

**REPORT OF THE  
PUBLIC ACCOUNTS COMMITTEE  
ON  
REPORT NO. 82 OF THE DIRECTOR OF AUDIT  
ON  
THE RESULTS OF  
VALUE FOR MONEY AUDITS**

*July 2024*

*P.A.C. Report No. 82*

## 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 3
	The Government's Response	5 3
<b>Part 3</b>	<b>Committee Proceedings</b>	
	Consideration of the Director of Audit's Report	1 4
	Meetings	2 - 3 4
	Acknowledgements	4 4
<b>Part 4</b>	<b>Chapter</b>	
	<b>1. Customs and Excise Department's efforts in facilitating trade and promoting economic development</b>	1 - 5 5 - 9
	<b>2. Emergency dental services and elderly dental care support</b>	
	A. Introduction	1 - 16 10 - 16
	B. Emergency dental services	17 - 34 16 - 25

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
C. Provision of Elderly Dental Care Support by the Department of Health	35 - 57	25 - 37
D. Implementation of the Elderly Dental Assistance Programme	58 - 73	38 - 45
E. Conclusions and recommendations	74 - 76	46 - 60
<b>3. Gifted education</b>	1 - 7	61 - 65
<b>4. Hongkong Post: Development of business</b>	1 - 5	66 - 68
<b>5. Provision and monitoring of Rehabus services</b>		
A. Introduction	1 - 21	69 - 79
B. Monitoring of Rehabus operators and procurement of vehicles	22 - 29	80 - 85
C. Provision of scheduled route service and dial-a-ride service	30 - 40	85 - 92
D. Provision of feeder service	41 - 50	92 - 100
E. Conclusions and recommendations	51 - 53	100 - 117
<b>6. Support measures for agricultural industry by the Agriculture, Fisheries and Conservation Department</b>	1 - 5	118 - 121
<b>7. Upgrading and operation of San Wai Sewage Treatment Works</b>	1 - 7	122 - 125

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
<b>8. Work of Countryside Conservation Office</b>	1 - 6	126 - 129
<b>SIGNATURES OF THE CHAIRMAN, DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE</b>		130
<b>CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 82 DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT</b>		131
<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	132 - 133
<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'	134 - 136
<u>Appendix relating to Part 3: "Committee Proceedings"</u>		
<b>Appendix 3</b>	Witnesses who appeared before the Committee	137

## CONTENTS

### Page

Appendix relating to Chapter 1 of Part 4: “Customs and Excise Department’s efforts in facilitating trade and promoting economic development”

---

**Appendix 4** Consolidated reply dated 6 June 2024 from the Secretary for Commerce and Economic Development and the Commissioner of Customs and Excise 138 - 181

Appendices relating to Chapter 2 of Part 4: “Emergency dental services and elderly dental care support”

---

**Appendix 5** Opening statement made by the Secretary for Health at the public hearing on 7 May 2024 182 - 184

**Appendix 6** Consolidated reply dated 23 May 2024 from the Secretary for Health, the Chief Executive, Hospital Authority and the Director of Health 185 - 211

**Appendix 7** Letter dated 7 June 2024 from the Secretary for Health 212 - 235

**Appendix 8** Letter dated 29 May 2024 from the Secretary for Health 236 - 255

Appendices relating to Chapter 3 of Part 4: “Gifted education”

---

**Appendix 9** Letter dated 31 May 2024 from the Secretary for Education 256 - 265

**Appendix 10** Letter dated 31 May 2024 from the Executive Director, The Hong Kong Academy for Gifted Education 266 - 279

## CONTENTS

	<u>Page</u>
<u>Appendix relating to Chapter 4 of Part 4: “Hongkong Post: Development of business”</u>	
<b>Appendix 11</b>	Letter dated 29 May 2024 from the Postmaster General 280 - 291
<u>Appendices relating to Chapter 5 of Part 4: “Provision and monitoring of Rehabus services”</u>	
<b>Appendix 12</b>	Opening statement made by the Secretary for Labour and Welfare at the public hearing on 20 May 2024 292 - 294
<b>Appendix 13</b>	Consolidated reply dated 11 June 2024 from the Secretary for Labour and Welfare and the Commissioner for Transport 295 - 329
<b>Appendix 14</b>	Consolidated reply dated 19 June 2024 from the Secretary for Labour and Welfare and the Commissioner for Transport 330 - 355
<b>Appendix 15</b>	Letter dated 13 May 2024 from the Secretary for Labour and Welfare 356 - 357
<b>Appendix 16</b>	Letter dated 13 June 2024 from the Secretary for Financial Services and the Treasury 358 - 390
<b>Appendix 17</b>	Consolidated reply dated 19 June 2024 from the Secretary for Labour and Welfare and the Commissioner for Transport 391 - 409

