

**REPORT OF THE  
PUBLIC ACCOUNTS COMMITTEE  
ON  
THE REPORTS OF THE DIRECTOR OF AUDIT  
ON  
THE ACCOUNTS OF THE GOVERNMENT OF  
THE HONG KONG SPECIAL ADMINISTRATIVE REGION  
FOR THE YEAR ENDED  
31 MARCH 2023  
AND THE RESULTS OF  
VALUE FOR MONEY AUDITS (Report No. 81)**

*February 2024*

*P.A.C. Report No. 81*

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
<b>Part 1</b>	<b>Introduction</b>	
	The Establishment of the Committee	1 1
	Membership of the Committee	2 1
<b>Part 2</b>	<b>Procedure</b>	
	The Committee's Procedure	1 2 - 3
	Confidentiality undertaking by members of the Committee	2 - 3 3
	The Committee's Report	4 - 5 3
	The Government's Response	6 4
<b>Part 3</b>	<b>Report of the Public Accounts Committee on Report No. 78 of the Director of Audit on the Results of Value for Money Audits [P.A.C. Report No. 78]</b>	
	Laying of the Report	1 5
	The Government Minute	2 - 4 5 - 8
<b>Part 4</b>	<b>Supplemental Report of the Public Accounts Committee on Report No. 78 of the Director of Audit on the Results of Value for Money Audits [P.A.C. Report No. 78A]</b>	
	Laying of the Report	1 9
	The Government Minute	2 - 6 9 - 16

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
<b>Part 5</b>		
<b>Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 and the Results of Value for Money Audits (Report No. 79)</b> <i>[P.A.C. Report No. 79]</i>		
Laying of the Report	1	17
The Government Minute	2 - 44	17 - 44
<b>Part 6</b>		
<b>Committee Proceedings</b>		
Consideration of the Director of Audit's Report	1	45
Meetings	2 - 3	45
Acknowledgements	4	45
<b>Part 7</b>		
<b>Observations of the Public Accounts Committee on the Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2023</b>	1	46
<b>Part 8</b>		
<b>Chapter</b>		
<b>1. Expansion of Tai Po Water Treatment Works</b>	1 - 6	47 - 50
<b>2. Licensing of food premises</b>		
A. Introduction	1 - 12	51 - 57

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
B. Processing of applications for new food business licences and permits	13 - 35	57 - 66
C. Management of food business licences and permits	36 - 45	66 - 72
D. Other related issues	46 - 55	72 - 77
E. Conclusions and recommendations	56 - 58	77 - 92
<b>3. Maintenance and modernization of lifts and escalators in public rental housing estates</b>		
A. Introduction	1 - 15	93 - 99
B. Maintenance of lifts and escalators	16 - 33	99 - 107
C. Lift Modernisation Programme	34 - 40	107 - 112
D. Other safety enhancement measures for lifts and escalators	41 - 44	112 - 113
E. Conclusions and recommendations	45 - 47	114 - 124
<b>4. Provision of barrier-free facilities in public rental housing estates</b>	1 - 6	125 - 128
<b>5. Recycling Fund</b>	1 - 6	129 - 132
<b>6. Regulatory control of food premises</b>	1 - 6	133 - 136
<b>7. Reindustrialisation and Technology Training Programme</b>	1 - 6	137 - 141

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
<b>8. The Chinese University of Hong Kong: Campus facilities operated by external entities</b>	1 - 5	142 - 146
<b>SIGNATURES OF THE CHAIRMAN, DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE</b>		147
<b>CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 81 DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT</b>		148
<u>Appendix relating to Part 1: "Introduction"</u>		
<b>Appendix 1</b>	Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region	149 - 150
<u>Appendix relating to Part 2: "Procedure"</u>		
<b>Appendix 2</b>	Paper presented to the Provisional Legislative Council by the Chairman of the Public Accounts Committee at the meeting on 11 February 1998 on Scope of Government Audit in the Hong Kong Special Administrative Region – 'Value for Money Audits'	151 - 153
Appendices relating to Part 4: "Supplemental Report of the Public Accounts Committee on Report No. 78 of the Director of Audit on the Results of Value for Money Audits <u>[P.A.C. Report No. 78A]"</u>		
<b>Appendix 3</b>	Letter dated 16 January 2024 from the Director of Civil Engineering and Development	154 - 155

## CONTENTS

	<u>Page</u>
<b>Appendix 4</b> Letter dated 16 January 2024 from the Director of Electrical & Mechanical Services	156 - 158
 Appendices relating to Part 5: “Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 and the Results of Value for Money Audits (Report No. 79) <i>[P.A.C. Report No. 79]</i> ” <hr/>	
<b>Appendix 5</b> Letter dated 18 January 2024 from the Director of Marine	159 - 161
<b>Appendix 6</b> Letter dated 15 January 2024 from the Director of Home Affairs	162 - 164
 <u>Appendix relating to Part 6: “Committee Proceedings”</u>	
<b>Appendix 7</b> Witnesses who appeared before the Committee	165 - 166
 <u>Appendix relating to Chapter 1 of Part 8: “Expansion of Tai Po Water Treatment Works”</u>	
<b>Appendix 8</b> Letter dated 16 January 2024 from the Director of Water Supplies	167 - 178
 <u>Appendices relating to Chapter 2 of Part 8: “Licensing of food premises”</u>	
<b>Appendix 9</b> Opening statement made by the Secretary for Environment and Ecology at the public hearing on 12 December 2023	179 - 180

## CONTENTS

	<u>Page</u>	
<b>Appendix 10</b>	Letter dated 2 January 2024 from the Secretary for Environment and Ecology	181 - 200
<b>Appendix 11</b>	Letter dated 28 December 2023 from the Director of Fire Services	201 - 205
<b>Appendix 12</b>	Letter dated 19 January 2024 from the Secretary for Environment and Ecology	206 - 223
<b>Appendix 13</b>	Letter dated 2 January 2024 from the Director of Buildings	224 - 226
<b>Appendix 14</b>	Letter dated 29 December 2023 from the Director of Home Affairs	227 - 229
 <u>Appendices relating to Chapter 3 of Part 8: “Maintenance and modernization of lifts and escalators in public rental housing estates”</u>		
<b>Appendix 15</b>	Opening statement made by the Secretary for Housing at the public hearing on 18 December 2023	230 - 232
<b>Appendix 16</b>	Letter dated 8 January 2024 from the Secretary for Housing	233 - 262
<b>Appendix 17</b>	Letter dated 13 December 2023 from the Secretary for Housing	263 - 272
 <u>Appendices relating to Chapter 4 of Part 8: “Provision of barrier-free facilities in public rental housing estates”</u>		
<b>Appendix 18</b>	Letter dated 5 January 2024 from the Secretary for Housing	273 - 283
<b>Appendix 19</b>	Letter dated 9 January 2024 from the Director of Highways	284 - 291

## CONTENTS

### Page

Appendix relating to Chapter 5 of Part 8: “Recycling Fund”

---

**Appendix 20** Letter dated 5 January 2024 from the Director of Environmental Protection 292 - 295

Appendix relating to Chapter 6 of Part 8: “Regulatory control of food premises”

---

**Appendix 21** Letter dated 5 January 2024 from the Secretary for Environment and Ecology 296 - 304

Appendix relating to Chapter 7 of Part 8: “Reindustrialisation and Technology Training Programme”

---

**Appendix 22** Letter dated 5 January 2024 from the Commissioner for Innovation and Technology 305 - 314

Appendix relating to Chapter 8 of Part 8: “The Chinese University of Hong Kong: Campus facilities operated by external entities”

---

**Appendix 23** Letter dated 5 January 2024 from the Acting Vice-Chancellor and President, The Chinese University of Hong Kong 315 - 326

**ACRONYMS AND ABBREVIATIONS** 327 - 330



*Introduction*

---

---

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

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

**Chairman** : Hon SHIU Ka-fai, JP

**Deputy Chairman** : Hon Paul TSE Wai-chun, JP

**Members** : Hon YUNG Hoi-yan, JP  
Hon LUK Chung-hung, JP  
Hon Edmund WONG Chun-sek  
Hon Louis LOONG Hon-biu  
Hon Carmen KAN Wai-mun

**Clerk** : Shirley CHAN

**Legal Adviser** : Joyce CHAN

*Procedure*

---

---

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

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

*Procedure*

---

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

2. **Confidentiality undertaking by members of the Committee** To enhance the integrity of the Committee and its work, members of the Committee have signed a confidentiality undertaking. Members agree that, in relation to the consideration of the Director of Audit's reports, they will not disclose any matter relating to the proceedings of the Committee that is classified as confidential, which shall include any evidence or documents presented to the Committee, and any information on discussions or deliberations at its meetings, other than at meetings held in public. Members also agree to take the necessary steps to prevent disclosure of such matters at all times unless the Committee decides to declassify the materials.

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

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

- the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2023; and
- the results of value for money audits (Report No. 81),

which were tabled in the Legislative Council on 29 November 2023. Value for money audits are conducted in accordance with the guidelines and procedures set out in the Paper on Scope of Government Audit in the Hong Kong Special Administrative Region – 'Value for Money Audits' which was tabled in the Provisional Legislative Council on 11 February 1998. A copy of the Paper is attached in *Appendix 2*.

5. In addition, this Report takes stock of the progress of the actions taken by the Administration on the recommendations made in the Committee's Report Nos. 78, 78A and 79, and offers the Committee's views on the actions taken. These are detailed in Parts 3, 4 and 5 of this Report.

*Procedure*

---

---

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

**Laying of the Report** Report No. 78 of the Director of Audit on the results of value for money audits was laid in the Legislative Council (“LegCo”) on 23 November 2022. The Public Accounts Committee (“the Committee”)’s Report (Report No. 78) was subsequently tabled on 15 February 2023, which met the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be made within three months of the Director of Audit’s Report being laid.

2. **The Government Minute** The Government Minute in response to the Committee’s Report No. 78 was laid in LegCo on 24 May 2023. A progress report on matters outstanding in the Government Minute was issued on 26 October 2023. The latest position and the Committee’s further comments on these matters are set out in paragraphs 3 and 4 below.

**Licensing services for drivers**  
(Chapter 2 of Part 4 of P.A.C. Report No. 78)

3. The Committee was informed that:

Provision of driving test services

- the Transport Department (“TD”) had enhanced the system for regularly updating the computerized question banks of driving written tests to ensure that review on the Location and Route Questions of the written test for taxi was conducted annually, whereas review on other question banks was conducted at least biennially or as necessitated by any substantial amendments of the existing legislation;
- TD launched a new webpage regarding “Scope of Written Test Questions” on TD’s website on 25 September 2023, which covered the Road Users’ Code and other new legislations related to road traffic. TD had enhanced the publicity and provided relevant information to the candidates through TD’s website and written test appointment letter to ensure that they were aware of the latest scope of the written tests. To allow time for the candidates to familiarize themselves with the related “Scope of Written Test Questions”, the scope would be effective from 6 November 2023;
- TD completed the review of duty reporting arrangement of Driving Examiners (“DEs”) and Driving Test Centre (“DTC”) officers in September 2023. With consideration of factors such as geographic

- location and traffic condition, TD would launch a pilot scheme in the first quarter of 2024 in some of the DTCs, allowing DEs and DTC officers to report at DTC directly;
- in order to increase the driving test output, TD introduced the following measures since March 2023:
    - (a) arranging DEs to take up additional work on Saturdays. Up to late September 2023, around 7 000 additional early tests had been provided. To upkeep the improved service, the measure would be extended for six months until late March 2024. TD would review the effectiveness of the trial measure and consider the long term arrangement; and
    - (b) making use of electronic technology and utilize the time saved from the introduction of electronic test form to provide around 190 additional early tests per month in three non-commercial DTCs;
  - TD had maintained close liaison with the relevant departments to seek suitable sites for setting up DTCs. TD was planning to develop a joint-user complex at the junction of Shing Tai Road and Sheung Mau Street in Chai Wan, in which three floors would be used for re-provisioning the Ap Lei Chau Driving School and DTC;
  - TD conducted a new round of DEII recruitment exercise in August 2022. New recruits would assume duty by batches in the second half of 2023;
  - after implementation of the respective measures for increasing driving test output and filling the vacancies of DE grade in 2023, TD would review the situation (including the actual driving test waiting time) in 2024, and explore drawing up a new performance pledge for non-commercial vehicle driving test (i.e. the number of waiting days for arranging road tests upon receiving the applications);
  - TD reminded the driving instructor trade in January 2023 to arrange their candidates to receive sufficient driving training before taking the road test through various channels such as trade meeting;
  - starting from 26 June 2023, TD had invited candidates attending driving test to provide information about the training hours taken. The information collected would be analyzed and assessed;

## Management of driving training schools

### *Designation of driving training schools*

- TD updated the internal guidelines in June 2022 to improve the documentation of endorsing the selection criteria for designation of driving improvement schools/pre-service training schools by the pertinent selection board and ensure a designated driving improvement school/pre-service training school was designated only after it had fully met all the requirements and submitted the relevant documents;
- TD would continue to conduct re-tendering exercises with the Lands Department for Designated Driving Schools located on government short term tenancy sites on a regular basis, and to examine enhancing the assessment criteria in future tender exercises. Apart from considering tenderers' previous experience in operating private driving schools or Designated Driving Schools, TD would also consider their relevant operating performance with a view to introducing more competition into the market;

### *Monitoring of driving training schools*

- since October 2021, the required frequencies of inspections of driving training schools had been met. TD would continue to conduct surprise inspections in various driving training schools in accordance with the guidelines;
- TD had introduced a monitoring mechanism since April 2022 to issue reminder, advisory letter and warning letter to driving training schools based on the extent of delay in report submission. If the situation persisted, TD would revoke the designation of the concerned schools according to the updated guidelines. After introducing the mechanism, all driving training schools submitted the monthly reports on time;
- TD rectified the records with discrepancies between the lists of course results and the monthly reports/corresponding student performance assessment forms and enhanced the new automated marking system in the third quarter of 2021. In addition, TD had strengthened the spot checking of the lists of course results submitted by driving improvement schools by Transport Officer Grade staff and would take follow-up actions when necessary;

- TD had also explored possible measures with driving improvement schools (including reviewing of course results by computers) to ensure that the lists of course results tally with the corresponding reports and are accurate;
- TD would continue to closely monitor the provision of courses by pre-service training schools and take appropriate follow-up actions when necessary. Since the fourth quarter of 2022, the pre-service training schools had complied with the minimum provision requirement. TD had followed up with the schools which were unable to meet the requirement due to insufficient or no enrolment;

Licensing control of private driving instructors (“PDIs”)

- to strengthen the monitoring of inactive PDIs, starting from 26 June 2023, TD had invited candidates attending driving test to provide information of PDIs from whom driving training was provided. The information collected would be analyzed and assessed; and
- since mid-2022, the roving inspection hours of PDIs had been extended to cover all usual training hours including Saturdays, Sundays and public holidays.

4. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.



**Laying of the Report** Report No. 78 of the Director of Audit on the results of value for money audits was laid in the Legislative Council (“LegCo”) on 23 November 2022. The Public Accounts Committee (“the Committee”)’s supplemental report (Report No. 78A) on Chapter 3 of the Director of Audit’s Report was tabled on 19 April 2023.

2. **The Government Minute** The Government Minute in response to the Committee’s Report No. 78A was laid in LegCo on 5 July 2023. The latest position and the Committee’s further comments on these matters are set out in paragraphs 3 to 6 below.

### **Management of the development at Anderson Road project** *(Part 4 of P.A.C. Report No. 78A)*

3. Hon SHIU Ka-fai and Hon Carmen KAN Wai-mun declared that they were members of the Hong Kong Housing Authority. Hon Louis LOONG Hon-biu declared that he was a LegCo Member representing the Real Estate and Construction Functional Constituency, and contractors in the sector might have carried out the projects concerned.

4. The Committee was informed in the Government Minute which was laid before LegCo in July 2023 that:

#### Design of footbridge system under the project

- the Housing Bureau (“HB”), as the policy bureau, would actively supervise the Civil Engineering Development Department (“CEDD”) during their implementation of the public works project in relation to the public housing development. There were clear guidelines within the Administration to delineate the work between HB and CEDD. During the implementation of the public works projects, HB and CEDD had been maintaining close communication. Upon completion of the detailed design, other preparatory work required and consultation with the Panel on Housing of LegCo, HB together with CEDD, would submit funding request to the Public Works Subcommittee for support and the Finance Committee of LegCo for approval. After the commencement of the public works project, HB would continue to monitor the progress so as to complete the project on time and within the approved estimate. Specifically, HB would require CEDD to report regularly on the progress

and expenditure, and would also hold regular meetings in order to identify potential uncertainties as early as possible and handle important issues immediately. HB also required CEDD to provide sufficient justifications and consult HB before making critical decisions. In order to take a more proactive role in supervision, HB had requested CEDD to include the reporting of prospective matters in the regular reports, such as the views received during the implementation of projects as well as CEDD's responses, any variation orders that would potentially lead to cost overrun or programme delays, and claims involving a relatively substantial amount submitted by contractors, etc., so as to allow HB to make early comments and provide guidance and plan for formulation of the most cost-effective solution;

- the Government had formulated a number of measures to strengthen collaboration among different departments in order to effectively solve some cross-departmental problems, or set common goals systematically and compare different options, such as setting up a cross-departmental project steering group, or holding value management workshops. The relevant arrangements had also been stipulated in CEDD's "Engineering and Associated Consultants Selection Board Handbook" and "Project Administration Handbook for Civil Engineering Works". HB would continue to proactively participate in relevant discussions in order to resolve the issues as soon as possible. According to the need of individual projects, HB, the Housing Department ("HD") and CEDD would closely collaborate with each other through regular cross-departmental meetings, exchange information on the project and progress of the public housing development project, so that adjustments could be made to the design parameters, schedule or budget of the public works project to suit the local needs. During project implementation, CEDD would consult the relevant District Councils and organize public engagement activities and workshops in a timely manner, brief the public on the project scope and incorporate public views;
- as in the past, HB would provide guidance to CEDD on controversial district issues. In the implementation of public housing development projects in recent years, HD and CEDD generally consulted the relevant District Councils or district organizations together. This arrangement helped coordinate district consultation and strengthen communications with local communities;
- for projects implemented in recent years, CEDD would obtain public views on the project through various channels, including consultation

with the relevant District Councils, organizing public engagement activities, workshops, meeting with local residents to enhance communication, and collecting public views through the internet, etc. CEDD would brief the public on the contents and progress of the project at different stages of the project as necessary to incorporate public views, so as to better gauge the views of various stakeholders and reflect them in the project design and contractual arrangements, and invite tenders only after the project design had been completed and coordinated with HD, so as to reduce the risks arising from significant design changes after the contract was awarded;

- in the implementation of works projects, all relevant government departments kept in close contact, communicate on the suitable public housing supporting facilities, and facilitate the early confirmation of development parameters of the project sites. CEDD also conducted consultation exercises and further strengthened the communication with the public, and endeavoured to consolidate public views to finalize the design before tendering, so as to reduce the risks arising from significant design changes after the contract was awarded;
- in the event that the scope of certain parts of a project could not be ascertained or may be varied before the award of contract, CEDD would liaise with the relevant policy bureau to discuss appropriate solutions, including the introduction of suitable contract provisions, detailing the additional expenditure covered by the contingencies in the funding application paper so as to minimize the risk of over-spending if such changes emerge in the future;
- works departments would take full account of the views expressed by stakeholders before deciding the contractual arrangements in future. Given the complexity of different parts of a project and the interplay between them, works departments would carefully weigh different options and factors before deciding the contractual arrangements, with a view to achieving the target within a manageable time and cost frame. Works departments would maintain close communication with bureaux at all times and provide full justification for consultation with bureaux when dealing with important decisions;
- for public works projects in recent years, CEDD had requested the consultants to study the procurement options and prepare reports during the feasibility study stage and the investigation and design stage of the

projects to record in detail the procurement considerations and the final adopted options for future reference;

- in recent years, the Government had adopted parallel tendering arrangements, i.e. the selection of works tenders or consultants would commence before securing funding, and the tender return price would be reflected in the funding application document. The arrangements could provide a more concrete project estimate to the Finance Committee and could reduce the risk of cost overrun;

#### Contract management

- the Geotechnical Engineering Office of CEDD was conducting a pilot scheme to produce a digital 3D model of all the land investigation records to analyze the characteristics, depth and location of different soils and rocks, so that the industry could have more accurate geological information at the preliminary design stage of geotechnical works and be better prepared for the land investigation works required at the subsequent detailed design stage;
- when implementing other works projects in future, CEDD would closely monitor the contractor's performance. Directorate staff would intervene as soon as problems were identified to ensure that the works, including the defects rectification works, were completed on time;
- when handling the assessment of contractors' claims by consultants in future, CEDD would ensure that the consultants list in detail the incidents and assessments involved for CEDD's information and record. The issue was raised in the post-completion reviews;
- under the Development Bureau ("DEVB")'s contractor management mechanism, works departments were required to closely monitor the performance of contractors during the construction period and conduct quarterly performance appraisals for contractors. Poor performance would result in a lower score in the tender assessment report and would affect the contractor's chance of being awarded new public works contracts in future. In addition, if a contractor's performance continued to be unsatisfactory, the Administration might take regulatory actions under the mechanism, including suspension of the contractor's tender status or even removal of the contractor from the Approved List of Public Works Contractors. DEVB would review the performance

assessment mechanism from time to time to meet the needs of public works projects;

- drawing on the experience of the development at Anderson Road project, CEDD would monitor the performance of contractors of various public works projects more closely. Directorate officers would also intervene as early as possible when there were problems with the contractors' performance. Where necessary, CEDD would take appropriate regulatory actions against the contractors in accordance with the DEVB's contractor management mechanism, so as to urge the contractors to take immediate improvement measures to ensure timely completion of the works;

Management of footbridges A to D and post-completion review

- the Highways Department had commissioned the Electrical and Mechanical Services Department ("EMSD") to provide the repair and maintenance services of the lifts at Footbridges A to D, and would continue to work closely with EMSD in monitoring the operation of the lifts;
- EMSD had also adopted the following enhancement measures to continuously enhance the repair and maintenance of the lifts:
  - (a) conduct special inspections: Apart from the registered lift maintenance contractors, EMSD had separately engaged an independent registered lift engineer to conduct random inspections of the lifts, and carry out special inspections when necessary;
  - (b) regular review of the stock of spare parts: The lift maintenance contractors would regularly review the stock of spare parts and had procured more spare parts in order to shorten the time required for repair and maintenance of lifts. In addition, EMSD had been monitoring and inspecting the maintenance performance of the contractors and reviewing the operating condition of the lifts, and would upgrade the relevant lift equipment as necessary;
  - (c) enhancing the Remote Lift Monitoring System for real-time monitoring of lift failures: EMSD had enhanced the Remote Lift Monitoring System to monitor lift failures (e.g. during flooding, activation of alarm, etc.) in real-time. The failure signals would be sent to the maintenance contractors and would also be recorded

in EMSD's server for analysis of outage data and monitoring of the performance of the maintenance contractors;

- (d) strengthening communication with the public: EMSD had strengthened communications with the public, including instructing maintenance contractors to affix maintenance notices at conspicuous locations inside the lifts to inform the public of the weekly inspection schedules and maintenance works, and actively liaise with the District Council members concerned to explain matters related to repair and maintenance of lifts. In addition, maintenance works would be carried out during non-peak hours;
  - (e) adopting the Digital Log-books System for Lifts and Escalators: EMSD had adopted the newly launched Digital Log-books System for Lifts and Escalator for the 17 lifts of footbridges at the development at Anderson Road project to replace the conventional paper log-books since December 2022, thereby enhancing the overall effectiveness of lift management and reliability of services. Through the mobile application or online platform of the system, all stakeholders including the maintenance contractor, the Highways Department and EMSD, could download and view in real-time the past and latest works information of the lifts. EMSD's Trading Fund was currently collecting the maintenance data such as the cause and frequency of breakdown, and maintenance time, etc. through the digital log-book. Such data would be analyzed for monitoring the performance of the contractor and continuously improving the quality of lift services; and
  - (f) installing the intelligent predictive maintenance system: In March 2022, the maintenance contractor concerned had completed the installation of the intelligent predictive maintenance system for the lifts at Footbridge D, such that EMSD could monitor the lifts remotely and analyze the operation of motors, thereby enabling fault prediction and preventive maintenance, so as to reduce the frequency and time required for repair and maintenance works. In view of the satisfactory performance of the intelligent predictive maintenance system, EMSD had completed the installation of the intelligent predictive maintenance system for Footbridges A, B and C in March and April 2023 respectively;
- EMSD was regularly reviewing and updating the terms of the repair and maintenance contracts for lifts to enhance the quality of repair and

maintenance services. EMSD would continue to monitor the performance of the lifts at Footbridges A to D, and closely liaise and collaborate with relevant departments for taking forward follow-up actions as appropriate, with a view to maintaining reliable and efficient lift services;

- the Transport Department, in collaboration with the relevant government departments, had reviewed the usage of Footbridges A to D in 2022 and implemented the following traffic and transport improvement measures in March 2023:
  - (a) added a new bus stop for several bus routes at Shun On Road near the downhill side of Footbridge D and erection of new pedestrian directional signs at On Yan Street for redistribution of the pedestrian flows; and
  - (b) modified the existing lift programmes from energy-saving mode to demand mode with a view to reducing lift waiting time;
- the Transport Department would, in collaboration with the relevant government departments, keep under review the usage of Footbridges A to D, after the completion of nearby developments including community facilities and schools and the above improvement measures, and pursue appropriate supporting transport facilities as well as traffic and transport improvement measures, including adjusting public transport services, to match the needs of local residents when necessary;
- improvement works had been carried out by CEDD at the dripping location to divert the water from the planter to the drainage channel of the footbridge. CEDD would pay attention to the works details in future in order to prevent the recurrence of the water dripping problem; and
- CEDD had included post-completion reviews as a standing item on the agenda of the CEDD Executive Management Meeting to regularly monitor the progress of post-completion reviews to ensure that they were completed in a timely manner.

5. The Committee wrote to the Director of Civil Engineering and Development and the Director of Electrical and Mechanical Services on 8 January 2024 regarding the progress of reviewing the methodology for calculating contingency provisions to enable a more reliable project estimates and the effectiveness of various enhancement

works conducted to the lifts at Footbridges A to D respectively. The replies from the **Director of Civil Engineering and Development** and the **Director of Electrical and Mechanical Services** are in *Appendices 3* and *4* respectively.

6. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.



**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 2022 and his Report No. 79 on the results of value for money audits were laid in the Legislative Council (“LegCo”) on 23 November 2022. The Public Accounts Committee (“the Committee”)’s Report (Report No. 79) was subsequently tabled on 15 February 2023 which met the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be made within three months of the Director of Audit’s Report being laid.

2. **The Government Minute** The Government Minute in response to the Committee’s Report No. 79 was laid in LegCo on 24 May 2023. A progress report on matters outstanding in the Government Minute was issued on 26 October 2023. The latest position and the Committee’s further comments on these matters are set out in paragraphs 3 to 44 below.

### **Sports Federation & Olympic Committee of Hong Kong, China** *(Paragraphs 5 and 6 of Part 3 of P.A.C. Report No. 79)*

3. The Committee was informed that:

- the Sports Federation & Olympic Committee of Hong Kong, China (“SF&OC”) established a dedicated team (i.e. Corporate Governance Team (“the Team”)) in October 2020 to examine the corporate governance and operation of all National Sports Associations (“NSAs”) and formulate a code of governance (“the Code”) for their compliance. Among others, the Team was tasked to assess NSAs’ compliance with the requirements of the Olympic Charter, the International Olympic Committee’s Code of Ethics as well as SF&OC’s Articles of Association. Besides, SF&OC set up an Independent Steering Committee to supervise the working direction of the Team from a strategic perspective and monitor the progress of the review exercise. The performance indicators/targets and expected deliverables of the review exercise had been included in the subvention agreement signed between the Administration and SF&OC annually since 2020-2021;
- as at the end of September 2023, the Team had completed the assessment of all NSAs which were subject to its review. The Team was collating and analyzing the collected data and aimed to compile a review report by the end of 2023;

- as regards the formulation of the Code, SF&OC had engaged a consultant to provide professional service for drafting the Code and related documents. The Team would consult relevant stakeholders on the draft Code and seek endorsement of the Independent Steering Committee and the SF&OC's Board of Officers before promulgation. The Team aimed to implement the Code by the end of 2023. The Culture, Sports and Tourism Bureau ("CSTB") and SF&OC would continue to closely monitor the progress of the review exercise;
- SF&OC reported the progress of the review to CSTB on a regular basis including the submission of quarterly reports and annual progress reports. CSTB and SF&OC would continue to closely monitor the progress of the review exercise; and
- CSTB had been working closely with the Architectural Services Department and SF&OC on the design scheme of the Olympic House<sup>1</sup> having regard to the different development considerations. CSTB would continue to take forward the project, in consultation with relevant stakeholders including SF&OC, in accordance with the established procedures.

4. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

### **Management of short term tenancies by the Lands Department**

*(Paragraphs 7 and 8 of Part 3 of P.A.C. Report No. 79)*

5. Hon SHIU Ka-fai declared that he served as an unremunerated honorary adviser/an unremunerated member of some non-governmental organizations ("NGOs") or trade associations upon their invitations.

6. The Committee was informed that the Tenancy Information System had been modified and relevant reminders had been issued to District Lands Offices for enhancing accuracy and completeness of records using the updated system. The

---

<sup>1</sup> The redevelopment of the Olympic House aimed to provide office and activity space for SF&OC, its affiliated companies, NSAs and sports related organizations.

Lands Department had also engaged a consultant to revamp the system for providing more comprehensive information on the management of short term tenancies and recording information of vacant government sites available for short term tenancy use. The revamp was in progress and expected to be completed in the first quarter of 2024.

7. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

**Planning, provision and management of public parking spaces**  
*(Paragraphs 9 to 11 of Part 3 of P.A.C. Report No. 79)*

8. The Committee was informed that:

- the proposed reprovisioning plan for the short term tenancy car park at Tseung Kwan O Area 66 obtained planning permission from the Town Planning Board in December 2021. The Architectural Services Department invited tender for the proposed project on 17 February 2023. The tender was closed on 12 May 2023 and the Architectural Services Department was carrying out tender assessment. Upon the completion of tender assessment, the Administration would seek funding approval from LegCo for commencement of the project as soon as possible;
- the Transport and Logistics Bureau/the Transport Department (“TD”) had drawn up the circular which set out the requirement of incorporating public parking spaces in suitable government projects and were consulting relevant bureaux/departments with a view to finalizing the details; and
- The Bay Guidance System at all ten government multi-storey car parks under TD’s purview was fully commissioned in March 2023 to monitor the availability and occupancy rates of parking spaces.

9. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

### **Monitoring of charitable fund-raising activities**

*(Paragraphs 12 to 15 of Part 3 of P.A.C. Report No. 79)*

10. Hon SHIU Ka-fai declared that he was a member of the Assessment Committee of the Liberal Party Caring Foundation, which might have conducted fund-raising activities, and he also served as an unremunerated honorary adviser/an unremunerated member of some NGOs or trade associations upon their invitations. Hon Paul TSE Wai-chun declared that he had participated in fund-raising activities of charities, and he was also the founder of a charity. Hon Louis LOONG Hon-biu declared that he was a member of the Executive Committee of the Hong Kong Family Welfare Society and a member of the Social Services Advisory Committee of The Salvation Army, both of which might have conducted fund-raising activities. Hon Carmen KAN Wai-mun declared that she had taken up unremunerated roles in charities and participated in fund-raising activities.

11. The Committee was informed that the Home and Youth Affairs Bureau had been tasked to coordinate inputs from relevant bureaux/departments in formulating a response to the Law Reform Commission's recommendations. The Administration implemented a series of administrative measures by phases since 2018 to optimize the monitoring work relating to charitable fund-raising activities. The Administration would continue to keep in view the need for legislative amendments as appropriate.

12. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

### **Management of squatter and licensed structure**

*(Paragraphs 16 to 18 of Part 3 of P.A.C. Report No. 79)*

13. Hon SHIU Ka-fai and Hon Carmen KAN Wai-mun declared that they were members of the Hong Kong Housing Authority.

14. The Committee was informed that:

- the Lands Department was in discussion with the Development Bureau (“DEVB”) on the proposed framework of the pilot scheme for regularizing surveyed squatter structures by way of short term tenancies

and/or short term waivers. Details and timing of implementing the scheme were being examined with due regard to the prevailing economic situation; and

- the Lands Department was in discussion with DEVB on how the fee levels of various categories of the Government Land Licence could be reviewed holistically. Due regard would be given to the implications of the proposed fee changes on the Government Land Licence holders and the prevailing economic situation.

15. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

### **Government's support and monitoring of charities**

*(Paragraphs 19 to 22 of Part 3 of P.A.C. Report No. 79)*

16. Hon SHIU Ka-fai declared that he was a member of the Assessment Committee of the Liberal Party Caring Foundation, and he also served as an unremunerated honorary adviser/an unremunerated member of some NGOs or trade associations upon their invitations. Hon Paul TSE Wai-chun declared that he had participated in fund-raising activities of charities, and he was also the founder of a charity. Hon Louis LOONG Hon-biu declared that he was a member of the Executive Committee of the Hong Kong Family Welfare Society and a member of the Social Services Advisory Committee of The Salvation Army. Hon Carmen KAN Wai-mun declared that she had taken up unremunerated roles in charities and participated in fund-raising activities.

17. The Committee was informed that the Home and Youth Affairs Bureau had been tasked to coordinate inputs from relevant bureaux/departments for formulating a response to the Law Reform Commission Report. The Administration implemented a series of administrative measures in phases in 2018 and 2019, in order to optimize the monitoring and supportive work relating to charitable fund-raising activities. The Administration would keep in view the need for legislative amendments as appropriate.

18. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

**Regulation of non-franchised bus and school private light bus services**  
(Paragraphs 26 and 27 of Part 3 of P.A.C. Report No. 79)

19. The Committee was informed that:

Administration of licensing requirements

- TD completed the review for streamlining the licensing requirements of Passenger Service Licence Certificates and considered it feasible to align their validity periods with related Passenger Service Licences. TD planned to consult the relevant stakeholders on the recommendation in December 2023 and then proceed to work on the legislative amendment after taking into account the consultation outcome; and

Regulatory controls over unauthorized operations

- TD completed the review and considered it feasible to plug the loophole in the existing inquiry mechanism whereby an offending Passenger Service Licence holder could avoid sanctions by transfer of ownership of vehicles. TD planned to consult the relevant stakeholders in December 2023 and then proceed to work on the legislative amendment after taking into account the consultation outcome.

20. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

**Operation of the Land Registry**

(Paragraphs 28 to 31 of Part 3 of P.A.C. Report No. 79)

21. Hon Edmund WONG Chun-sek declared that he was a member of the Land Registry Customer Liaison Group (Private Sector). Hon Louis LOONG Hon-biu declared that he was a member of the Land Titles Ordinance Steering Committee.

22. The Committee was informed that:

- the Administration continued to actively pursue the implementation of the Land Title Registration System on newly granted land first

(i.e. “new land first” proposal) in order to enable early implementation of the Land Title Registration System in Hong Kong;

- the Land Registry also held a meeting of the Land Titles Ordinance Steering Committee on 10 January 2023 to update key stakeholders on the latest developments and the implementation plan of the Land Title Registration System, of which its members were supportive;
- the Administration was preparing the Land Titles (Amendment) Bill (“LT(A)B”) to implement the “new land first” proposal and continued to engage key stakeholders to work out the implementation details and to undertake other preparatory work, including preparing draft subsidiary legislation and development of a new information technology system. The target was to introduce LT(A)B into LegCo in the first half of 2024; and
- in tandem with the drafting of LT(A)B, the Administration would explore and examine options for converting existing land to the Land Title Registration System, with a view to readying them for early discussion with key stakeholders after LT(A)B is passed by LegCo.

23. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

### **Acquisition and management of collection items in public museums**

*(Paragraphs 34 and 35 of Part 3 of P.A.C. Report No. 79)*

24. The Committee was informed that:

#### Accession of museum collection items

- the Hong Kong Museum of History had continued to closely monitor and expedite the accessioning of collection. It had completed the accession of over 12 800 items in September 2023 out of the 13 346 items mentioned in the Director of Audit’s Report, and the accession of the remaining items could be completed in 2023 as planned;

- the Hong Kong Heritage Museum and the Hong Kong Film Archive had continued to closely monitor and expedite the accessioning of collection items. The Hong Kong Heritage Museum had completed the accession of over 24 100 items in September 2023 out of the 24 314 items mentioned in the Director of Audit’s Report, and the accession of the remaining items could be completed in 2023 as planned. The Hong Kong Film Archive had completed the accession of over 209 000 items in September 2023 out of the 693 819 items mentioned in the Director of Audit’s Report, and the accession of the remaining items could be completed in or before 2029 as planned;

#### Stocktaking and storage of museum collection items

- the Hong Kong Film Archive had completed the stocktaking of about 95% of the accessioned film-related items in September 2023. The stocktaking exercise of the remaining items was expected to complete in or before 2024;
- relocation of the Hong Kong Museum of History’s collection items stored in the aged building to the new museum store in Tuen Mun was completed in late 2022;
- the Leisure and Cultural Services Department (“LCSD”) completed the collection, analysis and processing of the environmental data of all storerooms inside museums and the off-site stores of LCSD museums in December 2022. Improvement measures would be undertaken in 2023 to 2024; and
- funding approval of the main construction works of the Heritage Conservation and Resource Centre was given by the Finance Committee of LegCo in December 2022. The main construction works commenced in January 2023.

25. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.



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

*(Paragraphs 36 and 37 of Part 3 of P.A.C. Report No. 79)*

26. The Committee was informed that:

- all activities of the three public engagement projects under the Funding Scheme for Public Engagement Projects on Built Heritage Conservation were completed by December 2021. DEVB conducted a review on the funding scheme and reported the review results to and consulted the Advisory Committee on Built Heritage Conservation on the recommended enhancement measures on aspects including project themes, mode of operation, eligibility of applicants, assessment criteria, project management, disbursement of funds and submission of reports. Taking into account the views of the Advisory Committee on Built Heritage Conservation, details of the funding scheme had been revised and Batch II of the scheme was open for applications from 3 July to 3 October 2023; and
- as for the Funding Scheme for Thematic Research on Built Heritage Conservation, the research reports of all six approved thematic researches were completed by October 2022 and their research findings were presented to the Advisory Committee on Built Heritage Conservation. DEVB was conducting a review on the funding scheme with a view to providing recommendations on aspects such as the research themes, eligible institutions and application process. DEVB planned to present the review results to the Advisory Committee on Built Heritage Conservation and consult it within 2023 on the recommendations for enhancing the funding scheme.

27. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

## **Collection and removal of marine refuse by the Marine Department**

*(Paragraphs 38 and 39 of Part 3 of P.A.C. Report No. 79)*

28. The Committee was informed in the Government Minute which was laid before LegCo in May 2023 that:

- the Marine Department (“MD”) conducted a comprehensive review on the tender of the marine refuse cleansing and disposal services contract for the whole of Hong Kong waters. In the review, MD considered different ways to achieve the most cost-effective tender award, such as splitting contract service areas and removing unnecessary contract service requirements to reduce the contract price. A contract for marine refuse cleansing and disposal services was awarded to the existing contractor for a term of three years from 1 October 2022 to 30 September 2025, involving a contract expenditure of about \$299.75 million;
- as per the contract requirements, the contractor provided a fleet of at least 42 vessels of various types for marine refuse cleansing and support to clean up marine refuse in Hong Kong waters on a daily basis (including Sundays and public holidays), which included offering domestic refuse collection service to vessels berthing in typhoon shelters, anchorages and small boat anchorage areas. The contractor was also required to deploy more vessels based on actual demand;
- MD would continue to closely monitor the cleanliness of Hong Kong waters and ensure the effectiveness of marine cleansing services. The current contract adopted an objective-based approach, requiring the contractor to maintain the cleanliness of Hong Kong waters at “Good” level during the service hours (i.e. between 8:00 am and 6:00 pm daily). A penalty mechanism was also introduced in the current contract so that in case of any contract violation, the contractor’s monthly payment would be deducted accordingly. The contractor was also committed to applying innovative technology in marine refuse cleansing services during the contract period, for example, using remote-controlled equipment to improve the service efficiency; and
- MD would continue to conduct inspection of marine cleanliness across the territory and monitor the service performance of the contractor. MD would also request the contractor to redeploy adequate resources based on actual demand to tackle the problem of floating refuse in various districts, and continue to monitor and conduct regular reviews of the effectiveness of its work in marine refuse cleansing and disposal, so as to ensure the cost-effectiveness and service quality.

29. The Committee wrote to the Director of Marine on 8 January 2024 regarding the efforts made by MD in monitoring the work of the contractor, including the recent performance of the current contractor. The replies from the **Director of Marine** are in *Appendix 5*.

30. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

**Efforts of the Home Affairs Department in facilitating building management**  
(*Paragraphs 40 to 42 of Part 3 of P.A.C. Report No. 79*)

31. Hon SHIU Ka-fai declared that he served as an unremunerated honorary adviser/an unremunerated member of some NGOs or trade associations upon their invitations. Hon Paul TSE Wai-chun declared that he served as the legal adviser for a number of owners' corporations ("OCs").

32. The Committee was informed that:

- a pilot scheme under the regularized Building Management Professional Advisory Service Scheme ("BMPASS") ("the Pilot Scheme") was first launched in Tsuen Wan and Sham Shui Po districts in June 2022 and had been extended progressively to other districts with a relatively large number of "three-nil" buildings since December 2022, covering about 360 "three-nil" buildings in total;
- as at June 2023, the Pilot Scheme assisted in the formation of 26 OCs, recruitment of 419 Resident Liaison Ambassadors, and procurement of Third Party Risks Insurance for 10 newly formed OCs in total. The district networks of the community organizations/NGOs engaged had helped improve the success rate in OC formation under BMPASS. In some cases, the community organizations/NGOs engaged under the Pilot Scheme successfully encouraged aged owners who were not interested in forming OCs (which was one of the difficulties encountered by BMPASS contractors) to support the formation of OC through their family members;

- the progress of the Pilot Scheme in Sham Shui Po and Tsuen Wan was reported to the relevant Area Committees for monitoring. With a view to encouraging more service users to provide feedback on BMPASS, instead of engaging professional polling firms to conduct opinion surveys or telephone interviews as initially explored, the community organizations/NGOs engaged had been conducting users' satisfaction survey during household visits at the target buildings. Besides, the organizations conducted the first users' advisory meetings for service users in April 2023. Management committee members of the newly formed OCs and the newly recruited Resident Liaison Ambassadors, amongst other owners of the target buildings, were invited to join the meetings. Most of the meeting participants expressed strong support for BMPASS and the engagement of the community organizations which possessed district networks and good understanding of the community. The organizations would continue to hold the meetings half-yearly to gauge users' views;
- the organizations engaged in other districts would also conduct users' satisfaction survey during household visits at the target buildings and hold users' advisory meetings regularly to seek users' views and the Home Affairs Department ("HAD") would consolidate the views/feedback collected for service evaluation;
- upon completion of a comprehensive review and having considered the effectiveness of the Pilot Scheme and the overwhelming support from the users and community, HAD was going to continue to implement BMPASS with similar mode of operation;
- the list of "three-nil" buildings which formed the basis of planning the geographical allocation of target buildings had been reviewed and updated regularly by, among others, excluding buildings under single ownership that did not need to form OCs. Furthermore, commercial and industrial buildings which were not the target of BMPASS were excluded from the list of eligible "three-nil" buildings for BMPASS. The planned number of target buildings for each geographical area would be close to the actual situation as far as practicable; and
- under the latest arrangement of BMPASS, the community organizations/NGOs engaged were required to, among others, assist 18% of the target buildings to form OCs, which was higher than the average successful rate of 14% in the past three phases of BMPASS.

33. The Committee wrote to the Director of Home Affairs on 8 January 2024 regarding the efforts made further by HAD in strengthening the regulation of “three-nil” buildings, including the policy directions or the way forward. The replies from the **Director of Home Affairs** are in *Appendix 6*.

34. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

### **Licensing and examination services for vehicles**

*(Paragraphs 48 and 49 of Part 3 of P.A.C. Report No. 79)*

35. The Committee was informed that:

- starting from 31 May 2022, TD had implemented a trial queue ticketing system for driving licence-related services at Kowloon Licensing Office to replace the walk-in queuing system. After reviewing the result of the trial, TD planned to extend the queue ticketing system to cover the driving licence related services at the other three Licensing Offices in the first quarter of 2024;
- concerning the use of computer software to capture the processing time of non-counter transactions, TD completed the necessary system enhancement to capture the dates of receipt of applications and the dates of completion of processing non-counter transactions in January 2023;
- TD had included the applicants with appointment booking in the waiting time survey since June 2022. Three rounds of surveys were conducted in 2022. Analysis of the results showed that applicants with appointment booking could have their applications completed within about 25 minutes on average, which was much shorter than the performance pledge of 70 minutes; and
- TD conducted public opinion survey during January and February 2023 to collect views from applicants applying for licensing services through non-counter means, and had extended the scope of the survey to cover more licensing services. Data analysis was also completed in March 2023.

36. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

### **Continuing Education Fund**

*(Chapter 1 of Part 6 of P.A.C. Report No. 79)*

37. Hon SHIU Ka-fai declared that he served as an unremunerated honorary adviser/an unremunerated member of some NGOs or trade associations upon their invitations. They might have provided Continuing Education Fund (“CEF”) courses. Hon LUK Chung-hung declared that he was a member of the Hong Kong Federation of Trade Unions, which had organized CEF courses. Hon Louis LOONG Hon-biu declared that he was a member of the Executive Committee of the Hong Kong Family Welfare Society, which might have provided CEF courses. Hon YUNG Hoi-yan and Hon Edmund WONG Chun-sek declared that they had received fees reimbursement under CEF.

38. The Committee was informed that:

#### Monitoring of reimbursable courses and course providers

- the Working Family and Student Financial Assistance Agency (“WFSFAA”) would ensure clear indication of the validity periods of registrations of CEF courses on CEF’s website, and had requested all course providers to notify the CEF authorities immediately of any changes in the status and validity periods of the registrations at the Qualifications Register so as to enable WFSFAA to update the course information on the website in a timely manner;
- the Labour and Welfare Bureau (“LWB”), in collaboration with the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (“HKCAAVQ”), had been proactively providing appropriate assistance to course providers applying for registrations of CEF courses. Since April 2023, there had been more than 1 600 new and renewed CEF courses. The newly registered CEF courses were diversified, covering horticultural therapy, pet grooming, animal health, religious culture, motorcycle and light goods vehicle, etc., and there were also language-related online courses to meet different further study needs of the public;

- LWB would engage a service provider through open quotation to conduct inspections on course providers' post-registration compliance with CEF terms and conditions. The service agreement to be made with the service provider would clearly specify the number of inspections to be conducted during the contract period, the matters/items and records to be inspected, etc., and that a report should be submitted to LWB after each inspection, setting out the follow-ups with the identified non-compliances and the follow-up/arrangement for incomplete inspections, etc;
- LWB had improved the arrangement of surprise inspections conducted by HKCAAVQ in 2022-2023, including monitoring the inspection progress, putting in place proposals to minimize unsuccessful surprise inspections, excluding and following up on unsuccessful inspections, etc. HKCAAVQ refunded the relevant amount of service fees relating to unsuccessful inspections to LWB before the end of 2022-2023. LWB would put in place a mechanism to ensure that only duly completed inspections would be counted towards the target annual number of surprise or scheduled inspections, and that follow-up inspections for incomplete inspections would be conducted as necessary;
- HKCAAVQ submitted relevant reports to LWB on the assessment of the teaching quality of the courses in accordance with the committed class inspection targets for 2022-2023;
- with effect from 1 April 2023, all registered CEF courses were required to obtain prior registration in the Qualifications Register. As HKCAAVQ was the Accreditation Authority and the Qualifications Register Authority under the Qualifications Framework, and was the sole statutory body providing quality assurance-related accreditation and assessment services in the education sector in Hong Kong, LWB considered it most appropriate and desirable to continue to entrust HKCAAVQ to process and vet the new and renewal applications for registration of reimbursable courses under CEF;
- LWB had set out in the one-year service agreement with HKCAAVQ on the latter's role and the scope of consultancy services to be provided;
- LWB would continue to keep in view and explore the feasibility of bringing in other service providers to serve as advisors on the implementation of CEF;

- under LWB's coordination, WFSFAA and HKCAAVQ piloted the joint inspection arrangement in late May 2023. Upon reviewing the effectiveness of the operation, LWB considered that joint inspection could help monitor the quality of the courses offered by the course providers in a more cost-effective and comprehensive manner, while minimizing the impact on the day-to-day operation of the course providers. LWB was considering regularizing the joint inspection mechanism and adjusting the annual target number of inspections in the light of actual needs;
- LWB revised the CEF terms and conditions in September 2023, requiring course providers to ensure that all promotional materials would be in line with the objectives of CEF;
- the CEF Authorities had requested the submission of duly prepared promotional materials by course providers at the time of application for course registration for checking their compatibility with the objectives of CEF. WFSFAA had implemented arrangements to check the promotional materials of course providers during on-site and online inspections. There would be appropriate follow-ups if any presentation methods or contents were found to have deviated from the objectives of CEF or in breach of relevant CEF terms and conditions;

#### Reimbursement claims

- in March 2023, WFSFAA completed the review of the performance targets on processing time and enhanced the processing system to strengthen the checking of the information on applications with computers. WFSFAA had also put in place a two-tier verification mechanism by different staff members to ensure that all reimbursement claims were approved in accordance with the eligibility criteria for seeking claims from CEF;

#### Other issues

- LWB revised CEF terms and conditions in mid-September 2023 to state expressly the responsibilities of the relevant institutions/organizations in safeguarding national security. Furthermore, LWB had issued letters to all institutions/organizations under CEF to explain to them their responsibilities in safeguarding national security. LWB had required all course providers under CEF to acknowledge in writing, confirming



their understanding of the revised terms and ongoing compliance with relevant requirements;<sup>2</sup>

- in case of any suspected breach of national security requirements in CEF terms and conditions, the registration of CEF courses of the institutions/organizations concerned would be suspended or even de-registered, and the cases would be referred to law enforcement agencies for follow-up;
- WFSFAA planned to take appropriate measures for future procurement of consultancy services, including:
  - (a) adding more potential service providers to the list for inviting quotations;
  - (b) arranging briefing sessions to explain the details of the service requirements to interested service providers and understand their difficulties in submitting quotations; and
  - (c) specifying performance requirements for the consultancy services having regard to the practical needs, with a view to attracting bidding by suitable service providers.

Moreover, WFSFAA would closely monitor the response of potential service providers;

- WFSFAA had started sending out the electronic CEF opinion survey message through mobile phone short message since October 2023 to allow CEF applicants to fill in and submit the completed questionnaires online direct;
- WFSFAA commenced the development of a Centralized e-service Portal (“the Portal”) in the first quarter of 2023 for target completion within 2025. The Portal was expected to provide users with a more convenient

---

<sup>2</sup> All institutions/organizations under CEF had the responsibility to ensure all key personnel involved in the management, operation or delivery of CEF courses acquire a correct understanding of and comply with the Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (“the Law”); do not perform or engage in any act or activity that constitutes an offence under the Law or is contrary to the interest of national security; and are not under police investigation for, charged with or convicted of any offence endangering national security under the Law.

and satisfactory experience. The Portal would facilitate CEF applicants to make online submission of reimbursement claims and supporting documents as well as viewing the status of their applications. In addition, WFSFAA embarked on a project in the third quarter of 2023 to verify the information of CEF applicants with course providers through electronic means, which was expected to be implemented by the end of 2024. WFSFAA would keep reviewing and allocating resources to promote digitalization in CEF's operations so as to enhance its services; and

- WFSFAA, with the assistance of the Office of the Government Chief Information Officer, was working on the setting up of the Portal. LWB would also be able to access updated information on CEF regularly through the Portal. LWB would continue to encourage, coordinate with and support WFSFAA and HKCAAVQ to establish and optimize the e-service platform for more effective processing of applications.

39. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

### **District Health Centre Scheme**

*(Chapter 2 of Part 6 of P.A.C. Report No. 79)*

40. The Committee was informed that:

#### Provision of services by the Kwai Tsing District Health Centre (“K&TDHC”)

- the Primary Healthcare Office (“PHO”) under the Health Bureau (“HHB”) would continue to closely monitor the service performance of K&TDHC through monthly reports, the quarterly Executive Committee meetings involving the senior management of the District Health Centre (“DHC”), and regular DHC Governing Committee meetings. The Executive Committee meetings with K&TDHC were held on 5 May and 4 August 2023 respectively. In addition, HHB would consider incorporating a performance-based payment schedule in future DHC contracts;

- all DHC annual service targets had been stipulated in the service contract in agreements with the DHC Operators. With the launching of the Primary Healthcare Blueprint (“Blueprint”) in December 2022 on redefining the roles and functions of DHC in the district-based family-centric community health system as well as the implementation of the Chronic Disease Co-care (“CDCC”) Scheme, PHO of HHB had reviewed and re-organized the category of service targets. The changes had been updated in the DHC Service Manual and Guidelines which were issued to the operator in July 2023;
- the selected service output targets and the attainment of DHCs would be made accessible to the public by 2024;
- with the relaxation of anti-epidemic measures, the collaboration of K&TDHC with other primary healthcare service providers had been increasing. K&TDHC had organized two Stakeholders Engagement Forums on 7 July 2022 and 23 February 2023 respectively for engaging community service providers and primary healthcare providers with a total of around 150 attendees. Reports of these engagement forums would be presented to the DHC Governing Committee with a view to setting directions for promoting and further improving services;
- as the epidemic stabilized, the attendance rates of group-based programmes and the enrolment rate for secondary and tertiary programmes were improving. The enrollment rates of diabetes mellitus and hypertension screening programmes had improved from 69% and 85% (2021-2022) to 76% and 100% respectively (April to December 2022); as stipulated in the Blueprint, HHB would introduce a CDCC Scheme to provide targeted subsidy for the public to conduct diagnosis and management of target chronic diseases in the private healthcare sector through “family doctor for all” and a multi-disciplinary public-private partnership model. HHB would launch the CDCC Pilot Scheme in the second half of 2023. It was envisaged that the enrollment rates of the screening programmes and tertiary prevention programmes would be enhanced by then;
- HHB had set up the Strategic Purchasing Office (“SPO”) to oversee the development and implementation of programmes through strategic purchasing of primary healthcare services under HHB’s policy steer;

- SPO shall be responsible for coordinating the purchasing of private healthcare services for all DHCs, including K&TDHC; and to assess strategically as to how and from whom the services were to be purchased as well as the incentive mechanism and optimum payment level in order to ensure overall cost-effectiveness. Separately, in view of the changes in network services, HHB also renewed the service contract agreement with DHC Operators in August 2023;
- DHC Operators had been requested to take immediate follow up actions on the deficiencies identified in PHO's inspections and submit supporting documents within two months upon receipt of the inspection report for review by PHO of HHB;
- the inspection guidelines and workflow for on-site financial inspection on DHC were developed and issued to all DHCs on 30 December 2022. The DHC service inspection guidelines together with the DHC Service Manual and Guidelines had been updated and issued to operators in July 2023;
- to improve data connectivity and health surveillance, HHB was transforming the eHealth system from a basic health record sharing system into a comprehensive and integrated healthcare information infrastructure for healthcare data sharing, service delivery and process management. Its multi-functional interface would facilitate service record keeping, essential data sharing, health monitoring and surveillance, as well as case and workflow management. It was envisaged that the essential data of DHC shall be more comprehensively captured upon system revamp. Sharing of information related to allergy histories, diagnoses and appointment records had been enabled in eHealth system since October 2021. The functions of the eHealth system were being enhanced, including allowing essential data to be captured by the DHC IT system;

#### Administrative issues of K&TDHC

- PHO of HHB monitored the human resources situation, including the DHC's compliance with the manpower requirements, through monthly reports and the quarterly Executive Committee meetings involving the senior management of the DHC. PHO would identify issues and suggest possible remedial measures as appropriate;

- both the tender documents and the DHC Manual had stipulated requirements on the procurement procedures. PHO of HHB was aware that the operator of K&TDHC (whom the operation service contract was awarded to in March 2019) had established its own procurement criteria which aim at imposing a more stringent requirement on top of Government’s baseline procurement requirements set out in DHC Manual;
- in addition to requiring operators to comply with Government’s quotation requirements for procurement, PHO of HHB had been conducting on-site examinations and vetting of related documents on a regular basis. Where non-compliance was detected, inspection summaries with observations and recommendations would be issued to the DHCs concerned who were required to give a reply and devise improvement measures;
- following the progressive set up of DHCs/District Health Centre Expresses (“DHCEs”) in all 18 districts, PHO of HHB had coordinated with DHCs/DHCEs in the 18 districts to roll out territory-wide and district-based promotion and publicity activities starting from 2022;
- K&TDHC launched the health management mobile application in August 2022 to promote its service, including disseminating health information and issuing DHC service/activities alerts to its members;

#### Provision of DHCs and DHCEs

- DHCEs were smaller in scale when compared to DHCs and were operated as an interim measure before the launch of a full-fledged DHC. Service capacity and accessibility would be enhanced by purchasing service from community service providers through the SPO;
- with the launching of the Blueprint as well as the implementation of CDCC Scheme, PHO of HHB would review the service contract agreement of DHCEs, including the accessibility of DHCE services in 2024;
- service guidelines had been elaborated in DHCE agreements. PHO of HHB issued new guidelines to all DHCE service providers in May 2023 to provide clearer guidance on service delivery;

- to enhance the collaboration of DHCs and the Hospital Authority, the Coordinating Committee on Primary Healthcare with the Hospital Authority was established in March 2023. The first meeting was held on 1 March 2023;
- as stipulated in the Blueprint, the primary healthcare services under DH would be gradually migrated to the district-based community health system with a view to facilitating provision of integrated primary healthcare services through the district-based community health system;
- CDCC Pilot Scheme would be launched in the second half of 2023 to provide targeted subsidies to citizens for early diagnosis and management of people with high risk of hypertension and diabetes mellitus. The Hospital Authority and family doctors would work together under a bi-directional referral mechanism with the coordination of DHCs/DHCEs for specialist consultation support based on the risk stratification from complication screening;<sup>3</sup>
- in order to measure the effectiveness of the DHC Scheme, PHO of HHB had set new key performance indicators for measuring the effectiveness of the DHC Scheme in the longer term, which had been included in the revised service contracts and DHC Service Manual and Guidelines. HHB also renewed the service contract agreements with DHC Operators in August 2023; and
- the launching of full-fledged DHCs was subject to the site readiness. With the release of the Blueprint, the DHC scheme would be further refined to support new primary healthcare initiatives.

41. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

---

<sup>3</sup> The seven clusters of the Hospital Authority would set up designated medical consultation arrangements which would provide one-off protocol-driven specialist medical consultation, with a care plan to empower family doctors for follow-up. Meanwhile, based on the clinical condition of participants, family doctors might also refer patients to receive secondary care services at specialist clinics of the Hospital Authority under the prevailing mechanism.

## **Management of minor works by the Buildings Department**

*(Chapter 5 of Part 6 of P.A.C. Report No. 79)*

42. Hon Louis LOONG Hon-biu declared that he was a LegCo Member representing the Real Estate and Construction Functional Constituency, and contractors in the sector might have carried out minor works (“MW”).

43. The Committee was informed that:

### Processing of MW submissions

- the Buildings Department (“BD”) had reviewed the scope of initial screening of submitted forms for early identification of late submission and had worked out the mechanism to return these late submissions to prescribed building professionals (“PBPs”)/prescribed registered contractors (“PRCs”) for rectifying the information in the commencement notices and completion certificates before acknowledgement of MW submissions. Minor Works Management System (“MWM System”) would be enhanced by adding alert functions to cater for the new mechanism;
- building stakeholders were consulted via established channels in June 2023, and the enhanced mechanism would be adopted upon completion of the related enhancement works of MWM System by the end of 2023;
- after the implementation of the enhanced mechanism, if exceptional cases were identified, they might be selected for auditing. BD would also utilize MWM System to maintain lists of PBPs/PRCs with record of delays/contraventions;
- for the commencement notices received from 2014 to 2016 without corresponding completion certificates after two reviews (i.e. outstanding submissions), reminder letters had been issued to all PBPs and PRCs, followed by audit check on selected outstanding submissions. The above exercise was completed in February 2023. Most of the selected outstanding submissions were found cancelled/superseded by other submissions with completion certificates received;
- for some selected outstanding submissions for site audit check, it was noted that the works had been completed without submitting the

corresponding completion certificates. Such submissions were being reviewed for consideration of prosecution/ disciplinary actions against PRCs;

- for the remaining outstanding submissions received from 2014 to 2016 (i.e. those not selected for audit check), the review on all submissions relating to Class II MW commenced in July 2023 and was targeted to be completed in October 2023 tentatively, while the last batch of submissions relating to all Class I MW would be handled and targeted to be completed before mid-2024;
- similar exercise was completed in May 2023 for selected outstanding submissions received from 2017 to 2019. Most of the selected outstanding submissions were found cancelled/superseded by other submissions with completion certificates received;
- BD would conduct site audit checks on some of these outstanding submissions in order to determine if any contravention of Buildings Ordinance (Cap. 123) by PRCs was identified. Prosecution/disciplinary actions against PRCs would be considered, if necessary;
- for those remaining submissions received from 2017 to 2019 (i.e. those not selected for audit check), it was targeted to review all the Class II MW and Class I MW submissions by the first and second quarters of 2024 respectively;
- similar form of reviewing exercise would be conducted for outstanding submissions in subsequent years by phases according to the above strategy;
- to enhance the successful rate of entry into selected premises, BD had taken measures by issuing invitation letters to owners/occupiers/persons who arranged for the MW to be carried out to explain the purpose of audit checks for ensuring compliance with Cap. 123 and building safety;
- necessary follow-up actions would be taken on the non-compliant cases, including issuance of warning letters and/or instigating prosecution and/or disciplinary actions against PRCs with blatant and/or repeated contraventions of Cap. 123, in order to act as a deterrent;



- BD would make better use of MWM System, for instance, by generating management information from MWM System to replace the current practice of using spreadsheets for enhancing the effectiveness of audit checks' monitoring, taking subsequent follow-up actions and timely monitoring of follow-up actions on irregularities found;
- currently, an automatic alert function for overdue cases had been established in MWM System to facilitate case officers' management and organization of processing audit cases. The system enhancement would be carried out by phases. With data accuracy improved in July 2023 and data migration from spreadsheets to MWM System in August 2023, regular reports would be generated from MWM System for review by supervisory officers to allow closer monitoring of the progress of audit checks. Management reports for irregularities found during audit checks would be formulated by the end of 2023. The enhancement for monitoring of non-compliant MW submissions including timely issue of advisory letters and warning letters would be tentatively completed by second half of 2024;
- BD would also make better use of MWM System by adding an alert function concerning the non-compliant MW submissions to ensure timely referral of these cases for instigating prosecution actions within the statutory time bar period. The system enhancement would be carried out by phases and the addition of alert function for instigating prosecution actions against non-compliant cases would be tentatively completed by the second half of 2024;
- an enhanced internal workflow had been established to escalate those complicated cases and cases approaching the time bar, to the Sectional Chief Officer, so that practicable solutions might be worked out at an early stage to expedite the investigation process;
- BD had provided additional guidelines and briefings to staff on inputting results of audit checks into MWM System. Some crucial information had been set as mandatory fields in MWM System in order to ensure the accuracy and completeness of the records. The corresponding enhancement of MWM System had been completed;
- to facilitate the use of e-submission by the public, BD provided a series of quick guides side-by-side with the e-forms on BD's website.

