistance in WSD's meter replacement works to forewarn them of WSD's intention of applying for a warrant from the Magistrate for entry into the premises to replace the meter; and

Performance reporting

- the performance target and extent of achievement on the percentage of water meters replaced within the optimal service lives would be published in the next financial year upon completing the reviews of their optimal replacement cycles.

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