## CONTENTS

### Page

Appendix relating to Chapter 6 of Part 4: “Support measures for agricultural industry by the Agriculture, Fisheries and Conservation Department”

---

**Appendix 18** Letter dated 7 June 2024 from the Director of Agriculture, Fisheries and Conservation 410 - 420

Appendix relating to Chapter 7 of Part 4: “Upgrading and operation of San Wai Sewage Treatment Works”

---

**Appendix 19** Letter dated 29 May 2024 from the Director of Drainage Services 421 - 425

Appendix relating to Chapter 8 of Part 4: “Work of Countryside Conservation Office”

---

**Appendix 20** Letter dated 3 June 2024 from the Secretary for Environment and Ecology 426 - 467

**ACRONYMS AND ABBREVIATIONS** 468 - 470

*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, BBS, 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, JP

**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 Undertaking signed by members of the Committee has been uploaded onto the Legislative Council ("LegCo") website.

4. **The Committee's Report** This Report corresponds with Report No. 82 of the Director of Audit on the results of value for money audits which was tabled in LegCo on 24 April 2024. 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. **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 LegCo within three months of the laying of the Report of the Committee to which it relates.

**Consideration of the Director of Audit’s Report tabled in the Legislative Council on 24 April 2024** 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, and selected Chapter 2 “Emergency dental services and elderly dental care support” and Chapter 5 “Provision and monitoring of Rehabus services” of the Director of Audit’s Report No. 82 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. 82. The Administration’s responses have been included in this Report.

2. **Meetings** The Committee held a total of four meetings and six public hearings in respect of the subjects covered in this Report. During the public hearings, the Committee heard evidence from a total of 15 witnesses, including two Directors of Bureau and two Heads of Department. The names of the witnesses are listed in *Appendix 3* 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 5 of Part 4 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/organizations which provided the Committee with detailed information to facilitate the Committee’s consideration of the Director of Audit’s Report No. 82. 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 Report, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.

The Audit Commission (“Audit”) conducted a review to examine the efforts of the Customs and Excise Department (“C&ED”) in facilitating trade and promoting economic development.

2. The Commerce and Economic Development Bureau (“CEDB”) formulates and coordinates a range of economic policies, including various trade facilitation initiatives, and oversees the work of C&ED in these areas. The latest trade facilitation initiatives include the Hong Kong Authorized Economic Operator (“AEO”) Programme, the Single E-lock Scheme (“SELS”), the Free Trade Agreement Transshipment Facilitation Scheme (“FTA Scheme”) and the Trade Single Window (“TSW”). The audit review focuses on the work of C&ED in implementing the above four trade facilitation measures, details of which are set out in Chapter 1 of the Director of Audit’s Report No. 82.

3. The Committee noted the following Audit’s findings:

Hong Kong Authorized Economic Operator Programme

- as at 31 December 2023, Hong Kong had entered into the Mutual Recognition Arrangements (“MRAs”) with 14 economies.<sup>1</sup> C&ED had planned to press ahead with entering into MRAs with a number of economies, including Belt and Road related countries and regions, in coming years;
- according to the World Customs Organization’s guidelines, in terms of the channel of data exchange, it was highly recommended that an automated data-exchange system be deployed in order to minimize the risk of human error. While it was C&ED’s plan to extend the automated exchange of AEO information to other MRA partners, up to December 2023, only the exchange of AEO information with Mainland Customs had been conducted in an automated manner since April 2022;
- according to C&ED, for MRA partners other than Mainland Customs, any updated AEO information would be exchanged by sending password-protected files via emails to the individual customs administrations on a monthly or ad hoc basis, and manual update of databases would be required. As at 31 December 2023, its database

---

<sup>1</sup> The 14 economies are the Mainland, India, Korea, Singapore, Thailand, Malaysia, Japan, Australia, New Zealand, Israel, Canada, Mexico, Indonesia and Macao, China.