E-forms were in fillable file format which facilitated online/offline form filling and record;

- BD also stepped up efforts to promote the use of e-submission through BD's talks, seminars, workshops, letters issued to PBPs/PRCs and social media platforms. BD would continue to organize various public education and publicity campaigns to promote e-submission;

#### Management of PRCs for MW

- the updating of the information pamphlets by including the submission procedures of Registered Minor Works Contractor ("RMWC") registration applications with outstanding information was expected to be completed by the fourth quarter of 2023. The time frame for processing registration applications with outstanding information had been included in the performance pledge and published on BD's website. Since BD was contemplating stepped-up regulatory measures against contractors in view of recent fatal site incidents, associated amendments to Practice Notes for Registered Contractors would also be incorporated into the pamphlets;
- the revamp of the Registration Guides on BD's website for RMWCs was completed and launched on 30 June 2023 to further enhance applicants' understanding on the RMWC registration requirements;
- time frames had been set for issuing notification letters to RMWCs to attend performance enhancement courses, i.e. to be issued within ten working days from the date when a RMWC was accorded 15 or more performance points;
- reminder letters to convicted/disciplined RMWCs were to be issued within ten working days after 1.5 months from the dates of the notification letters. Update of BD guidelines was completed in April 2023;
- BD collected feedback from the relevant trade associations and RMWCs concerned who had not submitted the certificate of attendance to BD, and it was revealed that the low attendance rate was mainly because the RMWCs did not renew their registration upon expiry and therefore they intended not to attend the performance enhancement courses. BD would continue to monitor the situation and liaise with the RMWCs

concerned who had not attended the performance enhancement course to explore any encouragement measures when found necessary;

- BD collected feedback from training providers in January and February 2023 on the reasons for ceasing the provision of training courses for RMWCs and it was revealed that cessation of the courses was mainly due to the reduction in demand. In this connection, replacement of the outgoing ones was considered not necessary. BD would continue to monitor the situation and liaise with the training providers to ensure that the number of courses provided would be adequate;
- since 2023, BD had been obtaining relevant information (e.g. number of applications received, enrolment figures, attendance rates and satisfaction survey results of participants) from the training providers on a quarterly basis for planning and monitoring the provision of training courses and ensuring their quality;
- BD would make better use of MWM System (e.g. generation of monitoring reports) to ensure timely referral of cases to the Legal Services Section for disciplinary actions. For cases subject to prosecution action, the Legal Services Section would proactively remind the initiating section to instigate disciplinary actions upon completion of the prosecution action through MWM System;

#### Other related issues

- the publicity work in encouraging validation of unauthorized building works under the validation schemes (e.g. during large scale operation of clearance of unauthorized building works) had been enhanced;
- BD revised the standard advisory/warning letters to owners with respect to removal of unauthorized building works with the addition of QR code to provide electronic version of the pamphlets of validation schemes;
- BD would enhance MWM System (e.g. regular generation of monitoring reports) and make use of the system to maintain records on applications received so as to ensure timely processing of the applications under the validation schemes. Relevant enhancement works would tentatively be completed by second half of 2024. Pending the enhancement, separate

monitoring reports by way of spreadsheets had been made to monitor the timely processing of the validation applications;

- BD would make better use of MWM System, such as generation of monitoring reports on a regular basis for efficient tracking of the applications/signboards due for revalidation. BD was reviewing the guidelines and would consider setting a suitable time frame to bring up revalidation submission. The review of guidelines and the enhancement of MWM System would be worked out by phases, which would tentatively be completed by the second half of 2024. In the interim, BD would continue to closely monitor the situation and issue reminders to owners of validated signboards whose signboards had reached 4.5 years of the validity period;
- BD completed the uploading exercise of the information of all legal or validated signboards onto the GeoInfo Map in November 2022 as scheduled. The database would be updated regularly; and
- guidelines for the Minor Amenity Feature Validation Scheme would be included in the revamp of the Technical Guidelines on Minor Works Control System, which was being finalized. The revamped guidelines were expected to be completed by the third quarter of 2023.

44. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.

**Consideration of the Director of Audit’s Report tabled in the Legislative Council on 29 November 2023** In line with past practice, the Committee did not consider it necessary to investigate in detail every observation contained in the Director of Audit’s Report. The Committee therefore only selected Chapter 2 “Licensing of food premises” and Chapter 3 “Maintenance and modernization of lifts and escalators in public rental housing estates” of the Director of Audit’s Report No. 81 which, in its view, referred to more serious irregularities or shortcomings for detailed investigation. The Committee also sought and obtained information from the Administration on some of the issues raised in other chapters of the Director of Audit’s Report No. 81. The Administration’s responses have been included in this Report.

2. **Meetings** The Committee held a total of five meetings and three public hearings in respect of the subjects covered in this Report. During the public hearings, the Committee heard evidence from a total of 18 witnesses, including two Directors of Bureau and five Heads of Department. The names of the witnesses are listed in *Appendix 7* to this Report. The evidence of the witnesses who appeared before the Committee, and the Committee’s specific conclusions and recommendations, based on the evidence and on its deliberations on the relevant subjects, are set out in Chapters 2 and 3 of Part 8 of this Report.

3. The live broadcasts and archives of the Committee’s public hearings are available on the Legislative Council website.

4. **Acknowledgements** The Committee wishes to record its appreciation of the cooperative approach adopted by all the persons who were invited to give evidence in the public hearings, and to all the bureaux/departments which provided the Committee with detailed information to facilitate the Committee’s consideration of the Director of Audit’s Report No. 81. In addition, the Committee is grateful for the assistance and constructive advice given by the Secretary for Financial Services and the Treasury, the Legal Adviser and the Clerk. The Committee also wishes to thank the Director of Audit for the objective and professional manner in which he completed his Reports, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.

*P.A.C. Report No. 81 – Part 7*

*Observations of the Public Accounts Committee on the Report of the Director of Audit on the  
Accounts of the Government of the Hong Kong Special Administrative Region  
for the year ended 31 March 2023*

---

---

The Committee noted the Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2023.

The Audit Commission (“Audit”) conducted a review on the project for the expansion of the Tai Po Water Treatment Works (“TPWTW”) (“the Project”) and operation and maintenance of TPWTW.

2. Hon Louis LOONG Hon-biu declared that he was a Legislative Council Member representing the Real Estate and Construction Functional Constituency, and contractors in the sector might have carried out the projects concerned.

3. In order to maintain a continuous supply of treated water during the planned in-situ reprovisioning of the Sha Tin Water Treatment Works, the Project was implemented to increase the output capacity of TPWTW. Two consultancies were awarded to a consultant (Consultant M) and three works contracts (Contracts A to C) were awarded to three contractors (Contractors A to C). The works commenced in February 2010 and was substantially completed in December 2019. As of March 2023, \$4,986.4 million (77%) of the approved project estimate totalling \$6,480 million (under Project Votes I to III) had been incurred. The Water Supplies Department (“WSD”) was the works agent responsible for implementing the Project and the operation and maintenance of TPWTW.

4. The Committee noted the following findings from the Director of Audit’s Report No. 81:

Construction works of TPWTW

- the size of washwater storage tanks proposed by Contractor B in Contractor’s Proposals deviated from the Employer’s Requirements as given on the Employer’s Drawings. However, the Employer’s Drawings were not binding on the contractor. During the construction stage of Contract B, in August 2013, Consultant M rejected the sizes of the two washwater storage tanks proposed by Contractor B in its design submissions in the Contractor’s Proposals submitted at the tender stage in March 2012. As the Employer’s Requirements did not clearly spell out the important parameters for calculating the necessary capacity of the washwater tanks and other operation requirements, a variation order of \$78.7 million was issued under Contract B to increase the volume of washwater storage tanks;

- the condition survey report submitted by Consultant M in March 2010 did not include the results of the conditions of existing waterstops installed at the existing compartment of the Butterfly Valley Fresh Water Primary Service Reservoir. After commencement of works under Contract C, additional physical tests on samples of existing waterstops found that all samples failed to meet the specified requirements and the test results inferred that all waterstops were likely to be defective. In the event, a variation order of \$2.7 million was issued to remove and replace the defective waterstops;
- in the meeting held between WSD and Consultant M in June 2009, the proposed scope of works for inclusion in Contract A was discussed. After the award of Contract A in February 2010, additional issues on the operation and maintenance of existing TPWTW had been further identified by Consultant M. In the event, 14 variation orders of \$5.5 million were issued under Contract A between February and July 2012 to instruct Contractor A to carry out the enhancement works;
- in April 2009 and December 2012, the Public Works Subcommittee of the Finance Committee of the Legislative Council was informed that the trenchless method would be adopted where practicable. However, Consultant M did not identify any parts of the water mains that must be constructed by trenchless techniques to avoid unacceptable traffic conditions in the final traffic impact assessment report submitted in February 2010;
- in March 2017, Consultant M submitted the application for approval for storage of dangerous goods for the on-site chlorine generation plant at TPWTW to the Fire Services Department which advised WSD in April 2017 that the siting of dangerous goods store immediately above or below another dangerous goods store was not acceptable. WSD took about seven months to implement the alternative measures to address the problems;
- as of August 2022 (i.e. upon the finalization of Contract B's account), the cost of the variation order issued to supply and install five sets of on-site chlorine generation plant (one of the sets was located at the Ngau Tam Mei Water Treatment Works) had increased significantly from the original total estimated cost of \$220 million to the final value of \$373.2 million;



Other contract management issues

- project costs were not estimated as accurately as possible:
  - (a) in mid-December 2012, WSD submitted the funding proposal for Project Vote III of \$6,176.7 million (covering Contract B) to the Public Works Subcommittee of the Finance Committee of the Legislative Council. The sum allowed for Contract B in the project cost estimate was \$4,795 million (i.e. \$1,542.9 million (47%) more than the recommended tender sum of \$3,252.1 million); and
  - (b) as of March 2023, the total expenditure under Project Vote III was \$4,724.5 million (i.e. \$1,452.2 million (24%) less than its approved project estimate of \$6,176.7 million);
- of the 52 omitted items under Contract C, three items (with value ranging from \$2 million to \$3.8 million) accounted for \$8.7 million (78%) of the total value of \$11.2 million. According to Consultant M, these three items were provided in the contract drawings but omitted from the Bills of Quantities;
- as of December 2020 (end of the 12-month maintenance period), 358 (2%) of the 22 373 defects or outstanding works items identified under Contract B had not yet been rectified or completed by Contractor B;
- of the 11 non-fatal reportable accidents happened at the construction site of Contract B between June 2014 and January 2019, late reporting by Contractor B was found in 10 accidents, ranging from 14 to 263 days;
- Contractor B's performance reports of the relevant period had not reflected instances related to its late reporting of seven reportable accidents and unauthorized access to the chlorine building by its worker in June 2018;
- Contractor B were rated as “very poor” or “poor” in some aspects of the quarterly performance reports;

Operation and maintenance of TPWTW

- as of July 2023, of the 283 works orders for maintenance works of TPWTW (with a target commencement date within the period from January 2020 to March 2023) that had been finalized, Audit noted that:
  - (a) the actual expenditures of 36 (13%) works orders were higher than the original estimates; and
  - (b) the works of 6 (2%) works orders were completed after the target completion dates;
- WSD should keep under review the demand of treated water of TPWTW. The treated water out from TPWTW was approaching the output capacity of 800 million litres per day for some days;<sup>1</sup> and
- the record sheet for recording the water quality test results of TPWTW and the follow-up actions taken was a manual record. There was scope to digitalize the manual record sheet.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the construction works of TPWTW and other contract management issues. The replies from the **Director of Water Supplies** are in *Appendix 8*.

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

---

<sup>1</sup> For example, in 2022, there were 179 days with treated water out from TPWTW over 700 million litres (with maximum daily volume of 766 million litres).

## **A. Introduction**

The Audit Commission (“Audit”) conducted a review on the work of the Food and Environmental Hygiene Department (“FEHD”) on the licensing of food premises.

2. Hon SHIU Ka-fai declared that he served as an unremunerated honorary adviser/an unremunerated member of some non-governmental organizations or trade associations upon their invitations.

### Background

3. FEHD is the licensing authority of food premises and exercises control through its licensing regime, inspections and enforcement actions in accordance with the Public Health and Municipal Services Ordinance (Cap. 132) and its subsidiary legislation. The Environmental Hygiene Branch (“EHB”) of FEHD is responsible for planning and directing the provision of environmental hygiene services, including the licensing and regulatory control of food premises, under which the three Regional Licensing Offices (“RLOs”) are mainly responsible for processing applications for new food business licences and online sale of restricted food permits, and the 19 District Environmental Hygiene Offices (“DEHOs”) are mainly responsible for conducting inspections of licensed and unlicensed food premises and enforcing Cap. 132. In 2022-2023, the expenditure of the FEHD offices responsible for the work on licensing and regulatory control of food premises, among other duties, amounted to about \$497 million.

4. Food businesses that are required to be licensed are classified into various types, such as general restaurant (use of any kind of cooking method for food preparation is allowed), light refreshment restaurant (only simple cooking methods for food preparation are allowed) and food factory. FEHD also issues restricted food permits for sale of restricted foods (e.g. sushi and milk) including that for selling such foods online and permissions for outside seating accommodation (“OSA”) for open area used for alfresco dining business. To facilitate the setting up of food businesses, FEHD operates a provisional licensing system in which a provisional food business licence is issued to premises that have satisfied all essential health, ventilation, building and fire safety requirements. A provisional food business licence is valid for six months, during which time the licensee has to complete all outstanding requirements for the issue of a full licence. In 2022, FEHD received 10 227 applications for new food business licences and permits. As at 31 March 2023, there were 34 640 valid food business licences, 11 071 valid restricted food permits and 403 valid OSA permissions.

*Licensing of food premises*

---

5. The Committee held two public hearings on 12 December 2023 and 5 January 2024 to receive evidence. The opening statement made by **Mr TSE Chin-wan, Secretary for Environment and Ecology**, at the first public hearing is in *Appendix 9*.

Licensing of food premises

6. With reference to Table 1 in paragraph 1.7 of the Director of Audit’s Report No. 81 (“the Audit Report”), the Committee sought the rationales behind the classification of different types of food business licence, and asked whether such classification could be streamlined to accelerate the processing of applications. **Ms Irene YOUNG Bick-kwan, Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that the classification of different types of food business licence largely followed the relevant legal provisions of the Food Business Regulation (Cap. 132X), the Milk Regulation (Cap. 132AQ) and the Frozen Confections Regulation Cap. 132AC), which were made under Cap. 132. There were different licensing requirements, conditions and fees for different types of licences, and different government bureaux/departments (“B/Ds”) might be involved when processing the applications. The trade was accustomed to the current regime, and the classification system would not prolong the application process. FEHD would continue to take into account the views of the catering trade and improve the licensing regime.

7. With reference to paragraph 1.10 of the Audit Report, the Committee asked whether FEHD had regularly reviewed the organization structure of EHB as shown in Appendix A with a view to shortening the processing time of applications for food business licences and permits, and reducing the workload and operating expenditure of FEHD. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that the divisions and offices under EHB carried out different functions with respect to food premises. For example, the three RLOs were responsible for processing new food business licence applications, while the 19 DEHOs were responsible for the regulatory control of the existing food business. The offices were also responsible for other regulatory and enforcement duties, such as regulatory control of non-food related licences and investigation of environmental hygiene-related complaints. The current organization structure had largely enabled EHB to perform its functions, and no particular organizational issues hindered the processing of applications or caused unnecessary costs. FEHD would continue to monitor and review various work processes with a view to identifying room for improvement and enhancing efficiency.

*Licensing of food premises*

---

8. According to paragraph 1.10 of the Audit Report, the revenue received from the issue of food business licences and permits in 2022-2023 was about \$5 million while the expenditure of FEHD offices responsible for the work in licensing and regulatory control of food premises, among other duties, amounted to about \$497 million. The Committee asked how FEHD could ensure that the processing of applications for food business licences and permits could achieve full cost recovery. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that:

- to ease the operating pressure of food businesses during the epidemic of Coronavirus Disease 2019, fees for all types of food business licences and permits were waived (except for temporary food factory licence and administration fee/levy such as amendment fee on transfer of licences) in 2022-2023. The revenue received from the issue of food business licences and permits was therefore exceptionally low in 2022-2023. For comparison purpose, the relevant revenue received was about \$166 million in 2018-2019 before the fee waiver exercise;
- the expenditure of about \$497 million included the expenditure of some other environmental hygiene services of the respective offices. FEHD did not maintain a breakdown of expenditure which only involved the licensing and regulatory control of food premises; and
- the fees for food business licences and permits were generally set in accordance with the user-pay principle, taking into account the work and costs involved in processing the respective types of licences and permits. FEHD was currently conducting a fees and charges review to study whether the fees for food business licences and permits continued to adhere to the aforementioned principle.

9. With reference to paragraph 1.11 of the Audit Report, the Committee enquired about the operation of the referral mechanism adopted by FEHD for processing the applications for food business licences and permits, including the circumstances under which referrals of applications were required to be made to relevant B/Ds for comments. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that upon receipt of an application for food business licence, FEHD would conduct a preliminary screening of the proposed plan(s) to ensure that the application and the plan(s) conformed to the requirements. On passage of preliminary screening, depending on the type of food business licence,

*Licensing of food premises*

---

the application would be referred to relevant B/Ds as appropriate.<sup>1</sup> Depending on the circumstances of individual cases, case officers might refer a case to B/Ds other than those set out in the protocols as necessary. For example, for cases involving New Territories Exempted Houses, FEHD would refer the cases to the Lands Department for comments.

10. With reference to paragraph 1.13 of the Audit Report, the Committee asked how and when an operator whose food business licence/permit had been suspended or cancelled under the Demerit Points System and Warning Letter System could resume his/her business or re-apply for a new licence/permit, and enquired about the consequences/penalties for an operator who had his/her food business licence/permit suspended or cancelled as well as measures to prevent such an operator from applying for new licences/permits repeatedly. **Director of Food and Environmental Hygiene** and **Mr Gabriel TSANG Wing-lok, Assistant Director (Operations)1, FEHD** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that:

- the suspension or cancellation of licence was administered by FEHD as a penalty due to contravention of legislative or licensing requirements or conditions. For suspension of licence/permit, the licensee/permittee might resume business after the suspension period specified by FEHD. No application was required. For a licence/permit which had been cancelled, if the operator wished to carry on business on the same premises, a fresh application for licence/permit had to be submitted. Under the current licensing regime, for a licence which had been cancelled under section 125(1)(b) of Cap.132<sup>2</sup> or surrendered for cancellation before sanction, any fresh application from the licensee or from his/her representative or business partner/proprietor for the same type of licence in relation to the same premises would not be accepted within 12 months from the date of cancellation of the licence;
- suspension or cancellation of food business licence/permit would lead to loss of business revenue and reputational damage on the part of the licensee/permittee. For cancellation of licence/permit, the operator was also required to bear the administrative cost for obtaining a fresh licence/permit in order to continue the business; and

---

<sup>1</sup> The general referral protocols could be accessed vide [https://www.fehd.gov.hk/english/howtoseries/forms/new/general\\_referral%20protocols.pdf](https://www.fehd.gov.hk/english/howtoseries/forms/new/general_referral%20protocols.pdf)

<sup>2</sup> Under section 125(1)(b) of Cap. 132, the Director of Food and Environmental Hygiene may exercise discretion to cancel any licence.

*Licensing of food premises*

---

- for premises with food licence cancelled by FEHD, the incoming applicant of the same type of business was required to submit relevant documents like business registration certificate to prove that he/she had no business connection with the former licensee or former business partner/proprietor. This was to prevent an ex-licensee from applying for food business licence repeatedly by submitting application through his/her business partner/proprietor. FEHD would also check an application against the particulars of ex-licensee.

Use of information technology

11. Referring to paragraph 1.15 of the Audit Report about the use of information technology by FEHD, the Committee enquired about the features of the Licensing Management Information System (“LMIS”) 2 and 3, and the Online Licence Application Tracking Facility (“ATF”). **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letter dated 2 January 2024 (*Appendix 10*) that:

- LMIS 2 was rolled out in May 2023. It adopted business process management system to handle new applications for licences and permits, so that all vital information including dates of incoming and outgoing correspondences, submissions and approvals could be tracked. The system automatically recorded key milestones of the application process. Alerts and notifications were in place to remind FEHD officers the important milestones and timeframes. The system also facilitated information exchange with other B/Ds with its functions of sending out and receive memoranda, documents, plans, etc. Furthermore, LMIS 2 compiled management reports for supervisory staff to monitor the progress of licence applications;
- LMIS 3 was scheduled to be rolled out in 2025. It would make use of the business process management system to control process handling of existing licences and permits, including renewal, transfer, layout and alteration. Enforcement functions associated with the Demerit Points System and Warning Letter System would also be provided in LMIS 3 to replace manual paper recording and counting. In addition, “e-inspection” for licensed and permitted premises would be enabled by LMIS 3, under which the findings and actions taken by staff during inspections would be recorded by electronic means and synchronized in the system. Annual risk assessment and classification of licensed premises would be handled by the system. LMIS 3 would also enable

*Licensing of food premises*

---

---

a licensee to check inspection results and various information by electronic means on the licensing portal; and

- ATF provided a platform for food business licence applicant to keep track of and follow up with his/her application. After logging in, the applicant can check the status of the application and submit relevant documents or plans through the platform. By the first quarter of 2024, applicants may also have access to all correspondences sent from FEHD through the platform.

Monitoring the implementation of enhancement measures

12. According to paragraph 1.18 of the Audit Report and as advised by the Secretary for Environment and Ecology at the public hearings, the Environment and Ecology Bureau (“EEB”) would provide policy steer and oversight for FEHD to take forward the Audit’s recommendations. The Committee sought the specific measures taken by EEB to enhance the collaboration between FEHD and relevant B/Ds in facilitating the processing of applications for food business licences and permits, particularly in respect of formulating timeframes for providing comments by B/Ds. **Secretary for Environment and Ecology** advised at the public hearings and in his letter dated 2 January 2024 (*Appendix 10*) that EEB would take forward the following measures:

- tasking FEHD to set up a working group with relevant B/Ds to explore room for streamlining the procedures for handling the applications and enhancing communication, including better defining each other’s functions and the time required for providing comments and processing the applications;
- ensuring that the working group would complete its work by the first half of 2024, with an agreed implementation plan listing tasks to be accomplished with effective dates;
- overseeing FEHD’s review of its operational guidelines and overall performance pledges as appropriate;
- providing policy support for FEHD to make good use of technology to enhance communication with B/Ds and applicants, including exploring the feasibility of expanding the scope of and advancing the timeframes for the second and third stages of enhancements to the existing LMIS to meet service needs; and



- seeking funding support for new or enhanced initiatives to put in place all necessary IT infrastructure for service improvements.

## **B. Processing of applications for new food business licences and permits**

13. According to paragraphs 2.8(b) and 2.10(b) of the Audit Report, it was not uncommon for applicants to submit revised layout plans after passing the initial screening despite that FEHD had strongly advised applicants not to revise the proposed layout as it would lengthen the processing time for the issue of licences. The Committee sought FEHD's views on the root causes for and measures to tackle the problem, and asked whether the possible causes might include insufficient guidance to applicants on their submission of layout plans and lenient approach adopted by FEHD in granting of provisional food business licences. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that the requirements for food business had been set out in the legislation or publicly available materials to which applicants might refer when drawing up layout plans. That said, applicants might revise layout plans during the application process out of business considerations or in response to comments made by B/Ds. FEHD considered that it was in an applicant's own interest to avoid repeated or unnecessary revisions to layout plans as it would inevitably prolong the processing time of application. FEHD would continue to convey the message to the trade and applicants through different means.

14. With reference to Note 17 and Note 4 for Table 5 in paragraph 2.9 of the Audit Report, the Committee sought explanations about the adverse implications that might have on the delivery of FEHD's services if the timeframes for referrals of applications to B/Ds and providing comments to FEHD by B/Ds were disclosed, and asked whether FEHD had set any performance pledges in this regard for monitoring purpose. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that unlike the performance pledges that FEHD had published for members of the public to monitor its performance in different areas, there were a number of timeframes in FEHD's internal guidelines and documents which were set for staff reference and management supervision. These timeframes might change from time to time taking into account the manpower and workload situation as well as departmental priorities. Given their different natures and the flexibility needed, FEHD was of the view that these internal timeframes should not be made public as in the case of performance pledges. Otherwise, there might be unnecessary misunderstanding in cases where these internal timeframes had to be adjusted on

justifiable grounds. The performance pledges were set by FEHD for members of the public to monitor its performance. These pledges naturally focused on the work or processes of which FEHD had full control. For processes involving external parties or other B/Ds, FEHD considered that they might not be suitable for the purpose of making performance pledges. At the request of the Committee, the relevant timeframes for referring applications and receiving comments adopted by FEHD were provided in the above letter, including the timeframe for each procedure in the workflow of processing new restaurant licence applications by FEHD as shown in Figure 3 in paragraph 2.5 of the Audit Report.

15. Referring to paragraphs 2.10 and 2.12 of the Audit Report about the delays in making referrals of the 50 applications for new food business licences to and receiving comments from relevant B/Ds, FEHD had agreed, according to paragraph 2.32, to take measures to address the problem. The Committee asked whether FEHD would draw up formal guidelines on the issuance of reminders to B/Ds with delays in providing comments to FEHD, and enquired about the progress and details of the follow-up actions taken by FEHD as well as the collaborative efforts made by FEHD, the Buildings Department (“BD”) and the Fire Services Department (“FSD”) to expedite the processing of applications. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letter dated 2 January 2024 (*Appendix 10*) that:

- having taken into account the Audit’s recommendation, FEHD issued guidelines in November 2023 to RLOs, advising them to issue reminder to B/Ds every two weeks as long as the response was outstanding. Relevant B/Ds had also stepped up their internal monitoring mechanisms to ensure that responses to FEHD’s consultations would be given in a timely manner; and
- FEHD had already established with BD and the Independent Checking Unit under the Office of the Permanent Secretary for Housing an electronic referral system that enabled efficient two-way information transmission by electronic means. FEHD and FSD had agreed to pursue a gradual migration to the electronic referral system in line with the schedule of FSD’s internal system upgrade. As to other B/Ds, FEHD had already approached them to explore the adoption of the electronic referral system. In the meantime, except those documents with size constraints, transmission of application documents between FEHD and B/Ds was already conducted by electronic means (e.g. email).

16. **Mr Andy YEUNG Yan-kin, Director of Fire Services** responded at the public hearing and added in his letter dated 28 December 2023 (*Appendix 11*) that:

- FSD had taken the initiative to put forward measures on the adoption of electronic means for receiving referrals from and providing comments to FEHD. FSD was developing an e-Issuance of Licences and Certificates System, which was expected to be launched by the second quarter of 2024, under which various correspondences by FSD, including letters, fire safety requirements, memorandum as well as certificates, could be issued to applicants and exchanged with FEHD electronically, so as to ensure referrals were received from and comments were provided to FEHD in a timely manner; and
- FSD was also revamping its Integrated Licensing, Fire Safety and Prosecution System (“LIFIPS”), which provided a common platform for case handling and information sharing encompassing scope of licensing, fire safety inspection and prosecution processes among FSD’s different units. The revamp was expected to be completed by 2026, by then LIFIPS would be connected with the systems of other B/Ds to further facilitate the food business licences application process.

17. The Committee asked about the corresponding measures/actions taken by FEHD to dovetail with the launch of the e-Issuance of Licences and Certificates System by FSD, with a view to expediting the processing of applications for food business licences and permits. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that FEHD and FSD had reached a consensus on referring applications and receiving comments through electronic means to improve efficiency. FEHD would continue to liaise closely with FSD to ensure smooth interface of the systems of FSD and FEHD, so as to expedite information exchange and the processing time of application for food business licences and permits.

18. **Ms Clarice YU Po-mei, Director of Buildings** advised at the public hearing and in her letter dated 2 January 2024 (*Appendix 13*) that BD had implemented the electronic-referral system under FEHD’s LMIS 2 since May 2023. BD had also reminded its staff to provide comments to FEHD in a timely manner and was enhancing its computer system to monitor the progress of referrals automatically with newly added alert functions. The enhancement to BD’s computer system was expected to be completed in the second quarter of 2024.

*Licensing of food premises*

---

19. With reference to paragraphs 2.13(a)(i) to (iii) of the Audit Report, the Committee sought explanations about the causes for the time lags in the written communication between FEHD and relevant B/Ds, in particular those cases with time lags of 10 working days or more, and asked about FEHD's investigation of such irregularities. **Director of Food and Environmental Hygiene** and **Assistant Director (Operations)1, FEHD** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that FEHD had looked into the cases and noted that the time lags were mainly attributable to the use of fax machine or ordinary dispatch for the transmission of documents. The time lags could be avoided with the transmission of documents through electronic means.

20. According to paragraph 2.13(a)(iv) of the Audit Report, while FEHD had set a timeframe for FSD to provide comments, it had not taken into account the time required by FSD to handle its referrals. The Committee asked whether FEHD considered it necessary to liaise with FSD and relevant B/Ds on the timeframe required for handling its referrals with a view to achieving better collaboration in processing food business licence applications. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that according to FEHD's performance pledge, an Application Vetting Panel ("AVP") meeting would be scheduled within 20 working days after an licence application had been accepted for further processing. If FEHD could refer the application to other B/Ds within its internal timeframe of three working days, other B/Ds should have sufficient time to respond before the scheduled AVP date. FEHD would take steps to ensure that referrals were made in a timely manner.

21. According to paragraphs 2.17 and 2.19 of the Audit Report, for the period from 2018 to 2022, only 75 (0.8%) of 8 945 scheduled AVP meetings were convened. Audit's examination of 30 applications for restaurant licences also revealed that all the 30 scheduled AVP meetings were not convened and not rescheduled. The Committee enquired about the details of arrangements for AVP meetings and the progress of the review on such arrangements by FEHD as mentioned in paragraph 2.32. The Committee also asked whether FEHD would consider discontinuing the current practice and instead only holding AVP meetings on need basis in view of the low attendance rate.

22. **Director of Food and Environmental Hygiene** and **Assistant Director (Operations)**<sup>1</sup>, **FEHD** advised at the public hearings, and **Secretary for Environment and Ecology** further explained in his letter dated 2 January 2024 (*Appendix 10*) that FEHD scheduled an AVP meeting with the applicant within 20 working days after the licence application had been accepted for further processing. AVP meetings were scheduled on a particular day of a week. Before the scheduled AVP meeting, FEHD would contact the applicant to confirm his or her attendance. If the applicant was not attending, the AVP meeting would not be convened. If necessary, the AVP meeting could be rescheduled at the request of the applicant. Usually four public officers would attend an AVP meeting, with two from FEHD (one acting as the Chairman), one from BD and one from FSD. As AVP meetings might be useful for some applicants, FEHD was inclined to continue to offer an opportunity for applicants to attend such meetings.

23. The Committee further asked about the rationales behind the practice of counting those scheduled AVP meetings which were not convened as meeting the target in reporting the achievement of the performance measure in relation to holding AVP meetings. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that FEHD considered that in this case, the focus of the relevant performance pledge was on whether AVP meetings had been scheduled in a timely manner. Whether an AVP meeting was actually convened depended on the preference of the applicant, which might not reflect FEHD's performance. Nevertheless, FEHD would adjust the wordings of the relevant performance pledge in public documents to avoid misunderstanding.

24. With reference to paragraph 2.28 of the Audit Report, the Committee sought the details of the follow-up/enforcement actions taken by FEHD regarding the two suspected cases of food businesses took place in Tuen Mun and Tsuen Wan respectively which were operating prior to the grant of provisional licences. The Committee was told at the public hearing on 12 December 2023 that the two inspections were conducted on 27 June 2023, and no referral was made to the Tuen Mun DEHO for the case in Tuen Mun because the operator concerned was granted a provisional food licence on 28 June 2023. **Director of Food and Environmental Hygiene** and **Mr WAN Chi-shun, Senior Superintendent (Hygiene)**, **FEHD** clarified at the public hearing on 5 January 2024, and **Secretary for Environment and Ecology** further explained in his letter dated 19 January 2024 (*Appendix 12*) that on the enquiries of the Committee, FEHD further examined the relevant files and found records showing that:

*Licensing of food premises*

---

- for the case in Tuen Mun, staff of RLO had referred the observations during the joint inspection with Audit to the premises on 27 June 2023 to the Tuen Mun DEHO on 5 July 2023;
- as for the case in Tsuen Wan, staff of RLO had referred the observation during the joint inspection with Audit to the premises on 27 June 2023 to the Tsuen Wan DEHO on 7 July 2023; and
- as the above referral records were not found before the release of the Audit Report and public hearings, the relevant follow-up actions were not clearly set out to the Committee earlier at the hearings. The chronology of events in relation to the above two cases were subsequently provided in the letter dated 19 January 2024 from the Secretary for Environment and Ecology (*Appendix 12*).

25. Referring to the Tuen Mun case above, the Committee further asked whether there were similar cases that DEHOs did not take enforcement actions on unlicensed food premises which operated during the licence application period. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** added in his letters dated 2 and 19 January 2024 (*Appendices 10 and 12*) that as long as DEHOs had collected sufficient evidence, prosecution action would be taken. FEHD would not knowingly refrain from taking enforcement actions against unlicensed food businesses. Currently, such prosecution action would not affect the processing of provisional licence. For unlicensed food premises operating during the licence application period, FEHD currently prosecuted on a monthly basis. If continuous operation was observed at the premises during the month, FEHD would take record of it and apply to the Magistrate for imposition of daily fine upon conviction in Court. FEHD was actively exploring options to enhance the deterrent effect against the carrying on of unlicensed food business before the issue of provisional licence. One possible option was to reject the licence application and debar the same applicant from applying for the same type of licence for the same premises for a certain period of time.

26. The Committee enquired about FEHD's guidelines on conducting inspections of food premises and taking enforcement actions against unlicensed food premises, particularly in respect of the coordination work between RLOs and DEHOs in handling cases of unlicensed food premises under application for licence. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that upon receiving notification of a new licence application from RLO,

*Licensing of food premises*

---

staff of the respective DEHO would inspect the concerned premises within a week, followed by weekly inspections thereafter. If any unlicensed food business was detected during inspection, DEHO staff would initiate immediate prosecution. Monitoring and relevant enforcement actions would continue to be taken on a weekly basis. At the same time, RLO staff would inspect the premises as part of the licence application process. If any suspected unlicensed food business was detected by RLO staff, they would notify DEHO of their observations.

27. The Committee asked whether there was a referral mechanism for cases of unlicensed food premises between FEHD and relevant B/Ds, in particular BD and FSD, in view of the potential risks to public life and property. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that FEHD referred all cases of new applications for food business licences to relevant B/Ds, which might carry out inspections and take enforcement actions against irregularities as necessary. As a general principle, if FEHD officers had detected any irregularities during their inspections that were under the purview of other B/Ds, the officers should refer the cases to other B/Ds for follow-up. FEHD would liaise with BD and FSD to establish a mechanism to refer all unlicensed food business cases to them for their necessary actions.

28. **Director of Fire Services** advised at the public hearing and supplemented in his letter dated 28 December 2023 (*Appendix 11*) that under the existing mechanism, upon receipt of fire hazard complaints raised by the public, referrals from 1823 or other B/Ds, FSD would conduct inspections to the subject premises and take necessary enforcement actions in accordance with the Fire Services Ordinance (Cap. 95). If there was suspected operation of unlicensed food premises or other irregularities out of the purview of this department, FSD would make referral to FEHD and/or B/Ds concerned for necessary actions. While there was currently no referral mechanism established for cases of unlicensed food premises between FSD and FEHD, FSD welcomed and would provide advice to FEHD for its establishment of a referral mechanism for cases of unlicensed food premises with relevant B/Ds.

29. **Director of Buildings** responded at the public hearing and supplemented in her letter dated 2 January 2024 (*Appendix 13*) that BD advised FEHD from building safety point of view on the suitability of the premises for food business use in response to FEHD's referrals during the food business licence/permit application process. While there was no established referral mechanism specifically for cases involving suspected unlicensed food premises, FEHD might refer such cases to BD for follow-up

on building safety aspects in accordance with the prevailing enforcement policy. If BD in the course of carrying out its duty discovered unlicensed food premises, it would also refer the cases to FEHD for appropriate actions under the licensing regime.

30. Referring to Table 9 in paragraph 2.36 of the Audit Report about the discrepancies in the calculation of average processing times for restaurant licence applications between FEHD and Audit for the period from 2018 to 2022, the Committee sought the rationales behind the calculation method adopted by FEHD, which was based on applications received and approved in the same year. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that with a view to measuring the performance in a given year, FEHD had been adopting a calculation method based on the applications received and approved in that given year. FEHD accepted Audit’s recommendation and would review the calculation method. Other than including all licences issued in the year in the calculation, FEHD would consider whether using median instead of mean would better reflect the situation.

31. Referring to paragraphs 2.44 to 2.47 of the Audit Report about the processing of applications for permissions for OSA during the period from 2018 to 2022, the Committee queried why FEHD took longer time on average to handle the cases involving inclusion of OSA into existing licensed premises (ranging from 15 to 23 months) than those cases submitted concurrently with new restaurant licences (9 to 19 months) given that both types of applications should go through similar procedures. The Committee asked whether the time taken by the Home Affairs Department (“HAD”) to conduct local consultations was one of the contributing factors for the long processing time required, how the opposing views collected from local consultations would be handled and followed up, and whether there was an appeal mechanism for applicants to address the opposing views received.

32. **Director of Food and Environmental Hygiene** and **Miss Winnie CHAU Wing-chi, Senior Superintendent (Licensing), FEHD** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that:

- FEHD handled OSA permission applications for existing licensed premises and those concurrent with new licence applications in a similar manner. According to FEHD’s observation, the key determining factor for the processing time of an application was often the time taken by the



*Licensing of food premises*

---

applicant in complying with B/Ds' licensing requirements and in addressing the concerns raised by local residents. For example, the applicant might revise the layout plan to adjust the size of OSA; and

- on receipt of public objection from local consultations, depending on the nature of objection (such as obstruction, noise nuisance and environmental hygiene problem), FEHD would seek comments from the relevant B/Ds and/or the concerned DEHO as to whether the objection was substantiated. In parallel, the OSA applicant would be informed of the public objection and should propose measures to address the concerns. An application would only be approved if the relevant B/Ds raised no objections and the applicant could adequately address all the substantiated concerns. There was no established appeal mechanism for OSA permission applications. At the request of the Committee, the numbers of OSA permission applications declined, withdrawn or abandoned from 2018 to 2022 were provided in the above letter.

33. **Mrs Alice CHEUNG CHIU Hoi-yue, Director of Home Affairs** explained at the public hearing and in her letter dated 29 December 2023 (*Appendix 14*) that FEHD asked the relevant District Offices of HAD to revert with consultation results within 20 working days. The consultation period normally took two weeks' time. Even for the 10 OSA permission applications with long processing times examined by Audit, the time taken from FEHD's issue of request for local consultation to its receipt of HAD's reply on local consultation results ranged from 19 to 75 working days (on average 33 working days, and 28 working days on average if the longest processing case with complications was excluded). For applications involving a further round of local consultation, each further local consultation took 23 working days on average. As such, the time taken by HAD to conduct local consultation was not a major part of FEHD's processing of OSA permission applications.

34. The Committee asked whether the format of the "Request for Local Consultation" proforma which had been used since 2009 would be reviewed to better facilitate the conducting of local consultations. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that FEHD had adopted the standard proforma with a view to providing HAD with sufficient relevant information for the conduct of local consultation and stood ready to provide further information as requested. FEHD and HAD had agreed to conduct a joint review on the relevant procedure and standard proforma to further improve the workflow. **Director of Home Affairs** explained at the public hearing

*Licensing of food premises*

---

and supplemented in her letter dated 29 December 2023 (*Appendix 14*) that the proforma was to facilitate initiating B/Ds in requesting District Offices to conduct local consultation for various specific issues. A key was whether sufficient relevant information was provided to facilitate District Offices' conduct of local consultation. HAD would explore with FEHD room for streamlining the local consultation procedure for OSA permission applications to enhance efficiency. Subject to the outcome of the review on consultation workflow, HAD would consider whether there was a need to revise the "Request for Local Consultation" proforma.

35. The Committee asked about the measures taken by FEHD to expedite the processing of OSA permission applications, and to improve the coordination with relevant B/Ds in processing OSA permission applications in response to Audit's recommendation in paragraph 2.51(e) of the Audit Report. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 2 January 2024 (*Appendix 10*) that FEHD would continue with the enhancement work to LMIS 2, including the introduction of a function to notify case officers in accordance with relevant timeframes. There was a detailed guide in place for OSA applicants and FEHD would review the guide from time to time. FEHD and relevant B/Ds had agreed to make referrals, send and receive comments through electronic means to enhance efficiency. FEHD would also continue to explore with relevant B/Ds on possible ways to expedite the processing of applications.

**C. Management of food business licences and permits**

36. With reference to paragraphs 3.9(a) and 3.36 of the Audit Report, the Committee enquired about the follow-up actions taken by FEHD in response to the Audit's recommendation of setting target processing time for restricted food permits. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that FEHD would review the workflows, procedures and guidelines, etc. in relation to the licensing regime and make improvement in order to meet the changing needs of the society. In particular, FEHD would review its various guidelines and timeframes to make them more realistic and to facilitate all parties to comply with the requirements.

37. With reference to paragraph 3.10 of the Audit Report, the Committee sought the reasons for the different understanding between FEHD and FSD on the referral mechanism agreed by the two departments for processing food business licence/permit

*Licensing of food premises*

---

transfer applications involving petrol filling stations (“PFS”), and the number of food business licence/permit transfer applications involving PFS that were received but had not been referred to FSD during the period from May 2017 to October 2023. The Committee asked whether FEHD would refer these cases to FSD for review. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 2 January 2024 (*Appendix 10*) that according to the agreement, the new arrangement should apply to “all licence applications” received on or after 5 June 2017, which FEHD took to mean new licence/permit applications while FSD considered that the arrangement should also apply to alteration, transfer and renewal. Noting FSD’s views, FEHD had revised the guidelines and informed all staff concerned to follow FSD’s interpretation. Currently, there were 33 restricted food permits issued by FEHD with addresses at PFS and/or liquefied petroleum gas filling stations. According to the records, there were 7 cases completing the transfer application during the period in question. FEHD had referred the information of the permits abovementioned to FSD for review.

38. **Director of Fire Services** responded at the public hearing and further explained in his letter dated 28 December 2023 (*Appendix 11*) that as the regulatory authority of dangerous goods on land in Hong Kong, FSD regulated the licensing of storage and use of dangerous goods at PFS in accordance with the Dangerous Goods Ordinance (Cap. 295). PFS posed a higher risk of fire and explosion than a normal premises, as it involved the storage, handling, and dispensing of flammable substances. The presence of these substances, combined with the potential for ignition sources, would increase the risk level of fire and explosion. Considering the catastrophic consequence and damage of a fire incident in PFS, FSD had been of the view that all activities, including those not associated with vehicle fuel sales, such as a food business that might potentially attract a large number of customers, should be monitored and controlled with extra care and supervision, and a detailed risk assessment should be conducted for the applications for food business licences or permits located at PFS. Against the above background and for the sake of public safety, a referral mechanism had been established with FEHD since mid-2017 that all applications (i.e. new, renewed, alteration and transfer applications included) for food business licences or permits located at PFS should be referred to FSD for detailed risk assessments.

39. According to paragraph 3.14 of the Audit Report, a full food business licence was valid for 12 months and renewable, subject to no cancellation or revocation as a result of accumulation of demerit points or breaches of licensing requirements and/or conditions. The Committee asked whether EEB and FEHD would consider providing an option for those operators with good track records to renew their food

business licences with a longer validity period so as to allow more flexibility to these operators and reduce the workload of FEHD. **Secretary for Environment and Ecology** and **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** further explained in his letters dated 2 and 19 January 2024 (*Appendices 10 and 12*) that FEHD understood from trade practitioners that a licence with longer validity period (and a higher licence fee) might not be preferable as the business might close before the end of the validity period and the licence fee for the remaining period could not be refunded. In response to the concern raised by the Committee, EEB and FEHD would further study the issue taking into account the views of the trade and stakeholders as well as other factors.

40. With reference to paragraphs 3.15 and 3.20 of the Audit Report, the Committee queried whether there was negligence committed by FEHD in processing the case of renewal of corporate licence mentioned in paragraph 3.15. The Committee asked about the areas of improvement identified by FEHD in the renewal procedures and the corresponding actions taken by FEHD to enhance the procedures. **Secretary for Environment and Ecology, Director of Food and Environmental Hygiene** and **Senior Superintendent (Hygiene), FEHD** responded at the public hearings, and **Secretary for Environment and Ecology** further explained in his letter dated 19 January 2024 (*Appendix 12*) that:

- licence applicants had responsibility to provide correct information in their applications to FEHD. Any person who intentionally misled or made false statements should bear criminal liability. When deciding whether and how to verify the information provided by applicants, FEHD would consider various factors, such as the nature of the information, any previous cases of providing false information, resources required for verification checks and impact on application processing time; and
- in response to Audit's recommendations, FEHD was improving the procedures of the licence renewal process. Corporate licensees would be requested to make declaration and confirm the validity of the corporates at the time of renewal application submission using the application form under the Oaths and Declarations Ordinance (Cap. 11).

41. The Committee further enquired about the details of the operation of the risk-based verification checks against the validity of the company registration of corporate licensees/permittees in processing their renewal applications by FEHD, and asked how this new mechanism could effectively identify non-compliance cases,

particularly those cases of overseas registered companies. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 19 January 2024 (*Appendix 12*) that FEHD was formulating the details of the verification checks. This included selecting a specific ratio of cases to verify the information of the corporates through the Companies Registry's system. The number of cases to undergo verification checks would be adjusted depending on whether provision of false information was found to be common. For verification checks of overseas registered companies, FEHD would consult the Companies Registry and the Department of Justice for professional advice.

42. With reference to paragraph 3.22 of the Audit Report, the Committee queried whether there were loopholes for abuse of provisional licences if an applicant whose provisional licence was lapsed without obtaining a related full licence repeatedly applied for provisional licences to operate food businesses at other food premises. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letters dated 2 and 19 January 2024 (*Appendix 10* and *12*) that to prevent abuse of the provisional licensing system, FEHD had introduced the measure since 2006 to refuse any application for a provisional licence submitted by a person who had been a holder of a provisional food business licence for the same nature of food business on the same premises within three years from the date of expiry of that provisional food business licence. This mechanism was established for preventing food business licence applicants from operating a food business on a provisional licence continuously on the same premises without getting a full licence. On the other hand, if an operator's licence was cancelled due to contravention of legislative or licensing requirements, and they wished to carry on business at the same premises, they must apply for a new licence but such new application would not be accepted within 12 months from the date of licence cancellation. This had taken into consideration a higher risk of repeated violation at the same premises. Indeed, some contraventions were caused by constraints of the premises concerned and might cease if the operators were to move to a different premises.

43. The Committee noted that if an operator who had his/her food business licence/permit cancelled submitted a fresh application for licence/permit but on different premises, he was free from the 12-month time limit. Similarly, the three-year time limit did not apply to applications for provisional food business licences in relation to new premises. The Committee queried whether the current licensing regime might create a loophole whereby an unscrupulous ex-licensee, whose food business licence/provisional licence/restricted food permit had been suspended or

*Licensing of food premises*

---

---

cancelled, could apply for a new licence/permit on other premises to resume business again. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letter dated 19 January 2024 (*Appendix 12*) that:

- debarring an individual from the food business industry from applying food business licence for a year was a severe punishment and would significantly impact not only the individual’s livelihood but also that of his/her employees. The 12-month arrangement had been designed to strike a balance between the impact on the trade and the need to ensure food safety;
- the reason for the three-year time limit being inapplicable to applicants for provisional food business licences at new premises was to allow flexibility for a licence applicant to opt for starting a new business at another suitable premises in case its previous application failed in meeting the requirements of a full licence due to constraints of the premises. If the three-year time limit applied to applications for provisional food business licences in relation to new premises, a licence applicant failing to obtain a full licence at one premises would be prohibited from starting a new business at another location for three years, which would impose substantial restrictions to the trade; and
- taking note of the Committee’s concerns, the Government would review the need for alternative measures to tackle contravention not related to premises.

44. With reference to paragraph 3.27 of the Audit Report, the Committee asked about the circumstances under which FEHD would extend the grace period for conversion from provisional food business licences to full licences, and the details of the two applications as mentioned in paragraph 3.27(b) with grace periods extended for five and eight months respectively as well as the relevant justifications. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letters dated 2 and 19 January 2024 (*Appendices 10 and 12*) that:

- the purpose of granting a provisional licence was to facilitate the food business operators to legally run their food businesses when they had complied with the basic requirements and while they were taking steps to comply with all the licensing requirements for a full licence. FEHD

*Licensing of food premises*

---

would issue reminders at different stages to applicants to urge them to comply with all the licensing requirements as soon as possible;

- if an applicant had made significant investment to comply with the licensing requirements but was not able to comply with all of them before the expiry date of the provisional licence, FEHD in general would not cancel the application in the first instance. Instead, FEHD would continue to process the application within a grace period (i.e. three months for applications received after 1 March 2023 and six months for applications received before that). FEHD accepted the Audit's recommendation that the applicant had to provide sufficient justifications and supporting evidence if the grace period had to be further extended, and FEHD would duly record the justifications; and
- in both cases in paragraph 3.27(b) of the Audit Report, the applicants had actively contacted the respective RLO and submitted a revised plan for their applications. It was believed that the RLO staff concerned, at that time, considered that the applicants had taken the initiative to fulfill the licensing requirements and invested considerable resources for that. As a result, the respective RLO continued to process the applications beyond the grace period. It was undesirable that the relevant justifications for extension were not recorded. FEHD had required the staff concerned to improve this situation.

45. With reference to paragraph 3.32 of the Audit Report, the Committee asked why there were instances where the performance measures were not achieved but FEHD reported an achievement of 100% in its Controlling Officer's Report or website. **Secretary for Environment and Ecology** and **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 19 January 2024 (*Appendix 12*) that:

- the initial findings of FEHD's investigation indicated that there were discrepancies in some FEHD staff's interpretation of individual work measures. For example, in case where delay was due to reasonable grounds, some still considered that the case met the performance measures. FEHD did not rule out the possibility that some colleagues were careless and did not fully verify the information before submission. The investigation by FEHD was underway, meanwhile both EEB and FEHD considered the above situation unacceptable; and

- FEHD had immediately requested supervisors of relevant sections to review the quarterly returns and performance measures to ensure the accuracy of figures, and would strengthen relevant elements in internal training. Furthermore, after the launch of the enhanced LMIS in May 2023, information in relation to key dates of cases would be automatically recorded in and could be directly extracted from the system. This would minimize possible deviations caused by manual input and figure compilation.

#### **D. Other related issues**

46. According to paragraph 4.4 of the Audit Report, FEHD would expand the scope of the “Professional Certification System” (“PCS”) to cover more food business licences. The Committee enquired about the time that could be shortened by adopting PCS in processing the food licence applications by FEHD, and sought the updated statistics on the respective numbers of food business licence applications adopting PCS for light refreshment restaurants and food factories since the implementation of PCS from 1 March 2023 as well as the percentages of such applications in the total number of applications. **Director of Food and Environmental Hygiene** and **Senior Superintendent (Licensing), FEHD** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that:

- under the general licensing regime, after receiving the written report of compliance with the final layout plans and other required documents from the applicant, FEHD officers would conduct a final verification inspection on site within eight working days. Once the applicant’s compliance with all licensing requirements was confirmed, FEHD would issue a full licence to the applicant within seven working days;
- PCS adopted an approach of “licence first, inspection later” which simplified the licence application process. Upon receiving all required documents from an applicant, FEHD officers would check the submitted documents. If all the documents were accepted, FEHD would inform the applicant of the approval of a full licence within two working days without the need of a site inspection. FEHD officers would conduct the on-site audit and confirmation check afterwards. Compared to the general licensing regime, applicants could obtain a full licence 13 working days earlier; and



*Licensing of food premises*

---

- from 1 March 2023 to 31 December 2023, there were approximately 1 570 applications for light refreshment restaurant licences and food factory licences. Among them, 10 applications opted for PCS and six applications had been approved to date.

47. The Committee queried whether the approach of “licence first, inspection later” adopted under PCS would undermine the regulatory power of the existing licensing regime. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that under PCS, FEHD officers would conduct an on-site audit and confirmation check within a short period of time (seven working days) after the applicant had obtained the full licence. If any certifications/documents submitted with the application were subsequently found to be incorrect, false or misleading in a material particular, FEHD would take follow-up action, which included considering instigating prosecution, revoking the licence issued, or referring the case to law enforcement B/Ds for follow-up.

48. Referring to paragraph 4.6 of the Audit Report about the small number of applications for composite food shop licences, the Committee asked whether FEHD had reviewed this measure and why FEHD was still planning to introduce composite permit for restricted food items given the low application rate of composite food shop licence. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** elaborated in his letter dated 19 January 2024 (*Appendix 12*) that:

- under Cap. 132X, a licence holder was allowed to conduct food handling procedures, such as food preparation and cooking, at the premises. The application process for a licence was relatively complicated and must comply with various requirements including building safety, fire safety, ventilation equipment and sanitary fitments. A permit, on the other hand, allowed an operator to sell restricted foods specified in Schedule 2 to Cap. 132X but did not allow any food handling procedure, and thus only compliance with simple ablution facilities requirements was required and most of the applications did not need to be referred to other B/Ds for comments;
- the composite food shop licence was a food business licence that was implemented in 2010 in response to request from the trade after years of consultation. At its peak, there were nearly 40 applications for composite food shop licences. However, due to the changes in food

*Licensing of food premises*

---

business operation mode and commercial considerations, there was currently only one valid composite food shop licence that was still operating. In view of Audit’s recommendation, FEHD would seek to gauge feedback on the composite food shop licence from the licensee and the trade, in order to explore the future direction; and

- currently, if an operator intended to sell more than one restricted food item, he/she had to apply for separate permit for each restricted food item. In order to reduce compliance costs of the trade and enhance flexibility in the local business environment, meanwhile without compromising food safety, the Chief Executive announced in the “2023 Policy Address” to introduce a composite permit that covered multiple restricted food items to obviate the need for separate applications.

49. Referring to paragraphs 4.7 and 4.8 of the Audit Report about the implementation of restriction relaxation on light refreshment restaurant licences, the Committee sought the updated number of applications received from licensees for switching to the relaxed regime and the percentage for such switching in the total number of applications. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** supplemented in his letter dated 19 January 2024 (*Appendix 12*) that FEHD would issue licences in accordance with the new regime when processing new applications for light refreshment restaurant licences and when those existing licensees applied for changes. Since the introduction of the new regime, over 580 existing and new light refreshment restaurants had benefited from the relaxed regime and were allowed to sell a wider variety of food items. Before launching the new regime and during its implementation, FEHD had conducted extensive consultations and maintained communication with the trade. Feedback from the trade was that the new regime was well-received. FEHD would continue to communicate with the trade and relevant stakeholders, monitor the mode of operation of the trade, and review relevant arrangements in a timely manner.

50. According to paragraph 4.11 of the Audit Report, FEHD had agreed with Audit’s recommendations of reviewing various business facilitation measures as mentioned in paragraph 4.10. In paragraph 1.18 of the Audit Report, the Secretary for Environment and Ecology had pledged to provide policy steer and oversight for FEHD to take forward Audit’s recommendations. The Committee asked about the specific measures taken by EEB to support the work of FEHD. **Secretary for Environment and Ecology** responded at the public hearings and elaborated in his letter dated 19 January 2024 (*Appendix 12*) that the management of EEB and FEHD

*Licensing of food premises*

---

held regular meetings to review matters of concern. As a follow-up on the Audit Report, EEB had requested FEHD to provide monthly reports on the implementation of Audit's recommendations, which included the review of the business facilitation measures. EEB would provide policy steer and monitor the progress of implementation as needed.

51. According to paragraphs 4.13 and 4.16 of the Audit Report, FEHD planned to extend the online payment service to all payment of fees related to food business licences/permits by the second quarter of 2024 and launch an online platform for applications for renewal of food business licences/permits by the end of 2023. According to paragraph 4.15 of the Audit Report, electronic submission of applications for food business licences/permits was rolled out in January 2013. The Committee asked why the use of technology by FEHD to facilitate processing of applications for food business licences/permits had taken such a long time, and enquired about the measures taken by FEHD to expedite the process. **Director of Food and Environmental Hygiene** explained at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 19 January 2024 (*Appendix 12*) that as various tasks involved different systems, taking into account factors such as resource availability and trade's opinions, FEHD enhanced these systems step by step. FEHD would continue to make good use of technology to enhance its public services. For example, online payment services would be expanded to cover all licenses/permits in the second quarter of 2024 and all food business licences would be issued through electronic means.

52. The Committee enquired about the measures taken by FEHD to promote the use of electronic application service for food business licences/permits, and the usage rates of online submission of food business licences/permits from 2021 to 2023. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** added in his letters dated 2 and 19 January 2024 (*Appendices 10 and 12*) that:

- FEHD noted that the adoption rate for electronic application was on the low side (ranging from 22% in 2021 to 26% in 2023), and would consult the trade on the reasons behind and explore the possible ways to boost its usage;
- FEHD organized bi-monthly "Seminar on Restaurant Licensing" which covered introduction on how to submit a food business licence application online. FEHD officers also participated in various meetings organized by the Business Facilitation Advisory Committee for

*Licensing of food premises*

---

the trade each year to enhance communication with the trade and promote online licence application services; and

- FEHD would provide guidelines in the first quarter of 2024 on “DIY application for food business licences” to encourage applicants to submit food business licence applications online.

53. With reference to paragraph 4.23(d) of the Audit Report, the Committee enquired about the implementation schedule for the electronic-referral system. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** further explained in his letter dated 2 January 2024 (*Appendix 10*) that as the taking forward of the electronic referral system involved a number of B/Ds which might had to adjust their own systems, FEHD was not able to formulate a concrete implementation schedule at the moment. FEHD would set up a working group to work closely with relevant B/Ds with a view to speeding up the process. The target was to draw up an implementation schedule in the first half of 2024.

54. With reference to paragraphs 4.25 to 4.27 of the Audit Report, the Committee enquired about the follow-up actions taken by FEHD in response to Audit’s recommendation of enhancing the search function of licensed/permitted food premises on its website. **Director of Food and Environmental Hygiene** responded at the public hearings, and **Secretary for Environment and Ecology** advised in his letter dated 19 January 2024 (*Appendix 12*) that FEHD had enhanced the search page for licensed premises on the department’s website. The public at present could simply enter the address or shop sign of the premises concerned, without the need to choose the licence/permit type, to obtain relevant search results.

55. Referring to paragraphs 4.28 to 4.31 of the Audit Report about dissemination of application and licensing-related information to the public, the Committee asked about the publicity and promotional efforts made by FEHD to enhance its work in this regard. **Director of Food and Environmental Hygiene** advised at the public hearings, and **Secretary for Environment and Ecology** added in his letter dated 19 January 2024 (*Appendix 12*) that:

- FEHD had reminded all RLOs that they had to display the latest version of key information materials regarding licence application in prominent places of the office to facilitate access and reference by the public;

*Licensing of food premises*

- 
- 
- FEHD had been placing advertisements in free newspapers to promote information about upcoming “Seminar on Restaurant Licensing” to the public, and would announce information about upcoming seminars on the FEHD website and in the three RLOs to enable more members of the public to learn about the seminars;
  - FEHD had updated, compiled and uploaded both Chinese and English versions of the seminar presentation materials onto the FEHD website. FEHD would review and update relevant information in a timely manner in the future; and
  - FEHD would produce “DIY application for food business licences” in the first quarter of 2024 to enhance the trade’s understanding about the licence application process.

**E. Conclusions and recommendations**

<b>Overall comments</b>
-------------------------

56. The Committee:

- stresses that:
  - (a) food premises are closely related to people’s livelihood. Eating out and ordering takeaways are ways of life in Hong Kong. Moreover, Hong Kong has long been renowned as one of the world’s culinary capitals with a great number of restaurants offering cuisines from all over the world to enhance tourism experience. Licensing of food premises therefore plays a crucial role in safeguarding public health and safety as well as supporting the development of the tourism industry; and
  - (b) being the licensing authority of food premises under Cap. 132 and its subsidiary legislation, FEHD is duty-bound to ensure that food premises comply with all statutory requirements through an efficient and effective licensing regime, inspections and enforcement actions. On the other hand, in view of the fact that the catering trade has made significant contribution to the economy of Hong Kong, FEHD should endeavour to improve the licensing regime to facilitate trade operation as far as possible;

*Licensing of food premises*

---

- notes that:
  - (a) food businesses that are required to be licensed are classified into various types, such as general restaurants, light refreshment restaurants, food factories and fresh provision shops. FEHD also issues restricted food permits for sale of restricted foods (e.g. sushi and milk) and grants permissions for OSA for open area used for alfresco dining business;
  - (b) EHB of FEHD is responsible for planning and directing the provision of environmental hygiene services, including the licensing and regulatory control of food premises. Under the Operations Divisions of EHB, three RLOs are mainly responsible for processing applications for new food business licences, and 19 DEHOs are mainly responsible for conducting inspections of food premises and enforcing Cap. 132;
  - (c) food business licence holders are allowed to conduct food handling procedures (such as food preparation and cooking) at the premises. In deciding the suitability of premises for food businesses, FEHD refers applications for food business licences to relevant B/Ds for comments, e.g. BD on building safety, FSD on fire safety and ventilation plan requirements, and the Planning Department on compliance with statutory plan restrictions. Internally, RLOs also refer applications to DEHOs for comments in respect of the premises concerned;
  - (d) to facilitate the setting up of food businesses before a full licence is granted, FEHD operates a provisional licensing system in which a provisional food business licence<sup>3</sup> is issued to premises that have satisfied all essential health, ventilation, building and fire safety requirements. A provisional food business licence is valid for six months, during which time the licensee is required to fulfil all outstanding requirements for the issue of a full licence;
  - (e) a restaurant licensee may apply for an inclusion of OSA in existing licensed premises, or an applicant may submit concurrent applications for new restaurant licence and OSA permission.

---

<sup>3</sup> Application for a provisional licence is optional. It can be made concurrently with the application for a full licence, or before the issue of a full licence, but will not be considered without applying for a full licence.

*Licensing of food premises*

---

Applications for OSA will be subject to an assessment of local public opinion. After receiving FEHD's request for local consultation, the respective district office of HAD will assist in conducting local consultation;

- (f) a restricted food permit only allows an operator to sell restricted foods specified in Schedule 2 to Cap. 132X but does not allow any food handling procedure. As such, only compliance with simple ablution facilities requirements is required for issuance of restricted food permits, and most of these applications do not need to be referred to other B/Ds for comments; and
- (g) FEHD mainly uses two information technology systems to support its work on licensing and regulatory control of food premises as follows:
  - LMIS, which was launched in 2006 to facilitate the processing of applications and administration of food business licences/permits issued and provide statistical reports. FEHD launched LMIS 2 in May 2023 to improve operational efficiency in the food business licensing process (e.g. streamlining work processes, minimizing paper files routing and enhancing online application). LMIS 3 project is scheduled for rollout in 2025 to provide electronic platforms for actions on the regulatory control of licensed food premises (e.g. maintenance of inspection records and determination of risk levels for conducting inspections); and
  - ATF, which was introduced in 2008 to facilitate applicants of food business licences to check the status of their applications through the Internet;

Processing of applications for new food business licences

- expresses grave concern about the inaccurate performance reporting and long processing time for issuing new food business licences by FEHD, as evidenced by the following:
  - (a) according to FEHD, the average processing times for issuing different types of new full food business licences ranged from 138 to 217 working days in 2022. These figures were calculated based on applications received and approved in the same year only

*Licensing of food premises*

---

- (i.e. applications approved in calendar year(s) subsequent to the year of application were excluded), and excluding applications with exceptionally long processing times;
- (b) although FEHD has stipulated in its guidelines and/or referral memoranda the timeframes for RLOs to refer applications to relevant B/Ds and DEHOs, as well as for B/Ds and DEHOs to provide comments, there was no timeframe set on the overall processing times for most types of food business licences, and no regular reporting on the average processing time for issuing food business licences for monitoring purposes;
- (c) for the period from 2018 to 2022, AVP meetings<sup>4</sup> were scheduled for 8 945 applications but only 75 (0.8%) meetings were convened. AVP meetings scheduled but not convened were counted by FEHD as meeting the target regarding “holding of AVP meeting within 20 working days from passing of initial screening for 99% of applications”; and
- (d) Audit’s examination of 50 applications for new food business licences received in 2021 and 2022 with long processing time (including 30 applications for restaurant licences and 20 applications for non-restaurant licences) revealed the following inadequacies:
- there were instances where the performance measures were not achieved in the applications examined but FEHD reported an achievement of 100% in its Controlling Officer’s Report or website. For example, for restaurant licence applications examined, letter of requirements was not available for issue at a scheduled AVP meeting,<sup>5</sup> despite that the premises concerned was confirmed suitable for licensing;<sup>6</sup>

---

<sup>4</sup> An AVP meeting facilitates the applicant and his/her representative to understand the licensing requirements and conditions. Representatives from FEHD, BD and FSD will discuss with the applicant any problems identified and remedies required. It will be arranged within 20 working days of acceptance of the application.

<sup>5</sup> For the 30 restaurant licence applications examined, letters of requirements were dated after the scheduled AVP meetings, ranging from 1 to 188 working days (averaging 52 working days).

<sup>6</sup> After all relevant B/Ds have confirmed that the premises are suitable for licensing, FEHD should issue a letter of requirements listing out the licensing requirements for issue of licence to the applicant at the AVP meeting.



*Licensing of food premises*

---

- the time taken in making referrals of new food business licence applications to relevant B/Ds and DEHOs for comments had exceeded the stipulated timeframes. For example, for the 30 restaurant licence applications examined, out of a total of 89 first referrals to relevant B/Ds, the time taken in making 35 (39%) referrals had exceeded the stipulated timeframe;
- the applicants of the 50 applications examined made revisions to layout plans for a total of 569 times. On 61 (11%) occasions, the processing of the revised plans was not completed within the specified timeframe. The delay ranged from 1 to 173 working days (averaging 17 working days);
- there were delays in receiving comments from the relevant B/Ds and DEHOs for the 50 applications examined. For example, for first referrals to other relevant B/Ds, there were delays in 28 (31%) of the 89 referrals for restaurant licences and 15 (35%) of the 43 referrals for non-restaurant licences, ranging from 1 to 128 working days (averaging 19 working days);
- FEHDs' inspections were not always conducted according to the specified timeframes.<sup>7</sup> For example, while first site inspection for restaurant licence applications should be conducted before AVP meetings, there were delays in 4 (13%) of the 30 restaurant licence applications examined. In addition, progress inspections were not conducted for some applications;
- of the 30 restaurant licence applications examined, all the 30 AVP meetings scheduled were not convened and not rescheduled;
- applicants should report compliance with the licensing requirements in letters of requirements to the RLO concerned for verification as soon as all the requirements have been

---

<sup>7</sup> In processing applications, officers of FEHD conduct inspections to ensure that the premises are suitable for operating food businesses, namely first site inspections, progress inspections and final verification inspections. The timeframes for conducting inspections are stipulated in FEHD's guidelines.

*Licensing of food premises*

---

---

complied with.<sup>8</sup> However, the quarterly and/or final reminder letters reminding applicants to comply with licensing requirements for verification were not issued on a timely basis in 32 (64%) of the 50 applications examined; and

- of the 50 applications examined, 48 applications were issued with both full and provisional licences. The grace period for conversion from provisional food business licences to full licences had been extended in some cases. However, there was no documentation on the justifications for extending the grace period;

Processing of applications for new OSA permission

- expresses serious concern about the long time taken in processing applications for new OSA permission, as evidenced by the following:

(a) for the period from 2018 to 2022, the average processing times for approving new OSA permissions ranged from 15 to 23 months for inclusion of OSA into existing licensed premises, and from 9 to 19 months for applications made concurrently with new restaurant licences; and

(b) Audit's examination of 10 applications for OSA permission with long processing times (including nine applications for inclusion of OSA into existing licensed premises and one application made concurrently with a new restaurant licence) from 2020 to 2022 revealed that:

- while according to FEHD the time required for handling a simple and straight forward application for inclusion of OSA permission in existing licensed premises should be 46 working days, the actual time taken to process the nine applications examined ranged from 84 to 341 working days (averaging 160 working days);

---

<sup>8</sup> The maximum times allowed for compliance are as follows: (a) for a full licence without provisional licence issued, 12 months after the issue of a letter of requirements; and (b) for provisional licence, three months after the expiry of the licence and six months after the expiry of the licence for applications received before 1 March 2023. The application will be deemed to have been withdrawn after the specified period unless the applicant can demonstrate that the delay is due to factors beyond his/her reasonable control.

*Licensing of food premises*

---

- while a timeframe of 20 working days had been set for receiving comments from relevant B/Ds on applications for inclusion of OSA permission in existing licensed premises, the time taken in the nine applications examined exceeded the timeframe by 51 to 195 working days (averaging 104 working days); and
- for the 10 applications for OSA permission examined, FEHD took 1 to 134 working days (averaging 39 working days) to inform the applicants of the objections raised by the public or relevant B/Ds, and 1 to 47 working days (averaging 19 working days) to refer the applications to HAD for conducting further local consultations after receiving the revision of the applications from the applicants;

Transfer and renewal of food business licences/permits

- expresses serious concern about the inaccurate performance reporting and long processing time for processing applications for transfer and renewal of food business licences/permits as evidenced by the following:
  - (a) according to FEHD, the average processing time of 39 working days for transfer applications for restaurant licences in 2022 was calculated based on applications received and approved in the same year (i.e. applications completed in year(s) subsequent to the year of application were excluded);
  - (b) some applications recorded in LMIS were wrongly classified as transfer cases, and the processing time data for some transfer applications was incomplete or inaccurate;
  - (c) of the 30 food business licence/permit transfer applications examined by Audit, the processing times of 12 cases exceeded 180 working days. Audit further examined the case with the longest processing time (i.e. 784 working days) and noted that:
    - long time was taken by FEHD in issuing letter of response to the applicant;
    - referrals to relevant B/Ds and request for information from the applicant were not sent timely; and
    - there was delay in seeking approval; and

*Licensing of food premises*

---

---

- (d) there were delays in FEHD's follow-up actions on non-renewal of food business licences/permits (i.e. making recommendation/endorsement for revocation and issuing letter for revocation);
- expresses serious concern that:
  - (a) FEHD and FSD had different understanding on the referral mechanism for processing food business licence/permit transfer applications involving PFSs; and
  - (b) there was no requirement for corporate licensee/permittee to submit documents for proving the validity of its corporate status when submitting application for renewal of food business licence/permit;

Processing of applications for new restricted food permits

- expresses concern that although the FEHD's guidelines stipulate timeframes of the various procedures for processing the applications for restricted food permits, Audit's examination of 10 applications for new restricted food permits received in 2021 and 2022 with long processing times (including two applications for online sale of restricted food permits and eight applications for other types of restricted food permits) revealed that:
  - (a) in one of the eight applications for other types of restricted food permits examined, there was no documentation showing that a site inspection had been conducted before receipt of the notification of compliance; and
  - (b) in two applications for online sale of restricted food permits and seven of the eight applications for other types of permits, the timeframes for processing the applications were not always complied with (e.g. delays in conducting inspections);
- notes that:
  - (a) the processing time for food business licence applications can vary significantly. FEHD has to consult various B/Ds when reviewing applications. B/Ds will conduct multiple on-site inspections and maintain communication with licence applicants, whereas applicants are required to provide supplementary information,

*Licensing of food premises*

---

modify plans, and take measures to meet licensing requirements according to B/D's comments. Besides, this audit exercise covered the period of Coronavirus Disease 2019 epidemic, therefore certain operations of FEHD were affected;

- (b) to streamline the application procedures and shorten processing time, FEHD introduced PCS in early 2023 which adopts an approach of “licence first, inspection later” into the licences for light refreshment restaurants and food factories to shorten the processing time, as well as relaxed the restrictions on the scope of food items that can be sold at light refreshment restaurants. In the first quarter of 2024, FEHD will expand the scope of PCS to cover general restaurants, and introduce a “composite permit”<sup>9</sup> to cover multiple restricted food items to obviate the need for separate applications for each individual items;
- (c) taking into account the Audit's recommendations, FEHD:
- will set up a working group with relevant B/Ds to explore room for streamlining the procedures for handling the applications and enhancing communication, including better defining each other's functions and the time required for providing comments;
  - has established with BD and the Independent Checking Unit of the Office of the Permanent Secretary for Housing an electronic referral system that enables efficient two-way information transmission by electronic means;
  - has agreed with FSD to pursue a gradual migration to the electronic referral system in line with the schedule of FSD's internal system upgrade;
  - has approached other B/Ds to explore the adoption of the electronic referral system. In the meantime, except those documents with size constraints, transmission of application documents between FEHD and B/Ds is already conducted by electronic means (e.g. email);

---

<sup>9</sup> Currently, if an operator intends to sell more than one restricted food item, he has to apply for separate permit for each restricted food item.

*Licensing of food premises*

---

- has agreed with HAD to conduct a joint review on the relevant procedure and the “Request for Local Consultation” proforma used for processing applications for OSA to improve the workflow;
  - has issued guidelines in November 2023 to RLOs advising them to issue reminder to B/Ds every two weeks as long as the response is outstanding;
  - has noted FSD’s view that all applications (i.e. new, renewed, alteration and transfer applications included) for food business licences or permits located at PFS should be referred to FSD for detailed risk assessments. Accordingly, FEHD has revised the guidelines and referred the related cases completed during the period in question to FSD for review; and
  - is formulating the details of the verification checks to verify the information of corporate licensees/permittees through the Companies Registry’s system to improve the procedures of renewal of food business licences/permits to ensure the eligibility of applicants, and will consult the Companies Registry and the Department of Justice for advice on verification checks of overseas registered companies; and
- (d) the Director of Food and Environmental Hygiene has generally agreed with Audit’s recommendations in paragraphs 2.30, 2.40, 2.51, 3.12, 3.19, 3.29 and 3.37 of the Audit Report;
- strongly urges that FEHD should:
- (a) improve the procedures in reporting its performance on processing food business licence/permit applications as well as transfer and renewal of licences/permits, including reviewing the reporting basis and exploring the use of technology to ensure that the achievement of performance measures is accurately reported;
  - (b) review the reporting basis of the performance measures for conducting of AVP meetings, including whether in assessing the achievement of the target on holding of AVP meetings, meetings scheduled but not convened should not be considered as meetings being held;

*Licensing of food premises*

---

- (c) review the arrangements for conducting AVP meetings and consider holding such meetings on need basis in view of the low attendance rate;
  - (d) consider setting realistic performance pledges for processing different types of food business licence/permit applications for members of the public's reference; and
  - (e) consider setting quantifiable key performance indicators for measuring and evaluating the performance of EHB in processing applications for various food business licences/permits, in particular the increase in productivity of staff and the reduction of time in processing applications after the implementation of LMIS 2 and LMIS 3;
- strongly recommends that FEHD should:
- (a) review the procedures for processing applications for food business licences/permits as well as the organization structure of EHB under FEHD with a view to shortening the processing time and reducing the workload and operating expenditure of FEHD;
  - (b) make good use of technology to streamline the procedures for processing applications and enhance communication with B/Ds as well as the applicants, including exploring the feasibility of expanding the scope of and advancing the timeframe for implementing LMIS 2 and LMIS 3 to meet service needs;
  - (c) enhance service efficiency through improving the licensing procedures as well as the various guidelines and timeframes concerning the licensing processes, including issuing reminder letters in a timely manner and documenting the justifications for not meeting the timeframes; and
  - (d) set target processing times for different types of food business licence/permit applications as well as transfer and renewal of licences/permits, and monitor the compliance with the timeframes set out in FEHD guidelines, in particular the cases with longer processing times;

*Licensing of food premises*

---

- strongly urges that FEHD should:
  - (a) devise measures to plug the current loophole whereby an unscrupulous ex-licensee, whose food business licence/provisional licence/restricted food permit has been suspended or cancelled, can apply for a new licence/permit on other premises to resume his/her business again;
  - (b) maintain the respective breakdowns of expenditure of FEHD offices covering both licensing and regulatory control of food premises so as to assess whether the processing of applications for food business licences/permits could achieve full cost recovery;
  - (c) study the feasibility of providing an option for those operators with good track records to renew their food business licences with a longer validity period so as to provide more flexibility to these operators and reduce the workload of FEHD; and
  - (d) keep under review the implementation of PCS and the introduction of composite permit, and step up promotional efforts to enhance the catering trade's understanding of such measures;

Carrying on unlicensed food business before the issue of provisional licence

- expresses grave concern about FEHD's failure to ensure that all cases of suspected unlicensed food premises are referred from RLOs to DEHOs timely for taking of enforcement actions and FEHD's inadequate record-keeping, as evidenced by the following:
  - (a) according to paragraph 2.28 of the Audit Report, Audit accompanied 10 inspections to food premises conducted by FEHD from June to August 2023 and found that in two inspections, food businesses were operating prior to the grant of provisional licences. For these two inspections, there was no documentation showing that the RLO concerned had referred the cases to the DEHOs concerned for follow-up actions in accordance with FEHD's guidelines. In this connection, the Committee was told at the public hearing on 12 December 2023 that the two inspections were conducted on 27 June 2023 in Tuen Mun and Tsuen Wan respectively, and for the case in Tuen Mun, no referral was made to the Tuen Mun DEHO because the operator concerned was granted a provisional food licence on 28 June 2023; and



*Licensing of food premises*

---

- (b) upon further inquiry by the Committee at the public hearing on 5 January 2024, FEHD re-examined the relevant files of the above two unlicensed food business cases and found that the RLO (New Territories) had referred its observations identified during the above two inspections conducted together with Audit to the Tuen Mun DEHO and the Tsuen Wan DEHO on 5 July and 7 July 2023 respectively (i.e. about one week after the issue of the provisional food licence to the operator for the case in Tuen Mun). According to FEHD, such records were not found before the release of the Audit Report and the public hearings, hence the relevant follow-up actions were not clearly set out earlier;
- strongly urges that FEHD should:
  - (a) review whether the current regulatory measures are effective to curb the act of carrying on unlicensed food business before the issue of provisional licence as prosecution action taken against unlicensed food business will not affect FEHD's processing of licence applications, and consider adopting new measures, for example, rejecting the licence application and debarring the same applicant from applying for the same type of licence for the same premises for a certain period of time;
  - (b) take measures to ensure that RLOs refer all cases of suspected unlicensed food premises to DEHOs on a timely basis in order for DEHOs to take the appropriate follow-up actions and properly document the relevant referral records;
  - (c) enhance the coordination and collaboration between RLOs and DEHOs in dealing with cases of unlicensed food premises operating during the licence application period; and
  - (d) establish a referral mechanism for cases of unlicensed food premises between FEHD and relevant B/Ds, in particular BD and FSD, in view of the potential risks to public safety; and
- notes that:
  - (a) FEHD will liaise with BD and FSD to establish a mechanism to refer all unlicensed food business cases to them for their necessary action; and

- 
- 
- (b) FEHD is exploring options to enhance the deterrent effect against the carrying on of unlicensed food business before the issue of provisional licence.

<p><b>Specific comments</b></p>
---------------------------------

57. The Committee:

- expresses grave concern that:
  - (a) since the introduction of composite food shop licence<sup>10</sup> in August 2010 and up to June 2023, there were only 39 applications and only one food premises holding this licence as of June 2023. However, no review has been conducted by FEHD on the use of this licence;
  - (b) the usage of the online payment service for the period from 2018 to 2022 had been on the low side, accounting for less than 2% of licence/permit payment transactions each year. As of June 2023, such service was not available for new issue of provisional licences, and transfer and renewal of food business licences/permits;
  - (c) as of August 2023, electronic application service was not available for renewal applications of food business licences/permits. Besides, as of June 2023, ATF adopted by FEHD did not cover applications for temporary food factory licences and restricted food permits;
  - (d) the use of technology by FEHD to facilitate processing of applications for food business licences/permits has taken a long time. For example, the electronic-referral system was planned in 2019 but data interfaces were launched with two B/Ds in May 2023 and planned for another B/D by 2026. Consultation with other relevant B/Ds on the system was pending;

---

<sup>10</sup> The composite food shop licence is a food business licence covering the sale and/or preparation for sale of various specified types of simple or ready-to-eat foods that do not involve complicated preparation for human consumption off the licensed premises. It was implemented in 2010 in response to request from the trade.

*Licensing of food premises*

---

---

- (e) the design of FEHD’s website was not user-friendly to members of the public. For instance, a member of the public had to first select the licence type and then the sub-type before inputting shop sign or address if he/she wanted to check on the FEHD’s website whether a food premises was licensed/permitted;
  - (f) some key information materials related to food business licences/permits (e.g. the application forms for food business licence and restricted food permit (online sale of restricted foods)) were not available at the three RLOs and Restaurant Licensing Resource Centre or were outdated; and
  - (g) the number of attendees at the seminars on restaurant licensing<sup>11</sup> was generally decreasing. While information about FEHD’s services on its website should be in Chinese and English, the presentation materials of the seminar on restaurant licensing uploaded to FEHD’s website as of August 2023 were only available in Chinese. Some of the information disseminated during the seminar in June 2023 was not up-to-date; and
- notes that:
- (a) in the first half of 2024, FEHD will issue e-licences for all food business applications and provide applicants with more information on the application status online;
  - (b) in the first quarter of 2024, FEHD will publish a “DIY application for food business licences” to facilitate applicants to better understand the licence application process from the users’ angle;
  - (c) FEHD will expedite the implementation of electronic application referral mechanism with more B/Ds in order to make collaboration smoother and more efficient;
  - (d) FEHD has enhanced the search page for licensed premises on FEHD’s website. The public now can simply enter the address or shop sign of the premises concerned, without needing to choose the licence/permit type, to obtain relevant search results;

---

<sup>11</sup> To enhance prospective applicants’ understanding of restaurant licence application procedures and the licensing requirements, and the roles of other relevant B/Ds, FEHD organizes free bi-monthly seminars on restaurant licensing to the public.

*Licensing of food premises*

---

---

- (e) the Director of Food and Environmental Hygiene has generally agreed with Audit's recommendations in paragraphs 4.10, 4.23 and 4.34 of the Audit Report; and
- (f) the Secretary for Environment and Ecology has undertaken to oversee the work of FEHD at a policy level and support the department in actively following up on and implementing the recommendations in the Audit Report. EEB will continue to keep in view the implementation of various enhancement measures to ensure that the licensing system keeps pace with the times.

<b>Follow-up action</b>
-------------------------

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

## **A. Introduction**

The Audit Commission (“Audit”) conducted a review on the work of the Housing Department (“HD”) in maintaining the safety of lifts and escalators (“L/Es”) in public rental housing (“PRH”) estates.

2. Hon SHIU Ka-fai and Hon Carmen KAN Wai-mun declared that they were members of the Hong Kong Housing Authority (“HA”). Hon Louis LOONG Hon-biu declared that he was a Legislative Council Member representing the Real Estate and Construction Functional Constituency, and contractors in the sector might have carried out the projects concerned.

### Background

3. As at 30 June 2023, HD, as the executive arm of HA, managed about 774 500 PRH flats located in 193 PRH estates, and maintained 6 056 lifts and 277 escalators by the award of 11 and 9 term maintenance contracts (“TMCs”) respectively to the original manufacturers/installers for their specific L/E brands (i.e. proprietary maintenance). The total maintenance expenditure in 2022-2023 was \$763.2 million.

4. Since 1988, HA has implemented an on-going Lift Modernisation (“LM”) Programme for lifts maintained by HD which calls for a complete replacement of the lift installation. From 2018-2019 to 2022-2023, a total of 27 contracts, involving 382 lifts, with a total contract sum of \$652.2 million were awarded to six contractors. In addition, HA has conducted safety enhancement works for L/Es since 2020 and 2018 respectively to retrofit them with the latest safety devices as recommended by the Electrical and Mechanical Services Department (“EMSD”).

5. The Committee held a public hearing on 18 December 2023 to receive evidence. Opening statement made by **Ms Winnie HO Wing-yin, Secretary for Housing and Chairman of the Hong Kong Housing Authority**, at the public hearing is in *Appendix 15*.

### Lifts and escalators in public rental housing estates

6. Referring to paragraph 1.5 of the Director of Audit’s Report No. 81 (“the Audit Report”) regarding 173 cases of lift malfunctioning from 2006 to 2010 in

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

Hong Kong causing injury to over 20 people and an incident relating to lift plunging in Fu Shin Estate in Tai Po in 2008, the Committee enquired about the respective numbers of L/E incidents in PRH estates causing injury to people in the past three years and measures to prevent the occurrence of such incidents. **Secretary for Housing and Miss Rosanna LAW Shuk-pui, Director of Housing** advised at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that:

- from January 2020 to September 2023, there were three reported incidents of injury to passengers each in L/Es of PRH estates managed by HD (details of which are provided in the above letter);
- HD adopted proprietary maintenance requiring the original manufacturers to take full responsibility for the design, installation, maintenance and repairs of L/Es, and to provide spare parts and technical support directly. HD also proactively monitored the work of contractors and required them to carry out periodic maintenance on a weekly basis to ensure the normal operation of L/Es. In addition, approximately 20% of the breakdown cases of lifts were caused by human behaviour or environmental factors (e.g. obstruction of the normal opening/closing of lift doors by foreign objects), and the breakdown rate of escalators was even higher. HD would continue its education work to raise the public awareness on the proper and safe use of L/Es, and strictly implement the “Marking Scheme for Estate Management Enforcement” (“the Marking Scheme”) to combat malicious damage; and
- the Housing Bureau was collaborating with the Hong Kong Applied Science and Technology Research Institute (“ASTRI”) to develop an Artificial Intelligence Predictive Maintenance System for lifts, which would help analyse Internet of Things data and obtain the data pattern of lift operations for effective prediction of lift breakdown patterns.

7. The Committee further asked whether HD considered the proprietary maintenance arrangement for L/Es, which had been adopted since 1983, was still effective and reliable given the inadequacies identified by Audit in the maintenance of L/Es in PRH estates, and whether the proprietary maintenance arrangement had created a disincentive for contractors to maintain adequate level of service and performance, and would undermine the competitiveness of tendering exercises.

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

8. **Secretary for Housing** responded at the public hearing and further explained in her letter dated 8 January 2024 (*Appendix 16*) that as each brand had its own unique features and the electronic components used also had to be compatible with each other, HD considered that the adoption of proprietary maintenance was an important element in safeguarding the safety and serviceability of L/Es. HD assessed the performance of lift contractors on a monthly basis through the Building Services Maintenance Assessment Scoring System (“BSMASS”). This performance score was one of the important assessment criteria for HA’s tenders for the construction of new PRH estates and installation of new L/Es, and hence had direct impact on the contractors’ opportunity of winning tenders. Contractors needed to strive for good performance in maintenance works in order to enhance the opportunity of successful tendering for new L/E works. Therefore, contractors had great incentives to continuously improve the quality of their maintenance works. HD might also terminate the maintenance contracts of contractors in case of persistent poor performance.

9. The Committee sought details about the respective responsibilities and liabilities for the original manufacturers/installers of L/Es in PRH estates under TMCs engaged with HA and the Lifts and Escalators Ordinance (Cap. 618), as well as the legal consequences to be borne by them for breaching the relevant TMCs and Cap. 618. **Secretary for Housing** and **Director of Housing** advised at the public hearing, and **Secretary for Housing** elaborated in her letter dated 8 January 2024 (*Appendix 16*) that:

- under the proprietary maintenance, if any mechanical or safety problems were found in L/Es, the manufacturer, installer or maintenance contractor was held responsible. If the performance of the contractor was found unsatisfactory, HD would follow up appropriately, such as issuing warning letters or adverse reports and suspending the contractor concerned from tendering for new works contracts, depending on the circumstances. In addition, if the contractor failed to resume the normal service of L/Es for more than 60 days, HD might deduct the maintenance payment in accordance with the contract terms; and
- the relevant contractors, engineers and workers must register under Cap. 618 and were required to carry out L/E works in accordance with the requirements of Cap. 618, the Lifts and Escalators (General) Regulations (Cap. 618A), and the Code of Practice for Lift Works and Escalator Works (“the Code of Practice”) issued under Cap. 618. In case of non-compliance, the relevant contractors, engineers and workers were liable to fines or imprisonment as detailed in the above letter.

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

---

10. According to paragraph 1.7 of the Audit Report, the total maintenance expenditure in 2022-2023 for 6 056 lifts and 277 escalators (as at 30 June 2023) located in 193 PRH estates was \$763.2 million. The Committee questioned whether it was necessary and cost-effective for HD to adopt more stringent requirements in TMCs for routine maintenance and inspection works than the statutory requirements as mentioned in paragraph 2.8 of the Audit Report. The Committee asked whether such practice would incur additional expenditure on the maintenance of L/Es in PRH estates, and sought the average maintenance cost of each L/E in PRH estates with the comparison to those of the private sector. **Secretary for Housing and Director of Housing** responded at the public hearing, and **Secretary for Housing** further explained in her letter dated 8 January 2024 (*Appendix 16*) that:

- in order to provide PRH residents with safer and more reliable lift services, HD had stipulated more stringent requirements in the lift maintenance contracts than the statutory requirements. For example, Cap. 618 required lift contractors to carry out periodic maintenance for lifts at least once a month, i.e. 12 times a year, whereas HD required contractors to carry out periodic maintenance once a week, i.e. 52 times a year. Therefore, the number of periodic maintenance for each lift was 40 times more than that of the statutory requirement; and
- in 2022-2023, the average monthly maintenance cost per HD's lift was \$10,300, while the average monthly maintenance cost per lift in private residential buildings (based on buildings with more storeys) exceeded \$10,000. In the same financial year, the average monthly maintenance cost per HD's escalator was \$5,300, and the cost data of escalator maintenance for private buildings was not available for comparison. The usage of lifts in PRH estates was higher than that of private residential estates in general, and hence the lifts maintained by HD needed to maintain a higher level of serviceability. While HD required a higher frequency of routine maintenance than the minimum statutory requirement, the maintenance cost of HD was similar to that of the private market.

11. With reference to Table 2 in paragraph 1.9 of the Audit Report, the Committee sought the reasons for the relatively small numbers of contracts awarded and lifts included in 2022-2023 as shown in Table 2 under the LM Programme when compared with the last four financial years, as well as the number of contracts awarded to the original manufacturers/installers and the percentage of such contracts in the total number of contracts awarded under LM Programme during the period from 2018-2019 to 2022-2023.



*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

12. **Mr Michael HONG Wing-kit, Assistant Director (Estate Management)3, HD** clarified at the public hearing, and **Secretary for Housing** further explained in her letter dated 8 January 2024 (*Appendix 16*) that HD invited tender for modernization works for about 80 to 90 lifts every year, and Table 2 showed the number of contracts awarded in that financial year but not the number of projects tendered. Due to the time required for vetting and approving tender documents, it normally took several months for HD to award the contract after tender closing. Hence, Table 2 did not fully reflect the total number of LM works tendered in a particular year. In fact, a total of 77 lifts were planned to be tendered in the 2022-2023 financial year. As at 31 March 2023, contracts for 60 of these lifts had been awarded. The documents of another 17 returned tenders were under assessment, and would be included in the records of the 2023-2024 financial year. HD awarded a total of 27 LM contracts from 2018-2019 to 2022-2023, of which six contracts (22.2%) were awarded to the original lift manufacturers/installers.

13. With reference to Table 3 in paragraph 1.13 of the Audit Report, the Committee sought the details of the lift breakdown incident with passengers trapped for 206 minutes and the improvement measures taken by HD to facilitate early identification of irregularities of lifts in PRH estates. **Assistant Director (Estate Management)3, HD** advised at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that:

- regarding the incident, the contractor arrived at the site after 23 minutes upon receipt of the emergency call and met the performance pledge. After inspection, lift workers found that the lift was parked in the midway of the lift shaft, and hence on-site assistance from firemen was required for the rescue operation. At the same time, estate management (“EM”) staff comforted the trapped passengers on site and provided support. Following the assessment, the firemen decided that the High Angle Rescue Team should be engaged. Given the complexity of the circumstances, the rescue operation in this case was relatively time-consuming; and
- the Housing Bureau signed a Memorandum of Understanding with ASTRI in November 2023 to, among other things, study the application of the Artificial Intelligence Predictive Maintenance System to facilitate HD in performing preventive and targeted maintenance, so that the chances of trapping passengers due to lift breakdowns could be reduced.

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

14. The Committee further asked about the procedures for handling lift trapping incidents and whether HD had formulated guidelines in this respect. **Secretary for Housing, Director of Housing and Assistant Director (Estate Management)**<sup>3</sup>, HD advised at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that:

- HD had provided guidelines to frontline staff on handling cases of trapping. When a person was trapped in a lift, the EM staff should call the 24-hour hotline of the contractor immediately to request emergency repairs, and provide relevant information, including the location, lift number, lift position and condition of the trapped passenger. The EM staff should be present on site to comfort the trapped passenger and advise him to stay inside the lift car and remain calm while waiting for rescue. If the trapped passenger felt unwell or was injured, the EM staff should call 999 immediately and contact the Fire Services Department for assistance. Upon arrival at scene, the contractor’s workers should take appropriate follow-up action immediately, and release the trapped passenger under a safe condition; and
- the contractor’s workers should record the date and time of the emergency call, the arrival time and the time of release of the trapped passenger on the lift log-book. The contractor should also maintain a work record containing the work details and the lift resumption time for signature by the EM staff.

15. With reference to paragraph 1.14 of the Audit Report, the Committee queried that the “three-tier monitoring mechanism” adopted currently by HD for the maintenance of L/Es in PRH estates had failed to achieve economy, efficiency and effectiveness in ensuring the safety of L/Es in PRH estates, and questioned whether it was necessary for HD to consider streamlining the mechanism to avoid duplication of inspection resources and reduce the frequency of suspensions of L/Es for inspection. **Secretary for Housing and Director of Housing** responded at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that:

- the monitoring work and scope of the three tiers were different. District Maintenance Offices (“DMOs”) and Property Services Agents (“PSAs”) were responsible for the day-to-day monitoring of L/E contractors and conducting biannual assessment on L/Es with the assistance of contractors. The Central Services Team (“CST”) under the Estate Management Division (“EMD”) of HD conducted additional surprise checks on the overall operation of L/Es by senior technical staff at

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

headquarters level to ensure effective monitoring of contractors' performance by DMOs/PSAs. The Lift Inspection Focus Team ("the Focus Team") under the Independent Checking Unit conducted sample independent checks on the safety standards and performance of L/Es against the statutory requirements; and

- HD would continue to review and enhance the existing monitoring system, such as exploring ways to shorten the inspection time, coordinating the inspection schedules of different tiers, and considering integrating the inspections by district and headquarters staff, so as to minimize the number of suspensions of lifts for inspection and the impact on residents.

## **B. Maintenance of lifts and escalators**

16. With reference to paragraph 2.2 of the Audit Report, the Committee enquired about the measures taken by HD to enhance the serviceability of those L/Es with high breakdown rates but not included under LM Programme for replacement. **Secretary for Housing** and **Director of Housing** advised at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that HD had always been monitoring the maintenance performance of contractors through the aforesaid three-tier mechanism, so as to identify areas requiring attention or rectification in the maintenance of L/Es and reduce the breakdown rate. In collaboration with ASTRI, HD had actively explored the application of technology to enhance the level of lift service, including the application of the Artificial Intelligence Predictive Maintenance System which could facilitate HD to improve the serviceability of lifts by carrying out preventive maintenance.

17. Referring to paragraph 2.3 of the Audit Report about the three lifts which had service suspended for over 60 days and the seven lifts which had service suspended for over two days twice within six months, the Committee sought the details of the incidents, and asked whether the aforesaid seven lifts had been included under LM Programme for early replacement. **Secretary for Housing, Director of Housing** and **Assistant Director (Estate Management)**<sup>3</sup>, HD advised at the public hearing, and **Secretary for Housing** elaborated in her letters dated 13 December 2023 and 8 January 2024 (*Appendices 17* and *16*) that:

- the three cases with lift service suspended for over 60 days happened in the same estate between 2022 and early 2023, and were mainly attributable to parts failure or damage of motor-generator sets

(commonly known as “motors”) used in the lifts. The motors were phased-out products and the manufacturer ran out of spare parts. As the lift contractor was unable to find replacement parts locally, it took time to order and obtain the replacement parts. Repairing of these aged motors normally took four to six weeks. However, the cases took place between the pandemic of Coronavirus Disease 2019 and the beginning of resumption of normalcy, during which the manpower and work progress of the repair workshop, as well as the lead time for material ordering and transportation was adversely affected. Under such circumstances, the motor repairs took longer time to complete;

- drawing on the experience of the above cases, HD had instructed the contractors to stock up with more spare parts, and had made special arrangements to retain the old motors in good condition dismantled from LM Programme as back-up;
- the seven cases with lift service suspended twice within six months were due to different causes and the two suspensions of each of these seven lifts were not directly related. Some cases involving adjustment of suspension ropes were planned maintenance works and not equipment breakdown. The disassembly, re-assembly and adjustment involved in replacement of motor parts and adjustment of suspension ropes were relatively time-consuming, and thus the lift operation took longer time to resume service; and
- among the above seven lifts, one was planned for undergoing LM works in 2024, two were tentatively scheduled for tendering for modernization works in 2024-2025 and 2025-2026, and the other four were not included in LM Programme for the time being as their service life was less than 25 years.

18. The Committee asked whether HD had imposed any penalties in accordance with TMCs on the contractors concerned for the above incidents, and whether a sliding scale of penalties was adopted according to the severity of incidents. **Director of Housing** responded at the public hearing, and **Secretary for Housing** further explained in her letter dated 8 January 2024 (*Appendix 16*) that:

- the suspensions of services of the seven lifts twice within six months were all caused by different components, and not due to the repeated breakdown of the same component resulted from improper handling by the contractors. Considering that the service suspension period ranged

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

from three to six days only and the contractors' maintenance performance during the six months was generally acceptable, HD therefore did not penalize the contractors for these cases; and

- under BSMASS, the breakdown rate, number of suspension, time taken for resumption of service, etc. were the major factors for consideration of contractors' performance. HD would take different levels of follow-up actions according to contractors' performance. For example, if a contractor's performance score was below the passing score, HD would issue a warning letter to the contractor; if the contractor's score was below the passing score twice in a rolling period of 12 months, HD would consider issuing an adverse report to the contractor; and if the contractor's monthly performance score was below the passing score for three consecutive months, it would be suspended from tendering for at least three months. If the contractor failed to resume normal service of L/Es for more than 60 days, HD would deduct the maintenance payment in accordance with the contract terms.

19. With reference to paragraph 2.4 of the Audit Report, the Committee enquired about the timetable for the deployment of new technologies by HD to further reduce the breakdowns of L/Es. **Secretary for Housing** advised at the public hearing and in her letter dated 8 January 2024 (*Appendix 16*) that some lifts had been selected for the pilot programme of the Artificial Intelligence Predictive Maintenance System, which was expected to be developed and tested within 24 months. Meanwhile, HD would continue to keep in view other new technologies in order to enhance the serviceability of L/Es.

20. With reference to paragraph 2.6(c) of the Audit Report, the Committee enquired about the number of cases in the past three years where a PRH tenant was allotted penalty points or required to vacate the PRH unit under the Marking Scheme due to vandalism of L/Es. **Secretary for Housing** advised at the public hearing and in her letter dated 8 January 2024 (*Appendix 16*) that for willful damage to HA's property (including L/Es), once discovered and confirmed, HD would implement the Marking Scheme against the tenants concerned as a sanction. With effect from 18 December 2023, the allotment of points for such misdeed was increased from 7 to 15 points. When 16 valid points had been accrued, HA might terminate the tenancy by issuing a Notice-to-Quit in pursuant to the Housing Ordinance (Cap. 283). In the past three years, a tenant was allotted seven points for willful damage to a lift in mid-2023. As the accrued points had not yet reached 16 within two years, HD did not issue a Notice-to-Quit to that tenant.

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

21. With reference to paragraphs 2.12 and 2.13 of the Audit Report, the Committee sought details about Contractor C's substandard performance and the follow-up actions taken/penalties imposed by HD in accordance with TMC for Contractor C's persistent failure to meet required standard of service. **Director of Housing** advised at the public hearing, and **Secretary for Housing** elaborated in her letter dated 8 January 2024 (*Appendix 16*) that from 2019 to 2021, there were generally no major problems with the lifts maintained by Contractor C. In certain months of 2019 and 2021, Contractor C scored lower marks under BSMASS as compared with other contractors mainly due to its average higher breakdown rate. Furthermore, Contractor C experienced difficulties in manpower arrangement due to the epidemic in 2021. In handling some lift breakdown cases, the arrival time of the lift workers on site failed to meet the requirements of the performance pledge, and the scores were consequentially lowered. In view of the performance of Contractor C, HD had issued two adverse reports to it.

22. The Committee further asked about the remedial measures taken by Contractor C to fulfill the contractual requirements and the latest performance of Contractor C. **Director of Housing** advised at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that after HD met with Contractor C for several times to review its performance and discuss improvement measures, including enhanced maintenance for lifts with high breakdown rates and deployment of additional maintenance workers to individual districts, Contractor C's performance had improved. The average score in 2022 and 2023 increased to about 67 (with a passing score of 50). Its performance had gradually stabilized and its manpower arrangements had also improved. Although the maintenance performance of Contractor C had once been unsatisfactory, no non-compliance with the statutory requirements by Contractor C was found.

23. The Committee queried whether BSMASS was still effective in monitoring contractors' performance given the persistent substandard performance of Contractor C, and asked whether HD would consider reviewing BSMASS, which was launched in 1991. **Director of Housing** responded at the public hearing, and **Secretary for Housing** further explained in her letter dated 8 January 2024 (*Appendix 16*) that BSMASS had made it easier for HD to identify the items in need of improvement by contractors, so that they could then take focused follow-up actions on the low-scoring items for performance enhancement. Therefore, the prevailing BSMASS could effectively reflect and monitor the performance of contractors in maintenance services. HD would continue to pay close attention to the updates of the relevant legislation as well as codes of practice on L/Es, and timely review and update the content of BSMASS in response to any changes in the statutory requirements.

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

24. With reference to paragraph 2.15 of the Audit Report, the Committee asked why neither routine assessments nor half-yearly assessments had been performed on the 21 and 26 lifts in 2021 and 2022 respectively identified by Audit, and whether the incidents suggested that there were deficiencies in the current monitoring mechanism for the lift inspection work of contractors. **Assistant Director (Estate Management)3, HD** explained at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that in recent years, HD had been applying information technology system to ensure that the routine and half-yearly assessments of over 6 000 lifts could be evenly distributed throughout the year. Upon completion of new lifts installation, HD staff were required to input data of the new lifts into the system. Due to delays in collating lift information and inputting data by individual staff in some district offices, there were delays in the routine and half-yearly assessments of a small number of lifts in 2021 and 2022.

25. The Committee further asked about the remedial measures taken by HD to prevent recurrence of the aforesaid incidents, and the progress of the review on the relevant procedures and guidelines by HD as mentioned in paragraph 2.24(b) of the Audit Report. **Assistant Director (Estate Management)3, HD** advised at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that HD had enhanced the guidelines for handover of new lifts. HD had requested the relevant staff to input the data into the information technology application system in a proper and timely manner, and their immediate supervisors to review the input.

26. With reference to paragraphs 2.16, 2.17 and 2.19 of the Audit Report, the Committee queried whether it was necessary for CST to arrange both surprise checks and additional lift inspections in monitoring the maintenance work of lift contractors, and asked whether the results of both surprise checks and additional lift inspections were reflected under BSMASS. **Director of Housing** and **Assistant Director (Estate Management)3, HD** explained at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that:

- surprise checks were targeted at all L/E contractors and the main objective was to obtain an independent understanding of the overall operation of L/Es to ascertain whether the existing documentation system and supervisory control over the contractors by DMOs/PSAs were operating effectively. Some surprise checks were conducted on an ad-hoc basis, and the key lift inspection items might vary from each surprise check. As the items examined were not standardized for all surprise checks, the results obtaining from surprise checks were not

included as part of performance assessment (i.e. BSMASS Score) of lift contractors; and

- the additional inspections of lifts mainly aimed at strengthening the monitoring of contractors with unsatisfactory scores in BSMASS. Each additional lift inspection followed the existing routine or half-yearly assessment checklist, and the results were counted towards BSMASS as part of the contractor's performance assessment after the inspection.

27. With reference to paragraph 2.18 of the Audit Report, the Committee asked whether HD considered it acceptable for the relevant DMOs/PSAs to take 7 to 128 days (30 days on average) to issue the Notification of Completion in respect of 26 surprise checks to CST, and whether HD had set any performance pledge/timeframe for the issuance of the Notification of Completion by DMOs/PSAs. **Director of Housing and Assistant Director (Estate Management)**<sup>3</sup>, HD responded at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that:

- among the issues identified by CST during surprise checks, some simple items could be handled within a relatively short period of time. However, some of the improvement items were more complicated or outside the scope of TMCs, involving more procedures, building works, drawing up of works plans, preparation of materials and coordination of works programme, and would require a longer time to handle. As such items did not involve safety, HD did not require DMOs/PSAs to return the Notification of Completion within a specified period of time in the past; and
- starting from January 2024, HD had required DMOs/PSAs to return the Notification of Completion within one month from the issuance of the surprise check reports. If the rectification could not be completed within one month, DMOs/PSAs were required to state the expected completion date on the Notification of Completion. CST would issue reminder letters to those DMOs/PSAs which failed to return the Notification of Completion on time.

28. With reference to paragraph 2.22 of the Audit Report, the Committee asked about the mechanism put in place by HD to address the delays in replying by DMOs/Property Service Administration Units ("PSAUs") to the list of



defects/outstanding items identified in the Focus Team’s independent checks, and the progress of updating the procedural manual on the issuance of reminders by the Focus Team for outstanding replies from DMOs/PSAUs as mentioned in paragraph 2.24(e) of the Audit Report.

29. **Director of Housing and Assistant Director (Estate Management)3, HD** advised at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that upon completion of each independent check, the Focus Team would issue a list of defects/outstanding items to DMOs/PSAUs for follow-up and request a reply within 30 days. For outstanding replies, the Focus Team would issue reminders to them. In order to strengthen the monitoring of follow-up of outstanding items, the Focus Team would directly address the list to the Chief Managers of Regional Management Offices for follow-up in the future. In addition, the Focus Team had already updated the procedural guideline in December 2023 to clearly indicate the new workflow and timeframe of issuing reminders.

30. According to paragraph 2.26 of the Audit Report, of the 53 submissions of quarterly inspection reports made by the 11 L/E contractors from January 2022 to March 2023, there were delays in 22 (42%) submissions from eight L/E contractors. The Committee asked whether such delays were common among L/E contractors and the reasons for the delays, as well as the measures taken by HD to address the issue. The Committee also sought the reasons behind the failures of Registered L/E Engineers to certify/sign the quarterly inspection reports as mentioned in paragraph 2.27(b) of the Audit Report, and queried whether there would be any legal disputes that might arise from reports without certification/signature by Registered L/E Engineers. **Director of Housing and Assistant Director (Estate Management)3, HD** responded at the public hearing, and **Secretary for Housing** further explained in her letters dated 13 December 2023 (*Appendix 17*) and 8 January 2024 (*Appendix 16*) that:

- the submission of quarterly inspection reports was an extra requirement imposed by HD on L/E contractors in addition to the statutory requirements. HD noted that the frontline maintenance staff of the contractors generally focused on maintenance works and there was room for improvement in the quality of document handling. In particular, the progress of processing the quarterly inspection reports was far from satisfactory amid epidemic of Coronavirus Disease 2019;
- while not every report was signed, the name of the registered engineer concerned and his registration number were printed on each report submitted with the contractor’s covering letter signed by the contractor’s

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

senior management. HD had stepped up efforts in monitoring the submission of quarterly inspection reports, and urged contractors to timely submit duly completed quarterly inspection reports and every report be signed by registered engineers. HD would also take follow-up actions, such as issuing reminder letters and warning letters, as well as reflecting contractors' performance in assessments. At present, the overall situation had improved and all quarterly inspection reports for the third quarter of 2023 had been signed by registered engineers; and

- L/E contractors and their registered engineers had all along been carrying out periodic examinations, submitting examination reports, and issuing safety certificates to certify that the L/Es were in safe working order and obtaining use permits for all L/Es maintained by HD in accordance with the relevant statutory requirements.

31. With reference to paragraph 2.31 of the Audit Report, the Committee sought clarification about “the Responsible Person” in terms of the maintenance and repair of L/Es in PRH estates under Cap. 618 and Cap. 618A. **Secretary for Housing, Director of Housing** and **Assistant Director (Estate Management)3, HD** explained at the public hearing, and **Secretary for Housing** elaborated in her letter dated 8 January 2024 (*Appendix 16*) that under Cap. 618, “the Responsible Person” of an L/E means the person who owns the L/E; or any other person who has the management or control of the L/E. In the case of the Audit Report, “the Responsible Person” was HA. At the request of the Committee, the legal responsibilities and liabilities borne by “the Responsible Person” and concerned parties (including L/E contractors) as well as the penalties imposed on different parties for non-compliance were detailed in the above letter.

32. With reference to paragraph 2.32 of the Audit Report, the Committee enquired about the workflow of and the party responsible for checking the maintenance schedules and log-book records completed by lift contractors of HD. **Assistant Director (Estate Management)3, HD** advised at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that it was the responsibility of a registered L/E contractor to carry out periodic L/E maintenance according to the maintenance scheme recommended by the manufacturer. According to the Code of Practice, the registered L/E contractor was required to print on the log-book the anticipated maintenance time for accomplishing the maintenance scheme which should be completed within the maintenance cycle recommended by the manufacturer. At the same time, registered engineers, registered workers and general

workers should sign and chop their names with identification numbers on the log-books to certify that the L/E works had been carried out in accordance with the requirements of the relevant ordinances and codes of practice. HD had noticed the deficiencies identified in the records of some lift contractors in respect of individual items and had immediately reminded the contractors to take appropriate follow-up actions. HD would step up the monthly review of log-book records and maintenance plan.

33. With reference to paragraph 2.34 of the Audit Report, the Committee enquired about the features of the system of digital log-books (“DLBs”), the cost and manpower that could be saved from the adoption of DLBs, as well as the progress of the trial adoption of DLBs by HD. **Director of Housing and Assistant Director (Estate Management)**<sup>3</sup>, HD advised at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that:

- the DLB system was a platform rolled out by EMSD for use by the industry. It helped clearly record the information of maintenance works to ensure its authenticity and completeness. While the adoption of DLBs did not necessarily lead to a direct saving in manpower resources, it could indirectly enhance the work efficiency and reduce the error rate, thereby enabling more effective use of existing manpower resources. In the long run, HD would more actively explore the use of records stored in DLBs to analyze the conditions of L/Es, so as to provide better facility management services; and
- as of December 2023, HD had activated about 74% of the DLB accounts for L/Es, targeted to activate the DLB accounts for all L/Es in the first quarter of 2024, and encouraged L/E contractors and EM staff to use them as soon as possible. After the contractors and HD staff had familiarized themselves with the operation of DLBs, the log-books in paper format would be fully replaced with DLBs.

### **C. Lift Modernisation Programme**

34. According to paragraph 3.2 of the Audit Report, HA evaluated the performance of all lifts maintained by HD which had been in use for 25 years or more and set priority for the LM works. As at 30 June 2023, 1 380 (23% of 6 056) lifts had been in use for 25 years or more and 1 325 (22%) of lifts were with service years ranging from 20 to less than 25. According to paragraph 3.3(a) of the Audit Report, HD could only modernize around 80 to 90 lifts per year with the resources available

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

currently. The Committee enquired about the implementation timetable for LM Programme in view of the budget constraint. **Director of Housing** advised at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that:

- in formulating the LM Programme, HA had to consider not only its internal resources but also the affordability of the lift industry. HD would actively discuss arrangements with the lift industry on training of technical staff and resources allocation, with a view to enhancing the overall capacity of the industry to undertake the works. The timetable of the approved LM Programme for 2023 was set out below:
  - (a) 2023-2024: a total of 92 lifts;
  - (b) Tentative programme for 2024-2025: a total of 94 lifts; and
  - (c) Long-term programme from 2025-2026 to 2031-2032: a total of 553 lifts; and
- HD had adopted a two-pronged strategy to alleviate the pressure on LM works to increase capacity. Apart from continuing with the LM works, HD had also commenced the lift safety enhancement works in accordance with EMSD's guidelines in mid-2020 for those lifts which had not been equipped with the latest three safety devices (including the double brake system, the unintended car movement protection device and the ascending car overspeed protection device). At the request of the Committee, the statistics on the number of lift breakdowns by the age of lifts in PRH estates from 1 July 2020 to 30 June 2023 were provided in the letter dated 13 December 2023 from the Secretary for Housing (*Appendix 17*).

35. With reference to paragraph 3.4 of the Audit Report, the Committee asked whether the lift performance assessment form, technical evaluation report and scoresheet summary currently adopted under the LM Programme would be digitized so that they could be processed electronically. **Secretary for Housing** advised at the public hearing and in her letter dated 8 January 2024 (*Appendix 16*) that HD had commissioned an electronic system since mid-2020 to assist in the data collection, storage and management of maintenance-related activities. HD would also digitize the lift performance assessment forms and score sheets currently in use, and the technical evaluation reports for lifts currently in use would be digitally archived to facilitate easy retrieval of records at any time. The above series of digitization measures would be completed and implemented within the first quarter of 2024.

36. With reference to Note 29 in paragraph 3.4 of the Audit Report, the Committee asked how the normalized score could accurately reflect the conditions of the lifts with similar service years but in two different PRH estates. **Director of Housing and Assistant Director (Estate Management)3, HD** explained at the public hearing, and **Secretary for Housing** elaborated in her letter dated 8 January 2024 (*Appendix 16*) that from late 2020, HD had been adopting a lift performance assessment form developed by the consultant to quantify the performance of existing lifts. The assessment covered three main areas, namely lift condition, level of service and risk. A weighted score could be generated for each lift based on the assessment. As some of the scoring items might not be applicable to all lifts in all estates, the total score available for each lift varied. In order to compare objectively the performance of lifts in PRH estates, it was thus necessary to adjust the scores for lifts in each estate (i.e. normalized scores) according to the ratio of the scores obtained to the total available scores, which could then serve as a reference for setting priorities for implementing the LM Programme.

37. With reference to paragraph 3.4(a) of the Audit Report, the Committee asked whether the extension of the lift age for the annual technical assessment for modernization purpose from 25 to 30 years as recommended in the consultancy study would have any impacts on the lift safety. **Secretary for Housing** explained at the public hearing and added in her letter dated 8 January 2024 (*Appendix 16*) that in general, both new and old lifts could be used safely with proper periodic examination and maintenance. Therefore, increasing the age requirement from 25 years to 30 years would not have any direct impact on the overall safety of lifts. While the consultant had recommended that the threshold for examining the need for replacement of lifts be raised from 25 years to 30 years of service, HD considered it a more prudent and secure arrangement to continue with the assessment of lifts with service life of 25 years or more in view of the more stringent practice of requiring the submission of a technical evaluation report on lift with 25 years or more of service and the relatively less resources involved.

38. With reference to paragraph 3.8 of the Audit Report, the Committee asked about the justifications for the Lift Modernisation Technical Vetting Committee (“LMTVC”) to include those 36 lifts that were not recommended for replacement by the relevant DMOs/PSAs in the provisional LM Programme of 2024-2025, and the operation of the scoring mechanism/benchmarking system for determining the priority of lift replacement under the LM Programme. **Secretary for Housing, Director of Housing and Assistant Director (Estate Management)3, HD** explained at the public hearing, and **Secretary for Housing** added in her letter dated 13 December 2023 (*Appendix 17*) that:

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

- the first stage of the assessment exercise was conducted by DMOs/PSAs through carrying out annual technical assessments and making recommendations on modernization programme for all lifts under their management with a service life of 25 years or more. From late 2020, HD had been using a lift performance assessment form developed by the consultant to quantify the performance of existing lifts. The form covered three main assessment areas, namely lift condition, level of service and risk. A weighted score could be generated for each lift based on the assessment. Higher scores represented greater need for modernization works. The assessment and the recommendation made by DMOs/PSAs were only some of the factors to be considered in formulating LM Programmes;
- the second stage of the assessment was carried out by LMTVC. Apart from the assessment and recommendations submitted in the first stage by DMOs/PSAs, LMTVC would take into account other factors such as work programme, manpower, resources, technical feasibility, public expectation and other major works to be carried out in the estate, in prioritizing and scheduling the works under consideration. If the lift/estate had already been included in other improvement works or other major projects, e.g. estate redevelopment in the near future, the lift would be excluded from consideration to ensure no wastage of public resources. After taking holistic consideration of all relevant factors, LMTVC would formulate and eventually submit LM Programmes for the following financial year and the year after that to the Maintenance Planning and Review Committee for approval; and
- the decision of LMTVC to include the 36 lifts, which were not recommended by the local DMOs/PSAs, in the tentative programme for 2024-2025 was made after having holistically considered all relevant factors. The lifts concerned would reach a service life of 31 years or more by 2024-2025 and thus there was a genuine need of carrying out modernization works.

39. With reference to paragraphs 3.19 and 3.23(b) of the Audit Report, the Committee enquired about the measures taken by HD to shorten the shut-down period of lifts undergoing LM works. **Secretary for Housing** and **Director of Housing** advised at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that:

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

- unlike many LM works in private sectors, HD adopted a comprehensive and full LM under which the entire machinery for the lift installation was totally renewed, and building fabric of the lift machine room, lift shaft and lift pit would be thoroughly rectified, modified or re-conditioned as necessary. In some cases, extra lift landing openings would also be provided to enhance lift services and access for tenants, should site and technical constraints permit;
- on shortening the suspensions of lift services, HD had since 2013 implemented a streamlined process for LM works with an aim to reduce the project duration of LM works with extensive building supporting works. With the streamlined process, the number of site handovers could be reduced and the shut-down period of lifts undergoing LM works had been shortened from a minimum of 10.5 months to 7.5 months at the earliest; and
- to minimize the downtime of LM works in progress, HD was actively considering ways to compress the time required for modernization works without compromising safety and as far as practicable, e.g. by considering partial LM works, or exploring the use of alternative modes of contract works to encourage speeding up of the works. HD would further review the project management of site works to strike a balance between the scope of modernization works and the downtime of lifts, with a view to providing better and safer lift services to tenants.

40. With reference to paragraph 3.21 of the Audit Report, the Committee asked why there were 149 (63%) and 30 (12%) lifts out of 238 lifts with LM works completed from 2018-2019 to 2022-2023 taking 11 to 30 days and over 30 days respectively to resume service after obtaining use permits from EMSD, and the measures taken by HD to address the delay in resuming lift services. **Director of Housing and Assistant Director (Estate Management)**<sup>3</sup>, HD explained at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that:

- after obtaining the use permit for a new lift installation, the lift car and lift lobby would normally be required to undergo the necessary final touch-up and decoration works, as well as further adjustment of components, such as lift door switches, levelling adjustment and repeated trials, to ensure the ride comfort of the lift before the lift service could be resumed for tenants. For some projects, there were delays in the receipt of the original use permits due to the longer-than-usual time

required for the transmission of documents during the epidemic, which also affected the date of resumption of lift service; and

- HD would take measures to resume lift service to the public as soon as possible through strengthening the management guidelines and procedures for LM projects, such as limiting a maximum run-in buffer period of two weeks after the issue of the use permits.

#### **D. Other safety enhancement measures for lifts and escalators**

41. With reference to paragraph 4.4 of the Audit Report, the Committee enquired about the latest progress of the lift safety enhancement works, in particular the works for lifts shortlisted as prioritized items and the expected timeframe for completing the whole exercise. **Assistant Director (Estate Management)3, HD** advised at the public hearing, and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that since 2020-2021, the lift safety enhancement works had been implemented more than three years, and the number of lifts with enhanced safety devices was in line with the planned progress, including the completion of about a total of 300 lifts in the first three years, with an average of about 100 lifts per year. After a three-year familiarization period, HD would gradually ramp up the number of lifts to be enhanced annually. As at 30 November 2023, enhancement works had been completed for about 404 out of the 1 871 priority lifts. The safety enhancement works for all the prioritized items of lifts could be completed by 2031-2032 as planned.

42. With reference to paragraph 4.5 of the Audit Report, the Committee asked about the timeframe set by HD for the shut-down of lifts by contractors for carrying out enhancement works, the circumstances under which HD would consider extending the timeframe and the penalties imposed on contractors if they failed to meet the timeframe. **Assistant Director (Estate Management)3, HD** explained at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that the shut-down period of lift safety enhancement works varied according to the complexity of individual projects, and generally ranged from four to six weeks. The working period of the enhancement works was specified in the works orders. In case of delay in works which was not the responsibility of the contractors, like unforeseen technical difficulties encountered in the course of installation, the contractors would be granted an extension of time. Otherwise, they were required to pay liquidated damages in accordance with the contractual requirements.



*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

43. With reference to paragraphs 4.7(b) and 4.8(b) of the Audit Report, the Committee enquired about the progress of the review on the project management of lift safety enhancement works and measures taken by HD to shorten the shut-down period of lifts during the lift safety enhancement works. **Assistant Director (Estate Management)3, HD** advised at the public hearing, and **Secretary for Housing** added in her letter dated 8 January 2024 (*Appendix 16*) that HD had examined the management of lift safety enhancement works and taken measures to shorten the shut-down period of lifts, including:

- ensuring that manpower and materials were properly arranged before suspension of lift for lift safety enhancement works;
- avoiding the spanning of works over long holidays as far as possible, such as Lunar New Year and Christmas; and
- encouraging contractors to make good use of EMSD's online inspection booking system to facilitate the safety checking and resumption of lift services as early as possible after completion of works.

44. Referring to paragraph 4.10 of the Audit Report about the delays in conducting periodic overhauls of escalators maintained by HD, the Committee asked about the monitoring effort and enhancements to the procedures for overhauls made by HD to ensure timely conduct of periodic overhauls of escalators in accordance with HD's EMD Instruction. **Director of Housing** and **Assistant Director (Estate Management)3, HD** advised at the public hearing and **Secretary for Housing** supplemented in her letter dated 8 January 2024 (*Appendix 16*) that HD had revised the EMD Instruction on escalator overhaul in 2018, and all escalators under its management (except newly handed-over escalators which were not yet required to undergo overhaul) had been overhauled at least once. HD would continue to closely monitor the periodic overhaul of escalators, including regularly reviewing the progress and related information of overhaul submitted by the project teams, and the overhaul status of each district at regular management meetings, as well as reminding staff the requirements of overhaul from time to time to ensure that the periodic overhauls were carried out in accordance with the EMD Instruction.

**E. Conclusions and recommendations**

<b>Overall comments</b>
-------------------------

45. The Committee:

- stresses that:

- (a) L/Es are essential facilities in PRH estates which enhance the mobility of tenants of PRH estates and contribute to their overall quality of life, in particular individuals with mobility limitations and the elderly. It is thus crucial for the HD to provide better, safer and more reliable L/E services in PRH estates to minimize the risk of accidents/breakdowns of L/Es by carrying out high-quality and cost-effective maintenance and enhancement works; and
- (b) while the original manufacturers/installers, with which HA entered into TMCs for the maintenance of L/Es in PRH estates under the proprietary maintenance arrangement, are responsible for the safety of L/Es in PRH estates, HA, as a “Responsible Person” of L/Es in PRH estates under Cap. 618, must ensure that, among others, the L/Es concerned are kept in a proper state of repair and in safe working order. It is of utmost importance that all involved parties should be aware of their roles and responsibilities, and work collaboratively as a team to drive for the betterment of the PRH community;

Monitoring mechanism for L/E maintenance

- notes that:

- (a) in view of the fact that the usage of lifts in PRH estates is higher than that of private residential estates in general, HA has been adopting more stringent requirements in routine maintenance and quarterly inspection works as required in TMCs than the statutory requirements;
- (b) while HD requires a higher frequency of routine maintenance than the minimum statutory requirements, the average maintenance cost of lifts in PRH estates is similar to that of the private market; and

(c) HD has currently adopted a three-tier mechanism to monitor the works of L/E contractors as follows:

- routine monitoring by district offices: DMOs and PSAs are responsible for the day-to-day monitoring of L/E contractors and conduct biannual assessment of each L/E with the assistance of contractors to check the operational conditions of L/Es as well as the conditions of the major components;
  - inspection by headquarters staff: CST under EMD of HD conducts surprise checks and additional lift inspections for the maintenance of L/Es. This arrangement aims to ensure effective monitoring of contractors' performance by DMOs/PSAs through independent checking on the overall operation of L/Es by senior technical staff at headquarters level. Surprise checks are conducted having regard to the actual situation or the occurrence of special incidents, and hence the focus of each check may vary. Additional lift inspections are conducted when the monthly scores of a lift contractor under BSMASS remain below the lowest acceptable scores for three consecutive months; and
  - sample independent checks: the Focus Team of the Independent Checking Unit under the Office of the Permanent Secretary for Housing conducts sample independent checks on L/Es maintained by HD to check their safety standards and performance against the statutory and contractual requirements;
- strongly recommends HA and HD to review, on the premise of not compromising safety, whether the above three-tier mechanism can be streamlined to avoid duplication of inspection resources and reduce the frequency of suspensions of L/Es for inspection in order to minimize inconvenience caused to users;
- notes that HD has agreed to review and enhance the existing monitoring system, such as exploring ways to shorten the inspection time, coordinating the inspection schedules of the three-tier monitoring mechanism, and considering integrating the inspections by district and headquarters staff, so as to minimize the number of suspensions of L/Es for inspection;

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

---

- requests HD to provide a progress report on the outcome of the review on the three-tier monitoring mechanism;

Service performance of L/Es and monitoring of L/E contractors

- expresses concern about the following inadequacies/areas for improvement regarding the maintenance of lifts under the the three-tier monitoring mechanism:
  - (a) as at 31 December 2021 and 2022, of the 5 829 and 5 891 lifts subject to routine and half-yearly assessments by DMOs/PSAs, neither routine assessments nor half-yearly assessments had been performed on 21 and 26 lifts in 2021 and 2022 respectively. No assessment had been conducted for three lifts in both 2021 and 2022. The incidents were due to delays in collating the information about newly installed lifts and inputting data by individual staff in some district offices, which resulted in delays in the routine and half-yearly assessments of a small number of lifts in 2021 and 2022;
  - (b) CST has not set any timeframe for DMOs/PSAs to follow up the rectification of the defects identified in its surprise checks. Of the 27 surprise checks conducted by CST from January 2022 to April 2023, while the defects were rectified and the relevant DMO issued the Notification of Completion to CST on the same date of surprise check report in one case, DMOs/PSAs took 7 to 128 days (averaging 30 days) to issue the Notification of Completion to CST for the remaining 26 cases. In 10 of the aforesaid 27 surprise checks involving 83 defects, 13 (16% of 83) defects were not yet rectified/followed-up at the time of issuing the Notification of Completion;
  - (c) results of surprise checks conducted by CST are not included as part of performance assessment of lift contractors under BSMASS;
  - (d) of the eight additional lift inspections performed by CST between January 2022 and April 2023, 20 (18% of 113) defects identified in six inspections were not yet rectified at the time of issuing the Notification of Completion by DMOs/PSAs; and
  - (e) from January 2022 to April 2023, the Focus Team conducted independent checks on 853 L/Es maintained by HD. Audit

examined 15 independent check reports on 29 lifts, and discovered that DMOs/PSAUs did not reply to the Focus Team within 30 days as required in eight (53%) of the 15 independent checks, with delays ranging from 2 to 29 days. Of the eight independent checks, the Focus Team failed to issue reminders to the respective DMOs/PSAUs timely in three cases, with delays ranging from 7 to 25 days;

- expresses concern that of the 31 364 cases of breakdown of lifts and 1 539 cases of breakdown of escalators from 1 January 2020 to 30 April 2023, services had been suspended for over two days in 219 (0.7%) and 25 (1.6%) cases respectively;
- expresses grave concern that of the aforesaid 219 cases of breakdown of lifts, three lifts had service suspended for over 60 days (ranging from 72 to 89 days) and seven lifts had service suspended for over two days twice within six months (with a total suspension period ranging from five to nine days for each lift);
- notes that:
  - (a) HD has enhanced the relevant guidelines and requesting the responsible staff to input the data on newly installed lifts into the information technology application system in a proper and timely manner;
  - (b) the aforesaid three cases with lift service suspended for over 60 days were mainly attributable to the failure or damage of spare parts, which were either out of stock or phased-out. The lift contractor took longer time to arrange the repair in those three cases due to the pandemic of Coronavirus Disease 2019;
  - (c) the seven lifts with service suspended for over two days twice within six months were due to different causes. Some cases involved relatively time-consuming maintenance works; and
  - (d) approximately 20% of the breakdown cases of lifts are caused by human behaviour or environmental factors (e.g. obstruction of the normal opening/closing of lift doors by foreign objects), and the breakdown rate of escalators is even higher;

*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

- expresses concern about the following non-compliances with the requirements for submission of quarterly inspection reports and frequency of checking maintenance items by L/E contractors:
  - (a) in the 53 submissions by the 11 L/E contractors from January 2022 to March 2023, there were delays in 22 (42%) submissions. The delays ranged from 1 to 203 days (averaging 48 days);
  - (b) of the 44 quarterly inspection reports submitted by L/E contractors for inspections conducted in the third and fourth quarters of 2022 examined by Audit, Registered L/E Engineers had not certified whether or not L/Es were in a safe, satisfactory and serviceable condition in 32 (73%) reports. Furthermore, 8 of the 32 reports were not duly signed by a Registered L/E Engineer; and
  - (c) Audit's examination of the maintenance schedules and log-book records for seven lift contractors (sample checked one lift for each contractor by Audit) from January to December 2022 revealed that six of the seven lift contractors did not fully meet the checking frequency, namely that all main items must be checked during a lift's periodic maintenance in accordance with the frequency requirements as stated in the maintenance schedules;
- expresses grave concern about the substandard performance of one of the lift contractors (i.e. Contractor C) whose monthly BSMASS scores were below the passing score of 50 in four months in 2021. Following three meetings with HD in 2021 and the issuance of two adverse reports by HD in August 2021 and February 2022, the monthly BSMASS scores of Contractor C were still below average in 14 (88%) months during the 16-month period from March 2022 to June 2023;
- notes that:
  - (a) HD has, in collaboration with ASTRI, explored the application of the Artificial Intelligence Predictive Maintenance System in analysing and obtaining relevant data to predict the lift breakdown patterns, which can facilitate HD in performing preventive and targeted maintenance to reduce lift breakdown incidents;
  - (b) HD has stepped up efforts in monitoring the submission of quarterly inspections reports and urged contractors to submit duly completed and signed reports in a timely manner. All quarterly inspection

reports for the third quarter of 2023 have been signed by registered engineers;

- (c) HD is taking forward the trial adoption of DLBs, and aims to activate DLB accounts for all L/Es for access by HD staff and L/E contractors in the first quarter of 2024;
  - (d) Contractor C's performance has improved. Its BSMASS average score in 2022 and 2023 increased to about 67 (with a passing score of 50); and
  - (e) the Director of Housing has agreed with Audit's recommendations in paragraphs 2.5, 2.23, 2.29 and 2.36 of the Audit Report; and
- recommends that HD should:
- (a) enhance monitoring over the implementation of improvement works identified in surprise checks and additional lift inspections conducted by CST, including stipulating a timeframe for issuing the Notification of Completion by DMOs/PSAs for surprise checks;
  - (b) consider including the results of surprise checks conducted by CST as scoring items under BSMASS, with a view to better reflecting the performance of L/E contractors;
  - (c) take measures to ensure that reminders for outstanding replies from DMOs/PSAs are issued by the Focus Team in accordance with HD's procedural manual;
  - (d) closely monitor the inventory of spare parts with L/E contractors to ensure their reliable supply, and draw up the arrangements and contingency measures in response to the shortage of replacement parts and lack of alternatives;
  - (e) step up educational efforts to raise the public awareness of the proper and safe use of L/Es, and strictly implement the Marking Scheme to take penalty actions as appropriate against willful damage of L/Es by PRH tenants;
  - (f) make continuous efforts in exploring new technologies to facilitate early identification of areas requiring attention or rectification in L/E maintenance and timely submission of quarterly inspection

reports by L/E contractors in a comprehensive manner to enhance the serviceability of L/Es;

- (g) step up efforts in achieving full implementation of DLBs by requiring all L/E contractors to adopt DLBs, and remind contractors the importance of maintaining proper documentation as required by TMCs and the relevant L/E legislation; and
- (h) review the scoring mechanism operated under BSMASS, and consider imposing penalties as appropriate on L/E contractors who fail to perform the duties as required by TMCs and the relevant L/E legislation.

<b>Specific comments</b>
--------------------------

46. The Committee:

Lift Modernisation Programme

- expresses concern that:

- (a) as at 30 June 2023, 1 380 (23% of 6 056) lifts maintained by HD had been in use for 25 years or more and 1 325 (22% of 6 056) lifts maintained by HD were with service years ranging from 20 to less than 25. However, HD could only modernize around 80 to 90 lifts per year with the resources available;
- (b) while LMTVC at the meeting held in February 2023 accepted the inclusion of all 55 lifts in the provisional LM Programme of 2024-2025 as suggested by DMOs/PSAs, it also endorsed the inclusion of 36 lifts (not being suggested by DMOs/PSAs) in the provisional LM Programme. However, the justifications for such decision were not documented in the LMTVC meeting minutes;
- (c) of the 238 lifts with LM works completed during the period from 2018-2019 to 2022-2023, while 12 (5%) lifts resumed service on the dates the use permits were issued by EMSD:



*Maintenance and modernization of lifts and escalators in public rental housing estates*

---

- 47 (20%) lifts took 1 to 10 days to resume service after obtaining use permits;
  - 149 (63%) lifts took 11 to 30 days to resume service after obtaining use permits; and
  - 30 (12%) lifts took more than 30 days to resume service after obtaining use permits; and
- (d) despite that a streamlined process for LM works has been implemented since 2013 by HD aiming to shorten the shut-down period of lifts undergoing LM works from 10.5 to 7.5 months, of the 238 lifts with LM works completed during the period from 2018-2019 to 2022-2023, only one (0.4%) lift had been shut down for 7.5 months or less;
- expresses grave concern about the delays in resuming lift service revealed in Audit's analysis of the aforesaid 238 lifts with LM works completed during the period from 2018-2019 to 2022-2023, as evidenced by the following:
- (a) 188 (79.0%) lifts had been shut down for more than 7.5 to 10.5 months;
  - (b) 49 (20.6%) lifts had been shut down for more than 10.5 to 14.5 months; and
  - (c) 190 (80%) lifts had not resumed service by the planned completion dates as stipulated in the contracts, resulting in delays in service resumption of 2 to 169 days (averaging 32 days);
- notes that:
- (a) to alleviate the pressure on LM works, HD has adopted a two-pronged strategy. Apart from continuing with the LM works, it has also commenced the lift safety enhancement works in accordance with EMSD's guidelines in mid-2020 for those lifts which have not been equipped with the latest safety devices;
  - (b) HD will digitize the lift performance assessment forms, score sheets and the technical evaluation reports currently adopted under the

LM Programme for easy retrieval. Such digitization measures will be completed and implemented within the first quarter of 2024; and

- (c) the Director of Housing has agreed with Audit’s recommendations in paragraphs 3.13 and 3.23 of the Audit Report;
- strongly urges HA/HD to:
- (a) make every effort to expedite the implementation of the LM Programme, while taking into account the resource constraint and the affordability of the lift industry;
  - (b) review the operation of the scoring mechanism (including the adoption of normalized scores) for determining the priority of lift replacement under the LM Programme to ensure that those lifts in genuine or pressing needs of replacement will be selected for modernization works;
  - (c) make proactive efforts in taking forward the digitization measures on the use of various assessment forms and evaluation reports for the LM Programme, with a view to speeding up the workflow of the assessment exercise under the LM Programme;
  - (d) maintain proper documentation on the justifications for the decisions/recommendations made by LMTVC in prioritizing lift replacement works under the LM Programme to ensure the fairness and integrity of the exercise;
  - (e) make continuous efforts to review and enhance the efficiency of the process for LM works so as to minimize the disruption to lift service arising from the shut-down for the modernization works;
  - (f) take measures to resume the lift services as soon as possible after obtaining the use permits from EMSD, and if final touch-ups and making good works are required prior to the resumption of lift services, consider specifying a timeframe for completion of such works; and
  - (g) strengthen contract management to better monitor contractors’ adherence to the completion schedules for LM works as set out in the contracts, with a view to securing timely resumption of lift service;

Other safety enhancement measures for L/Es

- expresses concern that:
  - (a) of the 1 871 lifts shortlisted as prioritized items to be enhanced by 2031-2032, lift safety enhancement works were completed for 318 (17%) lifts up to 30 June 2023. Of the 318 lifts, 52 (16%) took more than six weeks to complete the enhancement works; and
  - (b) the periodic overhauls of some of the 277 escalators maintained by HD as at 30 June 2023 were not conducted in accordance with HD's EMD Instruction, as evidenced by the following:
    - of the 81 escalators with only one overhaul conducted after the maintenance period, 74 (91%) escalators had their overhaul conducted more than three years after the expiry of the maintenance period; and
    - of the 131 escalators with two or more overhauls conducted after the maintenance period, 76 (58% of 131) and 16 (12% of 131) escalators had their latest overhaul conducted more than three years but within six years and more than six years after the previous overhaul respectively;
- notes that:
  - (a) as at 30 November 2023, the safety enhancement works have been completed for 404 of the 1 871 priority lifts, and the exercise can be completed by 2031-2032 as planned; and
  - (b) the Director of Housing has agreed with Audit's recommendations in paragraphs 4.7 and 4.12 of the Audit Report; and
- urges HD to:
  - (a) explore measures to shorten the shut-down period of lifts for lift safety enhancement works; and
  - (b) strictly observe EMD Instruction which stipulates that the interval between two successive overhauls for an escalator shall not be in any case more than six years.

<b>Follow-up action</b>
-------------------------

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

*Provision of barrier-free facilities in public rental housing estates*

---

The Audit Commission (“Audit”) conducted a review to examine the provision of barrier-free access and facilities in public rental housing (“PRH”) estates.

2. Hon SHIU Ka-fai and Hon Carmen KAN Wai-mun declared that they were members of the Hong Kong Housing Authority (“HA”). Hon Louis LOONG Hon-biu declared that he was a Legislative Council Member representing the Real Estate and Construction Functional Constituency, and contractors in the sector might have carried out the projects concerned.

3. HA pledges to provide an age-friendly and barrier-free estate environment to address the needs of residents of different ages and physical ability. Since 2008, HA has implemented the Lift Addition Programme (“LAP”) in existing PRH estates as lifts constitute a major part of barrier-free facilities. As at 30 June 2023, the Housing Department (“HD”), as the executive arm of HA, managed 818 468 PRH flats located in 237 housing estates for 2.1 million residents. In addition, the Highways Department (“HyD”) implements projects to retrofit lifts to walkways in estates under the Tenants Purchase Scheme and Buy or Rent Option Scheme, as well as PRH estates with properties divested under HA in the Special Scheme of the Universal Accessibility Programme (“UAP”).<sup>1</sup> As at 31 August 2023, 191 lift retrofitting items had been completed under various phases of UAP and 33 items in the Special Scheme were under planning or included in works contracts for implementation.

4. The Committee noted the following findings from the Director of Audit’s Report No. 81:

Barrier-free access and facility improvement programmes

- from April 2022 to March 2023, for 97 (41%) of the 237 housing estates, not all of the required quarterly results of regular checks of barrier-free facilities conducted by the Access Officers<sup>2</sup> had been submitted. In particular, no results had been submitted for 25 (11%) estates;

---

<sup>1</sup> In 2012, the Government launched UAP to retrofit barrier-free access facilities to public walkways. In the 2019 Policy Address, the Government announced that the ambit of UAP would be further expanded to retrofit lifts to walkways in estates under the Special Scheme. Lift retrofitting items under the Special Scheme can only be taken forward with the agreement from the relevant owners or parties responsible for the management of the concerned land/walkways.

<sup>2</sup> The Access Officers are nominated by HA on individual site basis and required to conduct regular checks of the facilities available to persons with disabilities on each premises.

*Provision of barrier-free facilities in public rental housing estates*

---

---

- from June to August 2023, Audit conducted site inspections to four PRH estates with improvement works which were subject to the guidelines on barrier-free access laid down by the Buildings Department, and found deviations from the guidelines and defects in all the four estates;
- from June to August 2023, Audit conducted two site inspections on 36 multi-sensory maps<sup>3</sup> in ten PRH estates and found that 27 (75%) maps (in eight estates) were defective in both site inspections;
- in 15 applications for in-flat adaptation works received from elderly and disabled tenants in five estates from 1 January 2022 to 30 June 2023, long time had been taken from receiving applications to issuing works orders (76 days on average, ranging from 26 to 140 days);
- Audit's sample checking of complaint cases received from 1 January 2020 to 30 June 2023 about adaptation works not being processed/being declined found that tenants in three cases had not sought referrals or recommendations from professionals as required when making requests to conduct adaptation works to their flats;
- as of 30 June 2023, there were 1 558 PRH flats with hearing-impaired tenants, and of which only 89 (6%) had been installed with the Visual Fire Alarm systems;
- 6 out of 237 housing estates had not appointed Access Officers for a long period since the implementation of the Access Co-ordinator and Access Officer Scheme in April 2011. In one of the above six estates, no Access Officer had been appointed as at 30 June 2023;

Lift Addition Programme

- as at 31 March 2023, there were 24 proposals on the list of potential future lift addition projects. The list was circulated to the Maintenance

---

<sup>3</sup> In 2006, HD developed a multi-sensory map with a group of persons with disabilities to provide directions by visual, tactile and voice messages for all people, regardless of their age and quality of vision. As at 30 June 2023, multi-sensory maps were installed in 72 (37%) of the 193 PRH estates.

*Provision of barrier-free facilities in public rental housing estates*

---

Planning and Review Committee<sup>4</sup> of HD quarterly from December 2015 to March 2023, but none of the proposals on the list had been shortlisted for implementation;

- while HD had sought agreement with the co-owners on the project details and cost sharing on six lift addition proposals shortlisted in LAP 2015-2016 and LAP 2016-2017, the co-owners in four proposals subsequently disagreed to proceed with the projects. For the remaining two proposals, the detailed feasibility studies were still in progress as of June 2023;
- as of June 2023, no lift services were provided in 30 blocks located in Cheung Kwai Estate in Cheung Chau, Lung Tin Estate in Tai O and Model Housing Estate in North Point, where about 30% of tenants were elderly;

Retrofitting lifts at walkways relating to housing estates under Universal Accessibility Programme

- after receiving replies of not granting agreement from the relevant parties on lift retrofitting items selected by the District Councils, HyD took an average of 17.5 months to report the status to the relevant District Councils;
- in November 2021 and January 2022, HyD entered into agreements with two consultants for the retrofitting of 14 lifts at 10 walkways in four districts (at a sum of about \$9.76 million) and 33 lifts at 21 walkways in nine districts (at a sum of about \$17.2 million) respectively. In June 2022, with a view to enhancing the overall effectiveness of contract management, HyD and the two consultants agreed to adjust the services between their agreements by transferring the services to be provided at the construction phase for five walkways from one agreement to another;
- there were extensions of time by HyD for completing the construction works of two lifts, which were mainly caused by long time taken in handling underground utilities by the works contractor. For one lift, an

---

<sup>4</sup> The Maintenance Planning and Review Committee is co-chaired by the three Assistant Directors of the Estate Management Division of HD. Meetings are held regularly to, among others, review individual maintenance and improvement proposals and progress of maintenance and improvement programmes.

overall extension of time of 1 084 days was granted, including 715 days for handling underground utilities; and

- while the relevant works contract commenced in October 2019, as at 31 August 2023, the construction of three lifts had not yet been completed with delays forecasted by HyD ranging from 406 to 620 days. Such delays were mainly attributable to the slow progress of the works contractor and site idling.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding inspections on barrier-free access and facilities in PRH estates, handling of applications for in-flat adaptation works from elderly or disabled tenants, installation of Visual Fire Alarm systems for hearing-impaired tenants, appointment of Access Officers, implementation of shortlisted projects under LAP, PRH domestic blocks not provided with lifts, communication between HyD and District Councils on lift retrofitting items, as well as contract and project management by HyD on lift retrofitting works. The replies from the **Secretary for Housing** and the **Director of Highways** are in *Appendices 18* and *19* respectively.

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



*Recycling Fund*

---

---

The Audit Commission (“Audit”) conducted a review of the Recycling Fund (“RF”).

2. In October 2015, the Environmental Protection Department (“EPD”) launched RF to promote the recovery and recycling of waste by facilitating the recycling industry to upgrade operational capabilities and efficiency for its sustainable development. RF provided funding support under two standard funding programmes (i.e. Enterprise Support Programme and Industry Support Programme) and four small-scale standard project funding programmes. Up to March 2023, the total approved funding of RF was \$2 billion and 2 596 applications (with grants of \$855 million) had been approved.

3. EPD had engaged the Hong Kong Productivity Council (“HKPC”) as the implementation partner and the secretariat of RF (“RF Secretariat”). An Advisory Committee on RF (“RFAC”) was set up in August 2015 to advise and make recommendations on matters relating to the administration and operation of RF.

4. The Committee noted the following findings from the Director of Audit’s Report No. 81:

Processing of applications

- RF Secretariat’s Standard Operating Procedure set out internal timeframes for processing RF applications. Audit noted that:
  - (a) the processing of 2 of 46 related applications (received between October 2022 and March 2023) did not meet the internal timeframe introduced since October 2022 for submitting applications of two of the small-scale standard project funding programmes to RFAC for consideration;
  - (b) internal timeframes were introduced since April 2023 for issuing first email to applicants for seeking further information (if any) and submitting applications of the two standard funding programmes and the two other small-scale standard project funding programmes to RFAC for consideration; and

*Recycling Fund*

---

- (c) internal timeframe relating to notifying the applicants of the application results after the Secretary for Environment and Ecology's decision had not been set;
- from October 2015 to March 2023, there were a total of 3 222 processed RF applications. Audit noted that:
  - (a) the processing time of 506 (16%) applications was more than 180 days, ranging from 181 to 608 days. EPD should closely monitor the progress in processing RF applications and take proactive actions to follow up with the applicants with a view to facilitating them to better understand the submission requirements; and
  - (b) 626 (19%) applications were rejected. Rejection rates were particularly high for applications of some RF programmes, ranging from 41% to 51%;
- applications under the two standard funding programmes received from October 2015 to March 2023 only came from about 35% of 1 900 companies engaged in recycling operations in Hong Kong;

Funding disbursement and monitoring of approved projects

- for 50 (17%) of 289 funding disbursement requests processed from January 2020 to March 2023, funding was disbursed to grantees 15 to 60 days (averaging 26 days) after completing the verification procedures (i.e. not meeting the 14-calendar-day timeframe introduced since January 2020);
- according to the funding agreement signed by the grantee (for the two standard funding programmes and two of the small-scale standard project funding programmes), the grantee of an approved project was required to submit various project deliverables during the course of project implementation. As of March 2023:
  - (a) of the 67 interim progress reports due for submission, 8 (12%) had not been submitted and 44 (66%) were submitted 1 day to 27 months after due date; and

*Recycling Fund*

---

- (b) of the 51 final reports due for submission, 6 (12%) had not been submitted and 27 (53%) were submitted 4 days to 13 months after due date;
- to verify the project progress and results for approved projects, RF Secretariat conducted site visits for approved projects. Audit noted that:
  - (a) no target coverage and frequency was set for each type of site visit; and
  - (b) management information was not regularly compiled on the nature and seriousness of irregularities found during site visits for monitoring purpose;

Other related issues

- as of August 2023, EPD had entered into three formal agreements with HKPC. Regarding the implementation fees to HKPC, Audit noted that:
  - (a) EPD could not locate the documentation on its vetting of the estimated implementation fees under the main agreement and the second supplemental agreement with HKPC; and
  - (b) there was no documentation summarizing EPD's work in vetting each financial year's budgeted implementation fee in annual implementation plan to facilitate senior management's review and approval;
- there were delays in submission of reporting materials (annual implementation plan, operational report and annual report) from RF Secretariat to RFAC from January 2019 to June 2023;
- no specific targets were set by EPD to keep under review the performance and achievements of RF; and
- RF Secretariat did not compile management reports submitted to RFAC and EPD based on the final reports of projects (which contained project results) submitted by grantees.

*Recycling Fund*

---

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the processing of applications and funding disbursement of RF. The replies from the **Director of Environmental Protection** are in *Appendix 20*.

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

*Regulatory control of food premises*

---

---

The Audit Commission (“Audit”) conducted a review on the work performed by the Food and Environmental Hygiene Department (“FEHD”) on the regulatory control of food premises.

2. Hon SHIU Ka-fai declared that he served as an unremunerated honorary adviser/an unremunerated member of some non-governmental organizations or trade associations upon their invitations.

3. FEHD is the licensing authority of food premises and exercises control through its licensing regime, inspections and enforcement actions under the Public Health and Municipal Services Ordinance (Cap. 132). At present, there are 19 District Environmental Hygiene Offices (“DEHOs”) under FEHD responsible for, among others, conducting inspections of food premises and enforcing the Ordinance. In 2022, FEHD conducted 197 778 and 49 790 inspections to licensed/permitted and unlicensed food premises respectively. In 2022-2023, the expenditure of the FEHD offices responsible for the work in licensing and regulatory control of food premises, among other duties, amounted to about \$497 million.

4. The Committee noted the following findings from the Director of Audit’s Report No. 81:

Regulatory control of licensed and permitted food premises

- FEHD adopted a Risk-based Inspection System for conducting inspections to licensed food premises and the frequencies of inspections were determined by the risk potential of individual food premises. In the annual review on the risk types of licensed food premises for 2023, of the six food premises with conviction records examined by Audit, three (50%) were incorrectly classified at a lower risk level with longer inspection interval adopted;
- FEHD had specified timeframes for conducting inspections to licensed/permitted food premises in its guidelines. There were delays in conducting some inspections in the period from January 2022 to June 2023. While some food premises were found closed at the time of inspections, there were no guidelines on whether unsuccessful inspections could be counted as inspections conducted;

*Regulatory control of food premises*

---

---

- while factory canteens were not allowed to serve members of the public and food factories were not allowed to serve customers for consumption of food on the premises, Audit’s research found that the public could dine at 10 food premises and FEHD had not identified such irregularities during its routine inspections conducted between January 2022 and June 2023 to the food premises concerned;
- FEHD had published a performance pledge on inspections to licensed food premises (with a target of 95%) on its website. While FEHD reported that the target was met from 2018 to 2022 annually on an overall basis, the under-performance of individual DEHOs could not be reflected. FEHD also reported the number of food business licences suspended/cancelled in its Controlling Officer’s Report (“COR”). From 2018 to 2022, some suspended/cancelled licences were omitted from COR;

Regulatory control of unlicensed food premises

- in the records of three DEHOs examined by Audit, most of the unlicensed food premises identified were referred by the Regional Licensing Offices.<sup>1</sup> In September 2023, Audit selected 35 food premises for examination by using risk-based approach, and matched them against the lists of unlicensed food premises identified with active operation maintained by the respective DEHOs between January and August 2023. Audit found that while 13 (37%) food premises were unlicensed based on the records of FEHD’s Licensing Management Information System as of October 2023, 9 of them were neither included in DEHOs’ lists of unlicensed food premises identified with active operation nor in other records for taking follow-up actions;
- Audit selected 30 cases of unlicensed food premises (all were referred by the Regional Licensing Offices) identified between January 2021 and April 2023 for examination and found that the concerned DEHOs did not conduct the first inspections within the specified timeframe (i.e. the longest time lapse was 17 days from the date of referral) in 9 (30%) cases. The intervals between inspections were more than one week (ranging from 12 to 70 days, averaging 24 days) on 26 occasions for 1 190 inspections conducted between January 2021 and August 2023,

---

<sup>1</sup> The three Regional Licensing Offices are responsible for processing applications for new food business licences and online sale of restricted food permits, and issuing of and collecting related fees for food business licences/permits.

*Regulatory control of food premises*

---

and the reasons for the above deviations from requirements were not documented;

- the average success rates of summary arrest operations (i.e. operations to arrest persons operating unlicensed food premises in raid) decreased from 50% in 2018 to 35% in 2022, and varied among the 19 DEHOs (the success rates of six DEHOs were 0% and those of other six were 100% in 2022);
- of 25 unlicensed food premises included in the District Action Plans prepared by three DEHOs for January to April 2023, 12 unlicensed food premises meeting at least one of the criteria set out in FEHD's guidelines had not been included in their lists of targets for summary arrest operations, and the justifications for not conducting the summary arrest operations were not documented for 7 of the 12 unlicensed food premises;

Other related issues

- as of June 2023, 26 rear lanes were covered by a trial scheme allowing licensed/permitted food premises to place large-sized waste containers in their connected rear lanes. The number of target rear lanes covered by the scheme varied among DEHOs and the participation rates of food premises along each of these 26 rear lanes ranged from 18% to 100% (averaging 73%). For eight rear lanes visited by Audit in August 2023, there were incidents of non-compliance with rules of the scheme (e.g. wastes were placed outside waste containers);
- while the presence of dogs on food premises was prohibited under the Food Business Regulation (Cap. 132X), there were increasing numbers of pet-friendly restaurants and complaints against bringing dogs onto food premises from 2018 to 2023. Audit's site visits to three pet-friendly restaurants on a weekend in September 2023 discovered the presence of dogs in two restaurants, but no pet's presence was reported in DEHOs' reports of inspections which were carried out on weekdays from January to June 2023;
- Audit's research found that while legislations in some cities in the Mainland/overseas countries prohibited the presence of dogs on food premises in general, restricted entry of dogs might be allowed under specific conditions (e.g. outside sitting area) or for specific food business licence type (e.g. pet café);

*Regulatory control of food premises*

---

- in 2018 to 2022, for 254 (61%) of 417 cases of non-compliance with the public health laws but without prosecution, the reasons, the approval dates and the approving officers were not recorded in the Summons Tracking Facility in accordance with FEHD's guidelines. Audit also found that the prosecution of three cases was not proceeded because they were time-barred;
- the numbers of prosecutions against licensed and unlicensed food premises were reported as indicators in FEHD's COR, and the figures reported in COR in a year were based on the number of prosecution records created in the Summons Tracking Facility. Audit found discrepancies between the prosecution records created in the Summons Tracking Facility and the prosecution numbers reported in COR from 2018 to 2022, but the supporting documentation on the statistics reported in COR was not available;

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding identification of and enforcement against unlicensed food premises, and licensing policy on pet-friendly restaurants. The replies from the **Secretary for Environment and Ecology** are in *Appendix 21*.

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



The Audit Commission (“Audit”) conducted a review of the Innovation and Technology Commission (“ITC”)’s work relating to the Reindustrialisation and Technology Training Programme (“RTTP”).<sup>1</sup>

2. Hon SHIU Ka-fai declared that he was a member of the Trade and Industry Advisory Board.

3. RTTP was launched in August 2018 under the Innovation and Technology Fund to subsidize local companies to train their staff in advanced technologies. Up to 31 March 2023, 8 936 training grant applications for 3 937 companies had been approved. The total amount of training grant disbursed was \$282.7 million.

4. The Committee noted the following findings from the Director of Audit’s Report No. 81:

Monitoring of training courses and course providers

- Audit’s analysis on the processing time of the 4 099 applications for public course registrations approved from the launch of RTTP in August 2018 to March 2023 found that the processing time had increased;<sup>2</sup>
- Audit’s review of the 1 470 public courses approved in 2022-2023 found that:
  - (a) approvals for 336 (23%) courses were granted less than two weeks before course commencement dates; and
  - (b) approvals for 128 (9%) courses were granted on or after course commencement dates;
- there was no prevailing requirement for the course providers to provide explanation on the reasonableness of the course fees in their applications. Audit’s analysis on the course fees per hour per trainee of the

---

<sup>1</sup> RTTP was retitled to “New Industrialisation and Technology Training Programme” in October 2023.

<sup>2</sup> While ITC had not set a target on the processing time of applications for public course registrations, the percentage of applications with processing time exceeding 30 working days increased from 24% (32 of 134) in 2018-2019 to 47% (689 of 1 470) in 2022-2023.

4 099 applications for public course registrations approved from the launch of RTTP in August 2018 to March 2023 found that:

- (a) for 881 (21.5%) courses, course fees per hour per trainee exceeded \$1,000;
  - (b) for 65 (1.6%) courses, course fees per hour per trainee exceeded \$2,000; and
  - (c) for 3 (0.1%) courses, course fees per hour per trainee exceeded \$4,000;
- assessment of training courses did not include aspects such as accreditation status, trainers' background, course fees and the planned/target number of trainees;
  - according to the Guidance Notes for Public Course Providers issued by RTTP Secretariat,<sup>3</sup> surprise class inspections might be carried out by RTTP Secretariat to the course providers. However, ITC and RTTP Secretariat had not promulgated guidelines on surprise class inspections or conducted surprise class inspections on non-local courses. Audit's analysis on the surprise class inspections conducted from 2019-2020 to 2022-2023 found that:
    - (a) the number of surprise class inspections conducted each year ranged from 3 to 27;
    - (b) on average, only 1.3% of local courses were inspected each year, ranging from 0.5% to 2.2%;
    - (c) of the 125 course providers providing 3 779 local courses, only 26 (21%) were selected for surprise class inspections; and
    - (d) of the 118 local tailor-made courses, only one surprise class inspection was conducted;
  - Audit's review of the course fees charged by course providers on RTTP trainees noted that for one course provider:

---

<sup>3</sup> Since the launch of RTTP in August 2018, ITC had appointed the Vocational Training Council as RTTP Secretariat. The Guidance Notes for Public Course Providers provided guidance to course providers, including vetting and assessment procedures.

- (a) the course fee charged on RTTP trainees was higher than that on non-RTTP trainees; and
  - (b) RTTP Secretariat was not informed on offer of vouchers to RTTP trainees so the vouchers had not been deducted from the calculation of training grant;
- in May 2023, Audit reviewed 20 training courses publicized as registered public courses on the websites of 10 course providers and found that 11 (55%) courses had not been registered;

Processing of training grant applications and reimbursement claims

- RTTP Secretariat did not monitor the time taken from receipt of reimbursement claims to disbursement of training grants on a periodic basis. Audit found that of the 461 reimbursement claims approved from January to March 2023:
  - (a) the average processing time was 146 days, ranging from 28 to 448 days; and
  - (b) in 79 (17%) claims, the time taken was more than 180 days. Among them, Audit's examination on 20 claims found that RTTP Secretariat could have taken earlier actions to finish processing and/or disburse the training grants;
- there were no requirements for companies to provide supporting documentary proof for the nominated employee's education qualification, job position and years of work experience relevant to the advanced technology;
- Audit's examination on 40 training grant applications approved from January to March 2023 found that in 6 (15%) applications, one or more employees nominated did not meet the requirements on qualification and/or work experience. However, RTTP Secretariat had not requested the companies concerned to furnish additional information to support the eligibility of the employees concerned;
- RTTP Secretariat had neither conducted site visits to companies applying for training grants since the launch of RTTP in August 2018 and up to August 2023, nor promulgated guidelines on site visits or set targets on the number of site visits;

Other issues

- ITC needs to take measures to strengthen guidance and regulation relating to RTTP over matters concerning national security (e.g. promulgating guidelines);<sup>4</sup>
- A Course Vetting Panel (“CVP”)<sup>5</sup> was set up for administering RTTP and vetting RTTP applications. RTTP Secretariat adopted a two-tier reporting system for CVP members to disclose their general pecuniary interest and to report on any actual or perceived conflicts of interest as and when they arise. Audit noted that:
  - (a) from July 2018 to June 2023, while 47 first-tier declarations of interest should have been made by CVP members,<sup>6</sup> none of them had been made;
  - (b) for four CVP meetings held from March 2019 to June 2022 with discussions relating to 18 Vocational Training Council (“VTC”) courses, six second-tier declarations of interest (involving three VTC’s representatives) should had been made but none of them had been made; and
  - (c) for 14 circulations of papers (involving 50 VTC courses) from September 2018 to June 2023, 21 second-tier declarations (involving three VTC’s representatives) should had been made but 20 (95%) had not been made; and
- Audit’s review of the four annual employer surveys from the launch of RTTP in August 2018 to March 2022 noted that:

---

<sup>4</sup> The Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region stipulates that the Government of the Hong Kong Special Administrative Region shall take necessary measures to strengthen public communication, guidance, supervision and regulation over matters concerning national security, including those relating to schools, universities, social organizations, the media, and the Internet.

<sup>5</sup> CVP comprised members from the Government, the Vocational Training Council, academia, business sectors and professional services sector.

<sup>6</sup> CVP members (including the Chairman) were required to inform RTTP Secretariat in writing their personal interests, direct or indirect, pecuniary or otherwise, upon their first appointment to CVP and annually thereafter.

- (a) the time between the end date of the period covered by the surveys and the date of commencing employer surveys ranged from 171 to 393 days (averaging 253 days); and
- (b) the time taken for compilation of survey results was long. The survey results were only available 17 to 269 days (averaging 133 days) after the due dates for submission of feedback for the surveys.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the monitoring of training courses and course providers, processing of training grant applications and reimbursement claims as well as the conduction of employer surveys. The replies from the **Commissioner for Innovation and Technology** are in *Appendix 22*.

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

The Audit Commission (“Audit”) conducted a review of The Chinese University of Hong Kong (“CUHK”)’s work relating to campus facilities providing convenience to students and staff inside the campus operated by external entities.<sup>1</sup>

2. CUHK was established in 1963 and is one of the eight local universities funded by the University Grants Committee. Some of CUHK’s campus facilities are operated by external entities and under the purview of various overseeing units in CUHK. As at 1 July 2023, there were 39 campus facilities operated by external parties, comprising 33 catering outlets, 2 bank branches, 1 bookstore, 1 convenience store, 1 hair salon and 1 supermarket.

3. The Committee noted the following findings from the Director of Audit’s Report No. 81:

Tendering procedures

- although CUHK had issued the University Ordering and Tender Procedures setting out the tendering procedures and approval authorities for procurements, it was not tailored to cover tender exercises relating to campus facilities;
- Audit examined the records of tender exercises for campus facilities and found that three tender exercises conducted by a college for three catering outlets did not follow some steps in the tendering procedures;
- Audit’s examination of the records of 50 of the 59 contracts for campus facilities commencing from January 2017 to July 2023 noted that of the 50 contracts, 33 were awarded through tender exercises and 17 were not. For 7 (41%) of the 17 contracts without going through tendering procedures, no tender waivers had been obtained from the Tender Board;
- the interest of external entities in open tender exercises was lukewarm:
  - (a) in the most recent two tender exercises for each of the supermarket, the convenience store, the hair salon and the bookstore, the only conforming tender received was from the incumbent operator; and

---

<sup>1</sup> The term “campus facilities” in the Director of Audit’s Report No. 81 does not include facilities such as teaching facilities, research facilities, IT facilities, etc.

- (b) for the catering outlets, in 23 (66%) of 35 tender exercises conducted from January 2017 to July 2023, less than three tenders were received in each exercise;
- CUHK informed Audit that CUHK had historically adopted a decentralized approach to procurement and tendering processes hence it was not desirable to appoint a representative from the Finance Office when forming tender evaluation panels;
- according to the University Ordering and Tender Procedures, members of tender evaluation panels were required to sign an undertaking relating to tender information and conflict of interest. Audit's examination of 40 of the 48 tender exercises for campus facilities conducted from January 2017 to July 2023 found that:
  - (a) in 11 (28%) exercises, none of the members signed the undertakings; and
  - (b) in 8 (20%) exercises, undertakings for some members were missing;

#### Monitoring of operations of campus facilities

- in accordance with the Food Business Regulation (Cap. 132X), CUHK's catering outlets and any other campus facilities engaged in food business (i.e. food premises) must obtain a food business licence unless they are provided for the use exclusively of CUHK students/staff. The catering outlets and food premises must also be licensed if they provide food delivery services outside CUHK campus, and a restricted food permit must be obtained for the sale of each type of restricted food specified in Cap. 132X. Audit conducted site visits to 29 of the 33 catering outlets from May to August 2023 and found that:
  - (a) none of the 33 CUHK's catering outlets<sup>2</sup> had obtained a food business licence;
  - (b) all the 29 catering outlets were not provided for the exclusive use of CUHK students/staff;

---

<sup>2</sup> Including 4 of the 33 catering outlets that Audit had not conducted site visits to because they were temporarily closed for the whole or part of the period of Audit's visits.

- (c) 3 (10%) of the 29 catering outlets provided food delivery services outside CUHK campus not restricted to CUHK students/staff; and
- (d) of the 25 catering outlets that sold restricted foods, 4 (16%) and 14 (56%) had not obtained some or all of the required restricted food permits respectively;
- Audit's review of the 24 contracts covering the 33 catering outlets (some contracts covered more than one outlet) and examination on the records of all the 13 overseeing units overseeing the 33 catering outlets found that:
  - (a) the food safety requirements and hygiene standards stipulated in the contracts varied;
  - (b) from January to June 2023, of the 11 overseeing units that required the appointment of hygiene manager, 6 (55%) units did not take measures to ensure that the requirement had been complied with by the caterers; and
  - (c) from September 2022 to June 2023, 11 (85%) overseeing units had not ascertained whether the caterers had conducted regular cleaning according to the frequency stipulated in the contracts (involving 22 catering outlets);
- the contracts between CUHK and the external operators required that the external operators shall pay CUHK maintenance fees/management fees/licence fees and utility charges in respect of the operations of the campus facilities. From October 2022 to March 2023:
  - (a) of the 152 invoices for payment of maintenance fees/management fees/licence fees issued, the payments for 77 (51%) were made later than the due dates and the amount concerned was \$1.54 million (40% of the total amount of \$3.87 million);
  - (b) of the 167 invoices for payment of utility charges issued, the payments for 94 (56%) were made later than the due dates and the amount concerned was \$3.35 million (64% of the total amount of \$5.19 million);
  - (c) of the 33 contracts between CUHK and the external operators covering the 39 campus facilities, 7 contracts did not include terms



on late payment charges and for the remaining 26 contracts, the terms on late payment charges varied; and

- (d) of the 34 payments delayed for 30 days or more, 30 were subject to the late payment charges under the contract terms but CUHK did not impose late payment charges on the outstanding balances;
- the 13 overseeing units adopted different approaches in managing the catering outlets and there were no guidelines requiring the overseeing units to document the results of performance evaluation conducted on the operators. The frequency and mode of hygiene inspections on catering outlets varied. From July 2017 to June 2023, there were records of 46 inspections conducted by overseeing units. Audit noted that:
  - (a) eight (62%) units had conducted inspections on catering outlets. Among them, for six (75%), the inspections were conducted jointly with other parties. Moreover, six (75%) carried out inspections on a surprise basis and two (25%) carried out inspections on a scheduled basis;
  - (b) five (38%) units did not have records showing that inspections had been conducted. Among them, two had actually visited the catering outlets regularly and observed their hygiene conditions, but had not documented the inspections; and
  - (c) none of the 13 overseeing units had included in the contract terms the requirement for caterers to report on the Food and Environmental Hygiene Department's inspections. Of the 33 catering outlets, 6 (18%) had reported to the overseeing units that they had been inspected;

#### Other issues

- relating to campus facilities operated by external entities, CUHK did not incorporate in the tender documents, contracts and guidelines safeguard measures over matters concerning national security;<sup>3</sup>

---

<sup>3</sup> The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region stipulates that the Government of the Hong Kong Special Administrative Region shall take necessary measures to strengthen public communication, guidance, supervision and regulation over matters concerning national security, including those relating to schools, universities, social organizations, the media, and the Internet.

- some overseeing units had set up committees to oversee the operation of the campus facilities under their purview but some had not. Audit's review of the governance of the 15 committees set up found that:
  - (a) no terms of reference were laid down for four (27%) committees;
  - (b) no quorum was set for the meetings of 10 (67%) committees; and
  - (c) rules governing meeting frequency were not established for 10 (67%) committees; and
- CUHK was in the process of launching a new e-procurement system, CUPro, by phases starting from early 2023. CUHK informed Audit in August 2023 that a trial run had started in July 2023, and the system was targeted to be fully launched in late 2023.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the tendering procedures and monitoring of operations of campus facilities as well as the setting up of committees by overseeing units and the new e-procurement system. The replies from the **Acting Vice-Chancellor and President, The Chinese University of Hong Kong** are in *Appendix 23*.

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

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

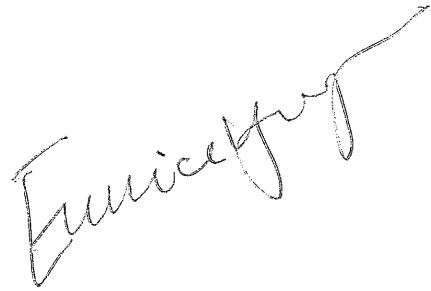
---



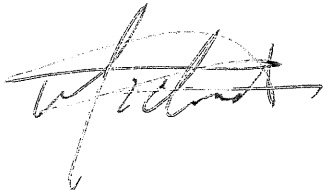
SHIU Ka-fai  
(Chairman)



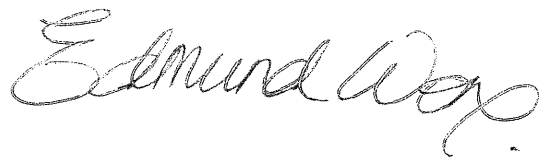
Paul TSE Wai-chun  
(Deputy Chairman)



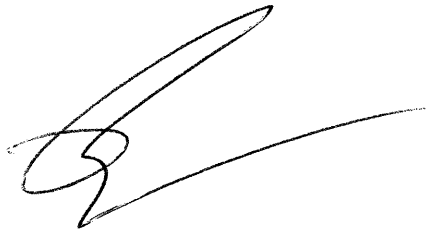
YUNG Hoi-yan



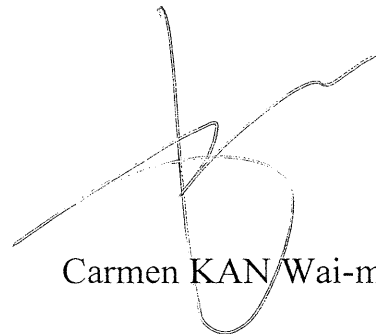
LUK Chung-hung



Edmund WONG Chun-sek



Louis LOONG Hon-biu



Carmen KAN Wai-mun

6 February 2024

**CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 81  
DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT**

---

---

**Director of  
Audit's Report  
No. 81**

**P.A.C.  
Report No. 81**

<u>Chapter</u>	<u>Subject</u>	<u>Chapter</u>
1	Expansion of Tai Po Water Treatment Works	1
2	Licensing of food premises	2
3	Maintenance and modernization of lifts and escalators in public rental housing estates	3
4	Provision of barrier-free facilities in public rental housing estates	4
5	Recycling Fund	5
6	Regulatory control of food premises	6
7	Reindustrialisation and Technology Training Programme	7
8	The Chinese University of Hong Kong: Campus facilities operated by external entities	8

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

**72. Public Accounts Committee**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SCOPE OF WORK**

1. The Director of Audit may carry out examinations into the economy, efficiency and effectiveness with which any bureau, department, agency, other public body, public office, or audited organisation has discharged its functions.
  
2. The term "audited organisation" shall include -
  - (i) any person, body corporate or other body whose accounts the Director of Audit is empowered under any Ordinance to audit;
  - (ii) any organisation which receives more than half its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organisation which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention); and
  - (iii) any organisation the accounts and records of which the Director is authorised in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122).
  
3. This definition of scope of work shall not be construed as entitling the Director of Audit to question the merits of the policy objectives of any bureau, department, agency, other public body, public office, or audited organisation in respect of which an examination is being carried out or, subject to the following Guidelines, the methods by which such policy objectives have been sought, but he may question the economy, efficiency and effectiveness of the means used to achieve them.

## GUIDELINES

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

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

6. The Director of Audit may also -

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



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

## **PROCEDURES**

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

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

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

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



Web site 網址 : <http://www.ceed.gov.hk>  
E-mail 電子郵件 : [cfleung@ceed.gov.hk](mailto:cfleung@ceed.gov.hk)  
Telephone 電話 : 2762 5008  
Facsimile 傳真 : 2714 1572  
Our reference 本署檔號 : ( ) in SDW(CR) GA/GEN/03  
Your reference 來函檔號 : CB4/PAC/CS(78,78A&79)

土木工程處

Civil Engineering Office

香港九龍公主道 101 號  
土木工程拓展署大樓  
Civil Engineering and  
Development Building,  
101 Princess Margaret Road,  
Kowloon, Hong Kong

Ms Shirley CHAN

16 January 2024

Clerk, Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

**By email: [hhchan@legco.gov.hk](mailto:hhchan@legco.gov.hk)**

Dear Ms CHAN,

**Follow-up to the Public Accounts Committee Report No. 78A**

**Management of the development at Anderson Road project**

I refer to your letter dated 8 January 2024 on the captioned subject.

In order to enable more reliable project estimates, the Government has been adopting in recent years the parallel tendering arrangement, i.e. to commence tender invitation or consultancy selection exercises prior to securing funding, and the returned tender price will be reflected in the funding application paper. The arrangement can provide a more concrete project estimate to the Finance Committee and effectively reduce the risk of cost overrun.

When estimating the project contingency provisions, works departments have been conforming to the Development Bureau (DEVB)'s Technical Circular (Works) No. 22/93 "Estimating using Risk Analysis" to estimate the contingency sum based on the uniqueness and risk factors of each project, which has been effective all along. Nevertheless, in order to keep monitoring the performance of projects in a more effective manner, DEVB is comprehensively reviewing the existing project surveillance

system for the public works projects, among which includes studying on the latest assessment method, exploring into the extensive adoption of digital technologies and big data for estimation of project contingency provisions. DEVB is striving to complete the above review within 2024.

Yours sincerely,



( C F LEUNG )

for Director of Civil Engineering and Development

c.c.  
Secretary for Development  
Secretary for Housing  
Secretary for Financial Services and the Treasury  
Director of Audit

香港特別行政區政府 機電工程署  
香港九龍啟成街3號

Electrical and Mechanical Services Department  
Government of the Hong Kong Special Administrative Region  
3 Kai Shing Street, Kowloon, Hong Kong  
www.emsd.gov.hk

Our reference 本署檔號： ( ) in EMSD BTSD/TS1/PAC(78A)/01

Telephone 電話號碼： 2808 3706

Your reference 來函檔號： CB4/PAC/CS(78,78A&79)

Facsimile 圖文傳真： 2576 7276

By Email: [hhchan@legco.gov.hk](mailto:hhchan@legco.gov.hk)  
[kmho@legco.gov.hk](mailto:kmho@legco.gov.hk)  
[pkwlai@legco.gov.hk](mailto:pkwlai@legco.gov.hk)

16 January 2024

Clerk to the Public Accounts Committee  
Legislative Council Complex,  
1 Legislative Council Road,  
Central, Hong Kong  
(Attn.: Ms Shirley CHAN)

Dear Ms CHAN,

**Follow-up to the Public Accounts Committee Report No. 78A  
Management of the development at Anderson Road project**

Thank you for your letter dated 8 January 2024 to the Director of Electrical and Mechanical Services concerning the enhancement works conducted to the lifts and the latest position of the captioned matter. Please find our response in the Annex to this letter to facilitate consideration of the matter by the members of the Public Accounts Committee.

Yours sincerely,



(Andy K.M. KWAN)

for Director of Electrical and Mechanical Services

Encl.

c.c. Secretary for Housing (email: shoffice@hb.gov.hk)  
Director of Civil Engineering and Development (email: michael.fong@cedd.gov.hk)  
Director of Housing (email: psh@housingauthority.gov.hk)  
Director of Highways (email: jimmy.pm.chan@hyd.gov.hk)  
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)  
Director of Audit (email: ncylam@aud.gov.hk)

**The Government Minute in response to the  
Report of the Public Accounts Committee No. 78A of 8 January 2024**

**Management of the development at Anderson Road project**

	<b>PAC’s question on 8 January 2024</b>	<b>Progress to Date</b>
<b><i>Part 4: Management of footbridges A to D and post-completion review</i></b>		
Follow up the question written by PAC on 8 January 2024	<p>At a recent meeting of the Public Accounts Committee, members have reviewed the follow-up actions taken by the Administration in response to the Public Accounts Committee Report No. 78A on the captioned subject. While noting from the Government Minute of July 2023 that your department had followed up the recommendations made by the Committee, members have expressed concern about the lift services currently provided at Footbridges A to D.</p> <p>In this connection, you are requested to advise the Committee the latest position of the matter, in particular the effectiveness of various enhancement works conducted to the lifts by your department.</p>	<p>The Highways Department (HyD) entrusts the Electrical and Mechanical Services Department (EMSD) to provide the repair and maintenance services to the lifts on Footbridges A to D of Anderson Roads.</p> <p>HyD and EMSD continue to monitor the performance of the aforementioned lifts, and closely liaise and collaborate with relevant departments for taking forward follow-up actions as appropriate, with a view to maintaining reliable and efficient lift services.</p> <p>Enhancement measures have been taken since 2022. According to the records of 2023 (i.e. from 1 January to 31 December 2023), 71% of cases of lift service suspension were resumed within 6 minutes to 3 hours. There has been sustained improvement compared with such records from 2019 to 2021, which was 67% as stated in the Audit Report. In addition, the median suspension time in 2023 sustained at less than 2 hours, which has been reduced from less than 3 hours as recorded from 2019 to 2021.</p> <p>HyD and EMSD will endeavor to ensure the standard of lift service and minimize the delay.</p>

**海事處**  
香港統一碼頭道38號  
海港政府大樓  
香港郵政信箱4155號



**MARINE DEPARTMENT**  
HARBOUR BUILDING,  
38 PIER ROAD,  
G.P.O. BOX 4155  
HONG KONG

本署檔案 Our Ref. : MD-PCU-A04-035-03B-003  
來函檔案 Your Ref. : CB4/PAC/CS(78,78A&79)  
電 話 Tel. No. : 2852 4403  
圖文傳真 Fax. No. : 3101 0914

18 January 2024

Ms Shirley CHAN  
Clerk, Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Ms CHAN,

**Follow-up to the Public Accounts Committee Report No. 75A  
Collection and removal of marine refuse by the Marine Department**

Thank you for your letter of 8 January 2024 to the Director of Marine. I am authorised to reply below.

2. Marine Department (MD) has implemented all the recommendations made by the Public Accounts Committee and Audit Commission on the collection and removal of marine refuse.

**The current contracts**

3. The current contracts for marine refuse cleansing and disposal service came into effect on 1 October 2022 and are valid until 30 September 2025. MD has split the service contract into two to cover Eastern waters of Hong Kong and Western waters of Hong Kong respectively. The Eastern waters of Hong Kong covers Yau Ma Tei, Central District, Eastern District, Sai Kung District and Tai Po District. The Western waters of Hong Kong covers Southern District, Tuen Mun, Tsuen Wan and Outlying Islands.

同心協力，促進卓越海事服務  
We are One in Promoting Excellence in Marine Services

## **Close Monitoring**

4. Under the terms of the contracts, the contractor is obliged to deploy a fleet of at least 42 vessels of various types to provide marine refuse cleansing and supporting service in Hong Kong waters. MD closely monitors the contractor and conducts regular reviews. In addition to the contract requirements, additional vessels have been deployed based on actual situation in order to maintain satisfactory service performance.

5. Additionally, in 2023, the contractor has introduced the latest marine technology and deployed two unmanned remote control crafts for trial to clean waters inaccessible by manned vessels, such as shallow or congested waters. The third one will be on trial in 2024.

## **Routine Management**

6. To ensure better coordination with the contractor and effective performance monitoring, MD holds monthly management meetings with the senior management of the contractor. During the meetings, the contractor provides reports on the work carried out in relation to marine refuse for MD's review and evaluation. In addition, the contractor keeps MD updated on the vessel deployment.

7. Since the commencement of the contracts in October 2022, 15 management meetings have been held. The meeting arrangement has worked well, allowing MD to closely monitor the contractor's performance and facilitating the exchange of feedback between the two parties.

8. A communication channel via mobile phone and communication apps has been established between MD and the contractor to improve efficiency on handling marine refuse service request. Upon receipt of a service request on marine refuse collection, MD will task the contractor to follow up. Since the new service contact from October 2022, the initial response rate to marine refuse service request within three days has been maintained at 100%, which is higher than the target response rate of 95%. In 2023, MD also carried out 1,776 routine patrols in 12 patrol areas and 219 surprise inspections to monitor the performance of contractor. The contractor's overall performance is satisfactory.

9. MD will continue monitoring the service performance of the contractor to ensure the service quality.



Yours sincerely,



(LK LAW)

for Director of Marine

c.c. Secretary for Environment and Ecology (email: see@eeb.gov.hk)  
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)  
Director of Audit (email: ncylam@aud.gov.hk)

# 民政事務總署

香港灣仔軒尼詩道一百三十號  
修頓中心廿九、三十及三十一樓



## APPENDIX 6 Home Affairs Department

29<sup>th</sup>, 30<sup>th</sup> and 31<sup>st</sup> Floors,  
Southorn Centre,  
130 Hennessy Road,  
Wan Chai, Hong Kong

本署檔號 Our Ref. ( ) in HAD HQ CR/20/3/3SF1/(C) Pt. 74

來函檔號 Your Ref. CB4/PAC/CS(78,78A&79)

電話 Tel.: 2835 2088

傳真 Fax.: 2147 0984

15 January 2024

Clerk to the Public Accounts Committee,  
Legislative Council  
Legislative Council Complex,  
1 Legislative Council Road,  
Central, Hong Kong  
(Attn: Ms Shirley CHAN)

Dear Ms CHAN,

### **Follow-up to the Public Accounts Committee Report No. 75A Efforts of the Home Affairs Department in facilitating building management**

Thank you for your letter of 8 January 2024 to the Director of Home Affairs regarding the subject matter. In response to Members' enquiry about our Department's work in supporting "three-nil buildings", our reply is as follows.

2. "Three-nil buildings" generally refer to buildings that neither have an owners' corporation (OC) or any form of residents' organisation, nor employ a property management company (PMC) to manage the buildings. Although the management of private buildings is the responsibility of the owners, the Home Affairs Department (HAD) has been providing various support to "three-nil buildings" considering that they may lack a suitable platform to deal with building management matters. The HAD's policy is to assist and encourage the formation of residents' organisations (including OCs) in "three-nil buildings". Even if "three-nil buildings" cannot form any residents' organisation for various reasons, HAD continues to provide support to the owners concerned to help them manage their buildings properly.

3. As regards our efforts in assisting "three-nil buildings" to form OCs, HAD launched three phases of the "Building Management Professional Advisory Service

Scheme” (BMPASS) from 2011 to 2020. Experienced PMCs were engaged to provide a series of free professional advice and follow-up services on building management, including assisting in the formation of OCs or assisting defunct OCs in resuming operation, assisting OC in applying for various maintenance subsidies and loan schemes, and following up on building inspections/window inspections, maintenance works and tendering, etc. The three phases of the “BMPASS” assisted in forming/resuming operation of 540 OCs. In view of the effectiveness of the “BMPASS”, the HAD has regularised it.

4. The Audit Commission and the Public Accounts Committee (PAC) of the Legislative Council (LegCo) conducted a detailed review of the operation of the “BMPASS” in 2020-2021 and made a number of recommendations. HAD has fully adopted the recommendations, including rolling out a Pilot Scheme under the regularised “BMPASS” to engage community organisations/NGOs with experiences in building management or related fields to reach out to the owners/residents of “three-nil buildings”, and to encourage and assist them to form OCs. The Pilot Scheme was first launched in Sham Shui Po and Tsuen Wan in June 2022, and was further extended to other districts with more “three-nil buildings”, including Central and Western District, Eastern District, Wan Chai, Yau Tsim Mong, North District, Tai Po and Kowloon City, from December 2022. The Pilot Scheme has achieved good results and received strong support from the community and service users. As of December 2023, the Pilot Scheme contacted a total of 581 “three-nil buildings” and assisted in forming 70 OCs.

5. Going forward, HAD plans to implement the “BMPASS” with a similar operation mode in all 18 districts starting from July 2024, and will enter into an agreement of a longer term with community organisations/NGOs (e.g. increasing the contract period from the current one year to three years) to ensure the continuity of the services, such that buildings and owners in need will enjoy better support.


6. Despite our continuous support and assistance, some “three-nil buildings” may not be able to form OC due to various reasons. Nevertheless, HAD remains committed to providing support to these buildings. HAD has put in place the “Resident Liaison Ambassador Scheme” to recruit owners or residents living in “three-nil buildings” aged 30 years or above as Resident Liaison Ambassadors (RLAs) to establish a resident liaison network to facilitate residents’ discussion and handling of daily building management matters, and to assist Government departments in contacting residents and promoting effective building management messages. In response to the earlier recommendations of the Audit Commission and the PAC of

LegCo, HAD has stepped up the recruitment of RLAs, especially in “three-nil buildings” which do not have RLAs. For example, under the above-mentioned Pilot Scheme of “BMPASS”, HAD set performance indicators for the recruitment of RLAs for community organisations/NGOs (i.e. to recruit at least two RLAs for each target building). As of December 2023, there were over 2 000 RLAs residing in “three-nil buildings”. HAD has also assisted in the formation of about 600 OCs through RLAs. The HAD will continue to strengthen the recruitment of RLAs where appropriate.

7. Besides, through the “District-led Actions Scheme”, District Offices provide cleaning services to “three-nil buildings” in need to demonstrate the effectiveness of good building management and encourage residents to participate in building management. During the epidemic, we also provided deep cleaning services for some buildings (including “three-nil buildings”) to enhance the awareness of relevant owners and residents on maintaining environmental hygiene.

8. As of December 2023, there were about 3 100 “three-nil buildings”<sup>1</sup> in Hong Kong. This represents a significant decrease from the corresponding figure of about 6 700 in 2011, which is attributable to the continuous promotion of effective building management and related support measures over the years. HAD will continue to proactively assist “three-nil buildings” in forming OC through the “BMPASS”, promote building cleanliness and effective building management through RLAs, and organise regular activities for RLAs, so that owners may experience the benefits of good building management with a view to encouraging them to form OC.

Yours sincerely,



( Gavin Yeung )

for Director of Home Affairs

c.c Secretary for Home and Youth Affairs (email: shya@hyab.gov.hk)  
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)  
Director of Audit (email: ncylam@aud.gov.hk)

---

<sup>1</sup> Excluding those single-owned and self-managed “three-nil buildings”.

**Witnesses who appeared before the Committee  
(in order of appearance)**

Mr TSE Chin-wan	Secretary for Environment and Ecology
Miss Vivian LAU Lee-kwan	Permanent Secretary for Environment and Ecology (Food)
Ms Wendy AU Wan-sze	Acting Deputy Secretary for Environment and Ecology (Food) <sup>1</sup>
Ms Irene YOUNG Bick-kwan	Director of Food and Environmental Hygiene
Mr Arsene YIU Kai-cheuk	Deputy Director of Food and Environmental Hygiene (Environmental Hygiene)
Mr Gabriel TSANG Wing-lok	Assistant Director (Operations) <sup>1</sup> Food and Environmental Hygiene Department
Mr WAN Chi-shun	Senior Superintendent (Hygiene) Food and Environmental Hygiene Department
Miss Winnie CHAU Wing-chi	Senior Superintendent (Licensing) Food and Environmental Hygiene Department
Ms Clarice YU Po-mei	Director of Buildings
Mr YUE Chak-sang	Chief Building Surveyor/New Territories East (1) and Licensing Buildings Department
Mr Andy YEUNG Yan-kin	Director of Fire Services
Mr WONG Ka-wing	Assistant Director (Licensing and Certification) Fire Services Department
Mrs Alice CHEUNG CHIU Hoi-yue	Director of Home Affairs
Ms Winnie HO Wing-yin	Secretary for Housing / Chairman of the Hong Kong Housing Authority
Miss Rosanna LAW Shuk-pui	Director of Housing

Mr Michael HONG Wing-kit	Assistant Director (Estate Management) 3 Housing Department
Mr Derek LO Chi-yung	Chief Manager/Management (Support Services 1) Housing Department
Ms Carmen CHAN Ka-man	Senior Building Services Engineer/ Building Services Management Housing Department

Note: The above post titles were those of the witnesses at the time when they attended the public hearings of the Committee.



水務署  
Water Supplies Department

香港灣仔告士打道7號入境事務大樓  
Immigration Tower, 7 Gloucester Road, Wan Chai, Hong Kong

本署檔號 : (24) in WSD/ST 4991/R/22 Pt.1  
*Our ref.*  
來函檔號 : CB4/PAC/R81  
*Your ref.*

電話 : 2829 4365  
*Tel.*  
傳真 : 2824 0578  
*Fax.*

16 January 2024

Ms Shirley CHAN  
Clerk to the Public Accounts Committee  
Legislative Council Complex,  
1 Legislative Road  
Central, Hong Kong

Dear Ms CHAN,

**Public Accounts Committee**  
**Consideration of Chapter 1 of the Director of Audit's Report No. 81**  
**Expansion of Tai Po Water Treatment Works**

Thank you for your letter of 20 December 2023 with regard to Chapter 1 of the Director of Audit's Report No. 81.

I enclose the responses of this Department to the questions attached to your letter.

Yours sincerely,

( Stanley CY CHAN )  
for Director of Water Supplies

Encl.

c.c. Secretary for Development  
Secretary for Financial Services and the Treasury  
Director of Audit

**Chapter 1 in Report No. 81 of the Director of Audit  
“Expansion of Tai Po Water Treatment Works”  
Enquiry and Request for Information**

**Part 2: Construction Works of Tai Po Water Treatment Works**

**1) According to paragraph 2.5 of the Report No. 81 of the Director of Audit (“Audit Report”), during the construction stage of Contract B, Consultant M rejected the sizes of the two washwater storage tanks proposed by Contractor B in its design submissions in the Contractor’s Proposals submitted at the tender stage in March 2012. The Water Supplies Department (“WSD”) please advise-**

- (a) why Consultant M rejected the sizes of the two washwater storage tanks during the construction stage which were proposed by Contractor B more than one year ago during the tender stage, rather than earlier; and**
- (b) who approved the drawings for Contractor B to construct**

**2) According to paragraph 2.6(a) of the Audit Report, the size of washwater storage tanks proposed by Contractor B in Contractor’s Proposals deviated from the Employer’s Requirements as given on the Employer’s Drawings. WSD please advise-**

- (a) whether Contractor B was aware of the Employer’s Requirements as given on the Employer’s Drawings before submission of the Contractor’s Proposals; if aware of, why WSD accepted the Contractor’s Proposals; and**
- (b) why Contractor B was awarded the Contract even the Contractor’s Proposals submitted during the tender stage did not meet the requirements of WSD; how did WSD evaluate the tenderers’ designs during tendering.**

**3) According to paragraph 2.8(a) of the Audit Report, the Employer’s Drawings were merely an outline or reference design, which was not binding on the contractor. WSD please advise whether there was review on the binding capacity of the Employer’s Drawings; if yes, what were the details; if no, what were the reasons.**

**Response (1), (2) and (3):**

Contract B was a Design and Build contract. Its Employer’s Requirements comprised documents which were contractually binding (contract requirements), such as the Schedules, General Specification, Particular Specification, Pricing Document etc., including design parameters; and non-binding documents which were for reference only, such as the Employer’s Drawings. The contractor could make use of its expertise to provide cost-effective, practicably feasible and innovative design schemes to fulfill the contract requirements. Document parts constituting contract requirements cover different aspects and the level of importance varies across different aspects. In the



tender evaluation process, if a tenderer's submission did not meet an important part of the contract requirements, the tenderer's technical competence score could be deducted according to the importance of that part. If the concerned part was an essential requirement of the entire project, the tender submission could even not be accepted. Relevant provisions had been made in the tender documents.

Regarding the tendering mechanism, Contract B adopted the "two-envelope" tender evaluation method. This method comprised the assessment of the tenderers' tender prices and their technical competence and past performance. In respect of tenderers' technical competence, tenderer's design was one of the evaluation criteria<sup>1</sup>. Regarding the two washwater storage tanks, Consultant M considered that Contractor B should be aware of the "Employer's Requirements" listed in the Employer's Drawings, and expected that Contractor B should carry out the preliminary design according to the requirements in the Employer's Drawings. Nevertheless, there were inconsistencies between the Particular Specification and Employer's Drawings of the tender documents in respect of the design parameters for the washwater storage tanks. Contractor B submitted in its tender the preliminary design which was conducted according to the requirements in the binding Particular Specification. Although Contractor B's preliminary design did not fully meet the requirements in the Employer's Drawings, Consultant M considered that the concerned design was not an essential requirement in the contract documents, and that there was no reason to reject the tender submission at the stage of tender assessment just because the preliminary design did not fully meet the requirements in the Employer's Drawings. Upon the assessment of technical competence and past performance and tender prices, Contractor B attained the highest overall score and was awarded with the contract.

During the construction stage, Contractor B carried out the detailed design according to the requirements of the Particular Specification and should submit the detailed design to Consultant M for approval before it could commence the construction works. In the approval process, Consultant M considered that Contractor B should carry out the detailed design according to the requirements in the Employer's Drawings and therefore required Contractor B to make modifications before commencing the construction works.

**4) According to paragraphs 2.8(b) and 2.9 of the Audit Report, the Employer's Requirements of Contract B did not clearly spell out the important parameters for calculating the necessary capacity of the washwater tanks and other operation requirements. Eventually, Consultant M issued a variation order valued at a cost of \$78.7 million to increase the volume of the washwater storage tanks. WSD please advise-**

---

<sup>1</sup> The evaluation criteria for the tenderers' technical competence and past performance included: the tenderer's design, construction arrangements, construction management and technical resources, quality, safety, environmental protection, risk management and contingency plans, as well as past performance.

- (a) why the Employer's Requirements did not clearly spell out the important parameters for calculating the necessary capacity of the washwater tanks;**
- (b) whether it was not necessary for the Employer's Requirements of previous projects to spell out the calculation parameters;**
- (c) whether the above incident was an issue of negligence or mechanism; what measures have been taken by WSD to prevent the recurrence; and**
- (d) whether Consultant M was disciplined or held accountable; if yes, what were the details; if no, what were the reasons.**

**Response (4):**

Response (4)(a), (4)(b), (4)(c) and (4)(d)

For similar projects adopting Design and Build contract, design parameters are stated in the contract requirements in general for the contractors to carry out their design. In this case, Consultant M had stated the relevant design parameters in (i) the non-binding Employer's Drawings, and (ii) the binding Particular Specification, and failed to spot out the inconsistency between these two documents when cross-checking the above tender documents, resulting in this incident, which was an individual incident rather than a mechanism issue.

Regarding the above insufficiency of Consultant M, WSD has met with the Managing Director of Consultant M and issued a warning letter to express the dissatisfaction and urge Consultant M to learn from the experience of the incident to avoid recurrence of similar situation. Consultant M's management has also made internal admonishment in this respect.

Besides, making reference from the experience gained from this incident, WSD has issued a memo to relevant project management team members to remind them and consultants to observe the relevant guidelines and stipulate the design parameters in the binding contract requirements in preparing the tender documents for Design and Build contracts. On the other hand, WSD would continue to hold regular internal meetings with relevant project management team members to share experience in strengthening the management of engineering consultants.

**5) According to paragraph 2.12(a) of the Audit Report, the condition survey report submitted by Consultant M in March 2010 did not include the condition survey results of the waterstops installed at the existing compartment of the Butterfly Valley Fresh Water Primary Service Reservoir (FWPSR). WSD please advise-**

- (a) whether Consultant M carried out condition survey for the waterstops installed at the existing compartment of the Butterfly Valley FWPSR; and**
- (b) why after commencement of works under Contract C, in February 2014, Consultant M instructed Contractor C to conduct additional physical tests on six samples of existing waterstops installed at the existing compartment of the**

**Butterfly Valley FWPSR (paragraph 2.12 (b) of the Audit Report), rather than earlier.**

**Response (5):**

Response (5)(a) and (5)(b)

Waterstops at service reservoirs are mainly for preventing water leakage. The waterstops installed in the existing compartment of the Butterfly Valley FWPSR were reserved for future extension of the service reservoir, and were protected by brickworks with sand infill to avoid damage. The waterstops were only a minor component of the structures of the service reservoir. Should leakage result from aging of the waterstops, the time required for the replacement work in Contract C would not be too long and the expenditure would not be substantial, meaning that the progress of works and the overall budget would not be affected. Had the condition survey for the existing waterstops been carried out during the design stage of the project, the relevant brickworks protection would have to be removed which might cause damage to the waterstops and hence affect their leakage prevention function. Based on the above considerations, Consultant M chose to conduct the physical test for those waterstops during the construction stage to assess the need of any replacement work.

**6) According to paragraph 2.13 and Note 16 of the Audit Report, in the meeting between WSD and Consultant M held in June 2009, the proposed scope of works for inclusion in Contract A had been discussed. However, after the award of Contract A in February 2010, additional issues on the operation and maintenance of TPWTW were further identified by Consultant M necessitating the issue of 14 variation orders valued at \$5.5 million for enhancement works. WSD please advise-**

**(a) why Consultant M identified the additional issues only after award of contract;**

**(b) WSD informed Audit that the additional issues on the operation and maintenance of TPWTW identified after the award of Contract A had not been anticipated by stakeholders during the design stage; who were the stakeholders involved; what were the additional issues that had not been anticipated during the design stage.**

**(c) what measures have been taken by WSD to prevent the recurrence.**

**Response (6)(a) and (6)(b):**

Response (6)(a) and (6)(b)

The scope of works under Contract A included the installation of new mechanical and electrical facilities in the existing buildings of Tai Po Water Treatment Works involving a large number of interfaces between the existing and new mechanical and electrical facilities. During installation of the new mechanical and electrical facilities, the operation and maintenance staff of the Tai Po Water Treatment Works (including WSD

operation staff, maintenance staff for mechanical and electrical facilities and instruments, etc.) had to review the need for upgrading or modification of the existing mechanical and electrical facilities and their components so as to integrate the new and existing mechanical and electrical facilities to achieve the system design performance. For example, to enhance drinking water safety after increasing the water treatment capacity, new water level monitoring devices were installed in some existing water tanks to facilitate WSD operation staff to monitor the system effectively. In addition, during installation of the new mechanical and electrical facilities, modifications to the existing environment or facilities were required to accommodate the operational needs, including installation of new lighting system to enhance the safety of the working environment.

The above upgrading or modification works could not be anticipated wholly during the design stage and Consultant M had to issue variation orders for such works. Consultant M had allowed sufficient contingency in Contract A to cater for the above unforeseen circumstances.

**Response (6)(c)**

Making reference from the experience gained in this incident, WSD has issued a memo to remind the relevant project team members and consultants to maintain close liaison with relevant stakeholders during design stage, including the operation and maintenance staff of relevant facilities etc., to minimize upgrading or modification works as far as possible after construction. Sufficient project contingencies should also be allowed to cater for situations similar to the above. Moreover, WSD would continue to hold regular internal meetings with relevant project management team members to share experience in strengthening the management of engineering consultants.

**7) According to paragraph 2.23(a) of the Audit Report, as far as could be ascertained, Consultant M did not identify any parts of the water mains that must be constructed by trenchless techniques to avoid unacceptable traffic conditions in the final traffic impact assessment report submitted in February 2010. WSD please advise whether Consultant M was disciplined or held accountable; if yes, what were the details; if no, what were the reasons.**

**Response (7):**

Considering the cost-effectiveness, the comparatively lower-cost “open trench” method should be considered first for the replacement of water mains. Only for locations with significant traffic or environmental impacts, pipe laying by the “trenchless method” will be considered. During the design stage of water mains replacement projects, traffic impact assessment for road sections affected by the proposed works should be carried out first to ensure that the proposed pipe laying method would not cause unacceptable traffic impact. The traffic impact assessment report will be circulated to the relevant departments for approval.

During the design stage, Consultant M first considered adopting the comparatively lower-cost “open trench” method, and submitted the traffic impact assessment report to

the relevant departments, including the Transport Department and the relevant Traffic Offices of the Hong Kong Police Force, and received no objection. Nevertheless, during the construction stage, the actual traffic flows on some road sections were heavier than originally anticipated. Consultant M had to change the “open trench” method as originally proposed to the “trenchless method” to complete the works. The proposals of adopting trenchless method were accepted by the relevant departments. The above practices are considered acceptable.

**8) According to paragraph 2.33 of the Audit Report, WSD took about 7 months to implement the alternative measures to address the problems of manufacturing and storage of dangerous goods (DG) at TPWTW. Consultant M contended that the requirements imposed by the Fire Services Department (FSD) and Environmental Protection Department (EPD) were unforeseen ones and inevitably caused serious impacts to progress of the works. Audit however noted that the general siting requirements was included in “A Guide to Application for Dangerous Goods Licence” issued by FSD in June 2009. WSD please advise whether Consultant M was disciplined or held accountable; if yes, what were the details; if no, what were the reasons.**

**Response (8):**

Chlorine is used for disinfection of drinking water produced in water treatment works in Hong Kong. As there was no local chlorine manufacturer, Hong Kong had all along imported chlorine in liquid form (i.e. liquid chlorine) from the Mainland to different water treatment works for storage and use. The transportation and storage of liquid chlorine were subject to a stringent risk assessment and adequate safety measures were adopted to ensure safety and reliability. With advancement of technology, on-site chlorine generation (OSCG) technology has become mature and reliable. In April 2016, WSD, after study, concluded that the OSCG technology was ready for adoption in the water treatment works in Hong Kong, and decided in the same year to install the OSCG facilities for all major water treatment works in Hong Kong to phase out the importation of liquid chlorine, thus eliminating the risks associated with the transportation and storage of liquid chlorine. In addition, the OSCG facilities enable a more stable supply of chlorine, enhancing the reliability of the water supply system.

Contract B commenced in February 2013. Based on the above decision, WSD gave approval in January 2017 for Consultant M to issue a variation order for the additional works of supply and installation of new OSCG facilities at the Tai Po Water Treatment Works. Consultant M immediately started the design work of the OSCG facilities. In view of the limited space at the Tai Po Water Treatment Works, Consultant M considered that it was necessary to install the new OSCG facilities on the lower level of the existing chlorine building, whilst the existing liquid chlorine system on the upper level of the same building would continue to operate during the installation of the new OSCG facilities and would be demolished after the new OSCG facilities commission to operate.

During the early design stage, Consultant M considered the relevant requirements for fire services and environmental protection, including “A Guide to Application for Dangerous Goods Licence” issued by FSD in June 2009. One of the requirements in the above Guide was that a proposed dangerous goods store within a building should not be located directly under or above another dangerous goods store. For the case of the Tai Po Water Treatment Works, the new OSCG facilities should not be located directly under the existing liquid chlorine system. Consultant M at that time considered that such requirement was only applicable to the operation stage of the proposed OSCG facilities at the Tai Po Water Treatment Works, not including the testing stage. Consultant M submitted an application to FSD in March 2017 regarding the manufacturing and storage of dangerous goods at the OSCG facilities at the Tai Po Water Treatment Works.

Regarding the application concerned, FSD pointed out that the relevant requirement in the above Guide also applied to the testing stage of the proposed OSCG facilities at the Tai Po Water Treatment Works. So the existing liquid chlorine system located on the upper floor of the same building should cease operation during the testing of the new OSCG facilities. As a consequence, operation of the Tai Po Water Treatment Works would be hampered as it could not produce drinking water during the testing stage, and a solution has to be worked out. In view of limited space in the Tai Po Water Treatment Works, Consultant M had to identify another suitable location to install an additional OSCG facility to maintain the disinfection of drinking water produced in the Tai Po Water Treatment Works. Therefore, it took 7 months for Consultant M to identify the suitable location at the Ngau Tam Mei Water Treatment Works for the additional set of OSCG facility and subsequently submitted an application to FSD in October 2017 regarding the manufacturing and storage of dangerous goods, which was eventually approved by FSD.

As mentioned in the Response (4)(d), regarding Consultant M’s being unable to fully understand the requirements of the above-mentioned Guide, WSD has met with the Managing Director of Consultant M and issued a warning letter to express the dissatisfaction and urge Consultant M to learn from the experience gained from the incident, particularly early clarification with the authority the relevant requirements, to avoid recurrence of similar situation. Consultant M’s management has also made internal admonishment in this respect.

**9) According to paragraph 2.35 of the Audit Report, variation order A’s cost had increased significantly from the original total estimated cost of \$220 million by \$153.2 million (70%) to the final value of \$373.2 million. WSD please advise what measures were taken to finalise the design of works before issuing the relevant variation order as far as practicable.**

**Response (9):**

As mentioned in the Response (8), in April 2016, WSD, after study, concluded that the OSCG technology was ready for adoption in the water treatment works in Hong Kong,

and decided in the same year to install the OSCG facilities for all major water treatment works in Hong Kong to phase out the importation of liquid chlorine. At that time, the OSCG facilities were a new technology in Hong Kong, involving complex systems. The cost was estimated based on the best information available at the time, including conceptual design drawings, preliminary quotations from suppliers, etc., and after the consultation with the operation and maintenance staff of WSD. During the design stage, Consultant M had familiarized itself as much as practicable with the new technology for OSCG in Hong Kong. Nevertheless, Consultant M still had to deal with many unforeseen issues, such as how the dehumidification system of the OSCG facilities could effectively remove moisture from wet chlorine gas.

Making reference to the experience gained from this incident, WSD can make much better assessment in formulating the estimated cost for the OSCG facilities in the future. Moreover, WSD has issued a memo to remind the relevant project team members and consultants that when implementing works projects, they should take measures for more effective assessment of the estimated project cost and the values of the variation orders.

**10) How WSD evaluated the performance of Consultant M; whether the performance of Consultant M was reflected in the consultant's performance report; if yes, what were the details; if no, what were the reasons.**

**Response (10):**

Regarding the Expansion of Tai Po Water Treatment Works project, Consultant M did have insufficiencies in some aspects, including inconsistency of design parameters in preparation of tender documents, inability to fully understand individual fire services requirement during design, omissions during review of Bills of Quantities leading to omitted items and inability to properly reflect some accidents in the Contractor's quarterly performance reports. Regarding Consultant M's respective insufficiencies, WSD has met with Consultant M's Managing Director and issued warning letters to express the dissatisfaction and urge Consultant M to learn from the experience of the incidents to avoid recurrence of similar situation. Moreover, Consultant M's management has also made internal admonishment in those respects. On the other hand, WSD would continue to hold regular internal meetings with relevant project management team members to share experience in strengthening the management of engineering consultants.

**11) Whether there are projects in the WSD currently supervised by Consultant M; if yes, what are the total values of the projects.**

**Response (11):**

Consultant M is currently supervising 13 nos. of WSD projects, involving work values amounting to HK\$16.4 billion approximately.

### **Part 3: Other Contract Management Issues**

**12) According to paragraph 3.3(d) of the Audit Report, the sum allowed for Contract B in the project cost estimate was \$1,542.9 million more than the recommended tender sum of \$3,252.1 million. According to Note 36(a) of the Audit Report, one of the main reasons for the difference was that upon the completion of the Project, the increased output capacity of TPWTW could take up the existing loading of STWTW for supplying fresh water to a significant part of Kowloon, and Central and Western District of Hong Kong Island, which could pave the way for the in-situ reprovisioning of STWTW, while enhancing the overall resilience, flexibility and reliability of the water supply system. WSD please advise the causal relationship between the two issues.**

#### **Response (12):**

Tai Po Water Treatment Works and Sha Tin Water Treatment Works are two major water treatment works in Hong Kong. As of 2009, Sha Tin Water Treatment Works had been in operation for more than 40 years and had reached a stage requiring substantial reprovisioning as its plant and equipment were approaching the end of their service life. To allow Sha Tin Water Treatment Works to be partially shut down for the in-situ reprovisioning works, it was necessary to substantially increase the output capacity of the Tai Po Water Treatment Works for taking up part of the loading of Sha Tin Water Treatment Works to meet the water demands. Against the above background, the Expansion of Tai Po Water Treatment Works project needed to be completed as soon as possible to minimize any risk in water supply. At the same time, the project involved large-scale expansion works in the operating Tai Po Water Treatment Works, to ensure security and safety of water supply, the complexity and difficulty of the project were very high. Therefore, the project team had recommended a higher contingency in the cost estimate for Contract B to cater for potential risks of the project (including site constraints arising from maintaining operation of the existing Tai Po Water Treatment Works during the construction period, limited working space in the project site leading to additional design requirements, differences in geological data, uncertainty arising from fluctuation in costs of plant, equipment and materials etc.). The final contract sum of Contract B was \$3,760.4 million and most of the contingencies were finally not required.

Making reference from the experience from this incident, WSD has issued a memo to remind the relevant project team members and consultants that when implementing works projects, they should take measures to enhance the estimate for the project costs.



**13) According to paragraph 3.5 and Note 40 of the Audit Report, there were 52 omitted items under Contract C. Of the 52 omitted items, 3 items (with value ranging from \$2 million to \$3.8 million) accounted for \$8.7 million (78%) of the total value of \$11.2 million. According to Consultant M, these 3 items were provided in the contract drawings but omitted from Bills of Quantities. WSD please advise whether Consultant M was disciplined or held accountable; if yes, what were the details; if no, what were the reasons.**

**Response (13):**

Contract C was a Remeasurement contract. There were about 690 items in the Bills of Quantities. The 52 omitted items were about 8% of the total numbers of Bills of Quantities' items. The total value of these 52 omitted items was \$11.2 million, which was about 3% of the final contract sum of Contract C of \$375.4 million. In the preparation of tender documents for Contract C, Consultant M had insufficiency in reviewing the Bills of Quantities leading to omitted items.

As mentioned in the Response (4)(d), regarding the above insufficiency of Consultant M, WSD has met with the Managing Director of Consultant M and issued a warning letter to express the dissatisfaction and urge Consultant M to learn from the experience of the incident to avoid recurrence of similar situation. Consultant M's management has also made internal admonishment in this respect.

**14) According to paragraph 3.14 of the Audit Report, Audit noted that Contractor B's performance reports of the relevant period had not reflected instances related to its late reporting of 7 reportable accidents and unauthorised access to the chlorine building by its worker in June 2018. WSD please advise why these accidents were not reflected in Contractor B's performance reports of the relevant period.**

**Response (14):**

Whereas Consultant M issued warning letters to Contractor B concerning the above incidents, the incidents were not reflected in Contractor B's quarterly contractor's performance reports. As mentioned in the Response (4)(d), regarding the above insufficiency of Consultant M, WSD has met with the Managing Director of Consultant M and issued a warning letter to express the dissatisfaction and urge Consultant M to learn from the experience of the incident to avoid recurrence of similar situation. Consultant M's management has also made internal admonishment in this respect.

On the other hand, WSD has issued a memo to remind the relevant project management team members and consultants that when implementing works projects, they should take measures to ensure that the performance issues of contractors should be duly reflected in their performance reports, and to strengthen the controls on access to hazardous/restricted areas with a view to preventing unauthorised access to and use of facilities in these areas.

**15) Some aspects in the quarterly performance reports of Contractor B were rated as “poor” and “very poor” (Note 44, Note 46 and Note 48 of the Audit Report). WSD please advise whether there was disciplinary action and whether Contractor B participated in other projects after completion of the Expansion of TPWTW project.**

**Response (15):**

According to the Development Bureau’s contractor management mechanism, works departments are required to conduct quarterly performance appraisals for the contractors in various aspects including workmanship, progress of works, site safety, environmental pollution control, organization, general obligations and resources. If the overall performance of a contractor is poor, the score in the contractor’s performance report will be lower, which will affect its opportunity of being awarded with new works contracts in the future. In addition, if a contractor’s performance continues to be poor, the Government can take regulatory action according to the mechanism, including temporary suspension from tendering or even removal of the contractor from the “List of Approved Contractors for Public Works”.

As Contractor B got “very poor” and “poor” ratings in some aspects of the individual performance reports under Contract B, the associated performance reports obtained lower scores. On the other hand, Contractor B was a joint venture contractor composed of two individual contractors. After completion of the Expansion of Tai Po Water Treatment Works project, each of these two contractors has participated in tender submission for other waterworks projects and construction of some waterworks projects.

**Public Hearing of the LegCo Public Accounts Committee  
on 12 December 2023**

**Opening remarks of  
the Secretary for Environment and Ecology**

Chairman,

I would like to thank the Audit Commission (Audit) for its comprehensive review of the licensing work for food premises and providing valuable comments. We accept all the recommendations of the Audit, the Food and Environmental Hygiene Department (FEHD) and relevant departments will proactively follow up on relevant recommendations.

Food premises are closely related to people's livelihood, and the catering trade also makes significant contribution to the economy of Hong Kong. The FEHD ensures that that food premises comply with statutory requirements through a licensing regime, and will proactively improve the regime to facilitate trade operation as far as possible. Early this year, the FEHD introduced the "Professional Certification System" which adopts an approach of "licence first, inspection later" into the licences for light refreshment restaurants and food factories to shorten the processing time, as well as markedly relaxed the restrictions on the scope of food items that can be sold at light refreshment restaurants. In the first quarter of next year, the FEHD will expand the scope of the "Professional Certification System" to cover general restaurants, and introduce a "composite permit" to cover multiple restricted food items to obviate the need for separate applications for each individual items. These reforms in the regime have received support from the trade.

Currently, there are a total of 45,000 food business licences and permits in Hong Kong, with over 10,000 new applications each year. The FEHD has to consult various departments, including the Buildings Department, Fire Services Department, Environmental Protection Department, and Planning Department etc., when reviewing food business licence applications to ensure compliance with requirements in various aspects such as environmental hygiene, building safety, fire safety, environmental protection, and planning. During the approval process, these departments would conduct multiple on-site inspections and maintain communication with licence applicants, whereas applicants are required to provide supplementary information, modify plans, and take measures to meet licensing requirements according to the departments' comments. Therefore, the processing time for food business licence applications can vary significantly. This is especially so during the period covered by the audit report as during the pandemic, it was challenging to arrange on-site inspections at premises and the

FEHD also needed to mobilize a considerable manpower to handle other emergency duties related to the pandemic, which inevitably affected the licence processing time.

As society returns to normalcy, the FEHD will step up efforts in optimising the licensing work for food premises and proactively follow up on the recommendations of the Audit. The FEHD will focus on three areas. First, the FEHD will enhance service efficiency through improving the licensing procedures. For example, the FEHD will review the current arrangement for Application Vetting Panels, the communication arrangement with various departments, as well as the various guidelines and timeframes concerning the licensing processes, so as to enhance their practicability and facilitate the operation of food businesses.

Second, the FEHD will make good use of technology and continue to promote digitalisation. The FEHD is enhancing the existing Licence Management Information System to more effectively record the processing time required for various tasks and ensure proper storage of the records for monitoring and analysis purposes. In the first half of next year, the FEHD will also issue e-licences for all food business applications and provide applicants with more information on the application status online, increasing the transparency of the vetting process. In addition, in the first quarter of next year, the FEHD will publish a “DIY application for food business licences” to facilitate applicants to better understand the licence application process from the users’ angle. The FEHD will also expedite the implementation of electronic application referral mechanism with more departments, to make collaboration smoother and more efficient.

Third, the FEHD will continue to strengthen staff training. The FEHD has reminded its staff to follow the relevant guidelines in processing licence applications and timely report and follow up on case progress to ensure timely processing of applications. The FEHD will take action on the cases mentioned in the audit report seriously.

The Environment and Ecology Bureau will continue to oversee the work of the FEHD at a policy level and support the department in actively following up on and implementing the recommendations in the audit report. We will continue to keep in view the implementation of various enhancement measures to ensure that the licensing system keeps pace with the times.

My colleagues and I are happy to take questions from the committee. Thank you, Chairman.

Ends

政府總部  
環境及生態局  
(食物科)

香港添馬添美道2號  
政府總部東翼17樓



ENVIRONMENT AND ECOLOGY BUREAU  
(FOOD BRANCH)  
GOVERNMENT SECRETARIAT

17/F, East Wing,  
Central Government Offices,  
2 Tim Mei Avenue, Tamar,  
Hong Kong

Our Ref.:  
Your Ref.: CB4/PAC/R81

Tel. No.: 3509 8926  
Fax. NO.: 2136 3282

2 January 2024

Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road Central, Hong Kong  
(Attn: Ms. Shirley Chan)

Dear Ms. Chan,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 81**

**Licensing of food premises**

Thank you for your letter dated 15 December 2023 to the Secretary for Environment and Ecology regarding Chapter 2 of the Director of Audit's Report No. 81 – Licensing of food premises. The consolidated reply of the Environment and Ecology Bureau and the Food and Environmental Hygiene Department is enclosed at **Annex**.

Your sincerely,

A handwritten signature in black ink, appearing to be 'Wendy AU', written over a faint circular stamp.

(Ms. Wendy AU)

for Secretary for Environment and Ecology

c.c. Director of Food and Environmental Hygiene  
Director of Buildings  
Director of Fire Services  
Director of Home Affairs  
Secretary for Financial Services and the Treasury  
Director of Audit

**Ch 2 of the Director of Audit’s Report No. 81  
“Licensing of food premises”**

**Part 1: Introduction**

- (a) with reference to Table 1 in paragraph 1.7 of the Audit Report, please explain the rationales behind the classification of different types of food business licences and whether such classification can be streamlined to accelerate the processing of applications:**

The classification of different types of food business licence largely follows relevant legal provisions: s. 31 of the Food Business Regulation, Cap. 132X, s. 5 of the Milk Regulation, Cap. 132AQ and s. 17 of the Frozen Confections Regulation, Cap. 132AC, which are made under s. 56 of the Public Health and Municipal Services Ordinance, Cap. 132. There are different licensing requirements, conditions and fees for different types of licence, and different Government departments may be involved when processing the applications. The trade is accustomed to the current regime and the Food and Environmental Hygiene Department (FEHD) believes that the classification system would not prolong the application process.

FEHD will continue to take into account the views of the catering trade and improve the licensing regime. For example, FEHD will introduce a “composite permit” in 2024 that covers multiple restricted food items to obviate the need for separate permit applications.

- (b) referring to paragraph 1.10 of the Audit Report about the Environmental Hygiene Branch (“EHB”) of the Food and Environmental Hygiene Department (“FEHD”), please provide/advise:**

- (i) the staff establishment and strength of the three Regional Licensing Offices and 19 District Environmental Hygiene Offices (“DEHOs”) under the three Operation Divisions of EHB as at 31 March in the period from 2018 to 2023 as well as the current situation;**

The required staff establishment and strength figures from 2018 to 2023 (as at 30.11.2023) is at Appendix.

**\*Note by Clerk, PAC: Appendix not attached.**

- (ii) whether FEHD has regularly reviewed the organization structure of EHB as shown in Appendix A with a view to shortening the processing time of applications for food business licences and permits and at the same time help reducing the workload and operating expenditure of FEHD; if not, why not; if yes, the details; and**

As mentioned in paragraph 1.10 of the Audit Report, while there are different divisions and offices under the Environmental Hygiene Branch (EHB), they carry out different functions with respect to food premises. For example, the three Licensing Offices are responsible for processing new food business licence applications, while the 19 District Environmental Hygiene Offices (DEHOs) are responsible for the regulatory control of the existing food business. At the same time, the offices are responsible for other regulatory and enforcement duties, such as regulatory control of non-food related licences and investigation of environmental hygiene related complaints. The current organisation structure has largely enabled EHB to perform its functions, and there are no particular organisational issues which hinder the processing of applications or cause unnecessary costs. That said, FEHD will continue to monitor and review various work processes with a view to identifying room for improvement and enhancing efficiency.

- (iii) given that the revenue received from the issue of food business licences and permits in 2022-2023 was only about \$5 million and the expenditure of FEHD offices responsible for the work in licensing and regulatory control of food premises amounted to about \$497 million, how FEHD could ensure that the processing of applications for food business licences and permits could achieve full cost recovery;**

As mentioned in Note 6 of the Audit Report, in 2022-23, to ease the operating pressure of food businesses during the COVID-19 epidemic, fees for all types of food business licences and permits were waived (except for temporary food factory licence and administration fee/levy such as amendment fee on transfer of licences). The revenue received from the issue of food business licences and permits was therefore exceptionally low in 2022-2023. For comparison purpose, the relevant revenue received was about \$166 million in 2018-2019 before the fee waiver exercise.

Further, as mentioned in Note 5 of the Audit Report, the expenditure of about \$497 million also included the expenditure of some other

environmental hygiene services of the respective offices. FEHD does not maintain a breakdown of expenditure which only involved the licensing and regulatory control of food premises.

In general, the fees for food business licences and permits were set in accordance with the user-pays principle, taking into account the work and costs involved in processing the respective types of licences and permits. FEHD is currently conducting a fees and charges review to see if the fees for food licences and permits continue to adhere to the aforementioned principle.

- (c) **with reference to paragraph 1.11 of the Audit Report, please explain the referral mechanism adopted by FEHD for processing the applications for food business licences and permits, including the circumstances under which referrals of applications are required to be made to other relevant government bureaux/departments (“B/Ds”) for comments and the relevant timeframes set for referrals;**

Upon receipt of an application for food business licence, FEHD will conduct a preliminary screening of the proposed plan(s) to ensure that the application and the plan(s) conform to the requirements, e.g. whether the submitted plan has covered the food room or sanitary fitments, before further processing. On passage of preliminary screening, depending on the type of food business licence, the application will be referred to other relevant B/Ds as appropriate. The general referral protocols could be accessed via the following link:  
[https://www.fehd.gov.hk/english/howtoseries/forms/new/general\\_referral%20protocols.pdf](https://www.fehd.gov.hk/english/howtoseries/forms/new/general_referral%20protocols.pdf)

Depending on the circumstances of individual cases, case officers may refer a case to B/Ds other than those set out in the protocols as necessary. For example, for cases involving New Territories Exempted Houses, we will refer the cases to the Lands Department for comment.

The timeframes set for referrals are set out in Table 5 of the Audit Report.

- (d) **with reference to paragraph 1.13 of the Audit Report, please advise:**
- (i) **how and when an operator whose food business licence/permit has been suspended or cancelled can resume his business or re-apply for a new licence/permit;**
- Paragraph 1.13 refers to food business licence/permit that has been suspended/cancelled under the Demerit Points System and Warning Letter System. In this context, the suspension or cancellation of



licence is administered by FEHD as a penalty due to contravention of legislative or licensing requirements or conditions. For suspension of licence/permit, the licensee/permittee may resume business after the suspension period specified by FEHD. No application is required. For a licence/permit which has been cancelled, if the operator wishes to carry on business on the same premises, a fresh application for licence/permit has to be submitted. Under the current licensing regime, for a licence which has been cancelled under section 125(1)(b) of the Public Health and Municipal Services Ordinance, Cap.132 or surrendered for cancellation before sanction, any fresh application from the licensee or from his/her representative or business partner/proprietor for the same type of licence in relation to the same premises will not be accepted within 12 months from the date of cancellation of the licence.

**(ii) the consequences/penalties for an operator who has his food business licence/permit suspended or cancelled; and**

Suspension or cancellation of food business licence/permit would lead to loss of business revenue and reputational damage on the part of the licensee/permittee. For cancellation of licence/permit, the operator is also required to bear the administrative cost for obtaining a fresh licence/permit in order to continue the business.

**(iii) measures to prevent such an operator from applying for new licences/permits repeatedly;**

As mentioned above, for a licence which has been cancelled under section 125(1)(b) of the Public Health and Municipal Services Ordinance, Cap. 132 or surrendered for cancellation before sanction, any fresh application from the licensee or from his/her representative or business partner/proprietor for the same type of licence in relation to the same premises will not be accepted within 12 months from the date of cancellation of the licence.

For premises with food licence cancelled by FEHD, the incoming applicant of the same type of business is required to submit relevant documents like BRC to prove that he/she has no business connection with the former licensee or former business partner/proprietor. This is to prevent an ex-licensee from applying for food business licence repeatedly by submitting application through his/her business partner/proprietor. FEHD will also check an application against the particulars of ex-licensee.

- (e) **referring to paragraph 1.15 about the use of information technology by FEHD, please elaborate the features of the Licensing Management Information System (“LMIS”) 2 and 3, and the Online Licence Application Tracking Facility;**

LMIS 2 was rolled out in May 2023. It adopts business process management (BPM) system to handle new application of licences and permits, so all vital information including dates of incoming and outgoing correspondences, submissions, approvals, etc. can be tracked. The system automatically records key milestones of the application process. Alerts and notifications are in place to remind users (i.e. FEHD officers) of important milestones and timeframes. The system also facilitates information exchange with other B/Ds, as it includes functions to send out and receive memos, documents, plans, etc. Further, LMIS 2 compiles management reports for supervisory staff to monitor the progress of licence applications.

LMIS 3 is scheduled to be rolled out in 2025. It will make use of BPM system to control process handling of existing licences and permits, including renewal, transfer, layout alteration, etc. Enforcement functions associated with the Demerit Point System and Warning Letter System will also be provided in LMIS 3 to replace manual paper recording and counting. In addition, “e-inspection” for licensed and permitted premises will be enabled by LMIS 3, under which the findings and actions taken by staff during inspection will be recorded by electronic means and synchronised in the system. Annual risk assessment and classification of licensed premises will be handled by the system. Further, the new system will enable a licensee to check inspection results and various information by electronic means on the licensing portal.

The Online Licence Application Tracking Facility provides a platform for the food business licence applicant to keep track of and follow up with his/her application. After login, the applicant can check the status of the application and submit relevant documents or plans through the platform. By Q1 2024, an applicant may also have access to all correspondences sent by FEHD to him or her through the platform.

- (f) **according to paragraph 1.18 of the Audit Report and the opening statement made by the Secretary for Environment and Ecology at the public hearing, the Environment and Ecology Bureau (“EEB”) would provide policy steer and oversight for FEHD to take forward the Audit recommendations. Please advise the specific measures taken/to be taken by EEB to enhance the collaboration between FEHD and other relevant B/Ds in facilitating the processing of applications for food business**

**licences and permits, particularly in respect of formulating timeframes for providing comments by B/Ds;**

The Environment and Ecology Bureau (EEB) is committed to safeguarding food safety, environmental hygiene and public health, while facilitating the operations of food businesses. Over the years, EEB has provided policy steer and support to FEHD for implementing a wide range of initiatives to facilitate the processing of applications for food business licences and permits and enhance the effectiveness of regulatory control over food premises.

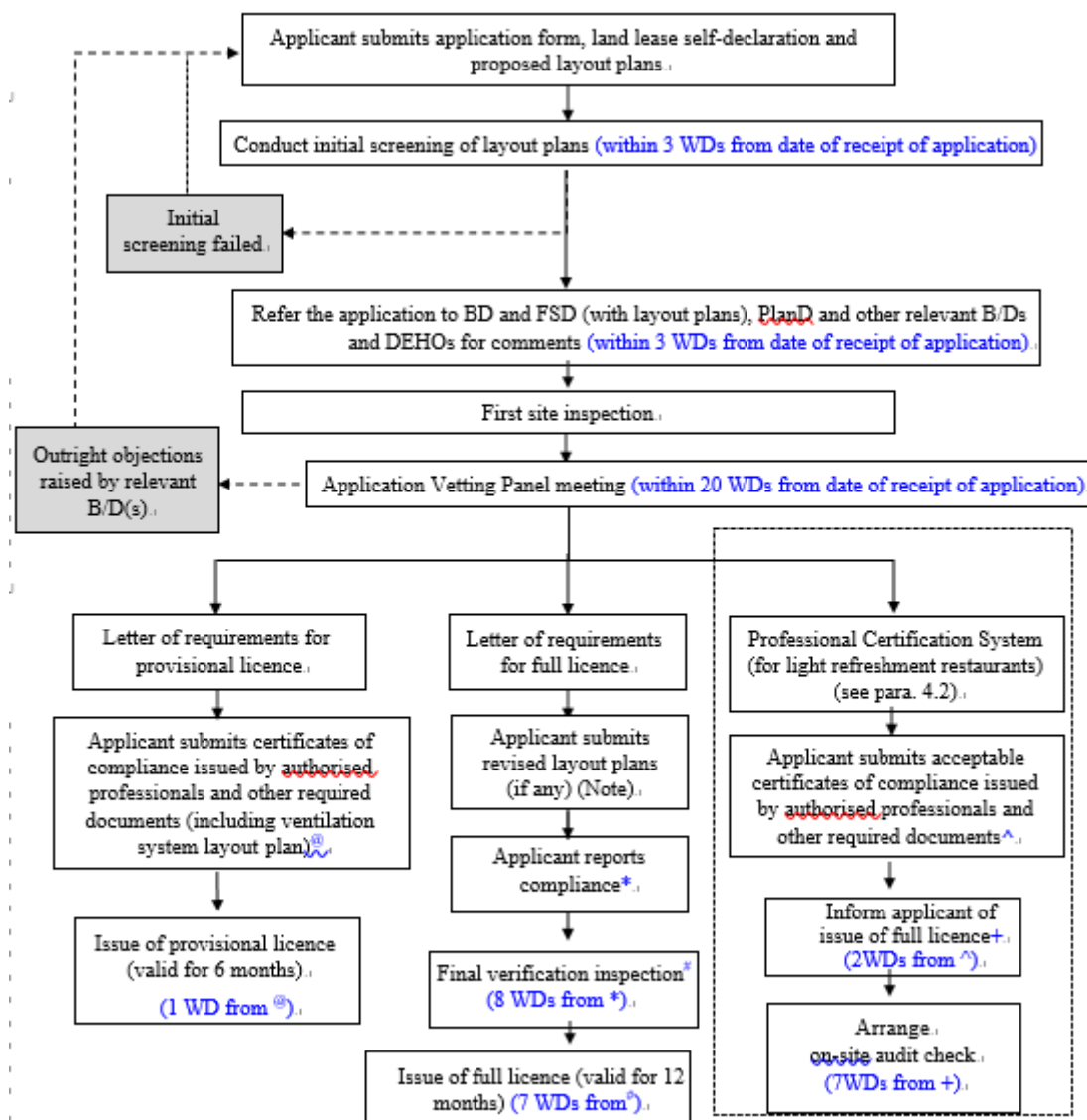
EEB will oversee and supervise FEHD's work to follow up and implement the recommendations of the Audit Report. Specifically, to enhance the collaboration between FEHD and other relevant B/Ds in facilitating the processing of applications for food business licences and permits, EEB would take forward the following measures –

- (i) tasking FEHD to set up a working group with relevant B/Ds to explore room for streamlining the procedures for handling the applications and enhancing communication, including better defining each other's functions and the time required in providing comments and processing the applications;
- (ii) ensuring that the working group would complete its work by the first half of 2024, with an agreed implementation plan listing tasks to be accomplished with effective dates;
- (iii) overseeing FEHD's review of its operational guidelines and overall performance pledges as appropriate;
- (iv) providing policy support for FEHD to make good use of technology to enhance communication with B/Ds as well as the applicants, including exploring the feasibility of expanding the scope of and advancing the timeframe for the second and third stage enhancements to existing Licensing Management Information System to meet service needs; and
- (v) seeking funding support for new or enhanced initiatives to put in place all necessary IT infrastructure for service improvements.

**Part 2: Processing of applications for new food business licences and permits**

- (g) **referring to Figure 3 in paragraph 2.5 of the Audit Report about the workflow of processing new restaurant licence applications by FEHD, please provide the timeframe for each procedure;**

Figure 3



Source: FEHD website.

WD denotes Working days

- (h) according to paragraphs 2.8(b) and 2.10(b) of the Audit Report, it is not uncommon that applicants submit revised layout plans after passing the initial screening despite that FEHD has strongly advised applicants not to revise the proposed layout which will lengthen the processing time for the issue of licences. Please provide FEHD's views on the root causes for and measures to tackle the problem; whether the possible causes may include insufficient guidance to applicants on their submission of layout plans and lenient approach adopted by FEHD in granting of provisional food business licences;

The requirements for food business have been set out in the legislation or publicly available materials so the applicant may refer to them when drawing up the layout plan. That said, an applicant may revise layout plans during the application process out of business considerations or in response to comments made by B/Ds. FEHD believes that it is in the applicant's own interest to avoid repeated or unnecessary revisions to layout plans as it would inevitably prolong the processing time of the application. FEHD will continue to convey the message to the trade and individual applicants through different means.

**(i) with reference to Note 17 and Note 4 for Table 5 in paragraph 2.9 of the Audit Report, please explain/provide:**

**(i) the adverse implications that may have on the delivery of FEHD's services if the timeframes for referrals of applications to B/Ds and providing comments to FEHD by B/Ds are disclosed;**

Unlike the performance pledges that FEHD has published for members of the public to monitor its performance in different areas, there are a number of timeframes that FEHD sets in its internal guidelines and documents which are intended for staff reference and management supervision. These timeframes may change from time to time taking into account manpower and workload situation as well as departmental priorities. Given their different nature and the flexibility needed, FEHD is of the view that these internal timeframes should not be made public as in the case of performance pledges, otherwise there may be unnecessary misunderstanding in cases where these internal timeframes have to be adjusted on justifiable grounds.

**(ii) details of such timeframes; and**

**(iii) whether FEHD has set any performance pledges in this regard for monitoring purpose; if yes, the details; if not, why not;**

For items (ii) and (iii), the timeframes are indicated below:

Type	Referring applications to		Comments provided by	
	DEHOs	other relevant B/Ds	DEHOs	other relevant B/Ds
<i>First referral</i>				
Restaurant licences, factory canteen licences and cold store licences	Within 3 working days from receipt of application (Note 1)	Within 3 working days from receipt of application (Note 3)	Within 5 working days from date of referral	Before date of Application Vetting Panel meeting (within 20 working days from date of receipt application)
Non-restaurant licences (other than factory canteen licences and cold store licences)		Before first site inspection (within 7 working days from receipt of application (Note 3))		Within 24 working days from date of referral
<i>Subsequent referral</i>				
All licences	N.A. (Note 2)	Within a specified timeframe from receipt of revised layout plans (within 14 working days from date of receipt of revised plan)	N.A. (Note 2)	Within specified timeframes from date of referral (within 14 working days from date of referral)

The performance pledges set by FEHD are for members of the public to monitor the its performance. These pledges naturally focus on work or processes which FEHD has full control. For processes involving external parties (e.g. the applicant) or other B/Ds, FEHD considers that they may not be suitable for the purpose of making performance pledges.

- (j) referring to paragraphs 2.10 and 2.12 of the Audit Report about the delays in making referrals of the 50 applications for new food business licences to and receiving comments from other relevant B/Ds, FEHD has agreed, according to paragraph 2.32, to take measures to address the problem. Please explain/advise:
- (i) why there was no formal guidelines on the issuance of reminders to B/Ds with delays in providing comments to FEHD, and whether FEHD will draw up such guidelines; if yes, the details; if not, why not; and

It is believed that formal guidelines were not promulgated in the first place to allow flexibility for staff in handling different cases based on the actual circumstances. Taking into account the Audit recommendation, FEHD issued guidelines in November 2023 to respective Licensing Offices, advising them to issue reminder to B/Ds every two weeks as long as the response is outstanding. We understand that, in the light of the recommendation of this Audit report, relevant departments have also stepped up their internal monitoring mechanisms to ensure that responses to FEHD's consultations would be given in a timely manner.

- (ii) the progress and details of the follow-up actions taken by FEHD and the collaborative efforts made/to be made by FEHD, the Buildings Department (“BD”) and the Fire Services Department (“FSD”) to expedite the processing of applications;**

Taking into account the Audit recommendations, FEHD issued guidelines in November 2023 to respective Licensing Offices advising them to issue reminder to B/Ds every two weeks as long as the response is outstanding. Further, FEHD has already established with BD and Independent Checking Unit of Housing Bureau an electronic referral system that enables efficient two-way information transmission by electronic means. FEHD and FSD have agreed to pursue a gradual migration to the electronic referral system in line with the schedule of FSD's internal system upgrade. As to other B/Ds, FEHD has already approached them to explore the adoption of the electronic referral system. In the meantime, except those documents with size constraints, transmission of application documents between FEHD and B/Ds is already conducted by electronic means (e.g. email).

- (k) with reference to paragraphs 2.13(a)(i) to (iii) of the Audit Report, please explain in detail the causes for time lags in the written communication between FEHD and other relevant B/Ds, in particular those cases with time lags of 10 working days or more; whether FEHD has investigated such irregularities; if yes, the details; if not, why not; and the remedial measures taken/to be taken by FEHD to address the issue;**

FEHD has looked into the cases and noted that the time lags were mainly attributable to the use of fax or ordinary dispatch for the transmission of documents. The time lags could be avoided if the transmission of documents were done through electronic means. Please refer to the response under (j)(ii) on the progress of the adoption of the electronic referral system.

- (l) according to paragraph 2.13(a)(iv), while FEHD has set a timeframe for FSD to provide comments, it has not taken into account the time required by FSD to handle its referrals. Does FEHD agree that it is necessary to liaise with FSD and other relevant B/Ds on the timeframe required for handling its referrals with a view to achieving better collaboration in processing food business licence applications; if yes, the actions that have been taken by FEHD in this respect;**

According to FEHD's performance pledge, an Application Vetting Panel (AVP) meeting will be scheduled within 20 working days after the licence application has been accepted for further processing. If FEHD could refer the applications to other B/Ds within its internal timeframe of three working days, other B/Ds should have sufficient time to respond before the scheduled AVP date. FEHD will take steps to ensure that referrals are made in a timely manner.

- (m) according to paragraphs 2.17 and 2.19 of the Audit Report, for the period from 2018 to 2022, only 75 (0.8%) of 8 945 scheduled meetings of the Application Vetting Panel ("AVP") were convened. Audit's examination of 30 applications for restaurant licences also revealed that all the 30 scheduled AVP meetings were not convened and not rescheduled. Please advise:**

- (i) the arrangements for AVP meetings (including the number of attending public officers and applicants in each meeting);**

FEHD schedules AVP meeting with the applicant within 20 working days after the licence application has been accepted for further processing. AVP meetings are scheduled on a particular day of a week. Before the scheduled AVP meeting, FEHD will contact the applicant to confirm his or her attendance. If the applicant is not attending, the AVP will not be convened.

Usually four public officers attend an AVP meeting, with two from FEHD (one acting as Chairman), one from BD and one from FSD. On the applicant's side, usually one or two persons would attend.

- (ii) the progress of the review on such arrangements by FEHD as mentioned in paragraph 2.32; and whether FEHD will consider discontinuing the current practice and instead only holding AVP meetings on need basis in view of the low attendance rate; and**



As AVP meetings may be useful for some applicants (e.g. first-time applicants handling their application direct or food premises with complicated building issues), FEHD is inclined to continue to offer an opportunity for the applicant to attend. Before the scheduled meeting date, FEHD will contact the applicant to confirm his or her attendance. If the applicant is not attending, the AVP will not be convened. If necessary, an AVP meeting may be rescheduled at the request of the applicant.

**(iii) the rationales behind the practice of counting those scheduled AVP meetings which were not convened as meeting the target in reporting the achievement of the performance measures in relation to AVP meetings;**

FEHD considers that its performance pledge should focus on FEHD's performance, and in this case it is about whether AVP meetings have been scheduled in a timely manner. Whether an AVP meeting is actually convened depends on the preference of the applicant, which may not reflect FEHD's performance. FEHD will adjust the wordings in relation to that performance pledge in public documents to avoid misunderstanding.

**(n) with reference to paragraph 2.28 of the Audit Report, please provide/advise:**

**(i) the details of the follow-up/enforcement actions taken by FEHD regarding the two suspected cases of food businesses which were operating prior to the grant of provisional licences; please advise whether such cases are common; if yes, the regulatory measures against these non-compliant cases; and**

For new applications of food business licence, the Licensing Office would refer them to the respective DEHO. DEHO would inspect the premises regularly and in case any food business is detected prior to the issue of licence, DEHO would collect evidence and take enforcement action accordingly. For the two cases mentioned in paragraph 2.28 of the Audit Report, they were located in Tuen Mun and Tsuen Wan respectively. For the Tuen Mun case, the Tuen Mun DEHO prosecuted the operator for unlicensed food business on 21 April and 6 June 2023. The premises were issued a provisional general restaurant licence on 28 June 2023. For the Tsuen Wan case, the Tsuen Wan DEHO prosecuted the operator for unlicensed food business on 6 June and 14 July 2023. The premises were issued a provisional food factory licence on 26 July 2023.

In 2022, FEHD carried out 2 130 prosecutions against unlicensed food premises which were under application for licence. As there could be multiple prosecutions for individual premises, the figure does not reflect the number of premises involved. FEHD will remind its DEHOs to continue to inspect premises under application of food licence regularly and take prosecution actions against unlicensed business.

- (ii) the numbers of cases of unlicensed food premises without enforcement actions taken by FEHD in the past three years, with the lead time between detection of cases and the grant of provisional licences; and**

As long as DEHOs have collected sufficient evidence that there is an unlicensed food business, prosecution action will be taken. FEHD would not knowingly refrain from taking enforcement actions against unlicensed food businesses. Currently, such prosecution action would not affect the processing of provisional licence and FEHD has not maintained statistics on the length of time between prosecution action (if any) and the grant of provisional licence.

In response to the concerns of the PAC, FEHD is actively exploring options to enhance the deterrent effect against the carrying on of unlicensed food business before the issue of provisional licence. One possible option is to reject the licence application and debar the same applicant from applying for the same type of licence for the same premises for a certain period of time.

- (iii) whether there is a referral mechanism for cases of unlicensed food premises between FEHD and other relevant B/Ds, in particular BD and FSD, in view of the potential risks to public life and property; if yes, the details; if not, how the public safety can be fully protected;**

FEHD refers all cases of new application for food business licence to relevant B/Ds, which may carry out inspection and take enforcement action against irregularities as necessary. As a general principle, if FEHD officers detect any irregularities during their inspection that are under the purview of other B/Ds, the officers should refer the case to other B/Ds for follow-up. Taking into account PAC's concern, FEHD will liaise with BD and FSD to establish a mechanism to refer all unlicensed food business cases to them for their necessary action.

- (o) **with reference to paragraphs 2.31 and 2.33 of the Audit Report, please advise whether FEHD has liaised with other relevant B/Ds in promoting its electronic-referral system; if yes, the latest progress and the responses from the relevant B/Ds;**

Please refer to the response under (j)(ii) on the progress of the adoption of the electronic referral system.

- (p) **referring to Table 9 in paragraph 2.36 of the Audit Report about the discrepancies in the calculation of average processing times for restaurant licence applications between FEHD and the Audit Commission for the period from 2018 to 2022, please explain the rationales behind the calculation method adopted by FEHD, which was based on applications received and approved in the same year. Does FEHD consider such calculation practice inappropriate; if yes, the follow-up actions taken/to be taken by FEHD to rectify the issue; if not, why not;**

With a view to measuring the performance in a given year, FEHD has been adopting a calculation method based on the applications received and approved in that given year. FEHD accepts the Audit recommendation and would review the calculation method. Other than including all licences issued in the year in the calculation, FEHD will also consider if using median instead of mean would better reflect the situation.

- (q) **with reference to paragraphs 2.44 to 2.47 of the Audit Report, please explain/advise:**

- (i) **in processing the applications for permissions for outside seating accommodation (“OSA”) during the period from 2018 to 2022, why FEHD took longer time on average to handle the cases involving inclusion of OSA into existing licensed premises (ranging from 15 to 23 months) than those cases submitted concurrently with new restaurant licences (9 to 19 months) given that both types of applications should go through similar procedures; and whether the time taken by the Home Affairs Department to conduct local consultations is one of the contributing factors for the long processing time required;**

FEHD handled OSA applications for existing licensed premises and those concurrent with new licence applications in a similar manner. According to FEHD’s observation, the key determining factor for the processing time of an application is often the time taken by the applicant

in complying with B/Ds' licensing requirements and in addressing the concerns raised by local residents. For example, the applicant may revise the layout plan to adjust the size of the OSA.

- (ii) whether the format of the standard proforma which has been used since 2009 will be reviewed to better facilitate the conducting of local consultations; if yes, the details; if not, why not;**

FEHD has adopted the standard proforma with a view to providing HAD with sufficient relevant information for the conduct of location consultation and stood ready to provide further information as requested. FEHD and HAD have agreed to conduct a joint review on the relevant procedure and standard proforma to further improve the workflow.

- (iii) how the opposing views collected from local consultations are handled; whether there were unsuccessful/withdrawal applications due to objections received or long processing time; if yes, the numbers of such cases from 2018 to 2022; and whether there is an appeal mechanism for applicants to address opposing views received;**

On receipt of public objection from local consultations, depending on the nature of objection (such as obstruction, noise nuisance and environmental hygiene problem), FEHD would seek comments from relevant B/Ds (the Police, Environmental Protection Department, etc.) and/or the concerned DEHO as to whether the objection is substantiated. In parallel, the OSA applicant would be informed of the public objection and should propose measures to address the concern. An application would only be approved if relevant B/Ds raise no objection and the applicant could adequately address all the substantiated concerns. There is no established appeal mechanism for OSA application.

The number of OSA applications not approved, withdrawn or abandoned from 2018 to 2022 are set out below -

Year	2018	2019	2020	2021	2022
No of cases being not approved <sup>1</sup>	3	3	2	1	1
No. of cases deemed withdrawn / abandoned <sup>2</sup>	75	55	53	52	44

<sup>1</sup> The main reasons why the applications were not approved include:

- B/Ds raise objections.
- The applicant fails to submit an acceptable layout plan.

<sup>2</sup> An applicant may choose to withdraw an application for different reasons. An application may also be deemed withdrawn/abandoned if the applicant fails to comply with the licensing requirements within 6 months after the issue of the letter of requirements.

- (iv) measures taken/to be taken by FEHD (e.g. enhancements to computer systems and provision of checklist/guidance notes to applicants to facilitate their applications) to expedite the processing of OSA permission applications; and**

FEHD will continue with the enhancement work in the LMIS 2, including the introduction of a function to notify case officers in accordance with relevant timeframes. Regarding guidance to OSA applicants, there is already a detailed guide which could be accessed via the following link:

[https://www.fehd.gov.hk/english/howtoseries/forms/new/OSA\\_Guide.pdf](https://www.fehd.gov.hk/english/howtoseries/forms/new/OSA_Guide.pdf)

FEHD will review the guide from time to time to provide guidance to applicants.

- (v) measures taken/to be taken by FEHD to improve the coordination with other relevant B/Ds in processing OSA permission applications in response to Audit recommendation in paragraph 2.51(e);**

FEHD and relevant B/Ds have agreed to make referral, send and receive comments through electronic means so as to enhance efficiency. FEHD will also continue to explore with relevant B/Ds on possible ways to expedite the processing of applications.

### **Part 3: Management of food business licences and permits**

- (r) with reference to paragraph 3.10 of the Audit Report, please explain the reasons for the different understanding between FEHD and FSD on the referral mechanism agreed by the two departments for processing food business licence/permit transfer applications involving petrol filling stations;**

According to the agreement, the new arrangement should apply to “all licence applications” received on or after 5 June 2017, which FEHD took to mean new licence/permit applications while FSD considered that the arrangement should also apply to alteration, transfer and renewal. Noting FSD’s views, FEHD has revised the guidelines and informed all staff concerned to follow FSD’s interpretation.

- (s) **according to paragraph 3.14 of the Audit Report, a full food business licence is valid for 12 months and renewable, subject to no cancellation or revocation as a result of accumulation of demerit points or breaches of licensing requirements and/or conditions. Please advise whether FEHD will consider renewing the licence with a longer validity period for those operators with good track records;**

A full food business licence is valid for 12 months as stipulated in s. 31(4) of the Food Business Regulation, Cap. 132X. FEHD understands from trade practitioners that a licence with longer validity period (and a higher licence fee) may not be preferable as the business may close before the end of the validity period and the licence fee for the remaining period could not be refunded.

- (t) **with reference to paragraph 3.22 of the Audit Report, please advise whether there are loopholes for abuse of provisional licences if an applicant whose provisional licence was lapsed without obtaining a related full licence repeatedly applies for provisional licences to operate food businesses at other food premises;**

To prevent abuse of the provisional licensing system, FEHD has introduced the measure since 2006 to refuse any application for a provisional licence submitted by a person who has been a holder of a provisional food business licence for the same nature of food business on the same premises within 3 years from the date of expiry of that provisional food business licence.

- (u) **with reference to paragraph 3.27 of the Audit Report, please explain under what circumstances FEHD will extend the grace period for conversion from provisional food business licences to full licences;**

The purpose of granting a provisional licence is to facilitate the food business operators to legally run their food businesses when they have complied with the basic building safety, fire safety and health requirements and while they are taking steps to comply with all the licensing requirements for a full licence. FEHD will issue reminders at different stages to the applicants to urge them to comply with all the licensing requirements as soon as possible. If the applicant has made significant investment to comply with the licensing requirements but is not able to comply with all of them before the expiry date of the provisional licence, FEHD in general would not cancel the application in the first instance. Instead, FEHD would continue to process the application within a grace period (i.e. 3 months for applications received after 1 March 2023 and 6 months for applications received before that). In special cases where the applicant can demonstrate that the delay in meeting the

licensing requirements is due to factors beyond his reasonable control, FEHD may consider extending the grace period. FEHD accepts the Audit recommendation that the applicant has to provide sufficient justifications and supporting evidence if the grace period has to be further extended, and FEHD would duly record the justifications.

**Part 4: Other related issues**

**(v) with reference to paragraph 4.15 of the Audit Report, please advise/provide:**

**(i) the measures to be taken by FEHD to further promote the use of electronic application service for food business licences/permits (e.g. delivery of service over self-service electronic terminals or devices); and**

FEHD notes that the adoption rate for electronic application is on the low side. FEHD will consult the trade on the reasons behind and explore possible ways to boost its usage.

**(ii) the proportion of licence/permit applications submitted online by applicants and agents/representatives engaged by applicants in the past three years; whether electronic identity authentication is an impeding factor for agents/representatives to make online applications; and measures to facilitate them to use electronic application service; and**

Figures on licence/permit applications submitted online in the past three years are set out below. FEHD has no information as to whether an application is submitted by the applicant or his or her agent or representative. At the moment there is no electronic identity authentication requirement for food business licence application which would hinder an agent or representative from submitting an application on behalf of the applicant.

Licence / permit	2021	2022	2023 (as at 30 Nov)
No. of new applications (a)	14 129	10 227	9 789
No. of new applications submitted online (b)	3 166	2 638	2 614
Percentage (b) / (a)	22%	25%	26%

- (w) with reference to paragraph 4.23(d) of the Audit Report, please advise whether the implementation schedule for the electronic-referral system has been formulated; if yes, the details; if not, when it will be available; whether FEHD can expedite the implementation progress.**

Please refer to the response under (j)(ii) on the progress of the adoption of the electronic referral system. As it involves a number of B/Ds which may have to adjust their own systems, at the moment FEHD is not able to formulate a concrete implementation schedule. FEHD will set up a working group so as to work closely with relevant B/Ds with a view to speeding up the process. The target is to draw up an implementation schedule in the first half of 2024.



香港特別行政區政府  
消防處

香港九龍尖沙咀東部康莊道一號  
消防處總部大廈



**FIRE SERVICES DEPARTMENT**  
**GOVERNMENT OF THE HONG KONG**  
**SPECIAL ADMINISTRATIVE REGION**  
FIRE SERVICES HEADQUARTERS BUILDING  
NO. 1 HONG CHONG ROAD  
TSIM SHA TSUI EAST, KOWLOON  
HONG KONG

本處檔號 OUR REF. : (7) in FSD CR 4-35/26C  
來函檔號 YOUR REF. : CB4/PAC/R81  
電子郵件 E-mail : hkfsdenq@hkfsd.gov.hk  
圖文傳真 FAX : 852-2368 0175  
電 話 TEL. NO. : 852-2733 7711

28 December 2023

Ms Shirley CHAN  
Clerk to Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Ms CHAN,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 81**  
**Licensing of food premises**

Thank you for your letter dated 15 December 2023. This Department's responses to the questions raised are set out in the Appendix to facilitate the Committee's consideration of the captioned Chapter of the Audit Report.

Yours sincerely,

(Andy YK YEUNG)  
Director of Fire Services

c.c. Secretary for Environment and Ecology (email: see@eeb.gov.hk)  
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)  
Secretary for Security [Attn: PAS(S)B (email: rplcheung@sb.gov.hk)]  
Director of Food and Environmental Hygiene (email: dfehoffice@fehd.gov.hk)  
Director of Buildings (email: cpmyu@bd.gov.hk)  
Director of Home Affairs (email: dha\_office@had.gov.hk)  
Director of Audit (email: ncylam@aud.gov.hk)

Encl.

**Public Accounts Committee**  
**Consideration of Chapter 2 of Director of Audit's Report No. 81**  
**Licensing of food premises**

**Response to Questions**

<b><i>Part 2: Processing of applications for new food business licences and permits</i></b>	
<b>(a)</b>	<p><b><i>referring to paragraphs 2.10 and 2.12 of the Audit Report about the delays in making referrals of the 50 applications for new food business licences to and receiving comments from other relevant government bureaux/departments (“B/Ds”), the Food and Environmental Hygiene Department (“FEHD”) has agreed, according to paragraph 2.32, to take measures to address the problem. Please advise the progress and details of the follow-up actions taken by FEHD and the collaborative efforts made/to be made by FEHD, the Buildings Department and the Fire Services Department (“FSD”) to expedite the processing of applications;</i></b></p>
	<p>FSD always facilitates the food business licences application process by adopting a pragmatic approach in the work arrangement, and has actively reviewed the handling process to improve the efficiency of document transmission. In this regard, FSD has taken the initiative to put forward measures on the adoption of electronic means for receiving referrals from and providing comments to FEHD, for better collaboration with FEHD.</p> <p>Firstly, FSD is developing an e-Issuance of Licences and Certificates System, which is expected to be launched by Q2 2024, under which various correspondence by FSD, including letters, fire safety requirements, memorandum as well as certificates, can be issued to applicants and exchanged with FEHD electronically, so as to ensure referrals are received from and comments are provided to FEHD in a timely manner.</p> <p>Besides, FSD is also revamping an internal information management system, namely the Integrated Licensing, Fire Safety and Prosecution System (LIFIPS). The system provides a common platform for case handling and information sharing encompassing scope of licensing, fire safety inspection and prosecution processes among FSD's different units. The revamp is expected to be completed by 2026, by then the system will be connected with the systems of other government departments to further facilitate the food business licences application process.</p> <p>FSD will continue to work closely with FEHD to facilitate the processing of food business licence applications in a timely manner.</p> <p>As for information concerning “follow-up actions taken by FEHD and the efforts made/to be made by FEHD”, FSD is not in a position to provide any advice in this respect. The Public Accounts Committee may wish to approach the relevant department for the information.</p>

<b>(b)</b>	<b><i>with reference to paragraph 2.28 of the Audit Report, please advise whether there is a referral mechanism for cases of unlicensed food premises between FEHD and other relevant B/Ds, in particular the Buildings Department and FSD, in view of the potential risks to public life and property; if yes, the details; if not, how the public safety can be fully protected;</i></b>
	<p>Currently, there is no referral mechanism for cases of unlicensed food premises between FSD and FEHD.</p> <p>To protect life and property from fire is one of the missions of FSD. In this regard, under the extant mechanism, upon receipt of fire hazard complaints raised by the public, referrals from 1823 or other B/Ds, members of FSD would conduct inspections to the subject premises and take necessary enforcement actions in accordance with the Fire Services Ordinance (Cap. 95). If there is suspected operation of unlicensed food premises or other irregularities out of the purview of this department, FSD will make referral to FEHD and/or departments concerned for necessary action.</p> <p>To ensure the fire safety of various premises and the safety of public, FSD welcomes and will provide advice to FEHD for its establishment of a referral mechanism for cases of unlicensed food premises with relevant B/Ds.</p>
<b><i>Part 3: Management of food business licences and permits</i></b>	
<b>(c)</b>	<b><i>with reference to paragraph 3.10 of the Audit Report, please explain the reasons for the different understanding between FEHD and FSD on the referral mechanism agreed by the two departments for processing food business licence/permit transfer applications involving petrol filling stations;</i></b>
	<p>As the regulatory authority of dangerous goods (DG) on land in Hong Kong, FSD regulates the licensing of storage and use of DG at petrol filling station (PFS) in accordance with the Dangerous Goods Ordinance (Cap. 295) (DGO). PFS poses a higher risk of fire and explosion than a normal premises, as it involves the storage, handling, and dispensing of flammable substances i.e. petrol and diesel. The presence of these substances, combined with the potential for ignition sources, will increase the risk level of fire and explosion. Considering the catastrophic consequence and damage of a fire incident in the PFS, FSD has been of the view that all activities, including those not associated with vehicle fuel sales, such as a food business that may potentially attract a large number of customers, should be monitored and controlled with extra care and supervision, and a detailed risk assessment should be conducted for the applications for food business licences or permits located at PFS.</p> <p>Against the above background and for the sake of public safety, a referral mechanism had been established with FEHD since mid-2017 that all applications (i.e. new, renewed, alteration and transfer applications included) for food business licences or permits located at PFS should be referred to FSD, i.e. the licensing authority of PFS under DGO, for detailed risk assessments.</p>

	<p>The purpose and the referral mechanism established have been clear to FSD. We are not in a position to advise the different understanding of other party on the said mechanism for the processing food business licence/permit transfer applications involving PFS.</p>
<p><b><i>Part 4: Other related issues</i></b></p>	
<p><b>(d)</b></p>	<p><b><i>referring to paragraph 4.21 of the Audit Report about the progress of the implementation of the electronic-referral system by FEHD, please explain why the data interface with FSD through the system can only be launched by 2026.</i></b></p>
	<p>As mentioned above, FSD always facilitates the food business licences application process by adopting a pragmatic approach, and has actively reviewed the handling process to improve the efficiency. As elaborated above, FSD is revamping the internal information management system, i.e. LIFIPS, with a view to connecting it with the electronic systems of other government departments. The revamp is expected to be completed by 2026. In fact, to facilitate the processing of food business licence applications before the completion of the revamp of LIFIPS, FSD is in parallel developing an e-Issuance of Licences and Certificates System, under which various correspondence by FSD can be issued to applicants and exchanged with FEHD electronically. FSD is aiming to launch this system in Q2 2024. We trust that the adoption of the above measures can help expedite the processing of food business licences applications, including referral cases, etc.</p>

政府總部  
環境及生態局  
(食物科)

香港添馬添美道2號  
政府總部東翼17樓



ENVIRONMENT AND ECOLOGY BUREAU  
(FOOD BRANCH)  
GOVERNMENT SECRETARIAT

17/F, East Wing,  
Central Government Offices,  
2 Tim Mei Avenue, Tamar,  
Hong Kong

Our Ref.:

Your Ref.: CB4/PAC/R81

Tel. No.: 3509 8926

Fax. NO.: 2136 3282

19 January 2024

Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road Central, Hong Kong  
(Attn: Ms. Shirley Chan)

Dear Ms. Chan,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 81**

**Licensing of food premises**

Thank you for your letter dated 9 January 2024 to the Secretary for Environment and Ecology regarding Chapter 2 of the Director of Audit's Report No. 81 – Licensing of food premises. The consolidated reply of the Environment and Ecology Bureau and the Food and Environmental Hygiene Department is enclosed at **Annex**.

Your sincerely,

A handwritten signature in black ink, appearing to be 'Wendy AU', written over a light grey rectangular background.

(Ms. Wendy AU)

for Secretary for Environment and Ecology

c.c. Director of Food and Environmental Hygiene  
Secretary for Financial Services and the Treasury  
Director of Audit

**Ch 2 of the Director of Audit's Report No. 81  
"Licensing of food premises"**

**Part 2: Processing of applications for new food business licences and permits**

**(a) with reference to paragraph 2.28 of the Audit Report and paragraphs (n)(i) and (ii) of the reply dated 2 January 2024 from the Secretary for Environment and Ecology, please provide/advise:**

**(i) a chronology of events in relation to the two cases of unlicensed food premises in Tuen Mun and Tsuen Wan from first identification of the cases to the issue of provisional food licences, including each action taken by the Regional Licensing Office ("RLO") and the District Environmental Hygiene Offices ("DEHOs") concerned under the Food and Environmental Hygiene Department ("FEHD") and the joint inspections with the Audit Commission ("the Audit");**

For the chronology of events in relation to the two cases in Tuen Mun and Tsuen Wan, please refer to **Appendix I** and **Appendix II**.

**(ii) whether referrals had been made to the DEHOs concerned for follow-up actions after the inspections with the Audit; if yes, the details and why FEHD had not clarified the relevant arrangements with the Audit before the issue of the Audit Report; if not, why not;**

On the enquiries of the Public Accounts Committee (PAC), FEHD has on further examination of the relevant files, found records showing that for the case in Tuen Mun, staff of RLO has referred the observations during the joint inspection with the Audit to the premises on 27.6.2023 to the Tuen Mun DEHO on 5.7.2023.

As for the case in Tsuen Wan, staff of RLO has referred the observation during the joint inspection with the Audit to the premises on 27.6.2023 to Tsuen Wan DEHO on 7.7.2023.

As such records were not found before the release of the Audit report and the PAC public hearings, the relevant follow-up actions

were not clearly set out earlier, which was undesirable. We will expedite referral through the enhanced Licensing Management Information System 2 and strengthen and improve file record and management work.

- (iii) for the Tuen Mun case, the Public Accounts Committee was told at the public hearing on 12 December 2023 that the inspection with the Audit was conducted on 27 June 2023 and no referral was made to the DEHO concerned for follow-up actions for this case because the operator was granted a provisional food licence on 28 June 2023. Please provide the rationale and basis for such an arrangement, together with the number of similar cases of unlicensed food premises under application for licence without enforcement actions taken by DEHOs in the past three years; and**

As mentioned in part (ii) above, according to the latest record found, for the case in Tuen Mun, staff of RLO has referred the observations during the joint inspection with the Audit to the premises on 27.6.2023 to the Tuen Mun DEHO on 5.7.2023. Tuen Mun DEHO was notified on 29.6.2023 that a provisional licence was issued to the subject premises on 28.6.2023.

As will be further elaborated in part (a)(iv) below, upon receiving notification of a new licence application from RLO, staff of the respective DEHO will inspect the concerned premises within a week, followed by weekly inspections thereafter. If any unlicensed food business is detected during inspection, staff of DEHO will initiate immediate prosecution. Monitoring and relevant enforcement actions will continue to be taken on a weekly basis. Therefore, under no scenario will DEHOs not take enforcement actions on detected unlicensed food business.

For unlicensed food premises operating during the licence application period, FEHD currently prosecutes on a monthly basis. If continuous operation is observed at the premises during the month, FEHD will take record of it and apply to the Magistrate for imposition of daily fine upon conviction in Court. To prevent operators from learning the inspection patterns of staff of DEHO and evading from enforcement action, staff of DEHO will not conduct the inspections on the same day of the week regularly.



- (iv) the FEHD's guidelines on conducting inspections of food premises and taking enforcement actions against unlicensed food premises with explanations on the coordination work between RLOs and DEHOs regarding the handling of cases of unlicensed food premises under application for licence;**

Upon receiving notification of a new licence application from RLO, staff of the respective DEHO will inspect the concerned premises within a week, followed by weekly inspections thereafter. If any unlicensed food business is detected during inspection, staff of DEHO will initiate immediate prosecution. Monitoring and relevant enforcement actions will continue to be taken on a weekly basis. At the same time, staff of RLO will inspect the premises as part of the licence application process. If any suspected unlicensed food business is detected by staff of RLO, they will notify DEHO of their observations.

### **Part 3: Management of food business licences and permits**

- (b) according to paragraph (d)(i) of the reply dated 2 January 2024 from the Secretary for Environment and Ecology, if an operator who has his food business licence/permit cancelled submits a fresh application for licence/permit but on different premises, he is free from the 12-month time limit. Similarly, according to paragraph (t) of the above reply from the Secretary for Environment and Ecology, the three-year time limit does not apply to applications for provisional food business licence in relation to new premises. Does the Environment and Ecology Bureau ("EEB") agree that the current licensing regime may create a loophole in regulation, which will pose a threat to the public health and reduce the deterrent effect on unscrupulous food operators; if yes, the remedial measures taken/to be taken to address the issue; if not, why not;**

Paragraph d(i) of the reply mentions that if an operator's licence is cancelled due to contravention of legislative or licensing requirements, and they wish to carry on business at the same premises, they must apply for a new licence but such new application will not be accepted within 12 months from the date of licence cancellation. This has taken into consideration a higher risk of repeated violation at the same premises. Indeed, some contraventions are caused by constraints of the premises concerned and might cease if the operators are to move to a different premises. Debarring an individual from the food business industry for a

year is a severe punishment and would significantly impact not only the individual's livelihood but also that of his/her employees. The 12-month arrangement has been designed to strike a balance between the impact on the trade and the need to ensure food safety. Taking note of Members' concerns, the Government will review the need for other measures to tackle contraventions not related to the premises.

Paragraph (t) of the reply is about refusing provisional food business licence application from a former holder for the same nature of food business on the same premises within 3 years from the date of expiry of the previous provisional licence. A provisional licence allows a food business licence applicant to start operating the business after meeting certain essential requirements but at a lower level than that for a full licence. For example, a premises may only need to provide one toilet for fulfilling the requirement of a provisional licence, whereas the number of toilets required under a full licence may be higher. A provisional licence holder however is obliged to meet all the requirements in fire safety, building safety and hygiene, etc. in order to obtain a full licence. A full licence would allow the food business operator to run the food business for one year, and the full licence is renewable upon presenting proof of meeting the necessary annual fire safety checking requirement. This mechanism is for preventing food business licence applicants from operating a food business on a provisional licence continuously on the same premises without getting a full licence. On the other hand, the reason for the three-year time limit being inapplicable to applicant for provisional food business licence at a new premises is to allow flexibility for a licence applicant to opt for starting a new business at another suitable premises in case its previous application failed in meeting the requirements of a full licence due to constraints of the premises. If the three-year time limit applies to application for provisional food business licence in relation to new premises, a licence applicant failing to obtain a full licence at one premises would be prohibited from starting a new business at another location for three years, which would impose substantial restrictions to the trade. Taking note of Members' concerns, the Government will review the need for alternative measures to tackle contravention not related to premises.

- (c) **with reference to paragraphs 3.9(a) and 3.36 of the Audit Report, please advise the follow-up actions taken/to be taken by FEHD in response to the Audit's recommendation of setting target processing time for restricted food permits;**

FEHD will review the workflows, procedures and guidelines etc. in

relation to the licensing regime and make improvement in order to meet the changing needs of the society. When conducting the review, FEHD will take full consideration of the recommendations made by the Audit. In particular, FEHD will review its various guidelines and timeframes to make them more realistic and facilitate all parties to comply with the requirements.

- (d) **with reference to paragraph 3.10 of the Audit Report, please provide the number of food business licence/permit transfer applications involving petrol filling stations that were received but had not been referred to the Fire Services Department (“FSD”) during the period from May 2017 to October 2023, and advise whether FEHD will refer these cases to FSD for review; if not, why not;**

Currently, there are 33 restricted food permits issued by FEHD with addresses at petrol filling stations and/or liquefied petroleum gas (LPG) filling stations. According to the records, there were 7 cases completing the transfer application during the period in question. The department has referred the information of the permits abovementioned to FSD for review.

- (e) **with reference to paragraph (s) of the reply dated 2 January 2024 from the Secretary for Environment and Ecology and paragraph 3.14 of the Audit Report, whether EEB and FEHD will further study the feasibility of providing an option for those operators with good track records to renew their food business licences with a longer validity so as to provide more flexibility to these operators and reduce the workload of FEHD; if yes, the details; if not, why not;**

In response to the concerns of members of the PAC, FEHD will consult the trade and stakeholders on the issue. EEB and FEHD will further study taking into account the views of the trade and stakeholders and other factors.

- (f) **with reference to paragraphs 3.15 and 3.20 of the Audit Report, please advise/provide;**

- (i) **whether there was negligence committed by FEHD in processing the case of renewal of corporate licence mentioned in paragraph 3.15; if yes, the areas of improvement identified by FEHD in the renewal procedures and the corresponding actions taken/to be taken by FEHD to enhance the procedures; and**

Licence applicants have responsibility to provide correct information in their applications to FEHD. Any person who intentionally misleads or makes false statements shall bear criminal liability. When deciding whether and how to verify the information provided by applicants, FEHD will consider various factors, such as the nature of the information, any previous cases of providing false information, resources required for verification checks and impact on application processing time.

In response to the recommendations from the Audit, FEHD is improving the procedures of the licence renewal process. Corporate licensees will be requested to make declaration and confirm the validity of the corporates at the time of renewal application submission using the application form under the Oaths and Declarations Ordinance (Chapter 11). Any person making a false declaration shall be liable to criminal responsibility and his/her licence/permit will be cancelled.

- (ii) the details of the operation of the risk-based verification checks against the validity of the company registration of corporate licensees/permittees in processing their renewal applications by FEHD; how this new mechanism can effectively identify non-compliance cases, particularly those cases of overseas registered companies;**

FEHD is now formulating the details of the verification checks. This includes selecting a specific ratio of cases to verify the information of the corporates through the Companies Registry's system. The number of cases to undergo verification checks will be adjusted depending on whether provision of false information is found to be common. For verification checks of overseas registered companies, FEHD will consult the Companies Registry and the Department of Justice for professional advice.

- (g) with reference to paragraph 3.27(b) of the Audit Report, please provide the details of the two applications with grace periods further extended for five and eight months respectively, and the relevant justifications;**

In both cases, the applicant had actively contacted respective licensing office and submitted a revised plan for the application. It is believed that the concerned staff of RLO, at that time, considered the applicant to have taken the initiative to fulfill the licensing requirements and invested

considerable resources for that. As a result, they continued to process the application beyond the grace period. Nevertheless, as the Audit Commission revealed that the relevant justification for extension was not recorded, which is undesirable, FEHD has required the concerned staff of RLO to improve this situation.

- (h) with reference to paragraph 3.32 of the Audit Report, please explain why there were instances where the performance measures were not achieved but FEHD reported an achievement of 100% in its Controlling Officer's Report or website. Do EEB and FEHD agree that such data irregularities are unacceptable; if yes, the follow-up actions taken/to be taken to rectify the problem (including the details of the enhanced Licensing Management Information System launched in May 2023 as mentioned at the public hearing);**

FEHD has commenced an investigation into the mentioned situation. The initial findings indicate that there are discrepancies in some FEHD staff's interpretation of individual work measures. For example, in case where delay was due to reasonable grounds, some still considered the case to be meeting the performance measures. FEHD does not rule out that the possibility that some colleagues were careless and did not fully verify the information before submission. The investigation by FEHD is underway, meanwhile both EEB and FEHD consider the above situation to be unacceptable.

FEHD has immediately requested supervisors of relevant sections to review the quarterly return and performance measures to ensure the accuracy of figures, and will strengthen relevant elements in internal training this year. Furthermore, after the launch of the enhanced Licensing Management Information System in May 2023, information in relation to key dates of cases will be automatically recorded in and can be directly extracted from the system. This will minimise possible deviations caused by manual input and figure compilation.

#### **Part 4: Other related issues**

- (i) according to paragraph 4.4 of the Audit Report, FEHD would expand the scope of "Professional Certification System" ("PCS") to cover more food business licences. Please advise/provide:**
- (i) the time that can be shorten by adopting PCS in processing the food licence applications by FEHD;**

Under the general licensing regime, after receiving the written report of compliance with the final layout plans and other required documents from the applicant, officers of FEHD will conduct a final verification inspection on site within 8 working days. Once the applicant's compliance with all licensing requirements is confirmed, FEHD will issue a full licence to the applicant within 7 working days.

PCS adopts an approach of "licence first, inspection later" which simplifies the licence application process. Upon receiving all required documents from the applicants, officers of FEHD will check the submitted documents. If all the documents are accepted, FEHD will inform the applicant of the approval of a full licence within 2 working days without the need of a site inspection. Officers of FEHD will conduct the on-site audit and confirmation check afterwards. Compared to the general licensing regime, applicants can obtain a full licence 13 working days earlier.

- (ii) whether the approach of "licence first, inspection later" adopted under PCS will undermine the regulatory power of the existing licensing regime; and**

Under PCS, officers of FEHD will conduct an on-site audit and confirmation check within a short period of time (7 working days) after the applicant has obtained the full licence. If any certifications/documents submitted with the application are subsequently found to be incorrect, false or misleading in a material particular, FEHD will take follow-up action, including to consider instigating prosecution, revoking the licence issued, or referring the case to law enforcement departments for follow-up etc. FEHD trusts that the food business can be regulated effectively under the PCS.

- (iii) the updated statistics on the respective numbers of food business licence applications adopting PCS for light refreshment restaurants and food factories since the implementation of PCS from 1 March 2023 and the percentages of such applications in the total number of applications;**

From 1 March 2023 to 31 December 2023, there were approximately 1 570 applications for light refreshment restaurant licences and food factory licences. Among them, 10 applications

opted for PCS and 6 applications have been approved to date.

- (j) **referring to paragraph 4.6 of the Audit Report about the small number of applications for composite food shop licence, please advise whether FEHD has reviewed this measure; if yes, the way forward of the measure; if not, why not; and why FEHD is still planning to introduce composite permit for restricted food items given the low application rate of composite food shop licence;**

The composite food shop licence is a food business licence that was implemented by the government in 2010 in response to request from the trade after years of consultation with them. At its peak, there were nearly 40 applications for composite food shop licence. However, due to the changes in food business operation mode and commercial considerations, there is currently only one valid composite food shop licence that is still operating. In view of the recommendation in the Audit Report, FEHD will seek to gauge feedback on the composite food shop licence from the licensee and the trade, in order to explore the future direction.

Under the Food Business Regulation, there are some differences between licence and permit. A licence holder is allowed to conduct food handling procedures, such as food preparation and cooking, at the premises. The application process for a licence is relatively complicated and must comply with various requirements including building safety, fire safety, ventilation equipment and sanitary fitments. A Permit, on the other hand, allows an operator to sell restricted foods specified in Schedule 2 of the Food Business Regulation but does not allow any food handling procedure such as food preparation and cooking, and thus, only compliance with simple ablution facilities requirements is required and most of the applications do not need to be referred to other departments for comment.

Currently, if an operator intends to sell more than one restricted food item, he/she has to apply for separate permit for each restricted food item. In order to reduce compliance costs of the trade and enhance flexibility in the local business environment, meanwhile without compromising food safety, the Chief Executive announced in the “2023 Policy Address” to introduce a composite permit that covers multiple restricted food items to obviate the need for separate applications.

- (k) **referring to paragraphs 4.7 to 4.8 of the Audit Report about the implementation of restriction relaxation on light refreshment restaurant licences, please provide the updated number of applications received from licensees for switching to the relaxed**

**regime and the percentage for such switching in the total number of applications; does FEHD consider the response from the trade to this new initiative satisfactory; if yes, why; if not, the way forward;**

FEHD will issue licences in accordance with the new regime when processing new application for light refreshment restaurant licences and when those existing licensees apply for changes. Since the introduction of the new regime, over 580 existing and new light refreshment restaurants have benefited from the relaxed regime and are allowed to sell a wider variety of food items. Before launching the new regime and during its implementation, FEHD has conducted extensive consultations and maintained communication with the trade. Feedback from the trade is that the new regime is well-received. FEHD will continue to communicate with the trade and listen to the opinions of relevant stakeholders, monitor the mode of operation of the trade, and review relevant arrangements in a timely manner.

- (l) according to paragraph 4.11 of the Audit Report, FEHD has agreed with the Audit's recommendations of reviewing various business facilitation measures as mentioned in paragraph 4.10. In paragraph 1.18, the Secretary for Environment and Ecology has pledged to provide policy steer and oversight of FEHD to take forward the Audit's recommendations. In this regard, what specific measures have been taken/will be taken by EEB to support the work of FEHD;**

The EEB has been providing policy steer and support to the FEHD for implementing various initiatives to streamline the application process for food business licences and permits, as well as enhance regulatory control over food premises.

The management of EEB and FEHD hold regular meetings to review on matters of concern. As a follow-up on the Audit report, EEB has requested FEHD to provide monthly reports on the implementation of the Audit's recommendations, which include the review of the business facilitation measures. EEB will provide policy steer and monitor the progress of implementation as needed. FEHD has also been tasked to set up a working group with relevant bureaux/departments to explore room for streamlining the procedures for handling the application of food business licences and permits and enhancing communication, including better defining each other's functions and the time required in providing comments and processing the applications. The working group is expected to complete its work by the first half of 2024, with an agreed



implementation plan listing tasks to be accomplished with effective dates. EEB will oversee FEHD in taking forward the implementation plan.

- (m) according to paragraphs 4.13 and 4.16 of the Audit Report, FEHD planned to extend the online payment service to all payment of fees related to food business licences/permits by the second quarter of 2024 and launch an online platform for applications for renewal of food business licences/permits by the end of 2023. According to paragraph 4.15 of the Audit Report, electronic submission of applications for food business licences/permits was rolled out in January 2013, please explain why the use of technology by FEHD to facilitate processing of applications for food business licences/permits has taken such a long time and measures taken by FEHD to expedite the process;**

As the various tasks involve different systems, taking into account factors such as resource availability and trade's opinions, FEHD enhanced these systems step by step. FEHD will continue to make good use of technology to enhance its public services. For example, online payment services will be expanded to cover all licenses/permits in the second quarter of 2024 and all food business licences will be issued through electronic means.

- (n) according to paragraph 4.15 of the Audit Report and paragraph (v)(ii) of the reply dated 2 January 2024 from the Secretary for Environment and Ecology, the usage rate of online submission of food business licence/permit applications had been on a rising trend from 22% in 2021 to 26% in 2023 (up to 30 November). Please provide updated statistics for 2023, and advise whether FEHD has set a target on the usage rate for this online service; if yes, the details; if not, why not; measures taken/to be taken to further promote the use of online submission by applicants;**

In order to facilitate individuals interested in operating restaurants understand the procedures for applying restaurant licences and the licensing requirements of various relevant departments, FEHD organises bi-monthly "Seminar on Restaurant Licensing" at different locations. The seminars are free to attend and cover introduction on how to submit a food business licence application online. Officers of FEHD also participate various meetings organised by the Business Facilitation Advisory Committee for the trade each year to enhance communication with the trade and promote online licence application services. In addition, FEHD will provide guidelines in the first quarter of 2024 on the

"DIY application for food business licences" to encourage applicants to submit food business licence applications online.

The number of online applications for new food business licences / permits in the past three years are tabulated below:

Year	2021	2022	2023
No. of new application for licence/ permit (a)	14 129	10 227	10 558
No. of new applications submitted online (b)	3 166	2 638	2 801
Percentage (b) / (a)	22%	25%	26%

- (o) **according to the reply dated 28 December 2023 from the Director of Fire Services, FSD is developing an e-Issuance of Licences and Certificates System by which FSD can issue its correspondence to applicants and exchange information with FEHD electronically. In this regard, please advise the corresponding measures/actions taken/to be taken by FEHD to dovetail with the launch of this new system of FSD with a view to expediting the processing of applications for food business licences and permits;**

FEHD and FSD have reached a consensus on referring applications and receiving comments through electronic means to improve efficiency. FSD is simultaneously developing an "e-issuance of licences and certificates system" to provide comments, documents etc. to the applicants and FEHD through electronic means. FEHD will continue to liaise closely with FSD to ensure smooth interface of the systems of FSD and FEHD, so as to expedite information exchange and the processing time of application for food business licences and permits.

- (p) **with reference to paragraphs 4.25 to 4.27 of the Audit Report, please advise the follow-up actions taken/to be taken by FEHD in response to the Audit's recommendation of enhancing the search function of licensed/permitted food premises on its website; and**

FEHD has enhanced the search page for licensed premises on the department's website. The public now simply need to enter the address or shop sign of the premises concerned, without needing to choose the licence/permit type, to obtain relevant search results.

- (q) referring to paragraphs 4.28 to 4.31 of the Audit Report about dissemination of application and licensing-related information to the public, please advise further publicity and promotional efforts made/to be made by FEHD to enhance its work in this regard.**

FEHD has reminded all Licensing Offices that they have to display the latest version of key information materials regarding licence application in prominent places of the office to facilitate access and reference by the public.

In addition, FEHD has been placing advertisements in free newspapers of the highest circulation to widely promote information about upcoming “Seminar on Restaurant Licensing” to the public, and will announce information about upcoming seminars on the FEHD website and in the three licensing offices to let more members of the public to learn about and attend the seminar.

FEHD has also updated, compiled and uploaded both Chinese and English versions of the seminar presentation materials to the FEHD website for reference by the public. FEHD will review and update relevant information in a timely manner in the future to ensure that the public has access to the latest information.

FEHD will also produce a "DIY application for food business licences" in the first quarter of 2024 to enhance the trade's understanding about the licence application process and reduce start-up costs of micro, small and medium enterprises.

**Chronology of events in relation to a case of unlicensed food business  
handled by the Tuen Mun District Environmental Hygiene Office**

Date	Sequence of events / follow up action
29.3.2023	The New Territories Licensing Office (NTLO) received application for General Restaurant Licence (GRL) and Provisional General Restaurant Licence (PGRL) of the subject premises. The document was dated 28.3.2023.
30.3.2023	NTLO issued a memo to the Tuen Mun District Environmental Hygiene Office (DEHO) to seek their comment on the above application.
31.3.2023	Staff of DEHO received the memo from NTLO and arranged staff inspection to the concerned premises within a week, followed by weekly inspections thereafter <sup>1</sup> .
3.4.2023	Staff of DEHO conducted an inspection and detected no unlicensed food business.
11.4.2023	Staff of DEHO conducted an inspection and detected no unlicensed food business.
21.4.2023	Staff of DEHO detected unlicensed food business during inspection, and instituted prosecution against the proprietor in accordance to the Food Business Regulation <sup>2</sup> .
26.4.2023	Staff of DEHO detected unlicensed food business operation during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 21.4.2023 in Court.
3.5.2023	Staff of DEHO detected unlicensed food business during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 21.4.2023 in Court.
5.5.2023	Letter of Requirements of GRL and PGRL was issued to the applicant by NTLO.
10.5.2023	Staff of DEHO detected unlicensed food business during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 21.4.2023 in Court.

<sup>1</sup> To prevent operators from learning the inspection patterns of staff of DEHO and evading from enforcement action, staff of DEHO will not conduct the inspections on the same day of the week regularly.

<sup>2</sup> FEHD currently prosecutes on a monthly basis. If continuous operation is observed at the premises during the month, FEHD will take record of it and apply to the Magistrate for imposition of daily fine upon conviction in Court.

Date	Sequence of events/follow up action
17.5.2023	Staff of DEHO detected unlicensed food business during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 21.4.2023 in Court.
25.5.2023	Staff of DEHO conducted an inspection and detected no unlicensed food business.
30.5.2023	Staff of DEHO conducted an inspection and detected no unlicensed food business.
6.6.2023	Staff of DEHO detected unlicensed food business during inspection, and instituted prosecution against the proprietor in accordance to the Food Business Regulation.
13.6.2023	Staff of DEHO detected unlicensed food business during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 6.6.2023 in Court.
20.6.2023	Staff of DEHO detected unlicensed food business during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 6.6.2023 in Court.
27.6.2023	Staff of NTLO and the Audit Commission conducted site inspection for progress report. Unlicensed food business operation was found at the subject premises.
29.6.2023	The Licensing Management Information System (LMIS) generated and sent notification email automatically to DEHO informing the issuance of PGRL, with validity period from 28.6.2023 to 27.12.2023 to the subject premises.
5.7.2023	Staff of NTLO issued memo referring observations of suspected unlicensed food business operation during the 27.6.2023 inspection to the subject premises to DEHO.

**Chronology of events in relation to a case of unlicensed food business  
handled by the Tsuen Wan District Environmental Hygiene Office**

Date	Sequence of events/follow up action
6.6.2023	Staff of the Tsuen Wan District Environment Hygiene Office (DEHO) detected unlicensed food business operation on the premises during routine inspection, and instituted prosecution against the proprietor in accordance to the Food Business Regulation. Follow-up inspections were conducted on a weekly basis thereafter <sup>1</sup> .
16.6.2023	<ul style="list-style-type: none"> <li>● The New Territories Licensing Office (NTLO) received application for Food Factory Licence (FFL) and Provisional Food Factory Licence (PFFL) for the subject premises. The document was dated 14.6.2023.</li> <li>● NTLO issued a memo to DEHO to seek their comment on the abovementioned application.</li> <li>● Staff of DEHO detected unlicensed food business operation during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 6.6.2023 in Court.</li> </ul>
19.6.2023	Staff of DEHO received the memo from NTLO informing them of the abovementioned application for FFL and PFFL for the premises.
23.6.2023	Staff of DEHO detected unlicensed food business operation during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 6.6.2023 in Court.
27.6.2023	<ul style="list-style-type: none"> <li>● Staff of NTLO and the Audit Commission conducted site inspection for progress report of the application. Unlicensed food business operation was found at the subject premises.</li> <li>● Staff of DEHO detected unlicensed food business operation during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 6.6.2023 in Court.</li> </ul>

<sup>1</sup> To prevent operators from learning the inspection patterns of staff of DEHO and evading from enforcement action, staff of DEHO will not conduct the inspections on the same day of the week regularly.

Date	Sequence of events / follow up action
6.7.2023	Staff of DEHO detected unlicensed food business operation during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 6.6.2023 in Court.
7.7.2023	NTLO issued a memo to DEHO informing them of suspected unlicensed food business operation at the subject premises.
12.7.2023	DEHO received the memo from NTLO.
13.7.2023	Letter of Requirements of FFL and PFFL was issued to the applicant by NTLO.
14.7.2023	Staff of DEHO detected unlicensed food business during inspection, and instituted prosecution against the proprietor in accordance to the Food Business Regulation <sup>2</sup> .
20.7.2023	Staff of DEHO detected unlicensed food business operation during inspection, and took record of it to apply for imposition of a daily fine on the premises upon conviction of the prosecution instituted on 14.7.2023 in Court.
26.7.2023	The Licensing Management Information System (LMIS) generated and sent notification email automatically to DEHO informing them of the issuance of PFFL, with validity period from 26.7.2023 to 25.1.2024, to the subject premises.

---

<sup>2</sup> FEHD currently prosecutes on a monthly basis. If continuous operation is observed at the premises during the month, FEHD will take record of it and apply to the Magistrate for imposition of daily fine upon conviction in Court.

YOUR REF 來函檔號 : CB4/PAC/R81  
OUR REF 本署檔號 : L/M (26) in BD CR/4-35/2 C  
FAX 圖文傳真 : 2625 0472  
TEL 電話 : 2626 1133  
WEBSITE 網址 : www.bd.gov.hk

2 January 2024

Ms Shirley CHAN  
Clerk to Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong


Dear Ms CHAN,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No.81**  
**Licensing of food premises**

Thank you for your letter dated 15 December 2023 to the Director of Buildings concerning the captioned Audit Report. We are pleased to provide the requested information in the **Appendix**.

2. If you require any further information, please contact the undersigned or our Chief Building Surveyor/New Territories East (1) & Licensing, Mr YUE Chak-sang, Lawsons, at 2626 1478.

Yours faithfully,



( CHEUNG Yuk-ching, Karen )  
Assistant Director/New Buildings 1  
for Director of Buildings

Encl.

- c.c. Secretary for Environment and Ecology (email: see@eeb.gov.hk)
- Director of Food and Environmental Hygiene (email: dfehoffice@fehd.gov.hk)
- Director of Fire Services (email: dfs@hkfsd.gov.hk)
- Director of Home Affairs (email: dha\_office@had.gov.hk)
- Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)
- Director of Audit (email: ncylam@aud.gov.hk)



**Public Accounts Committee  
Consideration of Chapter 2 of the Director of Audit's Report No.81  
Licensing of food premises**

We are pleased to provide the requested information on the following issues raised at the public hearing:

**Part 2: Processing of applications for new food business licences and permits**

**Reply to Question (a)**

**Question:** Referring to paragraphs 2.10 and 2.12 of the Audit Report about the delays in making referrals of the 50 applications for new food business licences to and receiving comments from other relevant government bureaux/departments (“B/Ds”), the Food and Environmental Hygiene Department (“FEHD”) has agreed, according to paragraph 2.32, to take measures to address the problem. Please advise the progress and details of the follow-up actions taken by FEHD and the collaborative efforts made/to be made by FEHD, the Buildings Department and the Fire Services Department to expedite the processing of applications.

**Response:** Buildings Department (BD) has implemented the electronic-referral system under FEHD’s LMIS 2 since May 2023. In addition, BD has reminded its staff to provide comments to FEHD in a timely manner and is enhancing its computer system to monitor the progress of referrals automatically with newly added alert functions. The enhancement of BD’s computer system is expected to be completed in the second quarter of 2024.

## **Reply to Question (b)**

**Question:** With reference to paragraph 2.28 of the Audit Report, please advise whether there is a referral mechanism for cases of unlicensed food premises between FEHD and other relevant B/Ds, in particular the Buildings Department and the Fire Services Department, in view of the potential risks to public life and property; if yes, the details; if not, how the public safety can be fully protected.

**Response:** BD advises FEHD from building safety point of view on the suitability of the premises for food business use in response to FEHD's referrals during the food business licence/permit application process. While there is no established referral mechanism specifically for cases involving suspected unlicensed food premises, FEHD may refer such cases to BD for follow-up on building safety aspects in accordance with the prevailing enforcement policy. If BD in the course of carrying out its duty discovers unlicensed food premises, it would also refer the cases to FEHD for appropriate action under the licensing regime.

## 民政事務總署

香港灣仔軒尼詩道一百三十號  
修頓中心二十九及三十樓



## HOME AFFAIRS DEPARTMENT

29th and 30th Floors,  
Southorn Centre,  
130 Hennessy Road,  
Wan Chai, Hong Kong.

本署檔號 Our Ref. HAD HQ CR/4-35/25/(C)  
來函檔號 Your Ref. CB4/PAC/R81  
電話 Tel.: 2835 1378  
傳真 Fax: 2573 7139

29 December 2023

Ms Shirley CHAN  
Clerk to the Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms CHAN,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 81**  
**Licensing of food premises**

Thank you for your letter dated 15 December 2023 to the Director of Home Affairs. I am authorised to reply on her behalf.

Our response to the questions of your aforesaid letter is set out at Annex.

Yours sincerely,

(Ms Alsa CHOI)  
for Director of Home Affairs

c.c. Secretary for Environment and Ecology (email: see@eeb.gov.hk)  
Director of Food and Environmental Hygiene (email: dfehoffice@fehd.gov.hk)  
Director of Buildings (email: cpmyu@bd.gov.hk)  
Director of Fire Services (email: dfs@hkfsd.gov.hk)  
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)  
Director of Audit (email: ncylam@aud.gov.hk)

**Public Accounts Committee (PAC)  
Consideration of Chapter 2 of the Director of Audit's Report No. 81  
Licensing of food premises**

**Letter from Clerk to PAC dated 15 December 2023**

**Reply from Home Affairs Department**

**Part 2: Processing of applications for new food business licences and permits**

- (i) District Offices (“DO”) of the Home Affairs Department (“HAD”) conduct local consultation for outside seating accommodation permission applications (“OSA applications”) at the request of Food and Environmental Hygiene Department (“FEHD”). There are no differences in procedures and arrangements of local consultation adopted for OSA applications relating to the inclusion of OSA into existing licensed premises and those submitted concurrently with new restaurant licences applications. Regarding whether the time taken to conduct local consultations is one of the contributing factors for the long processing time of OSA applications, as noted in the Director of Audit’s Report No.81, FEHD asks the relevant DOs to revert with consultation results within 20 working days. Even for the 10 OSA applications with long processing times examined by the Director of Audit, the time taken from FEHD’s issue of memo for local consultation to its receipt of HAD’s reply on local consultation results ranged from 19 to 75 working days (**on average 33 working days, and 28 working days on average if the longest processing case with complications is excluded**); and for applications involving a further round of local consultation, each further local consultation took 23 workings days on average. On the other hand, the entire duration of processing by FEHD was **15 to 23 months** for cases involving inclusion of OSA into existing licensed premises, and **9 to 19 months** for OSA applications submitted concurrently with new restaurant licences. As borne out from the above Director of Audit’s findings, the time taken by HAD to conduct local consultation is NOT a major part of FEHD’s

processing of OSA permission application.

- (ii) To facilitate DOs to conduct local consultation, the initiating departments make a request to the DO, setting out the necessary details of the request, including information on the subject, suggested stakeholders to be consulted, and suggested scope (e.g. buildings or area affected), etc. The DO concerned would further discuss or seek clarifications on the request (e.g. the stakeholders to be consulted) with the initiating department, if necessary, and conduct the local consultation accordingly. To facilitate the request process, a “Request for Local Consultation” proforma has been made available for the purpose.

The consultation period normally takes two weeks’ time. After the consultation period ends, DO will collate the feedback and forward it to the initiating department together with the statistics of feedback. All views, be it supporting, no views, or objecting, would be forwarded to the initiating department for handling.

- (iii) The “Request for Local Consultation” proforma is to facilitate initiating departments in requesting DOs to conduct local consultation for various specific issues. A key is whether sufficient relevant information is provided to facilitate DOs’ conduct of local consultation. Insofar as the local consultation for OSA applications is concerned, HAD will explore with FEHD room for streamlining the local consultation procedure, for instance by standardising the types of stakeholders to be consulted, to enhance efficiency. Subject to the outcome of the review of consultation workflow, HAD will consider whether there is a need to revise the “Request for Local Consultation” proforma.

(Translation)

**Public Hearing of the Public Accounts Committee  
in response to the Director of Audit's Report No. 81  
Chapter 3: Maintenance and Modernisation of Lifts and Escalators  
in Public Rental Housing Estates**

**Opening Remarks by the Secretary for Housing**

Chairman,

Thank you, Chairman. I would like to thank the Audit Commission for its comprehensive audit and valuable comments on the maintenance and modernisation of lifts and escalators in public rental housing estates carried out by the Housing Department (HD). I would also like to thank the Public Accounts Committee for giving us an opportunity to allow my colleagues and I to explain the details and propose ways in which we can make further progress and improvements in the future. Colleagues from the HD agree with the contents of the Audit Report and accept its recommendations. The HD will continue to closely monitor the implementation progress and situations of the improvement measures to ensure that the recommendations in the Audit Report are effectively and fully implemented.

2. As of June 2023, the HD was responsible for the management of 193 public housing estates, including a total of 6 056 lifts and 277 escalators. We understand that lifts and escalators are closely related to the lives and convenience of residents. Therefore, we will not compromise the safety of lifts and escalators, and will strive to minimise the breakdowns of lifts and escalators.

3. Public housing estates are densely populated and many members of the public come to our shopping centres and other facilities. Therefore, the usage of lifts and escalators is much higher than that of ordinary private residential estates. However, we have been told by some industry peers that the breakdown rates of lifts and escalators maintained by the HD have always been maintained at a low level. Data reveal that there were on average less than one breakdown per lift maintained by HD and less than one breakdown per escalator maintained by HD in every six months. In recent years, the Audit Commission has also noticed that our overall breakdown rate has been decreasing. Of course, we also strive to further improve and do better in all aspects. In fact, some breakdowns were caused by human factors, for example, accidental collisions, etc. There were also many cases of suspension of lift services precisely due to the actuation of safety devices; for example, safety devices were actuated when there

was an obstruction to the opening or closing of lift doors to ensure the safety of lift users. These cases might not be related to equipment failure, and in most cases, lift services could be resumed within a short period of time after inspection. Suspension of lift services for over two days only account for 0.7% of all the cases.

4. As mentioned in the Audit Report, more than 99% of lifts and 98% of escalators services suspension cases of the HD could be resumed services within two days. This is attributed to the HD's effective monitoring of contractors and more stringent maintenance requirements than the statutory requirements. For example, contractors carry out periodic maintenance on a weekly basis for each lift and escalator, which is four times the statutory requirement of once a month. More frequent periodic maintenance could enable more timely preventive maintenance of lifts and escalators, thereby enhancing system stability and services safety. Apart from that, the HD regularly assesses and monitors the performance of the contractors, together with surprise checks and extra inspections conducted by different teams, to ensure that the maintenance performance of contractors meets the requirements. In fact, the HD's lifts and escalators are maintained by the original manufacturers. They have absolute liability on lift safety, direct supply of spare parts and technical backup, and readily available and comprehensive maintenance services. Notwithstanding the large number of lifts and escalators under the HD's management, the vast majority of the services suspension cases mentioned in the Report were relatively minor and were not categorized as incidents that are legally required to be reported to the Electrical and Mechanical Services Department (EMSD).

5. Since 1988, the HD has been implementing the Lift Modernisation Programme and has so far carried out modernisation works for more than 1 500 lifts in more than 60 public housing estates. The HD evaluates lifts that have been in operation for more than 25 years annually and carries out modernisation works in an orderly manner depending on the situation. Unlike many private housing estates, the lift modernisation works carried out by the HD are more comprehensive. The entire machinery for the lift installation is completely renewed, and the lift machine room, lift shaft, etc. will be thoroughly inspected and even re-conditioned. The HD has also reviewed and streamlined some procedures to shorten the shut-down period of lifts due to the works. In order to further enhance the safety standards of lifts, the HD has also additionally equipped the lifts with the latest safety devices in accordance with the guidelines of the EMSD in tandem with Lift Modernisation Programme.

6. For escalators, the HD requires contractors to completely dismantle the escalators periodically for inspection and replacement of worn-out parts, and install new safety devices in accordance with the guidelines of the EMSD. These are extra requirements imposed by the HD on the contractors in addition to the statutory requirements. Most of the escalators managed by the HD have been retrofitted with

these safety devices and a small number of remaining escalators will be retrofitted in 2024/25 as planned.

7. In addition to the above programmes, the Housing Bureau (HB) has been actively seeking to adopt advanced technology and innovative thinking to enhance construction safety and efficiency, as well as optimising property management. In November this year, the HB signed a Memorandum of Understanding (MOU) with the Hong Kong Applied Science and Technology Research Institute (ASTRI) to establish a strategic partnership and make good use of innovative technologies to bring and optimize solutions to property management. ASTRI has also repeatedly expressed to me the importance attached to this collaboration with the HB. In the aspect of lift maintenance work, ASTRI will develop an Artificial Intelligence (AI) Predictive Maintenance System for lifts to analyse Internet of Things (IoT) data, and to obtain the data pattern of lift operations to effectively predict the lift breakdown patterns. This AI Predictive Maintenance System is compatible with lifts from different manufacturers, and through remote real-time monitoring and accurate breakdown predictions, it will improve the efficiency of on-site maintenance inspections, reduce the suspension of lift services and enhance the quality of property management services.

8. In summary, we have six directions for continuous improvement, including:

- (1) research into the application of new technologies;
- (2) switch to the comprehensive use of digital log-books;
- (3) wider application of IoT sensors;
- (4) promote the information of proper use to the public;
- (5) combat malicious damage (15 points can be allotted at present, and we will issue a Notice-to-Quit upon accumulation of 16 points); and
- (6) explore and work collaboratively with the industry to enhance the services quality.

9. As always, the HD is committed to providing residents with better and safer lift and escalator services. My colleagues and I are pleased to respond to Members' questions on the details, particulars and improvement proposals of this Chapter.

10. Thank you, Chairman.

- End -





香港房屋委員會

Hong Kong Housing Authority

Your Ref. : CB4/PAC/R81

Our Ref. : HD 3-8/SD/BW-5/8/15 (C)

Tel. No. : 2761 5878

Fax. No. : 2761 7630

8 January 2024

Clerk to Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attention: Ms. Shirley CHAN)

**By Email**

Dear Ms. CHAN,

**Public Accounts Committee  
Chapter 3 of the Director of Audit's Report No. 81  
Maintenance and Modernisation of Lifts and Escalators in  
Public Rental Housing Estates**

I refer to your letter dated 21 December 2023 to the Secretary for Housing concerning the captioned. Having consulted the relevant department, please find our response in the **Annex** to this letter to facilitate consideration of the matter by the members of the Public Accounts Committee.

Yours faithfully,

( HONG Wing-kit )  
for Secretary for Housing

Encl.

- c.c. Secretary for Financial Services and the Treasury (email: [sfst@fstb.gov.hk](mailto:sfst@fstb.gov.hk))  
Director of Housing (email: [psh@housingauthority.gov.hk](mailto:psh@housingauthority.gov.hk))  
Director of Electrical and Mechanical Services (email: [ericpang@emsd.gov.hk](mailto:ericpang@emsd.gov.hk))  
Director of Audit (email: [ncylam@aud.gov.hk](mailto:ncylam@aud.gov.hk))

香港九龍何文田佛光街 33 號房屋委員會總辦事處

Housing Authority Headquarters, 33, Fat Kwong Street, Ho Man Tin, Kowloon, Hong Kong.

**Consideration of  
Chapter 3 of the Director of Audit's Report No. 81 (the Audit Report)  
Maintenance and Modernisation of Lifts and Escalators  
in Public Rental Housing Estates**

**Response from the Housing Bureau to Information Requested  
by Public Accounts Committee on 21 December 2023**

**Part 1: Introduction**

- (a) Referring to paragraph 1.5 of the Audit Report regarding 173 cases of lift malfunctioning from 2006 to 2010 causing injury to over 20 people and an incident relating to lift plunging in Fu Shin Estate in Tai Po in 2008, please advise:
- (i) the respective numbers of incidents relating to lifts and escalators (“L/Es”) in public rental housing (“PRH”) estates causing injury to people in the past three years with information on the causes and conditions of the injuries arising from such incidents; and
  - (ii) preventive measures taken/to be taken by the Housing Department (“HD”) to reduce the numbers of L/E incidents in PRH estates.

**Response from the Housing Bureau**

- (a) (i) From January 2020 to September 2023, there were three reported incidents of injury to passengers each in L/Es of PRH estates managed by the Housing Department (HD), please refer to **Appendix 1(a)(i)** for details.
- (ii) HD has always attached great importance to the service and safety of L/Es, and adopted proprietary maintenance requiring the original manufacturers to take full responsibility for the design, installation, maintenance and repairs of the L/Es, and to provide spare parts and technical support directly. HD also proactively monitors the work of contractors and requires them to carry out periodic maintenance on a weekly basis to ensure the normal operation of L/Es. In addition, approximately 20% of the breakdown cases of lifts were caused by human behavior or environmental factors (e.g. obstruction of the normal opening/closing of lift doors by foreign objects), and the breakdown rate of escalators is even higher. HD will continue its education work to raise the public awareness on the proper and safe use of L/Es, and

strictly implement the “Marking Scheme for Estate Management Enforcement” to combat malicious damage.

On the other hand, the Housing Bureau (HB) is collaborating with the Hong Kong Applied Science and Technology Research Institute (ASTRI) to develop an Artificial Intelligence (AI) Predictive Maintenance System for lifts to analyse Internet of Things (IoT) data, and to obtain the data pattern of lift operations to effectively predict the lift breakdown patterns.

- (b) **With reference to paragraph 1.6 of the Audit Report, please advise:**
- (i) **whether HD considers the proprietary maintenance arrangement for L/Es, which has been adopted since 1983, is still effective and reliable given the inadequacies identified by the Audit Commission in the maintenance of L/Es in PRH estates; if yes, why; if not, whether HD will review the current maintenance strategy for L/Es in PRH estates;**
  - (ii) **the respective responsibilities and liabilities for the original manufacturers/installers of L/Es in PRH estates under the term maintenance contracts (“TMCs”) engaged with HD and the Lifts and Escalators Ordinance (Cap. 618), as well as the legal consequences to be borne by them for breaching the relevant TMCs and Cap. 618; and**
  - (iii) **whether the proprietary maintenance arrangement for L/Es has created a disincentive for contractors to maintain adequate level of service and performance, and will undermine the competitiveness of tendering exercises; if yes, the counter measures; if not, why not.**

**Response from the Housing Bureau**

- (b) (i) The design of L/Es involves a number of mechanical parts and electronic components. Each brand has its own unique features, and the electronic components used also have to be compatible with each other. Under the proprietary maintenance, the manufacturer/installer takes full responsibility for the L/Es, and provide spare parts and technical support directly for maintenance and repair services at all times. Hence, the adoption of proprietary maintenance

is an important element in safeguarding the safety and serviceability of L/Es.

As mentioned in the Audit Report, HD's lift breakdown rate has been on a decreasing trend from January 2020 to April 2023 (a total of 40 months), with an average breakdown rate of 0.13 and 0.16 respectively for the whole period, i.e. on average, there were less than one breakdown case for each lift and each escalator every six months. Meanwhile, services of 99% of lift breakdowns and 98% of escalator breakdowns could be resumed within two days and there were no serious incidents during the period. This shows that the L/Es have been maintained in good service condition under the proprietary maintenance. While the adoption of proprietary maintenance will be maintained, HD will continue to keep abreast of the situation and review the arrangement when necessary.

- (ii) Under the proprietary maintenance, if any mechanical or safety problems are found in a lift or escalator, the manufacturer, installer or maintenance contractor is held responsible. If the performance of the contractor is found unsatisfactory, HD will follow up appropriately, such as issuing warning letters or adverse reports, suspending the contractor concerned from tendering for new works contracts, etc., depending on the circumstances. In addition, if the contractor fails to resume the normal service of lift/escalator for more than 60 days, HD may deduct the maintenance payment in accordance with the contract terms.

The relevant contractors, engineers and workers must register under the Lifts and Escalators Ordinance (Cap. 618 of the Laws of Hong Kong, hereinafter referred to as "the Ordinance") and are required to carry out lift/escalator works in accordance with the requirements of the Ordinance, the Lifts and Escalators (General) Regulations (Cap. 618A of the Laws of Hong Kong, hereinafter referred to as "the General Regulations"), and the Code of Practice on Lift Works and Escalator Works (hereinafter referred to as "the Code of Practice") issued under the Ordinance. In case of non-compliance, the relevant contractors, engineers and workers are liable to fines or imprisonment, please refer to our response to item (t)(i) for details.

- (iii) HD assesses the performance of lift contractors on a monthly basis through the Building Services Maintenance Assessment Scoring System (BSMASS). This performance score is one of the important assessment criteria for the Housing Authority (HA)'s tenders for the construction of new PRH estates and installation of new lifts/escalators, and hence has direct impact on the contractors' opportunity of winning tenders. Contractors need to strive for good performance in maintenance works in order to enhance the opportunity of successful tendering for new lift/escalator works. Therefore, contractors have great incentives to continuously improve the quality of their maintenance works. In addition, HD may terminate the maintenance contracts of contractors in case of persistent poor performance.
- (c) **According to paragraph 1.7 of the Audit Report, the total maintenance expenditure in 2022-2023 for 6 050 lifts and 277 escalators located in 193 PRH estates was \$763.2 million. Please advise:**
- (i) **the average maintenance cost of each L/E in PRH estates, and details of the comparison with those of the private sector; and**
- (ii) **whether the more stringent requirements adopted by HD in TMCs for routine maintenance and inspection works than the statutory requirements as mentioned in paragraph 2.8 of the Audit Report would incur additional expenditure on the maintenance of L/Es in PRH estates; if yes, the amount involved and the percentage of such additional expenditure in the total maintenance expenditure; and whether HD considers such practice necessary and cost-effective.**

**Response from the Housing Bureau**

- (c) (i) & (ii) In 2022/23, the average monthly maintenance cost per HD's lift was \$10,300, while the average monthly maintenance cost per lift in private residential buildings (based on buildings with more storeys) had exceeded \$10,000<sup>Note</sup>. The usage of lifts in PRH estates is higher than that of private residential estates in general, and hence the lifts maintained by HD need to maintain a higher level of serviceability. In order to provide PRH residents with safer and more reliable lift services, HD has stipulated more stringent requirements in the lift maintenance contracts than the statutory requirements. For example, the

Ordinance requires lift contractors to carry out periodic maintenance for lifts at least once a month, i.e. 12 times a year, whereas HD requires contractors to carry out periodic maintenance once a week, i.e. 52 times a year. Therefore, the number of periodic maintenance for each lift is 40 times more than that of the statutory requirement. While HD requires a higher frequency of routine maintenance than the minimum statutory requirement, the maintenance cost of HD is similar to that of the private market.

In the same financial year, the average monthly maintenance cost per HD's escalator was \$5,300. As Electrical and Mechanical Services Department (EMSD) does not disclose the cost data of escalator maintenance for private buildings, we do not have public data for comparison.

Note: Reference was made to the Maintenance Price Figures for Lifts at Private Residential Premises released regularly by EMSD on its website.

- (d) **With reference to Table 2 in paragraph 1.9 of the Audit Report, please provide:**
- (i) **the reasons for the relatively small numbers of contracts awarded and lifts included in 2022-2023 as shown in Table 2 under the Lift Modernisation (“LM”) Programme when compared with the last four financial years; and**
  - (ii) **the number of contracts awarded to the original manufacturers/installers and the percentage of such contracts in the total number of contracts awarded under LM Programme during the period from 2018-2019 to 2022-2023.**

**Response from the Housing Bureau**

- (d) (i) HD invites tender for modernisation works for about 80 to 90 lifts every year. Table 2 shows the number of contracts awarded in that financial year but not the number of projects tendered. Due to the time required for vetting and approving tender documents, it normally takes several months for HD to award the contract after tender closing. Hence, Table 2 cannot fully reflect the total number of lift modernisation (LM) works tendered in a particular year. This is also the reason why some of the contracts awarded will be reflected in the figures of the following financial year. For example, projects

tendered in February 2019 (i.e. for the 2018/19 financial year) will only be awarded in the 2019/2020 financial year. As a result, certain financial years may appear to involve a relatively small number of lifts. The total number of lifts awarded in 2018/2019 and 2019/2020 is 157, i.e. an average of 78 lifts per year. As compared to the total of 165 lifts in 2020/2021 and 2021/2022, i.e. an average of 82 lifts per year, which is in line with the annual target of 80 to 90 lifts.

A total of 77 lifts were planned to be tendered in the 2022/23 financial year. As at 31 March 2023, contracts for 60 of these lifts had been awarded; the documents of another 17 returned tenders were under assessment, and it would be included in the records of the 2023/24 financial year.

- (ii) HD has awarded a total of 27 LM contracts from 2018/19 to 2022/23, of which six contracts (22.2%) were awarded to the original lift manufacturers/installers.
- (e) **With reference to Table 3 in paragraph 1.13 of the Audit Report, please provide/advise:**
- (i) **the details of the lift breakdown incident with passengers trapped for 206 minutes; and**
  - (ii) **improvement measures taken/to be taken by HD to facilitate early identification of irregularities of lifts in PRH estates so that lift trapping incidents can be avoided as far as possible.**

**Response from the Housing Bureau**

- (e) (i) In that case, the contractor arrived the site after 23 minutes upon receipt of the emergency call, meeting the performance pledge. Upon inspection, the lift workers found that the lift was parked in the midway of the lift shaft, which was not close to the landing door, and hence on-site assistance from the firemen was required in rescuing the trapped passengers. At the same time, estate management (EM) staff comforted the trapped passengers on site and provided support. Upon arrival, the firemen assessed how the trapped passengers should be rescued and eventually decided that the High Angle Rescue Team should be engaged to assist in rescuing the trapped passenger. Given the complexity of the case, rescuing the trapped passengers was relatively time-consuming.

- (ii) HB signed a Memorandum of Understanding (MOU) with ASTRI in November 2023 to, among other things, study the application of an AI Predictive Maintenance System for lifts to analyse IoT data, and to obtain the data pattern of lift operations to effectively predict the lift breakdown patterns, and then carry out preventive and targeted maintenance, so as to reduce the chances of trapping passengers due to lift breakdowns.
- (f) **With reference to paragraph 1.14 of the Audit Report, please explain:**
- (i) **detailed operation of the “three-tier regulatory control mechanism” put in place by HD for the maintenance of L/Es in PRH estates;**
  - (ii) **how such mechanism can achieve economy, efficiency and effectiveness in ensuring the safety of L/Es in PRH estates; and**
  - (iii) **whether such mechanism can be further streamlined to improve efficiency and reduce the number of suspension of service for inspection purpose which may cause inconvenience to L/E users.**

**Response from the Housing Bureau**

- (f) (i), (ii) & (iii) HD has put in place a comprehensive system to closely monitor the works of lift and escalator contractors. The system can be summarised into three tiers:
- 1) Monitoring by district offices  
District Maintenance Offices (DMOs) and Property Services Agents (PSAs) are responsible for the day-to-day monitoring of lift and escalator contractors and conduct biannual assessment of each lift and escalator with the assistance of the contractors by inspecting the plant rooms, lift shafts and lift landings to check the operational conditions of L/Es as well as the conditions of the major components.
  - 2) Inspection by headquarters staff  
The Central Services Team (CST) conducts additional surprise checks for the maintenance of L/Es. This arrangement aims to ensure effective monitoring of contractors' performance by DMOs/PSAs through



independent checking on the overall operation of L/Es by senior technical staffs at headquarters level. The surprise checks by CST, headed by the Chief Technical Officer of HD, are conducted having regard to the actual situation or the occurrence of special incidents, and hence the focus of each check may vary. In addition, CST makes appropriate improvement suggestions to DMOs/PSAs and reviews the safety standards and works of the lift and escalator contractors to ensure that they are in compliance with the requirements of the maintenance contracts.

- 3) Sample independent checks conducted by the Lift Inspection Focus Team  
The Lift Inspection Focus Team under the Independent Checking Unit conducts sample independent checks on L/Es maintained by HD to check their safety standards and performance against the statutory requirements.

The monitoring work and scope of the above three tiers are different. We will continue to review and enhance the existing monitoring system, such as exploring ways to shorten the inspection time, coordinating the inspection schedules of different tiers, and considering integrating the inspections by district and headquarters staff, so as to minimise the number of suspensions of lifts for inspection and the impact on residents.

## **Part 2: Maintenance of lifts and escalators**

- (g) **With reference to paragraph 2.2 of the Audit Report, please advise the measures to enhance the serviceability of those L/Es with high breakdown rates but not included under LM Programme for replacement.**

### **Response from the Housing Bureau**

- (g) HD has always been monitoring the maintenance performance of contractors through the three tiers mentioned above, so as to identify areas requiring attention or rectification in maintenance of L/Es and reduce the breakdown rate. In addition, in collaboration with ASTRI, HD has actively explored the application of technology to enhance the level of lift service, including the application of AI Predictive Maintenance System for lifts to analyse IoT data, and to obtain the data pattern of lift operations to effectively predict the lift breakdown patterns, and carry out preventive maintenance to improve the serviceability of lifts.

- (h) **With reference to paragraph 2.3(b) of the Audit Report and your reply letter dated 13 December 2023, please advise:**
- (i) **whether the seven lifts which had service suspended for over two days twice within six months have been included under LM Programme for early replacement;**
  - (ii) **whether HD had imposed any penalties in accordance with TMC on the contractor concerned for the above incidents; if yes, the details; if not, why not; and**
  - (iii) **whether there is a sliding scale of penalties according to the severity of incidents; if yes, the details; if not, why not.**

**Response from the Housing Bureau**

- (h) (i) Among the seven lifts, one was planned for undergoing LM works this year, two were tentatively scheduled for tendering for modernisation works in 2024/25 and 2025/26, and the other four were not included in the LM Programme for the time being as their service life is less than 25 years. HD will continue to closely monitor the performance of lifts in PRH estates and arrange LM works according to actual needs and available resources.
- (ii) The suspensions of services of the seven lifts twice within six months were all caused by different components, and were not due to the repeated breakdown of the same component resulted from improper handling by the contractors. Considering that the service suspension period ranged from three to six days only and the contractors' maintenance performance during the six months was generally acceptable, HD therefore did not penalise the contractors for these cases.
- (iii) HD adopts BSMASS to objectively assess the performance of all lift contractors on a monthly basis. Under the scoring system, breakdown rate, number of suspension, time taken for resumption of service, etc. are the major factors for consideration. HD will take different levels of follow-up actions according to the performance of the contractors. For example, if a contractor's performance score is below the passing score, HD will issue a warning letter to the contractor; if the contractor's score is below the passing score twice in a rolling period of 12 months, HD will

consider issuing an adverse report to the contractor; and if the contractor's monthly performance score is below the passing score for three consecutive months, it will be suspended from tendering for at least three months. If the contractor fails to resume normal service of L/Es for more than 60 days, HD will deduct the maintenance payment in accordance with the contract terms.

- (i) **With reference to paragraph 2.4 of the Audit Report, please advise whether there is a timetable for HD to deploy new technologies to further reduce the breakdowns of L/Es by early identification of signs of L/E failures or incidents; if yes, the details; if not, the latest development.**

**Response from the Housing Bureau**

- (i) HB signed a MOU with ASTRI to develop an AI Predictive Maintenance System for lifts, with some lifts be selected for the pilot programme, and the system is expected to be developed and tested within 24 months. Meanwhile, HD will continue to keep in view other new technologies in order to enhance the serviceability of L/Es.
- (j) **With reference to paragraph 2.6(c) of the Audit Report, please provide in the past three years the number of cases where a PRH tenant was allotted penalty points or required to vacate the PRH unit under the Marking Scheme due to vandalism of L/Es.**

**Response from the Housing Bureau**

- (j) For willful damage to HA's property (including L/Es), once discovered and confirmed, HD will implement the Marking Scheme against the tenants concerned as a sanction. With effect from 18 December 2023, the allotment of points for such misdeed was increased from 7 to 15 points. When 16 valid points have been accrued, HA may terminate the tenancy by issuing a Notice-to-Quit in pursuant to the Housing Ordinance.

In the past three years, a tenant was allotted 7 points for willful damage to a lift in mid-2023. As the accrued points had not yet reached 16 within two years, HD did not issue a Notice-to-Quit to that tenant.

- (k) **With reference to paragraph 2.7(f) of the Audit Report, please advise the procedures for handling lift trapping incidents and whether HD has formulated guidelines in this respect; if yes, the details.**

Response from the Housing Bureau

- (k) HD has provided guidelines to frontline staff on handling cases of trapping. When a person is trapped in a lift, the EM staff should call the 24-hour hotline of the contractor immediately to request for emergency repairs, and provide relevant information including the location, lift number, position of lift, condition of the trapped passenger, etc. The EM staff should present on site to comfort the trapped passenger and explain to them that they should stay inside the lift car and remain calm while waiting for rescue. If the trapped passenger feels unwell or is injured, the EM staff should call 999 immediately and contact the Fire Services Department for assistance. Upon arrival at scene, the contractor's workers should take appropriate follow-up action immediately, and release the trapped passenger under a safe condition.

In addition, the contractor's workers should record the date and time of the emergency call, the arrival time and the time of release of the trapped passengers on the lift log-book. When the lift resumes normal operation, the contractor's workers should also record the work details and the resumption time. Subsequently, EM staff should sign on the relevant work records.

- (l) **With reference to paragraphs 2.12 and 2.13 of the Audit Report, please advise:**

- (i) **aspects of work where Contractor C underperformed; the difficulties encountered by Contractor C in meeting the required standard of service; and whether HD has provided assistance to Contractor C to facilitate compliance with the requirements in TMC; if yes, the details;**
- (ii) **the follow-up actions taken against Contractor C whose performance remained unsatisfactory throughout the period from 2019 to June 2023; whether HD has imposed any penalties on Contractor C in accordance with TMC; if yes, the details and whether they have sufficient deterrence effect; if not, why not; and whether HD has exercised any powers conferred by Cap. 618 to take enforcement actions against those contractors who have failed to comply with statutory requirements stated in TMCs; if yes, the details; if not, why not;**

- (iii) **the remedial measures taken by Contractor C to fulfill the contractual requirements; and the latest performance of Contractor C; and**
- (iv) **whether HD considers the current Building Services Maintenance Assessment Scoring System (“BSMASS”) still effective in monitoring contractors’ performance given the persistent substandard performance of Contractor C; if yes, the reasons; if not, whether HD will consider reviewing BSMASS, which was launched in 1991.**

Response from the Housing Bureau

- (1) (i), From 2019 to 2021, there were generally no major problems
- (ii) & with the lifts maintained by Contractor C. In certain
- (iii) months of 2019 and 2021, Contractor C scored lower marks under BSMASS as compared with other contractors mainly due to its average higher breakdown rate. Furthermore, Contractor C also experienced difficulties in manpower arrangement due to the epidemic of coronavirus disease in 2021. In handling some lift breakdown cases, the arrival time of the lift workers on site failed to meet the requirements of the performance pledge, and the scores were consequentially lowered. In view of the performance of Contractor C, HD issued two adverse reports to it in 2021.

After HD met with Contractor C for several times to review its performance and discuss improvement measures, including enhanced maintenance for lifts with high breakdown rates and deployment of additional maintenance workers to individual districts, etc., Contractor C's performance has improved. The average score in 2022 and 2023 has improved to about 67 (with a passing score of 50). Its performance has gradually stabilised and its manpower arrangements have also been improved. Although the maintenance performance of Contractor C has once been unsatisfactory, we have not found any non-compliance with the requirements of the Ordinance by Contractor C.

- (iv) HD has adopted BSMASS to assess the performance of all lift contractors objectively on a monthly basis, with consideration on the breakdown rate, number of suspension, time taken for resumption of service, etc. This has made it easier for us to identify the items that need to be improved by the contractors, and the contractors can also take focused

follow-up actions on the low-scoring items for performance enhancement. Therefore, the prevailing BSMASS can effectively reflect and monitor the performance of contractors in maintenance services.

HD has been updating the content of BSMASS in response to the statutory requirements. HD will continue to pay close attention to the updates of relevant Ordinances and codes of practice on L/Es, and to review and update the content of BSMASS in a timely manner to keep abreast of the times.

- (m) **With reference to paragraph 2.15 of the Audit Report, please explain/advise:**
- (i) **why neither routine assessments nor half-yearly assessments had been performed on the 21 and 26 lifts in 2021 and 2022 respectively identified by the Audit Commission;**
  - (ii) **whether the incidents suggest that there are deficiencies in the current monitoring mechanism for the lift inspection work of contractors; if yes, the remedial measures taken/to be taken by HD to prevent recurrence of similar incidents; if not, why not; and**
  - (iii) **the progress of the review on the relevant procedures and guidelines by HD as mentioned in paragraph 2.24(b).**

**Response from the Housing Bureau**

- (m) (i), (ii) & (iii) In recent years, HD has been applying information technology system to ensure that the routine and half-yearly assessments of over 6 000 lifts can be evenly distributed throughout the year. In this connection, upon completion of new lifts installation, HD staff are required to input the data of the new lifts into the system. Due to delays in collating lift information and inputting data by individual staff in some district offices, there were delays in the routine and half-yearly assessments of a small number of lifts in 2021 and 2022.

HD has enhanced the guidelines for handover of new lifts. Apart from requesting the relevant staff to input the data into the information technology application system in a proper and timely manner, HD has also requested the immediate

supervisors of the staff to review the input so as to prevent the recurrence of similar incidents. Currently, relevant staff have entered the data of newly installed lifts into the system in a timely manner.

- (n) **With reference to paragraphs 2.16 and 2.17 of the Audit Report, please advise/explain:**
- (i) **the purposes of surprise checks and additional lift inspections conducted by the Central Services Team (“CST”) under the Estate Management Division of HD; whether it is necessary to arrange these two types of inspections; and**
  - (ii) **why the results of both surprise checks and additional lift inspections are not included as scoring items under BSMASS.**

**Response from the Housing Bureau**

- (n) (i) & (ii) Although both surprise checks and additional lift inspections are conducted by CST, they are two very different inspections. Surprise checks are targeted at all lift and escalator contractors and the main objective is to obtain an independent understanding of the overall operation of L/Es to ascertain whether the existing documentation system and supervisory control over the contractors by DMOs/PSAs are operating effectively. Sometimes, surprise checks are conducted on an ad-hoc basis, so some key lift inspection items may vary from each surprise check, and thus difficult to standardise the scoring mechanism. Therefore, surprise checks are not included as part of performance assessment (i.e. BSMASS Score) of lift contractors.

The additional inspections of lifts are mainly aimed at strengthening the monitoring of contractors with unsatisfactory scores in BSMASS, so that they would be more proactive in improving their performance. Each additional lift inspection follows the existing routine or half-yearly assessment checklist and the results are counted towards the BSMASS as part of the contractor's performance assessment after the inspection.

- (o) **With reference to paragraph 2.18 of the Audit Report, please explain/advise:**
- (i) **why the relevant District Maintenance Offices (“DMOs”)/Property Services Agents (“PSAs”) took 7 to 128 days (30 days on average) to issue the Notification of Completion in respect of 26 surprise checks to CST; does HD consider it acceptable; if yes, why; if not, the follow-up actions taken/to be taken by HD to address the issue; and**
  - (ii) **whether HD has set any performance pledge/timeframe for the issuance of the Notification of Completion by DMOs/PSAs; if yes, the details; if not, why not.**

**Response from the Housing Bureau**

- (o) (i) & (ii) Among the issues identified by CST during surprise checks, some simple items can be handled within a relatively short period of time. However, some of the improvement items involving building works, more complicated or that do not fall within the scope of the term maintenance contracts, with more procedures to deal with, or which may involve the drawing up of works plans, the preparation of materials, the coordination of the works programme, etc., and thus require a longer time to handle. Coupled with the fact that such items do not involve safety, we did not require DMOs/PSAs to return the Notification of Completion within a specified period of time in the past.

Starting from January 2024, we have required DMOs/PSAs to return the Notification of Completion within one month from the issuance of the surprise check reports; if the rectification cannot be completed within one month, DMOs/PSAs are required to state the expected completion date on the Notification of Completion. CST will also monitor the return of Notification of Completion and issue reminder letters to DMOs/PSAs who failed to return on time until the Notification of Completion is received.

- (p) **With reference to paragraph 2.22 of the Audit Report, please advise whether there is a mechanism put in place by HD to address the delays in replying by DMOs/Property Service Administration Units (“PSAUs”) to the list of defects/outstanding items identified by the Lift Inspection Focus Team’s independent checks, and any performance**



**pledge/timeframe set by HD in this regard; if yes, the details; if not, why not; and**

- (q) **with reference to paragraph 2.24(e) of the Audit Report, please advise the progress of updating the procedural manual for the Lift Inspection Focus Team under the Independent Checking Unit of HD on the issuance of reminders for outstanding replies from DMOs/PSAUs.**

**Consolidated Response from the Housing Bureau**

- (p)& Upon completion of each independent check, the Lift Inspection Focus Team (the Focus Team) will issue a list of defects/outstanding items to DMOs/PSAUs for follow-up and request for a reply within 30 days. For outstanding replies, the Focus Team will issue reminders to them.

In order to strengthen the monitoring of follow-up of outstanding items, the Focus Team will directly address the list to Chief Manager of Regional Management Offices for follow-up in the future. In addition, the Focus Team had already updated the procedural guideline in December 2023 to clearly indicate the new workflow and timeframe of issuing reminders.

- (r) **According to paragraph 2.26 of the Audit Report, of the 53 submissions made by the 11 L/E contractors from January 2022 to March 2023, there were delays in 22 (42%) submissions made by eight L/E contractors. Please advise whether such delays are common among L/E contractors and the reasons for the delays, as well as the measures taken/to be taken by HD to address the issue; and**
- (s) **With reference to paragraph 2.27(b) of the Audit Report, please advise whether HD has investigated the reasons behind the failures of Registered L/E Engineers to certify/sign the quarterly inspection reports; whether HD agrees that it is improper for Registered L/E Engineers not to duly certify/sign the reports; and whether there have been any legal disputes arising from reports without certification/signature by Registered L/E Engineers; if yes, the details.**

**Consolidated Response from the Housing Bureau**

- (r)& The submission of quarterly inspection reports is an additional requirement imposed by HD on lift and escalator contractors in addition to the statutory requirements. HD noted that the frontline maintenance staff of the contractors generally focused on

maintenance works and there was room for improvement in the quality of document handling. Coupled with the impact of the epidemic of coronavirus disease at that time, the progress of processing the quarterly inspection reports was far from satisfactory. HD has immediately stepped up efforts in monitoring the submission of quarterly inspection reports and once again urged contractors to timely submit duly completed quarterly inspection reports being signed by registered engineers. Depending on the situation, follow-up actions such as issuing reminder letters and warning letters will also be taken. At present, the overall situation on the submission of quarterly inspection reports has improved. Lift and escalator contractors and their registered engineers have all along been carrying out periodic examinations, submitting examination reports, and issuing safety certificate to certify that the L/Es are in safe working order and obtaining use permits for all L/Es in HD in accordance with relevant statutory requirements.

**(t) With reference to paragraphs 2.31 and 2.32 of the Audit Report, please advise:**

- (i) who is “the Responsible Person” in terms of the maintenance and repair of L/Es in PRH estates under Cap. 618 and the Lifts and Escalators (General) Regulation (Cap. 618A), the legal responsibilities and liabilities borne by that person and concerned parties (including L/E contractors) as well as the penalties imposed on different parties for non-compliance and in the event of L/E accidents involving casualties; and**
- (ii) the workflow of and the party responsible for checking the maintenance schedules and log-book records completed by lift contractors of HD.**

**Response from the Housing Bureau**

- (t) (i) Under the Ordinance, "the Responsible Person" of a lift/escalator means the person who owns the lift/escalator; or any other person who has the management or control of the lift/escalator; and in the case of the Audit Report, "the Responsible Person" is HA. The legal responsibilities and liabilities and the relevant penalties can be referred to in **Appendix 2(t)(i)(I)**.**

The responsibilities and liabilities and the relevant penalties of lift and escalator contractors under the Ordinance and the

General Regulations can be referred to in **Appendix 2(t)(i)(II)**.

- (ii) It is the responsibility of a registered lift/escalator contractor to carry out periodic maintenance of a lift or escalator in accordance with the maintenance scheme recommended by the manufacturer. According to the Code of Practice, the registered lift/escalator contractor is required to print on the log-book the anticipated maintenance time for accomplishing the maintenance scheme which should be completed within the maintenance cycle recommended by the manufacturer. At the same time, registered engineers, registered workers and general workers shall sign and chop their names with identification numbers on the log-books to certify that the lift/escalator works have been carried out in accordance with the requirements of the relevant ordinances and codes of practice.

HD has noticed that there are deficiencies in the records of some contractors in respect of individual items and has immediately reminded the contractors to take appropriate follow-up actions. We will also step up the monthly review of log-book records and maintenance plan.

**(u) With reference to paragraph 2.34 of the Audit Report, please advise:**

- (i) the progress of the trial adoption of digital log-books (“DLBs”) for L/Es, the number of DLB accounts to be activated, and the timetable for full implementation of DLBs;**
- (ii) the features of the system for DLBs developed by HD and whether it can perform data analysis apart from storage of log-book records as that launched by the Electrical and Mechanical Services Department (“EMSD”); and**
- (iii) whether HD has studied the cost and manpower that can be saved from the adoption of DLBs; if yes, the details; if not, how HD can evaluate the cost-effectiveness of this initiative.**

**Response from the Housing Bureau**

- (u) (i) As of December 2023, HD has activated about 74% of the digital log-books (DLBs) accounts for L/Es, targeted to

activate DLBs accounts for all L/Es in the first quarter of 2024, and encouraged lift and escalator contractors and EM staff to use them as soon as possible. After the contractors and HD staff have familiarised themselves with the operation of DLBs, DLBs will be fully adopted, eventually replacing the log-books in paper format.

- (ii) & (iii) The DLBs adopted by HD is a platform rolled out by EMSD for use by the industry. DLBs help to clearly record the information of maintenance works to ensure its authenticity and completeness. However, the adoption of DLBs does not necessarily lead to a direct saving in manpower resources, but it can indirectly enhance the work efficiency and reduce the error rate, thereby enabling more effective use of existing manpower resources. In the long run, HD will more actively explore the use of records stored in DLBs to analyse the conditions of L/Es, so as to provide better facility management services.

### Part 3: Lift Modernisation Programme

- (v) **According to paragraph 3.2 of the Audit Report, the Hong Kong Housing Authority evaluates the performance of all lifts maintained by HD which have been in use for 25 years or more and sets priority for the LM works. As at 30 June 2023, 1 380 (23% of 6 056) lifts maintained by HD had been in use for 25 years or more and 1 325 (22%) of lifts maintained by HD were with service years ranging from 20 to less than 25. According to paragraph 3.3(a) of the Audit Report, HD could only modernize around 80 to 90 lifts per year with the resources available currently. Please advise the implementation timetable for LM Programme in view of the budget constraint.**

### Response from the Housing Bureau

- (v) In formulating the LM Programme, HA has to consider not only its internal resources but also the affordability of the lift industry. HD will actively discuss arrangements with the lift industry on training of technical staff, resources allocation, etc. with a view to enhancing the overall capacity of the industry to undertake the works.

The timetable of the approved LM Programme for 2023 is set out below:

- 2023/24 : a total of 92 lifts
- Tentative programme for 2024/25 : a total of 94 lifts

- Long-term programme from 2025/26 to 2031/32 : a total of 553 lifts

Meanwhile, to alleviate the pressure on LM works to increase capacity, HD has adopted a two-pronged strategy. Apart from continuing with the LM works, it has also commenced the lift safety enhancement works in accordance with EMSD's guidelines in mid-2020 for those lifts which have not been equipped with the latest three safety devices (including the double brake system, the unintended car movement protection device and the ascending car overspeed protection device).

- (w) **With reference to paragraph 3.4 of the Audit Report, please advise whether the lift performance assessment form, technical evaluation report and scoresheet summary currently adopted under LM Programme will be digitalized so that they can be processed electronically.**

**Response from the Housing Bureau**

- (w) HD has commissioned an electronic system since mid-2020 to assist in the collection, storage and management of maintenance-related activities and data. HD will also digitise the lift performance assessment forms and score sheets currently in use, and the technical evaluation reports for lifts currently in use will be digitally archived to facilitate easy retrieval of records at any time. The above series of digitisation measures will be completed and implemented within the first quarter of 2024.
- (x) **With reference to Note 29 in paragraph 3.4 of the Audit Report, please explain how the normalized score can accurately reflect the conditions of the lifts with similar service years but in two different PRH estates.**

**Response from the Housing Bureau**

- (x) From late 2020, HD has been adopting a lift performance assessment form developed by the consultant to quantify the performance of existing lifts. The assessment covers three main areas, namely lift condition, level of service and risk. A weighted score can be generated for each lift based on the assessment. However, as some of the scoring items may not be applicable to all lifts in all estates, the total score available for each lift varies. It is therefore necessary to adjust the scores for lifts in each estate (i.e. normalised scores) according to the ratio of the scores obtained to the total available scores, thereby objectively compare the performance of lifts in PRH

estates, which can serve as a reference for setting priorities for implementing the LM Programme.

- (y) **With reference to paragraph 3.4(a) of the Audit Report, please advise whether the extension of the lift age for the annual technical assessment for modernization purpose from 25 to 30 years as recommended in the consultancy study will have any impacts on the lift safety.**

**Response from the Housing Bureau**

- (y) In general, both new and old lifts can be used safely with proper periodic examination and maintenance. Therefore, increasing the age requirement from 25 years to 30 years will not have any direct impact on the overall safety of lifts. Although the consultant has recommended that the threshold for examining the need for replacement of lifts be raised from 25 years to 30 years of service, given the more stringent practice of requiring the submission of a technical evaluation report when the lift reaches 25 years or more of service and the relatively less resources involved, HD considers it a more prudent and secure arrangement to continue with the assessment of lifts with service life of 25 years or more.
- (z) **With reference to paragraphs 3.19 and 3.23(b) of the Audit Report, please advise the measures taken/to be taken by HD to shorten the shut-down period of lifts undergoing LM works.**

**Response from the Housing Bureau**

- (z) Unlike many LM works in private sectors, HD adopts a comprehensive and full LM under which the entire machinery for the lift installation is totally renewed, and building fabric of the lift machine room, lift shaft and lift pit will be thoroughly rectified, modified or re-conditioned as necessary. In some cases, extra lift landing openings would also be provided to enhance lift services and access for tenants, should site and technical constraints permit.

On shortening the suspensions of lift services, since 2013, HD has implemented a streamlined process for LM works with an aim to reduce the project duration of LM works with extensive building supporting works. With the streamlined process, the number of site handovers could be reduced and the shut-down period of lifts undergoing LM works has been shortened from a minimum of 10.5 months to 7.5 months at the earliest.

To minimise the downtime of LM works in progress, HD is actively considering ways to compress the time required for modernisation

works without compromising safety and as far as practicable, e.g. by considering partial LM works, or exploring the use of alternative modes of contract works to encourage speeding up of the works, etc. HD will also further review the project management of site works to strike a balance between the scope of modernisation works and the downtime of lifts, with a view to providing better and safer lift services to tenants.

- (aa) With reference to paragraph 3.21 of the Audit Report, please explain why there were 149 (63%) and 30 (12%) lifts out of 238 lifts with LM works completed from 2018-2019 to 2022-2023 taking 11 to 30 days and over 30 days respectively to resume service after obtaining use permits from EMSD; and the measures taken/to be taken by HD to address the delay in resuming lift services.**

**Response from the Housing Bureau**

- (aa) After obtaining the use permit for a new lift installation, the lift car and lift lobby will normally be required to undergo the necessary final touch-up and decoration works, as well as further adjustment of components such as lift door switches, levelling adjustment and repeated trials to ensure the ride comfort of the lift before the lift service can be resumed for the tenants. In addition, for some projects, due to the longer-than-usual time required for the transmission of documents during the epidemic period, the receipt of the original use permits and posting them at the lift sites by the contractors were delayed, which also affected the date of resumption of lift service.

To further reduce the time required for resumption of the service, we will take measures to resume lift service to the public as soon as possible through strengthening of management guidelines and procedures for LM projects, such as limiting a maximum run-in buffer period of two weeks after the issue of the use permits.

**Part 4: Other safety enhancement measures for lifts and escalators**

- (bb) With reference to paragraph 4.4 of the Audit Report, please advise the latest progress of the lift safety enhancement works, in particular the works for lifts shortlisted as prioritized items and the expected timeframe for completing the whole exercise.**

**Response from the Housing Bureau**

- (bb) Since 2020/21, the lift safety enhancement works have been implemented more than three years, and the number of lifts with enhanced safety devices is in line with the planned progress, including the completion of about a total of 300 lifts in the first three years, with an average of about 100 lifts per year. After a three-year familiarisation period, we will gradually ramp up the number of lifts to be enhanced annually. As at 30 November 2023, enhancement works have been completed for about 404 out of the 1 871 priority lifts. We are confident that we can complete the safety enhancement works for all the prioritised items of lifts by 2031/32 as planned.
- (cc) **With reference to paragraph 4.5 of the Audit Report, please advise whether HD has set any timeframe for contractors to shut down the lifts for enhancement works; if not, why not; if yes, the details; under what situations HD will consider extending such timeframe and are there any penalties imposed on contractors if they fail to meet the timeframe.**

**Response from the Housing Bureau**

- (cc) The shut-down period of lift safety enhancement works varies according to the complexity of individual projects, and is generally ranged from 4 to 6 weeks. The working period of the enhancement works is specified in the works orders. In case of delay of works which is not the responsibility of the contractors, like unforeseen technical difficulties encountered in the course of installation, etc., the contractors will be granted an extension of time, otherwise, they are required to pay liquidated damages in accordance with the contractual requirements.
- (dd) **With reference to paragraphs 4.7(b) and 4.8(b) of the Audit Report, please advise the progress of the review on the project management of lift safety enhancement works and measures taken/to be taken by HD with a view to shortening the shut-down period of lifts during the lift safety enhancement works.**

**Response from the Housing Bureau**

- (dd) HD has examined the management of lift safety enhancement works and taken measures to shorten the shut-down period of lifts, including:
- 1) ensure that manpower and materials are properly arranged before suspension of lift for lift safety enhancement works;
  - 2) avoid the spanning of works over long holidays as far as possible, such as Lunar New Year, Christmas, etc.; and



- 3) encourage contractors to make good use of EMSD's online inspection booking system to facilitate the safety checking and resumption of lift services as early as possible after completion of works.
- (ee) **Referring to paragraph 4.10 of the Audit Report about the delays in conducting periodic overhauls of escalators maintained by HD, please advise the monitoring effort and enhancements to the procedures for overhauls made by HD to ensure timely conduct of periodic overhauls of escalators in accordance with HD's Instruction.**

**Response from the Housing Bureau**

- (ee) HD has revised its instructions on escalator overhaul in 2018, and all escalators under its management (except newly handed-over escalators which are not yet required to undergo overhaul) have been overhauled at least once. We will continue to closely monitor the periodic overhaul of escalators, including regularly reviewing the progress and related information of overhaul submitted by the project teams, as well as the overhaul status of each district at regular management meetings, and reminding staff of the requirements of overhaul from time to time to ensure that they are carried out in accordance with HD's instruction.

- End -

Reported Lift/Escalator Incidents in Public Rental Housing Estates causing injury to Passengers due to Equipment Failure  
(From January 2020 to September 2023)

	Incident Date (Day/Month/Year)	Estate	Causes of the Reportable Accident	Condition of the Injured
Lift	25/05/2021	Upper Ngau Tau Kok Estate	Passenger tripping due to levelling difference of lift car at landing arisen from levelling device malfunction	A resident tripped and fell while entering into a lift, later expressed discomfort in her legs and required further treatment at hospital.
	01/06/2021	Hau Tak Estate	Passenger tripping due to levelling difference of lift car at landing arisen from levelling device malfunction	A resident tripped and fell while stepping out of the lift and sprained her foot. She left the scene on her own afterwards.
	02/04/2022	Lai King Estate	Passenger tripping due to levelling difference of lift car at landing arisen from levelling device malfunction	A resident tripped and fell while stepping out of the lift with no superficial injury. The resident informed the estate management staff that no treatment at hospital is required. He then left the scene on his own after resting at the lobby for about ten minutes.
Escalator	14/06/2020	Choi Tak Estate	Malfunction of mechanical component of an escalator resulting in loss of balance of the passenger	Two residents fell while riding on an escalator. One suffered a slight scratch on her right wrist. She informed the estate management staff that no treatment at hospital is required and left the scene on her own afterwards. Another person suffered from injuries to her hands and feet and required further treatment at hospital.
	30/05/2021	Yau Tong Estate	Unsynchronized handrail operation of an escalator due to malfunction of handrail drive unit resulting in loss of balance of the passenger	Two residents fell while riding on an escalator. One had no superficial injury and the other had abrasions on her calf. Both informed the estate management staff that no treatment at hospital is required and left the scene on their own afterwards.
	13/10/2021	Kin Ming Estate	Emergency stop of the escalator due to breakage of a bushing between the step & drive chain and triggered the complete safety switch resulting in loss of balance of the passenger	A resident fell while riding on an escalator with no superficial injury and informed the estate management staff that no treatment at hospital is required.

Extracts from Cap. 618 and Cap. 618A on the responsibilities of "the Responsible Person" for lifts/escalators and the penalties for non-compliance

	Ordinance	Responsibilities of "the Responsible Person" for Lifts/Escalators	Penalty
1	<p>Cap. 618 Part 2, Division 2, Sub-division 1, Section 12</p> <p>Cap. 618 Part 3, Division 2, Sub-division 1, Section 44</p>	<p>The responsible person must ensure that the lift/escalator are kept in a proper state of repair and in safe working order</p>	<p>Fine at level 5</p>
2	<p>Cap. 618 Part 2, Division 2, Sub-division 1, Section 13</p> <p>Cap. 618 Part 3, Division 2, Sub-division 1, Section 45</p>	<p>Duties of responsible persons in respect of use and operation of lifts/escalators</p> <p>For example, the responsible person for a lift/escalator must ensure that the lift/escalator is not used or operated if there is no use permit in force in respect of the lift/escalator.</p>	<p>Fine at level 6 and imprisonment for 12 months</p>
3	<p>Cap. 618 Part 2, Division 2, Sub-division 1, Section 14</p>	<p>Additional duties of responsible persons regarding lifts specified in Schedule 4</p> <p>For example, the lift is not used for carrying any load that exceeds the rated load of the lift.</p>	<p>Fine at level 6 and imprisonment for 12 months</p>
4	<p>Cap. 618 Part 2, Division 2, Sub-division 1, Section 15</p> <p>Cap. 618 Part 3, Division 2, Sub-division 1, Section 46</p>	<p>Duties of responsible persons to ensure that registered lift/escalator contractors undertake maintenance works and certain other lift/escalator works</p>	<p>Fine at level 5</p>
5	<p>Cap. 618 Part 2, Division 3, Section 20</p> <p>Cap. 618 Part 3, Division 3, Section 51</p>	<p>Before a lift/escalator is put into use and operation, the responsible person for the lift/escalator must cause a registered lift/escalator engineer to examine the lift/escalator</p>	<p>Fine at level 3</p>
6	<p>Cap. 618 Part 2, Division 3, Section 21</p> <p>Cap. 618 Part 3, Division 3, Section 52</p>	<p>After major alterations, the responsible person for the lift/escalator must cause a registered lift/escalator engineer to examine the lift/escalator</p>	<p>Fine at level 3</p>
7	<p>Cap. 618 Part 2, Division 3, Section 22</p> <p>Cap. 618 Part 3, Division 3, Section 53</p>	<p>The responsible person for the lift/escalator must cause a registered lift/escalator engineer to periodically examine the lift/escalator</p>	<p>Fine at level 3</p>
8	<p>Cap. 618 Part 2, Division 3, Section 23</p>	<p>The responsible person for the lift must cause a registered lift engineer to examine the lift with load</p>	<p>Fine at level 3</p>

	Ordinance	Responsibilities of "the Responsible Person" for Lifts/Escalators	Penalty
9	<p>Cap. 618 Part 2, Division 4, Section 34</p> <p>Cap. 618 Part 3, Division 4, Section 64</p>	Carrying out any work specified in examination orders	Fine at level 4 and imprisonment for 6 months and, if the offence is a continuing offence, to a fine of \$2,000 for each day during which the offence continues.
10	<p>Cap. 618 Part 2, Division 4, Section 35</p> <p>Cap. 618 Part 3, Division 4, Section 65</p>	Carry out any work specified in removal orders	Fine at level 6 and imprisonment for 12 months and, if the offence is a continuing offence, to a fine of \$2,000 for each day during which the offence continues.
11	<p>Cap. 618 Part 2, Division 4, Section 36</p> <p>Cap. 618 Part 3, Division 4, Section 66</p>	Carry out any work specified in the improvement orders	Fine at level 4 and imprisonment for 6 months and, if the offence is a continuing offence, to a fine of \$2,000 for each day during which the offence continues.
12	<p>Cap. 618 Part 2, Division 5, Section 39</p> <p>Cap. 618 Part 3, Division 5, Section 69</p>	Display of use permits	Fine at level 3
13	<p>Cap. 618 Part 2, Division 5, Section 40</p> <p>Cap. 618 Part 3, Division 5, Section 70</p>	Incidents to be reported to Director	Fine at level 3
14	<p>Cap. 618 Part 2, Division 5, Section 41</p> <p>Cap. 618 Part 3, Division 5, Section 71</p>	Provide and assist the investigation of incidents by Director	Fine at level 3
15	<p>Cap. 618A Part 2, Division 1, Section 2</p> <p>Cap. 618A Part 2, Division 5, Section 17</p>	Keep log-books	Fine at level 3

Extracts from Cap. 618 and Cap. 618A on the responsibilities of the registered lift and escalator contractors and the penalties for non-compliance

	Ordinance	Responsibilities of Registered Lift/Escalator Contractors	Penalty
1	<p>Cap. 618 Part 2, Division 2, Sub-division 2, Section 16</p> <p>Cap. 618 Part 3, Division 2, Sub-division 2, Section 47</p>	Duties of registered lift/escalator contractors to carry out lift/escalator works properly and safely, etc.	Fine at level 6 and imprisonment for 12 months
2	<p>Cap. 618 Part 2, Division 4, Section 31</p> <p>Cap. 618 Part 3, Division 4, Section 61</p>	<p>Director's power to disconnect supply of electricity</p> <p>For examples, the Director may disconnect or, if any works of the lift/escalator are undertaken by a registered lift/escalator contractor, by order served on the contractor direct the contractor to disconnect, the supply of electricity to the lift/escalator; and carry out, or by order served on the contractor, direct the contractor to carry out, any work that is necessary to prevent, as far as possible, any person from reconnecting the supply of electricity to the lift/escalator before written permission has been obtained from the Director to reconnect the supply.</p>	Fine at level 6 and imprisonment for 12 months
3	<p>Cap. 618 Part 2, Division 5, Section 38</p> <p>Cap. 618 Part 3, Division 5, Section 68</p>	Subcontracting restricted	Fine at level 6 and imprisonment for 12 months
4	<p>Cap. 618 Part 2, Division 5, Section 40</p> <p>Cap. 618 Part 3, Division 5, Section 70</p>	<p>Incidents to be reported to Director</p> <p>For example, the registered lift/escalator contractor must cause a registered lift/escalator engineer to investigate the incident and to prepare and complete, within 7 days after the date on which the contractor is notified, a full report of the investigation that complies with any regulation made under section 154</p>	Fine at level 3
5	<p>Cap. 618 Part 2, Division 5, Section 41</p> <p>Cap. 618 Part 3, Division 5, Section 71</p>	Provide assistance or information for the investigation of incidents by Director	Fine at level 3
6	<p>Cap. 618A Part 2, Division 2, Section 3</p> <p>Cap. 618A Part 2, Division 6, Section 18</p>	Duties of registered lift/escalator contractors to notify Director of undertaking of lift/escalator works	Fine at level 3

	Ordinance	Responsibilities of Registered Lift/Escalator Contractors	Penalty
7	<p>Cap. 618A Part 2, Division 2, Section 4</p> <p>Cap. 618A Part 2, Division 6, Section 19</p>	Duties of registered lift/escalator contractors to notify Director of subcontracting of lift/escalator works	Fine at level 3
8	<p>Cap. 618A Part 2, Division 2, Section 5</p> <p>Cap. 618A Part 2, Division 6, Section 20</p>	<p>Duties of registered lift/escalator contractors to enter into log-books certain information and particulars</p> <p>For example, a description of the lift/escalator works, the date on which the works begin and completed, the date on which and the time at which the incident occurs etc.</p>	Fine at level 3
9	<p>Cap. 618A Part 2, Division 2, Section 6</p> <p>Cap. 618A Part 2, Division 6, Section 21</p>	<p>Duties of registered lift/escalator contractors to keep certain records etc.</p> <p>For example, the registered contractor must keep, for a specified period, every document or manual that contains the design specifications of the lift/escalator</p>	Fine at level 3 and imprisonment for 6 months
10	<p>Cap. 618A Part 2, Division 2, Section 7</p> <p>Cap. 618A Part 2, Division 6, Section 22</p>	<p>Duties of registered lift/escalator contractors regarding incidents relating to lifts/escalators</p> <p>For example, the responsible contractor for a lift/escalator becomes aware that there is an incident relating to the lift/escalator, and display in a conspicuous part of the lift/escalator, or in a conspicuous place in the vicinity of the lift/escalator, a notice that complies with the requirements</p>	Fine at level 3
11	<p>Cap. 618A Part 2, Division 2, Section 8</p>	<p>Duties of registered lift contractors regarding failure of certain emergency devices</p> <p>For example, if a registered lift contractor who undertakes any of the maintenance works of a lift becomes aware that there is a failure of any emergency device of the lift, the contractor must, within 4 hours after the contractor becomes aware of the failure, attend to the failure.</p>	Fine at level 3
12	<p>Cap. 618A Part 2, Division 2, Section 9</p> <p>Cap. 618A Part 2, Division 6, Section 23</p>	Duties of registered lift/escalator contractors to notify Director if registered lift/escalator contractors unable or unwilling to continue to undertake lift/escalator works	Fine at level 3
13	<p>Cap. 618A Part 2, Division 2, Section 10</p> <p>Cap. 618A Part 2, Division 6, Section 24</p>	<p>Duties of registered lift/escalator contractors to notify Registrar of certain changes</p> <p>For example, if there is a change in the name, business address or other correspondence address of a registered lift/escalator contractor, the contractor must, within 14 days after the date on which the change takes place, notify in the specified form the Registrar of the change.</p>	Fine at level 1



Your Ref. : CB4/PAC/R81  
Our Ref. : HD 3-8/SD/BW-5/8/15 (C)

Tel. No. : 2761 5878  
Fax. No. : 2761 7630

13 December 2023

Clerk to Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attention: Ms. Shirley CHAN)

By Email: hhchan@legco.gov.hk  
kmho@legco.gov.hk  
pkwlai@legco.gov.hk

Dear Ms. CHAN,

**Public Accounts Committee**  
**Consideration of Chapter 3 of the Director of Audit's Report No. 81**  
**Maintenance and modernisation of lifts and escalators in**  
**public rental housing estates**

----- Thank you for your letter dated 1 December 2023 to the Secretary for Housing concerning the captioned Chapter 3 of the Director of Audit's Report. Please find our response in the Annex to this letter to facilitate consideration of the matter by the members of the Public Accounts Committee.

Yours faithfully,



( HONG Wing-kit )  
for Secretary for Housing

Encl.

c.c. Secretary for Housing  
Permanent Secretary for Housing / Director of Housing  
Secretary for Financial Services and the Treasury  
Director of Audit } w/encl.

**Response to questions raised by Public Accounts Committee  
on 1 December 2023 for Consideration of  
Chapter 3 of the Director of Audit's Report No. 81  
(the Audit Report)  
Maintenance and modernisation of lifts and escalators in  
public rental housing estates**

**Part 2: Maintenance of lifts and escalators**

- (a) The Housing Department (HD) attaches great importance to lift safety. HD has been adopting proprietary maintenance to ensure absolute liability of the manufacturers on lift safety and readily available maintenance services from the lift manufacturers could be obtained, including the direct availabilities of spare parts and technical backup.

3 Lifts with Service Suspended for Over 60 Days

The 3 cases with lift service suspended for over 60 days mentioned in the Audit Report happened in the same estate in the period of 2022 to early 2023. These 3 cases were mainly attributable to parts failure or damage of motor-generator sets (commonly known as "motors") used in the lifts. Details of the cases are shown below:

Estate	Block	Lift no.	Suspension Date	Resumption Date	No. of Suspension Days	Reason of Suspension
Oi Tung Estate	Oi Chak House	L5	29/11/2022	8/2/2023	72	Repair of Lift Motor
	Oi Ping House	L5	13/2/2023	4/5/2023	81	
	Oi Ping House	L6	24/1/2022	22/4/2022	89	

Although HD had promptly arranged lift contractor for repairs, as the motors were phased-out products, the lift contractor could not replace the lift motors by the new ones immediately. Also, the manufacturer ran out of spare parts and it was unable to find replacement parts locally. Therefore, the contractor took time to order and obtain the replacement parts for repair.



Repairing of these aged motors normally takes four to six weeks. However, the cases took place during the pandemic of COVID-19 and at the beginning of resumption of normalcy. There was significant impact on both manpower and work progress of the repair workshop. The lead time for material ordering and transportation were also adversely affected during the period. As such, longer time for the motor repairs was required.

Drawing on the experience of the relevant cases, we have instructed the contractors to stock up with more spare parts accordingly, and have made special arrangements to retain the old motors in good condition that are dismantled during Lift Modernisation Programme as replacement parts when there is no other alternative, with a view to shortening the resumption time in repairing similar aged motors in the future.

#### 7 Lifts with Service Suspended for Over 2 Days Twice within 6 Months

The designs of lifts involve a wide range of mechanical and electronic components with many protective devices. In the control system circuits and safety control circuits, different components also have multi-faceted and multiple interlocking relationships to monitor and ensure safe operation of lifts. Therefore, HD has always demanded lift contractors to be vigilant and prudent in carrying out detailed inspections to identify the root causes, with a view to reducing repeated service suspension.

## Annex

Details of the 7 lifts with service suspended for over 2 days twice within 6 months are shown below:

Estate	Block	Lift no.	Suspension Date	Resumption Date	No. of Suspension Days	Reason of Suspension (See Note)									
						1	2	3	4	5	6	7	8	9	
Kwai Chung Estate	Yuk Kwai House	L4	9/2/2020	11/2/2020	3	✓									
			16/2/2020	18/2/2020	3		✓								
Kwai Fong Estate	Kwai On House	L7	10/9/2020	15/9/2020	6										✓
			1/3/2021	5/3/2021	5									✓	
Kwai Shing East Estate	Shing Hing House	L3	26/3/2022	31/3/2022	6										✓
			8/7/2022	11/7/2022	4			✓							
Kwong Tin Estate	Kwong Ngan House	L1	28/3/2022	1/4/2022	5										✓
			14/9/2022	17/9/2022	4										✓
Tung Wui Estate	Wui Yan House	L4	25/10/2020	27/10/2020	3									✓	
			21/4/2021	23/4/2021	3										
Un Chau Estate	Un Chi House	L1	27/3/2022	29/3/2022	3			✓							
			29/3/2022	1/4/2022	4							✓			
Yee Ming Estate	Yee Ching House	L4	14/6/2022	17/6/2022	4				✓						
			25/6/2022	27/6/2022	3						✓				

Note:

- 1) Repair control circuit board for car door
- 2) Repair control circuit board for landing door
- 3) Repair control circuit board for driving unit
- 4) Repair car door panel
- 5) Repair car door driving unit
- 6) Repair other control circuitry
- 7) Adjust machine brake components
- 8) Repair lift motor
- 9) Adjust suspension rope (planned maintenance works, not equipment breakdown)

From the details tabulated above, it can be seen that all cases with service suspended twice within 6 months were due to different causes and not due to repeated failures of the same component. In other words, the two suspensions of each of these 7 lifts were not directly related. In addition, some cases involving adjustment of suspension ropes were planned maintenance works and not equipment breakdown. The disassembly, re-assembly and adjustment involved in replacing motor parts and adjusting suspension ropes were relatively time-consuming and therefore took longer to resume service.

- (b) In addition to the routine monitoring of lift/escalator contractors by the District Maintenance Offices (DMOs) and Property Services Agents (PSAs) of HD, the Central Services Team (CST) will perform additional surprise checks for lift and escalator maintenance. This arrangement aims to carry out independent checking on overall operation of lifts and escalators by senior technical staffs at headquarters level to ascertain whether the monitoring of contractors by DMOs/PSAs is effective.

The surprise checks performed by CST are headed by the Chief Technical Officer of HD. They conduct at least 18 surprise checks per year but also carry out additional check if necessary or in response to special incidents occurred. Each surprise check therefore may focus on different areas. With the rich experience of the Chief Technical Officer, CST conduct in-depth checking and carry out detailed study and analysis to make pertinent improvement suggestions. From operational considerations, CST did not formulate a checklist for surprise checks, but a surprise check report will be prepared by CST after each surprise check listing out the follow-up actions to be taken by the contractors. A specimen of the report is attached at [Appendix 2\(b\)](#). (English version only)

- (c) Please refer to [Appendix 2\(c\)](#) for the specimen of quarterly inspection report provided in the term maintenance contract for completion by the lift or escalator (“L/E”) contractor. (English version only)

- (d) Lifts and escalators have been kept in safe operating condition through periodic maintenance, periodic examinations, examinations with loads, etc. All lifts and escalators under the management of HD have been thoroughly examined in accordance with the legislation by registered lift engineers and registered escalator engineers, and certified to be in safe operating condition to obtain use permits from the Electrical and Mechanical Services Department (EMSD). Submission of quarterly inspection reports is an additional requirement imposed by HD on lift and escalator contractors in addition to the legislation. According to contract requirements, contractors must submit quarterly inspection reports for each lift and escalator to confirm that they have regularly inspected the condition of various major components of the lift and escalator. The Audit Report mentioned that some contractors were found submitting quarterly inspection reports late in some occasions. Although contractors eventually submitted all the quarterly inspection reports, HD agrees that there is room for improvement in the submission of quarterly inspection reports by contractors.

**\*Note by Clerk, PAC:** *Appendices 2(b) and 2(c) not attached.*

Apart from the above, the Audit Report mentioned that some quarterly inspection reports were incomplete, such as the last periodic examination date was not input and not every reports were signed. However, the name of the registered engineer and his registration number were printed on each report, and the contractor's covering letters submitting the reports were also signed by the contractor's senior management. Notwithstanding the above, HD agrees that individual reports should be signed by registered engineers.

Despite the above findings have no material impact to the safe operation of lift and escalator, HD has again urged contractors to timely submit duly completed quarterly inspection reports and every reports be signed by registered engineers. Based on the audit findings, HD has immediately stepped up our effort in monitoring submission of quarterly inspection reports and urged contractors to submit duly completed and signed reports in a timely manner. HD will also take follow-up actions such as issuing reminder letters and warning letters as appropriate as well as reflecting contractors' performance in performance assessments. At present, the overall situation on the submission of quarterly inspection reports has improved, and all quarterly inspection reports for the last quarter have been signed by registered engineers.

### **Part 3: Lift Modernisation Programme**

- (e) (i) A copy of the consultancy study report is attached at [Appendix 3\(e\)\(i\)](#). (English version only)
- (ii) Statistics on the number of lift breakdown for the past 3 years by the age of lifts are attached at [Appendix 3\(e\)\(ii\)](#).
- (iii) Housing Authority engaged a consultant in 2018 to conduct a study which aimed to improve the strategies and policies of Lift Modernisation Programme at that time by establishing a more systematic, holistic, accountable and customer-oriented approach. The consultancy report has been reviewed and discussed at the Lift Modernisation Technical Vetting Committee (LMTVC) and the Lift Condition Appraisal/Refurbishment (LCAR) Co-ordination Meetings. Upon completion of the consultancy report in 2020, HD has generally accepted the recommendations of the study and already implemented them.
- & (iv)

**\*Note by Clerk, PAC: Appendix 3(e)(i) not attached.**

The major recommendations of the consultancy report and HD's follow-up actions are set out below:

**(1) Lift age for modernisation** (paragraph 10.2.1 of the consultancy report)

The consultancy report suggested that there was no significant difference in the breakdown probability and the major causes of breakdowns for lifts across all age groups. With proper maintenance, lifts with service life up to 40 years can still fulfill relevant safety requirements and hence it was recommended that the age threshold for assessing the need for lift modernisation can be extended from 25 years to 30 years.

As stated in the consultancy report, the need for modernisation works is a decision to be made after considering a basket of factors. Conducting assessment does not mean the decision to carry out the lift modernisation works has been made. The current practice of requiring the submission of technical evaluation report for lifts reaching a service life of 25 years or more is more stringent and such practice was effective all along. The resources required for the assessment are also not significant. Hence, HD considers that it would be more prudent and appropriate to continue with the current practice of assessing lifts with a service life of 25 years or more for lift modernisation.

**(2) Lift Modernisation and Lift Safety Enhancement Works** (Paragraph 10.2.2 of the Consultancy Report)

The consultancy report recommended that HD should continue to adopt the current arrangement of total replacement approach for lift modernisation works. However, if there are resource and/or technical constraints, apart from replacing the whole lift, consideration can be given to extend the service life of the aged lift by retrofitting three new safety devices, i.e. a double brake system, ascending car overspeed protection device and unintended car movement protection device, by making reference to EMSD's Guidelines for Modernising Existing Lifts.

After conducting feasibility studies and resource planning, in addition to continuing with the Lift Modernisation Programme, we have also rolled out lift safety enhancement projects from 2020 to upgrade lifts without the above-mentioned three safety devices. As at 30 June 2023, 318 lifts have completed the lift safety enhancement works.

**(3) Development in Lift Technology** (paragraph 10.2.3 of the Consultancy Report) &

**(4) Implementation of the Lift Performance Assessment Form** (paragraph 10.2.4 of the Consultancy Report)

The consultancy report mentioned that with the advancement of lift technology since the 1990s, the use of solid-state type controllers and variable voltage and variable frequency (VVVF) lift drives became more popular and more energy efficient than the older models. There was hence less urgency to modernise the lifts built in the 1990s than those built in the 1980s. The performance assessment form currently adopted by HD has already included service life and energy efficiency as part of the assessment items.

The consultant recommended a systematic and objective approach to quantitatively assess the performance of existing lifts and to develop a methodology and an assessment form for performance assessment of lifts. The assessment form covers the assessment of lift condition, service quality and risk. From late 2020 onwards, HD has fully adopted the use of the assessment form which, together with the lift technical evaluation report, has to be submitted to the LMTVC for consideration, as one of the factors for determining the priority of lift replacement.

- (v) Please refer to [Appendix 3\(e\)\(v\)-1](#), [Appendix 3\(e\)\(v\)-2](#) and [Appendix 3\(e\)\(v\)-3](#) for specimens of lift performance assessment form, scoresheet summary and technical evaluation report adopted under the Lift Modernisation Programme respectively. (English version only)
- (f)(i) The first stage of the assessment exercise is conducted by DMOs/ & PSAs by carrying out annual technical assessments and making  
(ii) recommendations on modernisation programme for all lifts under their management with a service life of 25 years or more.

From late 2020, HD has also been using a lift performance assessment form developed by the consultant to quantify the performance of existing lifts. The lift performance assessment form covers three main assessment areas, namely lift condition, level of service and risk. A weighted score can be generated for each lift based on the assessment. Higher scores represent greater need for modernisation works. However, the assessment and the recommendation of DMOs/PSAs are only some of the factors to be considered in formulating the modernisation programme.

***\*Note by Clerk, PAC: Appendices 3(e)(v)-1 to 3 not attached.***

LMTVC carries out the second stage of the assessment needs taking due consideration of all relevant factors. The LMTVC needs to consider other factors such as work programme, manpower, resources, technical feasibility, public expectation, other major works to be carried out in the estate, etc. apart from the assessment and recommendations submitted in the first stage by DMOs/ PSAs, in order to set priorities and when the work will be carried out. In addition, if the lift/estate has already been included in other improvement works or other major projects, e.g. estate redevelopment in the near future, the lift will be excluded from consideration to ensure that there is no wastage of public resources. After taking holistic consideration of all relevant factors, the LMTVC will formulate and eventually submit lift modernisation programmes for the following financial year and the year after that to the Maintenance Planning and Review Committee for approval.

The decision of the LMVTC to include the 36 lifts, which were not recommended by the local DMOs/PSAs, in the tentative programme for 2024/2025 was made after holistically considered all relevant factors. The lifts concerned will reach a service life of 31 years or more by 2024/2025 and there is a genuine need of carrying out modernisation works.

- End -

**Statistics on the Number of Lift Breakdown for the past 3 years by the age of lifts**

(from 1/7/2020 to 30/6/2023)

Service year as at 30/6/2023	No. of Lift as at 30/6/2023 (i)	No. of Breakdown from 1/7/2020 to 30/6/2023 (ii)	Average Number of Breakdown per Month per Lift from 1/7/2020 to 30/6/2023  (iii) = (ii) / (i) / 36
<15	2,658	9,816	0.10
>=15 to <20	693	3,577	0.14
>=20 to <25	1,325	7,157	0.15
>=25 to <30	777	4,714	0.17
>=30 to <35	499	2,455	0.14
>=35 to <40	56	1,003	0.50
>=40 to <45	45	346	0.21
>=45	3	32	0.30
<b>Total</b>	<b>6,056</b>	<b>29,100</b>	<b>0.13</b>





Your Ref. : CB4/PAC/R81  
Our Ref. : HD 3-8/SD/BW-5/8/15 (C)

Tel. No. : 2761 5878  
Fax. No. : 2761 7630

5 January 2024

Clerk to Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attention: Ms. Shirley CHAN)


**By Email**

Dear Ms. CHAN,

**Public Accounts Committee  
Chapter 4 of the Director of Audit's Report No. 81  
Provision of Barrier-free Facilities in Public Rental Housing Estates**

I refer to your letter dated 20 December 2023 to the Secretary for Housing concerning the captioned. Please find our response in the **Annex** to this letter to facilitate consideration of the matter by the members of the Public Accounts Committee.

Yours faithfully,



( HONG Wing-kit )  
for Secretary for Housing

Encl.

- c.c. Secretary for Financial Services and the Treasury (email : [sfst@fstb.gov.hk](mailto:sfst@fstb.gov.hk))
- Secretary for Transport and Logistics (email : [stloffice@tlb.gov.hk](mailto:stloffice@tlb.gov.hk))
- Director of Housing (email : [psh@housingauthority.gov.hk](mailto:psh@housingauthority.gov.hk))
- Director of Highways (email : [jimmy.pm.chan@hyd.gov.hk](mailto:jimmy.pm.chan@hyd.gov.hk))
- Director of Audit (email : [ncylam@aud.gov.hk](mailto:ncylam@aud.gov.hk))

**Chapter 4 of the Director of Audit's Report No. 81  
Provision of Barrier-free facilities in Public Rental Housing Estates**

**Housing Bureau's Response to  
Questions Raised and Information Requested**

**Part (1) of the Appendix**

**Section 2 : Barrier-free Access and Facility Improvement Programmes**

- 1) **With reference to paragraph 2.4 and Table 3 of the Director of Audit's Report No. 81 (the Audit Report), 25 out of 237 estates did not submit the results of regular checks from April 2022 to March 2023. Please advise whether Housing Department (HD) has taken any follow-up measures to request the Access Officers concerned in 25 estates to submit the results of regular checks; if yes, please provide details of the follow-up measures; if not, what is the reason.**

**Response from the Housing Bureau**

According to the internal guidelines of HD, Access Officers should submit quarterly returns, which include the results of regular checks and complaints / suggestions received, etc. HD calls for quarterly returns from Access Officers through email. For those Access Officers who have not responded after the deadline for submission, HD takes follow-up measures as below:

- (i) Send the first reminder email to the Access Officers concerned, requiring them to respond within two weeks; and
- (ii) After the submission deadline specified in the first reminder email, send the second reminder email to the Access Officers concerned, requiring them to respond within one week. It is also stated in this email that, if there is no response from the Access Officers by the said deadline, the results of the regular checks in that quarter will be assumed to be in order.

To enhance the monitoring of the submission of quarterly returns by Access Officers, HD has revised the wording of the call email to explicitly request Access Officers that they have to submit a duly completed return regardless of the presence of identified defects or complaints / suggestions. According to the latest records, all Access Officers have submitted their returns timely.

- 2) **With reference to paragraphs 2.6 to 2.7 of the Audit Report, defects and deviations from the Design Manual : Barrier Free Access 2008 (DM 2008) / technical guides were found by the Audit Commission during site inspections to 4 public rental housing estates. Paragraph 2.14(b) of the Audit Report mentioned that HD will review the guidelines concerning regular checks / daily patrols on barrier-free access and facilities, aiming to further enhance the inspections and follow-up actions for defects or deviations identified by the Audit Commission as far as practicable. Would HD please advise :**
- (a) **whether the review of the guidelines has been completed; if yes, please provide details of the further enhanced measures on conducting inspections; if not, please provide the progress of work and reason of non-completion; and**
  - (b) **whether action has been taken to rectify the defects and deviations from the guidelines as identified by the Audit Commission; if yes, please provide details; if not, what is the reason.**

**Response from the Housing Bureau**

- (a) HD is reviewing the guidelines concerning regular checks / daily patrols on barrier-free access and facilities (BFA) in order to further enhance the inspections of BFA. We have reviewed the defects and deviations of BFA from the guidelines and planned to optimize the inspection checklist to facilitate Access Officers to record the conditions of relevant facilities. We will arrange internal consultation on the revised guidelines. Based on the current progress, we anticipate that the revision of relevant guidelines could be completed in the first quarter of 2024.
- (b) HD has taken actions to rectify the defects and deviations from the guidelines identified by the Audit Commission. Relevant rectification works had been completed.

- 3) **With reference to paragraph 2.15 of the Audit Report, Estate Management Division of HD had promulgated an instruction "Adaptation Works in Flats Occupied by Disabled and Elderly Persons", setting out the process for estate staff to handle works applications. Paragraph 2.15(a) of the Audit Report mentioned that, estate staff should, in consultation with professionals, such as medical officers, physiotherapists, occupational therapists or medical social workers, decide the type of works to be undertaken. However, paragraph 2.16(b)(i) of the Audit Report mentioned that among the three cases that were not handled / rejected, the tenants requested estate staff to conduct adaptation works to their flats without referrals or recommendations from professionals. In this connection, would HD please advise:**
- (a) whether the instruction on “Adaptation Works in Flats Occupied by Disabled and Elderly Persons” requires estate staff to seek advice from relevant professionals when processing applications for adaptation works, or requires tenants to obtain referrals or recommendations from the professionals before submitting applications for adaptation works; and**
  - (b) whether persons with disabilities and elderly tenants have been informed of the proper application procedures in advance.**

**Response from the Housing Bureau**

- (a)** The Estate Management Division of HD has internal guidelines to assist estate staff in handling applications for adaptation works in public rental housing (PRH) flats as requested by persons with disabilities or the elderly. If the tenant’s request only involve the installation of grab bars or provision of shower area in the bathroom, HD will bear the cost and arrange the works without the need of advice from professionals, such as medical officers, physiotherapists, occupational therapists or medical social workers. For other adaptation works items, in order to ensure that appropriate adaptation works can meet the actual needs, tenants are required to seek advice from the above-mentioned professionals. If necessary, HD can assist to refer the case for seeking professional advice with the tenant’s consent.
- (b)** HD provides different types of facilities and services for persons with disabilities and the elderly living in PRH flats. With a view to informing prospective tenants about the facilities and services provided by HD, HD distributes various promotional brochures

during intake, including the one entitled "Introduction to Services and Facilities for People with Disabilities". HD has also uploaded relevant information to the Hong Kong Housing Authority (HA) website so that PRH tenants can browse it at any time and learn about the various facilities and services provided by HD. Moreover, HD posts notices about the arrangements of adaptation works at the lift lobbies of residential blocks from time to time.

- 4) **With reference to paragraph 2.20 of the Audit Report, as at 30 June 2023, there were 1558 public rental housing flats with hearing-impaired tenants. Among them, visual fire alarm systems had been installed in 89 (6%) flats. Would HD please advise:**
- (a) **the reason why there were only a small proportion (6%) of the flats with hearing-impaired tenants had been installed with visual fire alarm systems; and**
  - (b) **any measure has been taken to promote the installation of visual fire alarm systems for the hearing-impaired tenants; if yes, please provide the details; if not, what is the reason.**

**Response from the Housing Bureau**

- (a) HD does not maintain records of the reasons why the hearing-impaired tenants do not apply for the installation of Visual Fire Alarm (VFA) systems. Nevertheless, we have communicated with and obtained feedback from Non-government Organisations (NGOs) serving the hearing-impaired persons and frontline estate staff. The main reasons are as follows:
  - (i) Concerns about personal data (privacy);
  - (ii) Dislike the flashing warning lights when in operation, reluctant to install additional equipment at home, or feel disturbed about the flashing lights;
  - (iii) Feel inconvenient for works personnel to enter the flat regularly to inspect the relevant equipment; and
  - (iv) Some hearing-impaired tenants believe that there is no urgency to install relevant equipment and therefore it is not being considered.
- (b) HD has taken the following measures to promote the installation of VFA systems in PRH flats under a voluntary scheme for the hearing-impaired tenants:
  - (i) Issue a Press Release on relevant scheme on 4 July 2021;

- (ii) Upload relevant information on the HA website;
  - (iii) Send letters to all households with hearing-impaired family members according to the list of tenants with special needs. Subsequently, if estate staff learn during their daily work (such as Biennial Inspection) that the tenant's family member is hearing-impaired, they will proactively remind the tenant about the voluntary scheme;
  - (iv) Post notices in lift lobbies of public housing residential blocks; and
  - (v) Maintain communication with NGOs serving the hearing-impaired persons, and through the assistance of the NGOs, promote the voluntary scheme to the hearing-impaired tenants.
- 5) **With reference to paragraph 2.24 of the Audit Report, 6 out of 237 housing estates had not appointed Access Officers for a long period of time since the implementation of the Access Co-ordinator and Access Officer Scheme in April 2011, among which, one estate had not appointed Access Officer as at 30 June 2023. Would HD please advise:**
- (a) **the names of these 6 estates;**
  - (b) **the reason why Access Officers had not been appointed for these 6 estates for more than 10 years since April 2011;**
  - (c) **during this period of more than 10 years, any measure has been taken to expedite the appointment of Access Officers; if yes, please provide the details; if not, what is the reason; and**
  - (d) **during this period of more than 10 years, any measure has been taken to arrange other staff to take up the duties of Access Officers temporarily for these 6 estates; if yes, please provide the details; if not, what is the reason.**

**Response from the Housing Bureau**

- (a) The six estates are Easeful Court, Ko Cheung Court, Tsui Wan Estate, Lei Tung Estate, Wah Kwai Estate and Fung Wah Estate.
- (b) Easeful Court falls under the Private Sector Participation Scheme, where HA only owns the residential flats. Ko Cheung Court comprises PRH blocks, Government disciplined services quarters

and carpark buildings, with the common areas jointly owned by different owners. The remaining four estates fall under the Tenant Purchase Scheme. The common areas of these six estates are not fully owned or managed by the HA. The lack of appointment of Access Officers was due to relevant management personnels misunderstood that the appointment for these estates was not required. HD had appropriately followed up and Access Officers have now been appointed for these six estates.

- (c) HD had reviewed the appointment arrangement for Access Officers, and Access Officers have now been appointed for all HD estates. HD will regularly update the relevant information in the future.
  - (d) Despite the six estates did not appoint Access Officers, the relevant Property Service Agents (PSAs) have all along maintained regular inspections and arranged necessary maintenance, repairs, and improvement works as required to the estate facilities, including barrier-free access and related facilities. Furthermore, PSAs have provided appropriate assistance to tenants and their visitors (including persons with disabilities) in their daily management.
- 6) **With reference to paragraph 2.4 of the Audit Report, 25 out of 237 estates did not submit the results of regular checks form April 2022 to March 2023. Would HD please advise whether these 25 estates are among the 6 estates without Access Officer mentioned in paragraph 2.24 of the Audit Report.**

**Response from the Housing Bureau**

Among the 25 estates, three are related to those mentioned in paragraph 2.24 of the Audit Report, including Tsui Wan Estate, Easeful Court and Ko Cheung Court. We had revised the wording in the call email to the Access Officers to remind them the need of submitting the quarterly returns regardless of the presence of identified defects or complaints / suggestions. Currently, all Access Officers have submitted their returns timely.

- 7) **Paragraphs 2.6 and 2.7 of the Audit Report mentioned that defects and deviations from DM 2008 / technical guides were found by the Audit Commission during site inspections to 4 PRH estates. Would HD please advise whether these 4 PRH estates are among the 6 estates without Access Officer mentioned in paragraph 2.24 of the Audit Report; if yes, please provide the details.**

**Response from the Housing Bureau**

The 4 public housing estates inspected by the Audit Commission are not among the six estates mentioned in paragraph 2.24 of the Audit Report.

**Section 3 : Lift Addition Programme**

- 8) **With reference to paragraph 3.10(c) of the Audit Report, Proposal A took nearly 6 years from completion of preliminary feasibility study to obtaining agreement from co-owner to conduct detailed feasibility study. Would HD please advise:**
- (a) **what are the latest progress of Proposal A and Proposal B? When will the detailed feasibility studies expect to be completed; and**
  - (b) **any review on measures to expedite the negotiation with the co-owner(s) has been taken in order to commence the detailed feasibility study as early as possible; if yes, please provide the details; if not, what is the reason.**

**Response from the Housing Bureau**

- (a) Professional Service Providers (PSPs) are currently conducting detailed feasibility studies for Proposal A and Proposal B respectively. The work involves conducting ground investigation, submission of geotechnical assessment report, preparation and application for approval of General Building Plans (GBP) and update of cost estimate, etc. We anticipate that the detailed feasibility studies for Proposal A and Proposal B would be completed within the 2024/25 financial year.
- (b) HD has all along been maintaining close communications with the co-owners through phone calls, emails and site visits, etc. With respect to Proposal A and Proposal B, we have promptly engaged PSPs to conduct detailed feasibility studies upon obtaining agreements from the co-owners. The studies are in progress and are expected to be completed within the 2024/25 financial year. HD will closely monitor the progress of relevant work and continue to maintain effective communications with the co-owners to implement lift addition proposals as early as possible.



- 9) **With reference to paragraph 3.12 (b) of the Audit Report regarding the provision of lifts in Model Housing Estate, studies indicated that it was technically not feasible to provide lifts in the low-rise blocks (5 to 6-storey). Please explain in detail the consideration by HD on "technically not feasible".**
- 10) **With reference to paragraph 3.15(b)(ii) of the Audit Report, Model Housing Estate does not has common corridor connecting each unit on the same storey. Without such common corridor, some tenants cannot access the lift even it was provided. Please explain why there are no common corridor connecting each unit on the same storey in Model Housing Estate.**

**Consolidated Response from the Housing Bureau**

Regarding Items 9) and 10), there are six residential blocks in Model Housing Estate, of which one (20-storey) block has lift facilities (high-rise block) and five (5 to 6-storey) blocks are without lift facilities (low-rise blocks). Each flat in the low-rise blocks has front and rear doors connecting to staircases, but there is no common corridor connecting each unit of the same floor (see **Figure 1**). Therefore, some tenants will not be able to access the lifts even though they were provided. If lifts and common corridors were provided within the blocks, HD has to vacate approximately half of the flats on each floor and evacuate existing tenants to make room for the alternations and additions works. Considering the scale of the aforementioned works and the nuisance and impact on existing tenants, the provision of lifts in the low-rise blocks of Model Housing Estate is technically not feasible.

- 11) **Paragraph 3.15(c) of the Audit Report mentioned that as at 30 June 2023, about 30% of tenants in the three estates without lift facilities were elderly. Would HD please advise:**
  - (a) **among these elderly tenants, how many household and percentage are living on floors without lift access; and**
  - (b) **among these elderly tenants, how many household and percentage are living on the lowest floor and other floors.**

**Response from the Housing Bureau**

Regarding (a) and (b), the number and proportion of elderly tenants / households are as follows :

	Elderly Tenants		Household with Elderly	
	Number	Percentage	Number	Percentage
Overall	735	31%	520	60%
Living on the lowest floor of the block Note 1	178	24%	129	25%
Living on other floors of the block Note 2	557	76%	391	75%

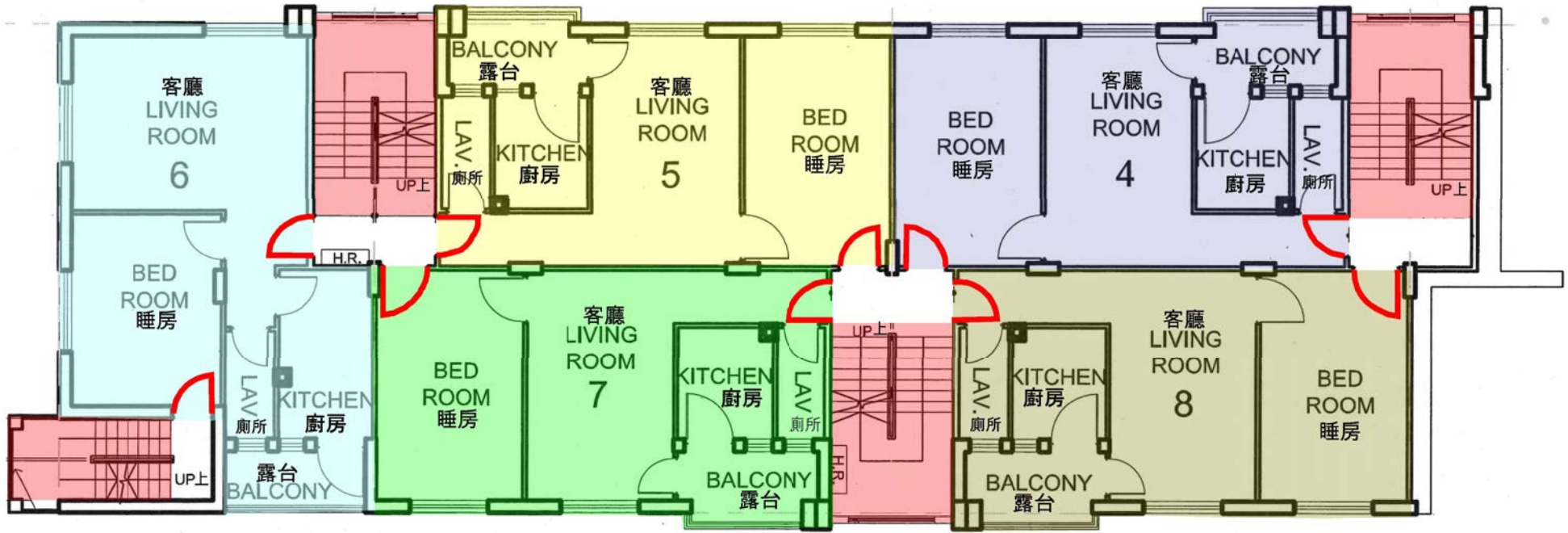
According to the prevailing PRH transfer policy, if elderly tenants encounter difficulty in continuously living in the existing flats due to changes in physical condition, they can apply for transfer to a suitable flat for free.

- End -

---

Note 1 Tenants living on the lowest floor of the block do not require lifts for access.

Note 2 Lifts are not provided for access to these floors.



**FIGURE 1: TYPICAL FLOOR PLAN FOR LOW BLOCKS**  
**AT MODEL HOUSING ESTATE**  
**圖一：模範邨低座大廈樣本平面圖**

Legend (說明)

- Staircases  
樓梯
- Flat Entrances  
單位出入口



**HIGHWAYS DEPARTMENT  
MAJOR WORKS PROJECT MANAGEMENT OFFICE**

3 & 6/F, HO MAN TIN GOVERNMENT OFFICES  
88 CHUNG HAU STREET, HOMANTIN, KOWLOON, HONG KONG  
Web site: <http://www.hyd.gov.hk>

路政署  
主要工程管理處  
香港九龍何文田忠孝街八十八號  
何文田政府合署三及六樓  
網址: <http://www.hyd.gov.hk>

本署檔案 Our Ref. : () in HyD MWO (1)4-35/1 (C)  
來函檔號 Your Ref. : CB4/PAC/R81  
電話 Tel. : 2762 3600  
圖文傳真 Fax : 2714 5222

9 January 2024

Ms Shirley CHAN  
Clerk  
Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms CHAN,

**Public Accounts Committee**

**Consideration of Chapter 4 of the Director of Audit's Report No. 81**

**Provision of barrier-free facilities in public rental housing estates**

Thank you for your letter of 20 December 2023 regarding the subject matter.

As per the written questions set out in the Appendix to your letter, I attach our written reply in both Chinese and English for your processing please.

Yours faithfully,

(Patrick W H NG)  
for Director of Highways

Encl.

/... 2



ISO 9001 : 2015  
Certificate No.: CC 1881



ISO 14001 : 2015  
Certificate No.: CC 2634

c.c. Secretary for Housing / Chairman of the Hong Kong Housing Authority (email: shoffice@hb.gov.hk)  
Secretary for Transport and Logistics (email: stloffice@tlb.gov.hk)  
Director of Housing (email: psh@housingauthority.gov.hk)  
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)  
Director of Audit (email: ncylam@aud.gov.hk)

**Report of the Public Accounts Committee on**

**Consideration of Chapter 4 of the Report No. 81 of the Director of Audit**

**“Provision of barrier-free facilities in public rental housing estates”**

**Questions and Requests for Information**

**Part 4 : Retrofitting Lifts at Walkways Relating to Housing Estates under Universal Accessibility Programme**

**12) As mentioned in paragraph 4.3 of the Report No. 81 of the Director of Audit (“the Audit Report”), according to the Audit Commission’s review, the Highways Department (“HyD”) took an average of 17.5 months to report to the relevant District Councils on the situation of the 3 items after receiving the replies of not granting agreement from the relevant parties. According to the information in Table 6 of the Audit Report, HyD had obtained the final replies for Items A and B in May 2021. HyD was requested to explain:**

- (a) why did HyD wait until the end of 2022 when the status of agreement and/or objection of all items was relatively clear before reporting the final replies for Items A and B to the relevant District Councils in January 2023; and**
  - (b) since the final replies for Items A and B were objections, why did HyD not report to the relevant District Councils and initiate a new round of consultation on item replacement at an earlier stage?**
- (a) Under the Special Scheme of the Universal Accessibility Programme (“UAP”), HyD will retrofit lifts at walkways in or connecting to the common areas of three types of housing estates (i.e. housing estates under the Tenants Purchase Scheme, the Buy or Rent Option Scheme, and public rental housing estates with non-residential properties divested). HyD is required to first seek the consent of the relevant Owners’ Committees, Deed of Mutual Covenant (DMC) managers (authorized by the relevant Owners’ Committees), and parties responsible for managing and maintaining the walkways. Only with their authorization to HyD for the lift retrofitting works within their properties, estates, or management areas, and their indication of willingness to cooperate with the Government in the subsequent management and maintenance of the lifts would the walkways be eligible for inclusion in the Special Scheme.

As of May 2021, among the 35 items nominated by the District Councils, HyD received replies from the relevant parties for only 18 items (including Items A and B mentioned in the Audit Report) while that for the remaining 17 items had yet to be received. It was not until the end of 2022 when HyD received most of the replies and generally confirmed the total number of items to be

implemented. Taking into account the available resources, the Government considered that it should first ascertain the number of items to be replaced in each district before reporting the overall situation to the District Councils for consideration and consulting the District Councils to identify the replacement items.

- (b) For Items A and B, it was confirmed in May 2021 that they did not have the agreement from the relevant parties and it was necessary to return to the District Councils for the selection of replacement items. As mentioned above, the Government considered that it should first ascertain the number of items to be replaced in each district before reporting the overall situation to the District Councils for consideration and consulting the District Councils to identify the replacement items. In addition, taking into account the available resources, HyD would take forward the items in batches under different contracts. Since these 2 items required replacement, according to the planning timetable at that time, they had been scheduled for works commencement in 2024 under the same batch along with other remaining items. Therefore, even if the District Councils could identify replacement items at an earlier stage, it would not affect the timing of works commencement for the items.

In future, in accordance with the recommendation in the Audit Report, HyD will report in a more timely manner to the District Councils lift retrofitting items with agreement not granted by relevant parties for their consideration and proposal of replacement items.

**13) As mentioned in paragraph 4.10 of the Audit Report, HyD entered into agreements with two consultants for the retrofitting of 14 lifts at 10 walkways in four districts (at a sum of about \$9.7 million) and 33 lifts at 21 walkways in nine districts (at a sum of about \$17.2 million) respectively. Among the two agreements, the project scale and contract sum of the latter one were approximately twice that of the former. As mentioned in paragraph 4.11 of the Audit Report, in order to enhance the overall effectiveness of contract management, HyD and the two consultants agreed to adjust the services under the agreements by transferring the services to be provided at the construction phase (except for issues related to design) for 5 walkways from one agreement to another. HyD was requested to explain:**

- (a) why were the initial two agreements twice as different in project scale and contract sum, having regard to the overall effectiveness of contract management;**
- (b) whether the variations to the two agreements could have been avoided if the overall effectiveness of contract management had been taken into account at the contract drafting stage; and**

- (c) **whether any review has been conducted on the drafting of consultancy agreements, and appropriate measures have been taken to with a view to minimizing the occurrence of similar situations in future where variations are negotiated after works commencement? If so, please provide the details. If not, what were the reasons?**
- (a) There is no fixed number of items that must be included in the consultancy agreements under the UAP. In taking forward the items in batches under different contracts, HyD will consider a number of factors, including the geographical location of the items, the readiness of items to proceed to construction stage, and the construction complexity, etc. In addition, HyD will consider whether the scale of the consultancy agreements will allow the participation of consultants of different scales in the market in the tender exercises. According to the Engineering and Associated Consultants Selection Board Handbook, there are three groups under the “Roads and Associated Structures” category. Group 1 consultants can only bid for agreements with a lump sum fee not exceeding HK\$5 million; Group 2 can only bid for agreements ranging from above HK\$5 million to HK\$10 million; and Group 3 can only bid for agreements exceeding HK\$10 million. Therefore, HyD divided the 10 items in the urban area (14 lifts) and 21 items in the New Territories (33 lifts) into two consultancy agreements, allowing both Group 2 and Group 3 consultants to have the opportunity to participate in the bidding process respectively.
- (b) Consultancy agreements generally cover works on investigation, design, and construction supervision, etc. The implementation progress of lift retrofitting works at walkways under the consultancy agreements would generally be affected by factors such as site investigation results, design complexity, public consultation results, etc. Therefore, at the time of drafting and awarding of the consultancy agreements, HyD could not fully ascertain the construction priority of the lift retrofitting works at each walkway. To expedite the commencement of construction works, when HyD is aware that the design of certain items is at a mature stage and these items are ready for construction, HyD would consider inviting tenders for the construction of lifts at these walkways in batches, so as to expedite the provision of lift services to the public.

Regarding the aforementioned consultancy agreement for the items in the New Territories, during the investigation and design stage, the consultant confirmed that 5 items were ready to proceed to the construction stage earlier than expected, while the remaining items would require much more time before proceeding to the construction stage. Meanwhile, HyD noted that the consultant of the consultancy agreement for items in the urban area was preparing to invite tenders for a batch of lift retrofitting items. To expedite the construction progress of those 5 items, HyD has proposed to transfer the construction supervision for those 5 items to the consultancy agreement for items in the urban area. Such arrangement enabled the construction for those



5 items to commence earlier than the original plan, from September 2023 to February 2023. This not only enhanced the overall effectiveness of contract management but also allowed the public to enjoy the lift facilities earlier.

- (c) HyD had reviewed the drafting of consultancy agreements and would include relevant terms in future agreements to clearly stipulate the rules for variations in consultancy fee arrangements under similar situations as mentioned above. For example, the method of calculating the service fees to be deducted or increased will be clearly set out in the consultancy agreements, thereby minimizing the need to negotiate variations to the agreements after works commencement in future and to shorten the time taken for variations to be made to the agreements.

**14) Paragraph 4.13 of the Audit Report mentioned that HyD took approximately 17 months to negotiate with the two consultants on the variations to the two consultancy agreements. Had HyD taken appropriate measures to expedite the negotiation process in case of similar situations in the future so that the approval on contract variations could be obtained as soon as possible?**

During the period from June 2022 to October 2023, HyD had been negotiating with the two relevant consultants in finalizing the amount of additional fee for the agreement of the items in urban area and amount of fee reduction for the agreement of the items in the New Territories. In early October 2023, HyD concluded the discussions with the two consultants, and HyD staff subsequently obtained approval for the variations to the two consultancy agreements in accordance with the requirements of the Stores and Procurement Regulations.

Considering the aforementioned situation and as mentioned above, HyD would include relevant terms in future agreements to clearly stipulate the rules for variations in consultancy fee arrangements under similar situations. For example, the method of calculating the service fees to be deducted or increased will be clearly set out in the consultancy agreements, thereby shortening the time required for negotiation of the relevant fees with the consultants.

**15) Paragraph 4.20(a) of the Audit Report mentioned that discrepancies were found between the as-built records of underground utilities and the actual underground utilities condition on-site in the works for both Lifts A and B. Had HyD taken appropriate measures to improve the accuracy and reliability of the as-built records of underground utilities? If yes, please provide the details. If not, what were the reasons?**

In taking forward works projects under the UAP, HyD would collect records of relevant underground utilities during the investigation and design stage so as to identify suitable locations for lift retrofitting works. To shorten the time required for handling underground utilities during the construction stage, HyD has taken

measures such as carrying out site investigation through pre-construction contracts to gain an early understanding of the actual conditions of underground utilities on-site. Their locations could be identified more accurately which could facilitate the determination of the diversion plan of underground utilities in future. Meanwhile, HyD has piloted the Early Contractor Involvement in works contracts, which enable the contractors to actively participate in formulating solutions to address the underground utilities issues at an earlier stage of the works.

Separately, the Lands Department is collaborating with the relevant government departments and major public utilities undertakings to progressively establish a three-dimensional digital underground pipelines database and an underground utilities information system. They aim at facilitating the construction industry to plan and carry out underground works more effectively, with a view to minimizing delay in road excavation works due to obstruction of underground utilities.

- 16) Paragraph 4.22(a) of the Audit Report mentioned that the consultant of HyD had issued 41 warning letters to the relevant contractor due to the slow progress and site idling issues regarding the construction of 3 lifts. In paragraph 4.22(b) of the Audit Report, it was stated that in the 8 quarterly reports issued by HyD to the contractor, their performance in “adherence to programme” was graded as “poor” or “very poor”. In paragraph 4.22(c)(iii) of the Audit Report, it was mentioned that HyD issued an Adverse Report to the contractor. Had HyD taken any disciplinary actions against the contractor? If yes, please provide the details. If not, what were the reasons?**

Apart from issuing warning letters and Adverse Report to the contractor, HyD had requested the contractor to suspend tendering for road and drainage public works contracts in accordance with the mechanism of the Contractor Management Handbook. In response to HyD’s request, the contractor had voluntarily suspended their tendering qualifications for relevant public works contracts since 25 August 2023. Furthermore, as the contractor failed to complete the works within the contractual timeframe, HyD would strictly follow the contract to recover from the contractor the delay damages arising from the delay of parts of the works.

- 17) Paragraph 4.23(a) of the Audit Report mentioned that HyD was very concerned about the delay in the construction works of the above 3 lifts and had taken further measures to urge the contractor to expedite the completion of the remaining works. These measures included convening weekly meetings for the senior staff of the contractor, consultants and HyD to discuss the progress of the works and to promptly resolve any issues encountered on site. HyD was requested to explain:**

- (a) the problems encountered by the contractor on site; and**
- (b) the latest progress of the remaining works.**

- (a) The problems encountered by the contractors at the sites of the 3 lifts mainly included:
- the locations of the proposed lift foundations were found to be occupied by uncharted underground utilities<sup>1</sup> which required diversion;
  - retaining walls had to be built because the geology at the crest of the slope adjacent to the proposed lift location was not rocky; and
  - insufficient liquidity of the contractor affecting the procurement of construction materials and failure to engage sufficient sub-contractors, etc.
- (b) The contractor completed two more lifts which were opened for public use in the fourth quarter of 2023. One of these lifts was among the 3 lifts mentioned in the Audit Report. As for the remaining lift retrofitting works under the contract, HyD would continue to urge the contractor to deploy resources and complete the remaining works as soon as possible. HyD would strictly follow the contract to recover from the contractor the delay damages arising from the delay of parts of the works. If the situation deteriorates further, HyD would not rule out the possibility of changing the contractor.

- End -

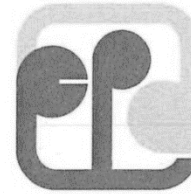
---

<sup>1</sup> Although HyD had conducted site investigation through pre-construction contracts, during excavation, the contractor identified other underground utilities in the shallower part of the relevant locations. As a result, they were unable to carry out further excavation to uncover the batch of uncharted underground utilities which were deeper underneath the ground. In addition, HyD had not piloted the Early Contractor Involvement for UAP when the relevant works contract came into effect.

本署檔號  
OUR REF.: EP CR/80/Audit/2/1(2023)  
來函檔號  
YOUR REF.: CB4/PAC/R81  
電話  
TEL. NO.: 2872 1600  
圖文傳真  
FAX NO.: 2909 9105  
網址  
HOMEPAGE: <http://www.epd.gov.hk>

**Environmental Protection Department  
Environmental Infrastructure Division**

4th floor, East Wing,  
Island West Transfer Station,  
88 Victoria Road,  
Kennedy Town,  
Hong Kong.



環境保護署  
環境基建科

香港西環  
堅尼地城  
域多利道88號  
港島西廢物轉運站  
4樓東翼

By e-mail

([hhchan@legco.gov.hk](mailto:hhchan@legco.gov.hk), [kmho@legco.gov.hk](mailto:kmho@legco.gov.hk), [pkwlai@legco.gov.hk](mailto:pkwlai@legco.gov.hk))

5 January 2024

Ms Shirley CHAN  
Clerk to the Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms CHAN,

**Public Accounts Committee  
Consideration of Chapter 5 of the Director of Audit's Report No. 81  
Recycling Fund**

Your letter dated 20 December 2023 to the Director of Environmental Protection requesting information of the captioned Report refers. We have prepared detailed reply to facilitate consideration by the Public Accounts Committee. Please refer to the enclosure of this letter.

Yours sincerely,

(Tony CHEUNG)

for Director of Environmental Protection

c.c. Secretary for Environment and Ecology (email: [see@eeb.gov.hk](mailto:see@eeb.gov.hk))  
Director of Environmental Protection (email: [dep@epd.gov.hk](mailto:dep@epd.gov.hk))  
Secretary for Financial Services and the Treasury (email: [sfst@fstb.gov.hk](mailto:sfst@fstb.gov.hk))  
Director of Audit (email: [ncylam@aud.gov.hk](mailto:ncylam@aud.gov.hk))

*Enclosure*

**Chapter 5 of the Director of Audit's Report No. 81  
"Recycling Fund"  
Environmental Protection Department's Response**

**PART 2: PROCESSING OF APPLICATIONS**

**1) According to paragraphs 2.7 and 2.8 of the Director of Audit's Report No. 81 (Audit Report), the Standard Operating Procedure of the Secretariat of the Recycling Fund (RF) sets out the internal timeframes for processing RF applications and new internal timeframes were introduced in April 2023. Would Environmental Protection Department (EPD) advise whether introduction of these new timeframes has improved the efficiency of the vetting process? In addition, according to paragraph 2.12 of the Audit Report, the Audit Commission (Audit) has recommended that EPD may set timeframe relating to notifying the applicants of the application results. Would EPD please inform the reasons why the said timeframe was not established previously, and whether it is practically feasible to establish the timeframe?**

EPD's response

The RF Secretariat introduced new internal timeframes in April 2023 with reference to the time generally required to process previous RF applications. The main purpose is to remind the staff of the RF Secretariat to process applications according to the timeframes and avoid delays in processing of applications due to internal communications or other reasons. From April to December 2023, the processing time for applications generally complied with these internal timeframes (i.e. 109 out of 112 applications met the relevant timeframes), with a compliance rate of approximately 97%. The RF Secretariat has provided training to staff to ensure that they follow up on applications according to the new internal timeframes. EPD and the RF Secretariat will continue to closely monitor the effectiveness of the relevant timeframes in improving the efficiency of the vetting process, and will make necessary adjustments as appropriate.

In addition, EPD and the RF Secretariat have kept under review the RF operation and adopted various measures to improve efficiency, including gradually establishing different internal timeframes. Regarding processing RF applications, according to paragraph 2.7 of the Audit Report, the internal timeframes set earlier were mainly for the stage from the receipt of applications to the submission of applications for consideration by the Advisory Committee on Recycling Fund (RFAC). The internal timeframes relating to post-vetting stage were not considered by that time. However, EPD agrees with the recommendation in paragraph 2.12 of the Audit Report that it should consider setting further internal timeframes related to processing RF applications (e.g. notifying applicants of the application results after the Secretary for Environment and Ecology (SEE)'s decision). To this end, EPD has requested the RF Secretariat to set a new internal timeframe, requiring the RF Secretariat to notify applicants of the application results within 14 days after SEE's decision. To more

effectively monitor the processing of RF applications, EPD has also requested the RF Secretariat to compile and submit regularly management reports to report on compliance with internal timeframes.

**2) According to paragraph 2.13 of the Audit Report, from October 2015 to March 2023, there were a total of 3,222 processed applications. The processing time of 506 (16%) applications was more than 180 days. According to paragraph 2.15 of the Audit Report, the Audit has recommended EPD to closely monitor the progress in processing RF applications and take proactive actions to follow up with applicants with a view to facilitating them to better understand the submission requirements. In this regard, would EPD advise whether it has proactively contacted the applicants of some cases (including assisting them in meeting the application requirements and submitting application forms)? If so, what proportion of the relevant cases account for in the current applications and whether the current manpower of EPD is sufficient to handle them?**

EPD's response

In order to assist applicants in submitting applications, the RF Secretariat has monitored the progress and proactively contacted the applicants of all applications (including all applications with relatively long processing times). As mentioned in paragraph 2.14 of the Audit Report, for processing applications which involved complicated projects (e.g. Enterprise Support Programme, Industry Support Programme and Solicitation Theme on Projects from New and Start-up Enterprises), there was a need to allocate more time for a thorough deliberation of individual application and to seek adequate information from applicants for consideration, with a view to ensuring prudent use of public money and providing necessary advice to support the smooth implementation of the projects. In addition, the long processing time for a number of cases was due to substantial time taken by applicants in providing sufficient supporting documents or fulfilling application requirements (e.g. settling land related issues). The RF Secretariat will continue to communicate closely with applicants in all cases and provide them with guidance and professional advice to speed up the application process and improve the application success rate.

EPD agrees with the Audit 's recommendations and will continue to closely monitor the progress of processing RF applications, and is considering together with the RF Secretariat to step up measures to assist applicants to better understand the application requirements and submit applications meeting the requirements. In addition, the current manpower of the RF Secretariat is sufficient to cope with the applications of various cases. EPD will keep under review the manpower arrangements for RF and make appropriate adjustments in the future depending on the actual operational needs.

### **PART 3: FUNDING DISBURSEMENT FOR AND MONITORING OF APPROVED PROJECTS**

**3) According to paragraph 3.7 of the Audit Report, the Audit noted that from January 2020 to March 2023, the RF Secretariat processed 289 funding disbursement requests (for 230 approved projects). For 50 (17%) funding disbursement requests, funding was disbursed to grantees 15 to 60 days after completing the verification procedures (i.e. exceeding the 14-calendar-day timeframe mentioned in paragraph 3.6(a) of the Audit Report). According to EPD, the longer-than-expected processing time was due to the manpower shortage during the epidemic. In this regard, would EPD advise whether the situation has improved now in resumption of normalcy. In addition, according to paragraph 3.18(a) of the Audit Report, the Audit has recommended EPD to take measures to ensure that funding is disbursed to grantees in accordance with the stipulated internal timeframes. Please inform whether relevant administrative measures were implemented in the past by EPD. If so, what are the details?**

#### EPD's response

The RF Secretariat has introduced the following internal timeframe for disbursement of funding to grantees since January 2020:

- funding should be disbursed to the grantee within 14 calendar days upon completion of necessary verification procedures by RF Secretariat.

Since the introduction of the above internal timeframes, the RF Secretariat has taken longer-than-expected time to process some fund disbursement requests, which was mainly due to manpower shortages during the outbreak of COVID-19. Subsequent to the resumption of normalcy in Hong Kong after the COVID-19 epidemic, and the RF Secretariat's gradual transition of most of the funding disbursement approval processes to electronic form, eliminating the need for filling in forms manually and simplifying and expediting the funding disbursement verification procedures, the current situation of funding disbursement to grantees have improved significantly. In 2023, the RF Secretariat completed a total of 108 funding disbursement requests. Out of which 107 requests, the RF Secretariat disbursed the funding to the grantees within 1 to 12 calendar day(s) after completing the verification procedures. For the remaining one request, since the applicant took a relatively longer time to provide correct bank account information, the case required 20 calendar days to complete.

EPD agrees with the Audit's recommendation to take measures to ensure that funding is disbursed in accordance with stipulated internal timeframes in Standard Operating Procedure, and has requested the RF Secretariat to compile and submit management reports on a quarterly basis to strengthen monitoring of whether the RF Secretariat complies with the stipulated internal timeframes for funding disbursement in Standard Operating Procedure.

政府總部  
環境及生態局  
(食物科)

香港添馬添美道2號  
政府總部東翼17樓



ENVIRONMENT AND ECOLOGY BUREAU  
(FOOD BRANCH)  
GOVERNMENT SECRETARIAT

17/F, East Wing,  
Central Government Offices,  
2 Tim Mei Avenue, Tamar,  
Hong Kong

Our Ref.:

Your Ref.: CB4/PAC/R81

Tel. No.: 3509 8926

Fax. NO.: 2136 3282

5 January 2024

Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road Central, Hong Kong  
(Attn: Ms. Shirley Chan)

Dear Ms. Chan,

**Public Accounts Committee**  
**Consideration of Chapter 6 of the Director of Audit's Report No. 81**

**Regulatory control of food premises**

Thank you for your letter dated 20 December 2023 to the Secretary for Environment and Ecology regarding Chapter 6 of the Director of Audit's Report No. 81 – Regulatory control of food premises. The consolidated reply of the Environment and Ecology Bureau and the Food and Environmental Hygiene Department is enclosed at **Annex**.

Your sincerely,

A handwritten signature in black ink, appearing to be "Wendy AU", written over a light blue rectangular background.

(Ms. Wendy AU)

for Secretary for Environment and Ecology

c.c. Director of Food and Environmental Hygiene



**Ch 6 of the Director of Audit’s Report No. 81  
“Regulatory control of food premises”**

**Part 3: Regulatory control of unlicensed food premises**

- (1) **With reference to paragraph 3.2 of the Director of Audit’s Report No. 81 (the Audit Report), the current legislation stipulates no person shall carry on a food business without a licence/permit granted by the Food and Environmental Hygiene Department (FEHD); however, as illustrated in Table 7 of paragraph 3.3, among the unlicensed food premises found by the FEHD, the number of those “in operation” rose from 203 in 2018 to 281 in 2023. Please advise on:**
- (a) **the number of enforcement actions, aside from weekly visits, taken by the FEHD against the unlicensed food premises in operation abovementioned, as well as the number of prosecutions instituted, the number of successful prosecution cases and the percentage of unlicensed food premises eradicated;**

The enforcement figures of the Food and Environmental Hygiene Department (FEHD) against unlicensed food premises from 2018 to 2023 (as at November) are as follows –

	2018	2019	2020	2021	2022	2023 (as at 30 <sup>th</sup> November)
Number of inspections*	22 895	28 296	28 035	44 758	49 790	50 235
Number of prosecutions	3 217	4 171	3 161	4 700	3 880	3 448
Number of convictions	3 157	4 035	3 139	4 575	3 685	1 982

Note\*: Including the number of inspections and enforcement operations.

Unlicensed food premises may cease operations after being prosecuted, continue to violate the regulations and be prosecuted again, or obtain a licence and operate legally, but the FEHD does not have the relevant breakdown.

**(b) any new measures in place to tackle the increase in the number of unlicensed food premises; and**

As shown in the reply to Question (1)(a), the FEHD has stepped up inspections to unlicensed food premises in recent years. The frequency of inspections of individual premises depends on the hazards to environmental hygiene and public health arising from their operation (e.g. whether there were food poisoning, foodborne diseases or food incidents involved), whether the operator has submitted an application for a food business licence, whether the premises in respect of the application can satisfy the essential licensing requirements (for example, whether the premises is a stable structure and whether there is safe drinking water supply and proper sewage system etc.), or whether there was any outright objection raised by relevant government departments so that the application could not be further processed etc. Regardless of whether the premises is under application for a licence, if the FEHD collects sufficient evidence during inspections, the department would definitely take prosecution action against the offenders in accordance with the Food Business Regulation. If convicted, the maximum penalty for contravention of the regulation concerned is a fine at level 5 and imprisonment for six months, and a daily fine of \$900. When the court hears a case involving repeated operation of an unlicensed food business, the FEHD will present relevant conviction records of the offender to the court, to support the court in meting out an appropriate sentence.

The FEHD understands the concerns of the PAC and is in fact actively exploring different possible options to enhance the deterrent effect against the carrying on of unlicensed food business before the issue of provisional licence. One possible option is to reject the licence application and debar the same applicant from applying for the same type of licence for the same premises for a certain period of time.

**(c) the new measures in place to help the public identify and avoid unlicensed food premises in order to reduce health risk.**

All licensed food premises shall exhibit the food business licence and the orange sign indicating the valid period of the licence at a conspicuous place near the entrance of the food premises to facilitate members of the public for identification. To facilitate the public in checking if the premises are issued with a food business licence/permit, FEHD's website contains a list and search engine for premises issued with food business licences/permits for public

inspection. In addition, the FEHD also plans to set up a dedicated webpage to strengthen promotion to the public on how to identify licensed food premises and encourage the public to report to the FEHD on discovery of any suspected unlicensed food premises. We have reached consensus with the relevant departments (including FSD and BD) that once operation of unlicensed food premises is detected, the case would be referred to others for necessary action.

**(2) It is mentioned in paragraph 3.5 of the Audit Report that 9 food premises had been operating for at least one year without being included in the “lists of unlicensed food premises identified with active operation” or other records maintained by the FEHD. Please advise on:**

**(a) whether the FEHD was unaware of the persistent illegal operation of those 9 unlicensed food premises until their omission was found by the Audit Commission;**

Before the investigation of the Audit Commission, the relevant district offices of the Department had no records of the 9 food premises suspected of operating without licence.

**(b) the reason(s) why the FEHD failed to identify those 9 food premises checked by the Audit Commission and allowed their long-term persistent operation, although 49 790 inspections were conducted to unlicensed food premises in 2022, as mentioned in paragraph 1.14 of the Audit Report;**

The said figure on inspection refers to the inspection figures against unlicensed food premises under application for licence, complaints or those with previous prosecution records. As the FEHD had not received any licence application nor complaint for the premises mentioned in Question (2)(a), the said inspections did not cover these 9 premises. In addition, these 9 premises were located in remote countryside or outlying islands (7 located in Tung Lung Chau, 1 located in Sha Tau Kok and 1 located in Sheung Shui Wai), officers of the district offices do not perform duties in the vicinity frequently and hence were unable to detect the presence of unlicensed food premises at these locations.

- (c) the follow-up action taken by the FEHD against those 9 unlicensed food premises to date;**

The FEHD had deployed staff to conduct inspections at the locations concerned on different days and at various hours, during which no evidence of operation of unlicensed food business at the premises was found. The FEHD will continue to keep monitoring on the situation and take appropriate action.

- (d) whether the FEHD has examined if there is any loophole in the existing identification mechanism; if yes, the results; and**

For premises without submission of application for licence, staff of the Department would discover the operation of suspected unlicensed food premises through complaint investigations or routine district works. Therefore, we may not be able to detect those in remote areas or with no complaint received from the public. Our staff will review the current mechanism after taking the resource and risk factors into consideration.

- (e) whether the FEHD has reviewed, identified and updated the “lists of unlicensed food premises identified with active operation” of various districts so far; if yes, the details, whether there has been any apparent increase and the follow-up action taken by the FEHD; if no, the reason(s).**

The district offices of the FEHD review the status of unlicensed food premises in their respective districts from time to time, and make monthly reports on the status and number of unlicensed food premises. Figures set out in Table 7 in the Audit Report (as at November) are updated as follows:

Number of unlicensed food premises		As at 31 December					As at 30 June	As at 30 November
		2018	2019	2020	2021	2022	2023	2023
Under application for licences	In operation (Note 1)	177 (36%)	238 (41%)	228 (31%)	428 (27%)	271 (20%)	274 (23%)	203 (20%)
	Not in operation (Note 2)	220 (44%)	257 (44%)	422 (56%)	1 111 (70%)	1 021 (77%)	868 (74%)	783 (78%)
Not under application for licences	In operation (Note 1)	26 (5%)	15 (2%)	15 (2%)	10 (1%)	8 (1%)	7 (1%)	4 (0.4%)
	Not in operation (Note 2)	75 (15%)	74 (13%)	82 (11%)	40 (2%)	20 (2%)	29 (2%)	15 (1%)
Subtotal	In operation (Note 1)	203 (41%)	253 (43%)	243 (33%)	438 (28%)	279 (21%)	281 (24%)	207 (21%)
	Not in operation (Note 2)	295 (59%)	331 (57%)	504 (67%)	1 151 (72%)	1 041 (79%)	897 (76%)	798 (79%)
Total		498 (100%)	584 (100%)	747 (100%)	1 589 (100%)	1 320 (100%)	1 178 (100%)	1 005 (100%)

Note 1: Unlicensed food premises in operation were those found in operation during inspections of the FEHD in that calendar month.

Note 2: Unlicensed food premises not in operation were those found not in operation during inspections of the FEHD in that calendar month.

According to the figures in November 2023, the number of unlicensed food premises “in operation” is about the same as that in December 2018, but lower than that from 2019 to 2022. The percentage of unlicensed food premises “in operation” had dropped from 41% in 2018 to 21% in November 2023, indicating that the regulatory measures against unlicensed premises of the Department is effective. The FEHD will continue to carry out the relevant works.

#### **Part 4: Other related issues**

- (3) **According to paragraph 4.9 of the Audit Report, the current Food Business Regulation (Cap. 132X) (the Regulation) prohibits any dog from entering food premises, except for a dog serving as a guide for a blind person or in connection with the exercise of a lawful power, would the Environment and Ecology Bureau (EEB) please advise on:**

**(a) the reason(s) and justification(s) for prohibiting dogs from entering food premises but permitting the entry of specific dogs under the Regulation, which was introduced in 1994;**

Since 1994, the Food Business Regulation (Cap. 132X) has stipulated that no person shall bring any dog onto any food premises and no person engaged in any food business shall knowingly suffer or permit the presence of any dog on any food premises, except for dogs serving as guide dogs for the blind or performing statutory duties.

Physical co-presence of humans and animals increases the risk of transmission of communicable diseases, and domesticated dogs are used to making close contacts with humans. Permitting dogs to enter food premises will pose higher health risk to patrons within, especially those physically weak or susceptible (e.g. elderly, children, pregnant women and the chronically ill). The Regulation thus laid down restrictions on dogs entering food premises.

**(b) Whether it has been assessed if such a restriction involves discrimination or differential treatment, and if this is contrary to and inconsistent with the pet-friendly policy that the Government has been promoting in recent years;**

The Government has been proactively making efforts in creating a barrier-free living environment for persons with disabilities. The Disability Discrimination Ordinance (Cap. 487) has provided that refusing to allow a person with visual impairment accompanied by a guide dog to enter any premises that the public is allowed to enter, or refusing to provide that person with services or facilities may be construed as a contravention of the Disability Discrimination Ordinance. Section 10B of the Food Business Regulation stipulates that entry of dog serving as a guide for a totally or partially blind person onto a food premises (except a food room) is allowed.

As food premises in Hong Kong are generally cramped, aside from the angle of public health and pet-friendliness, the reaction of pet dogs (such as whether their behaviors can be kept under total control) in a crowded and cramped environment (possibly with different types of dogs/animals), as well as the potential impact on other diners would also need to be taken into account.

- (c) whether the EEB has reviewed if the law, which has come into force for almost 20 years, is outdated; if yes, what is/are the reason(s) for not making any amendments; and**
- (d) whether the EEB will review and amend the law as soon as possible to address social needs, given that the community's hygiene awareness has increased significantly since the introduction of the law.**

The FEHD has from time to time received complaints about certain food premises allowing customers to bring pet dogs inside. On the other hand, in recent years, there are also views in the society hoping to bring along pet dogs to dine in food premises.

The existing regulatory requirement prohibiting dogs from entering food premises have been in place for close to 30 years. The Government understands that there has been changes in the societal culture but would also have to strike a balance on the need to safeguard public health and hygiene, etc. The EEB, together with FEHD, is reviewing the current situation as well as the existing policy and legislation with reference to the experiences in other places and the views of the public. We agree with the relevant recommendation of the Audit Commission (see paragraph 4.13(e) of the report).

- (4) With reference to entrance of pets to food premises mentioned in paragraph 4.10 of the Audit Report, please advise on:**
  - (a) the channels through which the FEHD collects data for compiling the list of pet-friendly restaurants, and the frequency adopted for updating the list;**

In early 2023, the FEHD compiled a list of restaurants from the Internet for regulatory and internal review purposes and FEHD has not further updated the relevant records yet .

It is worth noting that the Food Business Regulation does not prohibit all pets from entering food premises. For example, birds and cats are allowed to enter the seating area of restaurants. Therefore, restaurants which allow customers to do so are not breaching the law.

- (b) whether the FEHD has kept statistics on the number of pet-friendly restaurants in the territory; if yes, a breakdown of the number by District Council district; and whether there is an apparent upward trend in the past 3 years; and**

The FEHD does not update the relevant records on a regular basis. According to the list of restaurants (compiled in early 2023) mentioned in paragraph 4.10 of the Audit Report, the distribution of restaurants by District Council district is as follows:

<b>District</b>	<b>Number</b>	<b>District</b>	<b>Number</b>
Central & Western	50	Islands	12
Eastern	10	Kwai Tsing	1
Southern	10	North	2
Wan Chai	21	Sai Kung	12
Kowloon City	10	Sha Tin	5
Kwun Tong	5	Tai Po	2
Sham Shui Po	5	Tsuen Wan	13
Yau Tsim Mong	25	Tuen Mun	4
Wong Tai Sin	0	Yuen Long	12

- (c) according to the data of the Census and Statistics Department, the number of dogs kept by Hong Kong households in 2018 amounted to more than 200 000. After 3 years of epidemic, this number has probably grown, so has the demand for pet-friendly restaurants from pet-keepers who opt for such restaurants out of travel convenience. Please advise whether the EEB will consider follow the Mainland’s practices of controlling pet-friendly restaurants by licensing so as to meet the daily needs of the public, and support the “night economy” initiatives strongly promoted by the Chief Executive by encouraging local pet-keeping households to stay and spend in Hong Kong, thereby revitalising the local economy.**

As mentioned above, the EEB and the FEHD are reviewing the current situation as well as the existing policy and legislation with reference to the experiences in other places and the views of the public.



Ref: CB4/PAC/R81

5 January 2024

Clerk to Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong  
(Attn: Ms Shirley Chan)

Dear Ms Chan,

**Public Accounts Committee**  
**Chapter 7 of the Director of Audit's Report No.81**  
**Reindustrialisation and Technology Training Programme**

Thank you for your letter of 20 December 2023. Our response to the issues raised is submitted at Annex for the Public Accounts Committee's consideration.

Yours sincerely,



( Ivan K B Lee )

Commissioner for Innovation and Technology

c.c. Secretary for Innovation, Technology and Industry  
Secretary for Financial Services and the Treasury  
Director of Audit  
Executive Director, Vocational Training Council

**Chapter 7 of the Director of Audit's Report No. 81**  
**Reindustrialisation and Technology Training Programme**  
**Questions raised and information requested**

**Part 2: Monitoring of training courses and course providers**

- 1) With reference to paragraph 2.8 of the Director of Audit's Report (Audit Report) No. 81, of the 1 470 public courses successfully registered under the Reindustrialisation and Technology Training Programme (the Training Programme) in 2022-23, not all of them were approved in good time. The approvals for 336 (23%) courses were granted less than 2 weeks before course commencement dates and approvals for 128 (9%) courses were granted on or after course commencement dates. According to paragraph 2.40 of the Audit Report, course providers should publicise their courses as Training Programme courses only after being successfully registered. Will the Government advise on:
  - (a) the current manpower establishment and workload, and whether any other measures are under study to enhance the efficiency in processing course applications, given that the Training Programme Secretariat has substantially increased the manpower establishment to handle the significant increase in the number of applications as mentioned in paragraph 2.21 of the Audit Report. If there are, the details; and
  - (b) whether the Government has considered to establish a standard processing time of applications for public course registration to make sure that sufficient time has been allowed for these courses to be successfully registered before course commencement. If yes, the details.

**Government Response**

- (a) In August 2018, the New Industrialisation and Technology Training Programme (retitled from "Reindustrialisation and Technology Training Programme" on 25 October 2023) (the Training Programme) was launched under the Innovation and Technology Fund (ITF). Since the launch of the Training Programme, the Innovation and Technology Commission (ITC) has all along appointed the Vocational Training Council (VTC) as the Training Programme Secretariat.

At the launch of the Training Programme, the Secretariat had an establishment of five staff, and was increased to six in 2022 in view of the increase in workload. Notwithstanding the above, the Training Programme Secretariat was not at full staff strength due to staff attrition.

The number of training grant applications received by the Training Programme Secretariat increased substantially from 648 in 2019-20 to 4 502 in 2022-23, and the number of public course registration applications received increased substantially from 410 in 2019-20 to 2 135 in 2022-23, far exceeding the processing capacity of the Secretariat, which led to longer processing time for public courses.

In view of the above and after discussion between ITC and VTC, the Training Programme Secretariat establishment has been substantially increased to 14 staff in August 2023, so as to handle the significant increase in workload arising from the increase in applications. Currently, the Training Programme Secretariat staff strength has increased to 11, and recruitment of additional staff is underway in order to expedite application processing. At the same time, ITC in collaboration with the Secretariat has revised the Training Programme internal operational manual to establish clearer processing procedures so as to facilitate Secretariat staff to process applications more efficiently.

- (b) In order to allow sufficient time for course providers to complete the public course processing procedures, after deliberation with the Training Programme Secretariat and taking into account actual circumstances, ITC has devised a performance pledge on the processing time of applications for public course registrations and has incorporated such a pledge in the revised “Guidance Notes for Public Course and Tailor-made Course Applications” updated in October 2023. According to paragraph 21 of the “Guidance Notes for Public Course and Tailor-made Course Applications”, the notification of application result to the course provider will normally be released not later than 60 working days upon satisfactory receipt of all required documents from the course provider. In order to better monitor the processing time, ITC has requested the Training Programme Secretariat to provide detailed breakdown of the processing time statistics to ITC on a monthly basis and maintain file records of the statistics.
- 2) According to paragraph 2.10 and Table 6 of the Audit Report, the Audit Commission (Audit) analysed the course fees per hour per trainee of the 4 099 courses approved in the period from the launch of the Training Programme to March 2023. Among them, the course fees per hour per trainee of 881 (21.5%) courses exceeded \$1,000, 65 (1.6%) courses exceeded \$2,000, and three (0.1%) courses exceeded \$4,000. With reference to paragraph 2.11 of the Audit Report, the Innovation and Technology Commission (ITC) had no requirement for the course providers to provide explanation on the reasonableness of the course fees in their applications. Will the Government advise on:

- (a) the reasons why there was no requirement for the course providers to provide explanation on the reasonableness of the course fees in their applications in the past, and whether the Government has sought more information and explanations (e.g. the consumables used in the teaching processes and their expenditures) from the relevant course providers of courses with course fees per hour per trainee higher than a certain amount; and
- (b) the ways for the Government to assess the reasonableness of course fee and whether it will look into additional monitoring measures to safeguard the appropriate use of funding, given that ITC, in liaison with the Training Programme Secretariat, has devised a revised vetting mechanism for public course registrations which takes into account the reasonableness of course fee for each course as part of the assessment criteria as mentioned in paragraph 2.21 of the Audit Report; if yes, the details; if not, the reasons.

### **Government Response**

The predecessor of the Training Programme was the New Technology Training Scheme (NTTS). NTTS was launched in 1992 under the then Education and Manpower Branch (predecessor to the Labour and Welfare Bureau (LWB)) to fund local companies on staff training in new technologies. NTTS was overseen by LWB and administered by VTC. In 2017, NTTS was transferred from LWB to the Innovation, Technology and Industry Bureau. In August 2018, the Training Programme was launched under the ITF, predominately following the NTTS model and processing course applications under the following three main guiding principles -

- (i) whether the technologies involved are advanced in nature;
- (ii) whether the adoption of the technologies involved will benefit the economy of Hong Kong; and
- (iii) whether the technologies involved are not yet widely adopted in Hong Kong.

Before October 2023, although there is no explicit requirement for course providers to explain the reasonableness of their course fee in the application, the Training Programme Secretariat had invited course providers in individual cases who submitted applications with relatively high course fees to provide supplementary information and further explanations on the course fees during initial administrative vetting. In general, course providers stated that course fees include software licensing fees, while some course providers also stated that the course fees were higher due to the experience and qualifications of the trainers concerned.

ITC, in liaison with the Training Programme Secretariat, has devised a revised vetting mechanism for public course registrations which takes into

account the reasonableness of course fees for each course as part of the assessment criteria. Courses with unreasonably high course fees will be rejected. The new vetting mechanism along with all assessment criteria for public course registrations have been incorporated in the revised “Guidance Notes for Public Course and Tailor-made Course Applications” promulgated in October 2023. According to paragraph 16 of the Guidance Notes, the Secretariat will take into account multiple factors, including the course fees charged when conducting initial administrative vetting. In actual practice, the new vetting mechanism takes into account the relevant work experience and academic qualifications of the course trainer, the duration of the course, software licensing fee required for the course and number of trainees etc. when considering the reasonableness of the course fees. ITC will collaborate with the Training Programme Secretariat to optimise the vetting mechanism in a timely manner. At the same time, the Secretariat will conduct surprise class inspections to ensure that the actual course matches with the content and requirement of the approved application document (including the qualification of the trainer and software), so as to safeguard the appropriate use of funding.

- 3) According to paragraphs 2.28 to 2.32 of the Audit Report, no target was set by the Training Programme Secretariat on the number of surprise class inspections and not all course providers were covered by these inspections. Meanwhile, the Training Programme Secretariat had not conducted surprise class inspections on non-local courses to monitor their quality of training and to check whether the courses were conducted in compliance with the course registration applications. Will the Government advise on:
- (a) whether any key performance indicators will be set by the Training Programme Secretariat for class inspection mechanism, such as the number of inspections, the number of course providers to be inspected and the standard processing time for follow-up actions to be taken on problems detected during inspections; if yes, the details; if not, the reasons; and
  - (b) whether any measures are in place to monitor the quality of training of non-local courses and to ensure that the courses were conducted in compliance with the course registration applications; if yes, the details; if no, the reasons?

### **Government Response**

- (a) ITC, in liaison with the Training Programme Secretariat, has devised a class inspection mechanism, which includes key performance indicators for class inspections for public courses and tailor-made courses per month, including target number of inspections per month, requirements for inspections, etc. The mechanism also features criteria for selecting course providers for

inspections, points to note for inclusion in the inspection reports and necessary follow-up actions (such as issuance of warning letter) on irregularities noticed during surprise class inspections. The Secretariat will conduct follow-up inspections on course providers that were found to have irregularities in surprise check, and take more severe measures against course providers that have violated the Guideline multiple times (including forbidding relevant course providers from making further applications under the Training Programme).

- (b) ITC and the Training Programme Secretariat have devised a mechanism requesting non-local course trainees to submit documentary evidence of attendance upon request in addition to the regular post-completion training report, as well as requesting the course providers to record and maintain file records of the relevant classes for necessary inspection by the Training Programme Secretariat upon request.
- 4) With reference to paragraph 2.34, the course fee charged by a course provider on the Training Programme trainees was higher than that on non-Training Programme trainees and the Training Programme Secretariat was not informed of the offer of voucher to trainees by a course provider. In this connection, has the Government investigated whether defrauding of the Government and wasting of public money was involved, recovered the excessive subsidy from the organisation or company involved, and referred the case to law enforcement agency?

### **Government Response**

We will closely monitor the development of the relevant case. If any company submits reimbursement claim regarding the course with evidence that the company has received any form of rebate from the course provider, the Training Programme Secretariat will take appropriate follow-up actions, including suspending the processing of the relevant application and referring the case to law enforcement agency for follow-up actions. According to the record of the Training Programme Secretariat, so far no company has submitted reimbursement claim for the course mentioned at paragraph 2.34 of the Audit Report.

To avoid recurrence of similar cases in the future, ITC and the Training Programme Secretariat has revised the relevant Guidance Notes and application forms. Course providers are required to charge the same course fee for both Training Programme trainees and non-Training Programme trainees. All course providers and companies are also required to make full disclosure of any discounts on course fees. Any misrepresentations or material non-disclosures by the course providers or applicant companies will

be referred to the law enforcement agencies for follow-up actions as appropriate.

- 5) According to paragraphs 2.40 and 2.43, while some training courses without registration were publicised as registered public courses, ITC has requested the Training Programme Secretariat to step up the monitoring of course providers and devise a mechanism on taking appropriate follow-up actions on course providers who falsely claim that their training courses have been successfully registered under the Training Programme. Please advise on the details of the mechanism and follow-up actions.

### **Government Response**

According to paragraph 22 of the updated “Guidance Notes for Public Course and Tailor-made Course Applications”, course providers should not publicise their training courses as Training Programme courses unless they have been successfully registered.

In actual operation, the Training Programme Secretariat would proactively conduct random checks on the promotional materials of course providers, as well as conduct investigations pursuant to complaints received. If it is established that a course provider has falsely claimed that its training courses have been successfully registered under the Training Programme, such training course would not be registered. At the same time, the Training Programme Secretariat will issue a warning letter to the course provider and impose penalty according to the mechanism, including prohibition of any future application to the Training Programme in the event of major non-compliance.

### **Part 3: Processing of training grant applications and reimbursement claims**

- 6) With reference to paragraphs 3.8 to 3.10 of the Audit Report, the Training Programme Secretariat had not monitored the time taken from receipt of reimbursement claims to disbursement of training grants on a periodic basis. Audit noted that for the 461 reimbursement claims approved in the period from January to March 2023, the average time taken from receipt of reimbursement claims to disbursement of training grants was 146 days. Will the Government set a target on the processing time, implement measures to enhance its efficiency in processing claims, and address delayed reimbursement claims in a timely manner and keep records of the reasons for the delays; if yes, the details; if no, the reasons?

## **Government Response**

The number of training grant applications received by the Training Programme Secretariat increased significantly from 648 in 2019-20 to 4 502 in 2022-23. The number of public course registration applications received also increased significantly from 410 in 2019-20 to 2 135 in 2022-23, far exceeding the processing capacity of the Training Programme Secretariat. In view of this, after discussion with VTC, ITC has significantly increased the manpower establishment of the Training Programme Secretariat in August 2023 to handle the increase in workload and expedite the processing of training grant applications. At the same time, ITC in collaboration with the Secretariat has revised the Training Programme internal operational manual to establish clearer processing procedures so as to facilitate Secretariat staff to process applications more efficiently.

ITC has set performance pledges on the processing time of applications for training grant applications and for reimbursement claims, both of which have been incorporated into the revised “Guidance Notes for Training Grant Applications” issued in October 2023. According to paragraph 20 of the “Guidance Notes for Training Grant Applications”, the notification of application result to the company will normally be released not later than 25 working days upon satisfactory receipt of all required documents from the company. To monitor the processing time of training grant applications and reimbursement claims more effectively, ITC would request the Training Programme Secretariat to provide detailed breakdown of the processing time statistics to ITC on a monthly basis and maintain file records of the statistics. For reimbursement claims that do not meet the performance pledge, ITC will request the Secretariat to provide reasons for non-compliance and to follow-up in a timely manner.

- 7) According to paragraph 3.27 of the Audit Report, since the launch of the Training Programme in August 2018 and up to August 2023, the Training Programme Secretariat had not conducted on-site visits to companies applying for training grants, or devised the relevant guidelines and target numbers of on-site visits. Will the Government advise on:
- (a) the reasons why the Training Programme Secretariat had not conducted on-site visits to companies applying for training grants during the above five-year period, and the ways for it to ensure the compliance to the Training Programme requirements of companies applying for training grants and nominated employees during the same period; and
  - (b) the details of the guidelines on on-site visits to companies applying for training grants devised by ITC in consultation with the Training Programme Secretariat, including the scope of checks to be conducted, scenarios where the provision of additional documentary support should



suffice, scenarios where on-site visit is deemed necessary, and necessary follow-up actions to the visits as mentioned in paragraph 3.37 of the Audit Report, and whether relevant performance indicators will be devised for the number of on-site visits.

### **Government Response**

The Training Programme Secretariat would review the information submitted by the company applying for training grant (including a copy of the company's valid business registration certificate, the academic qualifications of the nominated employees and their Mandatory Provident Fund records, etc.) to process the application. In case of doubt, the Secretariat will request the company concerned to provide the necessary supplementary documents and information for appropriate follow-up. Any omission or misrepresentation of information by the company applying for training grant may lead to rejection of applications, withdrawal of training grants approved, and part or full recoupment of grants awarded (including any overpayment of partial advance payment). So far, the Secretariat has ensured the compliance to the Training Programme requirements of companies applying for training grants and nominated employees mainly by checking relevant documents. The Secretariat would also conduct surprise class inspections on courses to check that nominated trainees attended the relevant courses.

To further strengthen monitoring of the Training Programme, ITC and the Training Programme Secretariat have formulated guidelines for on-site company visits, covering the circumstances under which on-site visits shall be conducted, the criteria for inspections during on-site visits, the points-to-note for inclusion in the visit reports, as well as follow-up actions required (such as issuing warning letters and imposing relevant penalties) in case of non-compliances found during the visit.

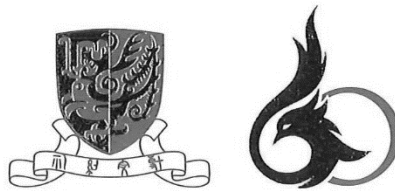
The Training Programme Secretariat will identify applicant companies of which on-site visits would be conducted on a risk-based approach. For example, if an applicant company fails to provide the required supplementary documents and information despite repeated requests by the Secretariat, or the Secretariat has reasonable doubts about the company (e.g. a company indicates on the application form that its company address is a residential location but the company provides catering services), on-site visits may be conducted. ITC will continue to liaise closely with the Secretariat and will consider the necessity to devise performance indicators for the number of on-site visits having regard to actual circumstances after the new arrangement has come into operation for a period of time.

#### **Part 4: Other Issues**

- 8) With reference to paragraph 4.20 of the Audit Report, Audit reviewed the four annual employer surveys for the period from the launch of the Training Programme in August 2018 to March 2022. It was noted that the average time gap between the end date of the period covered by the surveys and the date of commencing the surveys was 253 days, and the average time taken for the compilation of survey results was 133 days. In this connection, will the Government set a target on the processing time in respect of the commencement of employer surveys and the compilation of survey results; if yes, the details; if no, the reasons?

#### **Government Response**

ITC will continue to closely monitor the operation and effectiveness of the evaluation survey. We are also actively exploring with the Training Programme Secretariat to expedite the launch of the employer survey by, for example, rationalising the coverage period of each evaluation survey or the procedures of commencing an evaluation survey, so as to expedite the timetable for evaluation surveys and to set target processing time of the evaluation survey.



香港中文大學  
THE CHINESE UNIVERSITY OF HONG KONG

校長室 OFFICE OF THE VICE-CHANCELLOR & PRESIDENT

Your Ref: CB4/PAC/R81

January 5, 2024

Ms. Shirley Chan  
Clerk, Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Ms. Chan,

**Public Accounts Committee**  
**Consideration of Chapter 8 of the Director of Audit's Report No. 81**  
**The Chinese University of Hong Kong:**  
**Campus Facilities Operated by External Entities**

Thank you for your letter of December 20, 2023 requesting The Chinese University of Hong Kong to submit, in relation to the captioned subject, a written response to the questions and request for information on the issues enclosed in the Appendix of the letter. I am pleased to submit the written response as set out in the Annex.

If you have any question, please do not hesitate to contact Ms. Salome Lam, Bursar and Director of Finance of the University.

Yours sincerely,

Alan K.L. Chan  
Acting Vice-Chancellor and President

Enc.

c.c. Secretary for Financial Services and the Treasury (email: [sfst@fstb.gov.hk](mailto:sfst@fstb.gov.hk))  
Director of Audit (email: [ncylam@aud.gov.hk](mailto:ncylam@aud.gov.hk))  
Secretary-General, University Grants Committee (email: [jamestang@ugc.edu.hk](mailto:jamestang@ugc.edu.hk))  
Mr. Dennis Chow, Treasurer, CUHK (email: [denchow@deloitte.com](mailto:denchow@deloitte.com))  
Professor Rocky S. Tuan, Vice-Chancellor and President, CUHK  
(email: [rt\\_vcoffice@cuhk.edu.hk](mailto:rt_vcoffice@cuhk.edu.hk))  
Ms. Salome Y.P. Lam, Bursar and Director of Finance, CUHK  
(email: [salome@cuhk.edu.hk](mailto:salome@cuhk.edu.hk))

**Chapter 8 of the Director of Audit's Report No. 81  
"The Chinese University of Hong Kong:  
Campus facilities operated by external entities"  
Questions and Request for Information**

**Part 2: Tendering Procedures**

- 1) According to paragraphs 2.5 to 2.13 of the Director of Audit's Report No. 81 (the "Audit Report"), The Chinese University of Hong Kong ("CUHK") awarded contracts to external entities for the operation of its campus facilities through open tender. However, the interest from external entities was lukewarm. In addition, some tender exercises did not fully adhere to the tendering procedures, and some contracts, which were not awarded through tender exercises, did not obtain tender waivers from the Tender Board in advance. Please advise:
  - (a) Whether any measures have been taken to encourage competition, such as enhancing the publicity of tender invitations or adjusting the threshold of tender requirements; if yes, please provide the details; if not, please explain the reasons; and
  - (b) Whether any measures have been taken to strengthen the monitoring of tender exercises to ensure compliance with procedures (including the necessity of obtaining a tender waiver when tender exercises are impractical); if yes, please provide the details; if not, please explain the reasons.

**Reply to 1(a):**

Owing to the location of the University, there are many reasons for the limited competition in tender exercises for campus facilities, such as:

- unlike facilities operating in the shopping malls, the sources and variety of customers are limited;
- business volume fluctuates during the year and is subject to seasonal changes;
- the facilities operators are subject to many additional campus-specific rules, policies and/or guidelines; and
- foods and drinks have to be provided to students and staff at affordable prices affecting the profitability of the facilities operators.

Despite the above limitations, CUHK has been taking steps to encourage competition by attracting more potential operators to submit tenders.

To improve publicity of tenders, CUHK is updating the University Ordering and Tender Procedures (“UOTP”) to mandate all tenders for campus facilities operated by external entities to strictly follow UOTP and that tenders should be posted on the CUHK Procurement System (“CUPro”) for open tender so that tender documents are available for download. If overseeing units choose to publicise invitations for the operation of campus facilities through advertisements in newspapers, in addition to CUPro, clear guidelines will also be set on the minimum duration of advertisements and the use of both Chinese and English newspapers.

To encourage competition and minimize entry barriers, tenderer’s experience will not be set as an essential tender requirement, but rather a desirable feature in the assessment criteria in the marking scheme.

CUHK has been exploring measures to attract more potential operators to submit tenders, including but not limited to, sending email tender notifications to existing operators on campus, “School Lunch Suppliers” ([EatSmart@school.hk](mailto:EatSmart@school.hk)) and caterers of UGC sister institutions.

**Reply to 1(b):**

As mentioned in paragraph 2.8 of the Audit Report, 7 contracts of the 59 contracts for campus facilities commencing in the period from January 2017 to July 2023 covered the operation of 2 catering outlets of a college and 2 bank branches without going through tendering procedures, nor obtaining tender waivers from the Tender Board.

The 2 banks have been providing on-campus banking services at CUHK for a long time and given CUHK’s relative isolation from a major commercial centre, on-campus banking services are essential to the provision of payroll and other financial services across the CUHK community. A change of banks inside the campus would inevitably lead to staff and student taking leave to visit banks outside the campus, and would impact continuity of services and come at the expense of efficiency.

CUHK has rectified the old practice for the several facility operations identified in the Audit Report. All future tender exercises for campus facilities operated by external entities will strictly comply with UOTP and will obtain tender waivers if mounting tenders are not practical.

- 2) According to paragraph 2.23 of the Audit Report, CUHK stated that CUHK Procurement System (“CUPro”) has been launched and CUHK will promote the use of e-tender for campus facilities’ tender exercises. Please explain how CUPro could improve the tender exercises for campus facilities, and whether the system has been fully launched by the end of 2023 as scheduled in accordance with paragraph 4.38 of the Audit Report; if not, please provide the reasons.

**Reply to 2:**

CUPro has been fully launched as planned in December 2023. All future tenders for campus facilities operated by external entities are mandated to be posted on CUPro for open tender.

CUPro provides a central and convenient platform for the general public to access all open tender notices of CUHK. The tender notice will be kept in CUPro until the tender deadline. It would be more cost-effective and efficient than newspaper advertisements. Interested parties could download tender documents and submit their tender bids conveniently through CUPro.

- 3) According to paragraph 2.33 of the Audit Report, CUHK historically adopted a decentralized approach to procurement and tendering processes and therefore it was not desirable to appoint a representative from the Finance Office when forming tender evaluation panels. In this regard, please advise how CUHK would take measures to enhance the Finance Office’s oversight of tender evaluation.

**Reply to 3:**

The Finance Office only has a small team to oversee the tender and procurement matters. It will enhance the following measures to bolster oversight of tender evaluation:

- (i) Conducting training and education for staff on the tendering procedures and ensuring they understand the proper way to process tenders to ensure fairness;

- (ii) Providing staff from the Finance Office to participate in the tender evaluation panel upon request; and
- (iii) Refining and enhancing the existing control checking procedures conducted by the Finance Office, such as:

Before the issuance of tender:

- Ensuring that the evaluation criteria and their corresponding broad weightings are disclosed and documented in the tender document, to the extent practicable;
- Requiring the submission of the list of tender evaluation panel members and the marking scheme used for tender evaluation, if applicable, to the Finance Office for formal record-keeping; and
- Ensuring that the undertakings of members of the tender evaluation panel are properly signed and safely kept in the Finance Office.

After the tender closing and when the tender evaluation report is submitted to the Tender Board for approval:

- Verifying that the previously filed marking schemes are used;
- Collecting copies of all signed marking sheets for record-keeping;
- Ensuring that the undertakings signed by new evaluation panel members, if any, are provided for record-keeping; and
- Identifying potential issues in the evaluation report to facilitate the Tender Board's consideration and discussion.

### **Part 3: Monitoring of Operations of Campus Facilities**

- 4) According to paragraph 3.5(b) of the Audit Report, three catering outlets provided food delivery services outside the CUHK campus through third party food delivery platforms and the food delivery services were not restricted to CUHK students/staff. Please advise on the measures CUHK will take (such as posting notices at the entrance of restaurants, strengthening security inspections to prevent delivery persons from entering CUHK to pick up meals, and requiring catering outlets to voluntarily withdraw from third party food delivery platforms, etc.) to ensure that the caterers do not provide food delivery services outside CUHK campus.



**Reply to 4:**

Upon request from the overseeing units, all three catering outlets that previously used third-party food delivery platforms have immediately ceased offering their food items on such platforms and have agreed not to do so in the future.

Additionally, all overseeing units will strengthen the monitoring of catering outlets to ensure that any delivery services provided are restricted to CUHK students and staff on campus.

- 5) The sale of restricted foods specified in Schedule 2 of the “Food Business Regulation” (Cap. 132X) requires a restricted food permit (“Permit”) to be obtained for the sale of any of the restricted foods. According to paragraph 3.5(c) of the Audit Report, the Audit Commission inspected 29 catering outlets and 25 of them had sold restricted foods. Among them, 14 had not obtained restricted food permits and 4 had obtained restricted food permits for some but not all types of restricted foods that were sold in the catering outlets. Please advise:
- (a) Whether CUHK will take measures to urge the catering outlets concerned to apply for the Permit for all restricted foods they sold; if yes, please provide the details; if not, please explain the reasons; and
  - (b) Whether CUHK will strengthen inspections to ensure that all catering outlets would not sell restricted foods without obtaining relevant Permits.

**Reply to 5(a) and (b):**

All catering outlets have been formally reminded of the legal requirements for restricted food permits for non-bottled drinks, cut fruits, frozen confections, and milk and milk beverages, and have been instructed to refrain from selling restricted food items without the necessary permits. Among the identified outlets, 1 outlet has immediately ceased selling restricted food items, 14 outlets have applied for the relevant restricted food permits, and 3 outlets have obtained the relevant restricted food permits. The overseeing units are following up with the catering outlets to ensure that the caterers obtain the required restricted food permits for the sale of restricted foods.

- 6) According to paragraphs 3.12 to 3.14 of the Audit Report, some contracts stipulated that caterers should appoint at least one qualified person to stay on-site to take up the role of hygiene manager in pursuant to the “Hygiene Manager and Hygiene Supervisor Scheme” of the Food and Environmental Hygiene Department (FEHD). Additionally, three major types of regular cleaning should be conducted in catering outlets according to the frequency stipulated in the contracts. However, the food safety requirements and hygiene standards specified in the contracts varied. Furthermore, during the period from January to June 2023, out of the 11 overseeing units that required the appointment of a hygiene manager, 6 (55%) of them did not take measures to ensure compliance with this requirement. From September 2022 to June 2023, out of the 13 overseeing units, 11 (85%, which involved 22 catering outlets) of them did not ascertain whether the caterers had conducted regular cleaning according to the stipulated frequency and did not know whether the contractual requirements had been met. Please advise:
- (a) As of 1 July 2023, 33 catering outlets on campus are overseen by 13 overseeing units. Considering that the food safety requirements and hygiene standards in the contracts between each catering outlet and overseeing unit varied, whether CUHK will consider establishing a unified overseeing unit and stipulating unified hygiene standards to avoid discrepancies in standards and monitoring procedures; if yes, please provide the details; if not, please explain the reasons;
  - (b) Whether any measures have been taken to ensure that each catering outlet has a qualified person to stay on-site to take up the role of hygiene manager; if yes, please provide the details; if not, please explain the reasons; and
  - (c) Whether any measures have been taken to ensure that the overseeing units can effectively monitor the caterers’ compliance with the hygiene requirements and other stipulated requirements in the contracts; if yes, please provide the details; if not, please explain the reasons.

**Reply to 6(a), (b) and (c):**

Depending on the nature and location, catering outlets operated by external entities are under different overseeing units for administrative efficiency. Nevertheless, all overseeing units should follow the policies and guidelines mandated by the University. Among the 6 identified overseeing units that did not take measures to

ensure compliance with the appointment of hygiene manager, all such overseeing units have taken the follow-up actions to do so.

As recommended in paragraph 3.15 of the Audit Report, Audit Commission recommended CUHK to rationalise the food safety requirement and hygiene standards in the contracts with caterers. A task force will be formed among the 13 overseeing units to (i) standardise the contract terms in all future contracts on the requirement of appointment of qualified hygiene manager, and (ii) rationalise the hygiene standards in the contracts, such as frequency of three main types of regular cleaning (furniture/fixture/equipment, air distribution system and grease traps), and the associated operational measures to ensure compliance with, such as requesting the caterers to provide certificate copy of hygiene managers, attendance record of hygiene manager, and cleaning log on regular basis. The first meeting of the task force will be held in mid-January 2024.

- 7) According to paragraphs 3.25 and 3.26 of the Audit Report, the external operators are required to pay CUHK maintenance fees/management fees/licence fees and utility charges for the operations of the campus facilities. Between October 2022 and March 2023, CUHK issued a total of 152 invoices for payment of maintenance fees/management fees/license fees, and 51% of them were paid later than the due dates, amounting to 40% of the total amount. Among the 167 invoices for payment of utility charges issued during the same period, 56% were paid later than the due dates, amounting to 64% of the total amount. According to paragraphs 3.27 and 3.28 of the Audit Report, the contract terms on the late payment charges as stipulated and signed by each external operator varied. For all 30 late payments identified in the abovementioned period, CUHK did not impose late payment charges on the outstanding balances as stipulated in the contract terms. Please advise:
- (a) Whether any measures will be taken to ensure that the external operators pay fees and charges in a timely manner; if yes, please provide the details; if not, please explain the reasons; and
  - (b) Whether CUHK will consider rationalizing the contract terms on late payment charges and will take measures to collect relevant overdue payments and late payment charges imposed on the operators; if yes, please provide the details; if not, please explain the reasons.

**Reply to 7(a) and (b):**

During the 6-month period from October 2022 to March 2023 when the pandemic was still severe, a total of 152 invoices were issued to external operators of campus facilities for payment of maintenance fees/management fees/licence fees. Out of these invoices, 77 or 51% were settled later than the due dates. The total amount concerned was \$1.54 million and the delays ranged from 1 to 115 days. According to the aging analysis, 15 payments or 10% were overdue for more than 30 days, with the amount concerned being \$0.2 million. More tolerance was provided as the business was seriously affected by the pandemic.

During the same period, 167 invoices were issued for payment of utility charges. Of these, 94 or 56% were settled later than the due dates. The total amount concerned was \$3.35 million and the delays ranged from 1 to 211 days. According to the aging analysis, only 19 payments or 11% were overdue for more than 30 days, with the amount concerned being \$0.7 million. Again, more tolerance was provided as the business was seriously affected by the pandemic.

The Finance Office is responsible for compiling the outstanding balance report. It has planned to review the current receivable monitoring process and explore an IT solution for issuing payment reminders and late payment charge invoices via email to operators, once payments become overdue and beyond the stipulated time limit. Copies of these reminders and invoices will be sent to overseeing unit responsible persons to follow up with the operators.

A task force will be formed among the 13 overseeing units to rationalise the contract terms regarding timely payment of all fees and charges. The task force will also address the inclusion of provisions of late payment charges when payments exceed the stipulated time limit in all future contracts.

- 8) According to paragraph 3.42 of the Audit Report, there were records of 46 hygiene inspections on the catering outlets conducted by the 13 overseeing units in the 6-year period from July 2017 to June 2023. The frequency and mode of conducting hygiene inspections varied among the overseeing units. For 5 overseeing units, there were no records showing that hygiene inspections had been conducted, and 2 of the 5 overseeing units had actually observed hygiene conditions regularly but had not documented the inspections. In addition, only

18% of the 33 catering outlets had reported to the overseeing units that they had been inspected by the Food and Environmental Hygiene Department (FEHD). According to paragraph 3.44 of the Audit Report, the 13 overseeing units adopted different approaches in managing the catering outlets, and CUHK had no guidelines requiring the overseeing units to document the performance of the operators. Please advise:

- (a) Whether CUHK will coordinate with each overseeing unit to set up a unified performance assessment standard, hygiene standard and inspection mechanism on both regular and ad-hoc basis; if yes, please provide the details; if not, please explain the reasons;
- (b) Whether any measures will be taken to ensure that all future inspections are documented; and
- (c) Whether CUHK will consider providing guidelines to relevant overseeing units on the monitoring the operators' compliance with contract requirements and their performance assessments and evaluations to strengthen the monitoring mechanism; if yes, please provide the details; if not, please explain the reasons.

**Reply to 8(a), (b) and (c):**

A task force will be formed among the 13 overseeing units to formulate a standard mechanism to monitor and evaluate the performance of operators including hygiene standard, compliance with contract terms and user satisfaction. The frequency, mode of regular and surprise inspections, customer surveys, requirements of periodic reports and FEHD inspection records to be submitted by operators will be rationalised as far as practicable.

FEHD's inspection reports/record on catering outlets and the inspection results on the food hygiene and environmental hygiene conditions of the outlets will be reported to the overseeing units for consideration and discussion. Such records would be made available for sharing with other overseeing units if necessary.

Under the requirements of UOTP, all service contracts that last for one year or longer, including those service contracts that are not subject to renewal, CUHK Departments/Units are required to assign responsible staff/supervisor(s) to perform periodic performance evaluations at least once a year. The Head of the Department/Unit should also lay down the evaluation criteria for periodic evaluations, and if the service contracts

are subject to renewal, the contract renewal criteria should be stated in the contract documents.

#### **Part 4: Other Matters**

- 9) According to paragraphs 4.7 and 4.9 of the Audit Report, not all overseeing units that oversee the operation of the campus facilities by the external entities have set up committees to oversee the operation. 15 committees that oversee the operation of the campus facilities have different approaches in terms of reference, quorum, meeting frequency, and the handling of agendas and meeting papers, etc. Please advise if CUHK will require each overseeing unit to set up a committee and to have a unified stipulation on the above aspects; if yes, please provide the details; if not, please explain the reasons.

#### **Reply to 9:**

Most of the overseeing units are, in fact, committees established to oversee the operation of campus facilities. The task force, which will be formed among the 13 overseeing units, will seek consensus from the remaining few overseeing units to establish committees to the extent practicable. All committees will be working toward the goal to set out clearly the terms of reference, the quorum for meetings, the frequency of meetings, and the timelines for dispatching agendas and meeting papers well in advance, as well as for circulation of draft meeting minutes.

## ACRONYMS AND ABBREVIATIONS

---

ASTRI	Hong Kong Applied Science and Technology Research Institute
ATF	Online Licence Application Tracking Facility
Audit	Audit Commission
AVP	Application Vetting Panel
B/Ds	Government bureaux/departments
BD	Buildings Department
BMPASS	Building Management Professional Advisory Service Scheme
BSMASS	Building Services Maintenance Assessment Scoring System
CDCC	Chronic Disease Co-care
CEDD	Civil Engineering Development Department
CEF	Continuing Education Fund
COR	Controlling Officer's Report
CST	Central Services Team
CSTB	Culture, Sports and Tourism Bureau
CUHK	The Chinese University of Hong Kong
CVP	Course Vetting Panel
DEHOs	District Environmental Hygiene Offices
DEs	Driving Examiners
DEVB	Development Bureau
DHC	District Health Centre
DHCEs	District Health Centre Expresses
DLBs	Digital log-books
DMOs	District Maintenance Offices
DTC	Driving Test Centre
EEB	Environment and Ecology Bureau
EHB	Environmental Hygiene Branch

## ACRONYMS AND ABBREVIATIONS

---

EM	Estate management
EMD	Estate Management Division
EMSD	Electrical and Mechanical Services Department
EPD	Environmental Protection Department
FEHD	Food and Environmental Hygiene Department
FSD	Fire Services Department
HA	Hong Kong Housing Authority
HAD	Home Affairs Department
HB	Housing Bureau
HD	Housing Department
HHB	Health Bureau
HKCAAVQ	Hong Kong Council for Accreditation of Academic and Vocational Qualifications
HKPC	Hong Kong Productivity Council
HyD	Highways Department
ITC	Innovation and Technology Commission
K&TDHC	Kwai Tsing District Health Centre
L/Es	Lifts and escalators
LAP	Lift Addition Programme
LCSD	Leisure and Cultural Services Department
LegCo	Legislative Council
LIFIPS	Integrated Licensing, Fire Safety and Prosecution System
LM	Lift Modernisation
LMIS	Licensing Management Information System
LMTVC	Lift Modernisation Technical Vetting Committee
LT(A)B	Land Titles (Amendment) Bill



## ACRONYMS AND ABBREVIATIONS

---

LWB	Labour and Welfare Bureau
MD	Marine Department
MW	Minor works
MWM System	Minor Works Management System
NGOs	Non-governmental organizations
NSAs	National Sports Associations
OCs	Owners' corporations
OSA	Outside seating accommodation
PBPs	Prescribed building professionals
PCS	Professional Certification System
PDI	Private driving instructors
PFS	Petrol filling stations
PHO	Primary Healthcare Office
PRCs	Prescribed registered contractors
PRH	Public rental housing
PSAs	Property Services Agents
PSAUs	Property Service Administration Units
RF	Recycling Fund
RF Secretariat	Secretariat of the Recycling Fund
RFAC	Advisory Committee on the Recycling Fund
RLOs	Regional Licensing Offices
RMWC	Registered Minor Works Contractor
RTTP	Reindustrialisation and Technology Training Programme
SF&OC	Sports Federation & Olympic Committee of Hong Kong, China
SPO	Strategic Purchasing Office
TD	Transport Department

## ACRONYMS AND ABBREVIATIONS

---

TMCs	Term maintenance contracts
TPWTW	Tai Po Water Treatment Works
UAP	Universal Accessibility Programme
VTC	Vocational Training Council
WFSFAA	Working Family and Student Financial Assistance Agency
WSD	Water Supplies Department