contained 8 620 items of information in relation to the accredited AEOs of MRA partners not adopting automated exchange of information. Up to February 2024, apart from the Mainland, only one other existing MRA partner had the prerequisite IT platform for automated exchange of AEO information;

- the accreditation of a Hong Kong AEO was subject to renewal every three years. There were 52 applications for renewal processed by C&ED from 2021 to 2023. Audit's examination of the records of 10 cases revealed that:
  - (a) among seven cases with changes in AEOs' operations reported to C&ED, the AEOs of four (57%) cases had not reported all the changes in a timely manner, which were contrary to C&ED's guidelines. Some changes were reported to C&ED at the time of submission of renewal applications. The average time lapse between the effective date of changes and the date of renewal applications was 8 months, ranging from 3 to 19 months;
  - (b) according to C&ED's guidelines, Account Managers should visit the premises of AEOs on a random basis to ensure that their daily operations and security controls complied with the accreditation criteria. However, no random check had been conducted for all the 10 cases between 2022 and 2023; and
  - (c) for the aforesaid seven cases with changes in AEOs' operations reported to C&ED, the latest names and addresses provided by AEOs were different from those kept in the database of the electronic platform of C&ED as of December 2023;

#### Single E-lock Scheme

- the number of cross boundary goods vehicle trips processed under SELS had decreased significantly from 3 600 in 2019 to 204 in 2023. According to C&ED, the decrease was largely attributable to the substantial fall in the throughput of goods vehicles amid the epidemic of Coronavirus Disease 2019. Moreover, the industry had expressed concern about the downtown temporary storage and the challenges of maximizing the cargo loading which might affect the business needs for the participation in SELS;

*Customs and Excise Department's efforts in facilitating trade and promoting economic development*

---

---

- since the memorandum of understanding signed between C&ED and the existing supplier of electronic lock (“e-lock”) and GPS equipment in September 2010 (remained in force up to September 2015), no further agreement had been signed with the supplier;
- since the launch of SELS in March 2016, there had only been one existing supplier of e-lock and equipment of global positioning system in the market. Currently, the data from the e-lock would first enter the supplier’s system and subsequently be sent to C&ED’s independent monitoring system. In order to take ownership of the entire e-lock monitoring platform and enhance the security of data carried by e-lock, C&ED, following a feasibility study completed in December 2021, took forward the enhancement of SELS with about \$10 million by the procurement of a new e-lock system and associated equipment. The commissioning of the new e-lock system was originally scheduled for June 2024, but its implementation plan was revised due to the new initiative of the Guangdong-Hong Kong-Macao Three-Places-One-Lock Scheme proposed in March 2023. The tender invitation of the new e-lock system and equipment was subsequently issued in November 2023;

Free Trade Agreement Transshipment Facilitation Scheme

- since late 2016, cargo handling agents, upon C&ED’s approval, had been allowed to break the seals of the containers and remove the cargoes loaded on the same container that were not covered under FTA Scheme before the arrival of C&ED staff for conducting Customs supervision;
- FTA Scheme adopted user-pays principle for different services provided, in line with the Government’s full-cost recovery policy. In calculating the staff costs, while C&ED’s work manual stipulated that the performance of all Customs supervision should be supervised by a Chief Customs Officer/Senior Customs Officer, C&ED stated in its costing review that 1 in every 10 Customs supervision would be supervised by a Senior Customs Officer;

Trade Single Window

- as at 31 December 2023, there were over 3 700 registered TSW users in about 2 100 companies/organizations. From 28 December 2018 (first roll-out of Phase 1) to 31 December 2023, over 66 000 trade documents (including those covered in Phases 1 and 2) were processed

through TSW. The overall usage rate of TSW Phase 1 increased significantly from 16% in 2019 to 90% in 2023. While most trade documents recorded a usage rate of over 90%, three types of trade documents<sup>2</sup> only recorded a usage rate of 7%, 32% and 46% respectively in 2023;

- there were 42 types of trade documents involving eight participating government agencies (“PGAs”) in Phases 1 and 2 of TSW. In late January 2024, Audit visited PGAs’ websites of the relevant trade documents covered in Phases 1 and 2 and noted that the option of submission through TSW was not clearly indicated for 10 (24%) types of trade documents on PGAs’ websites;
- the staff of the Office of TSW Operation conducted interviews with traders, recorded and analysed their responses manually. From 1 October 2019 to 31 December 2023, a total of 2 064 interviews were completed. Of these 2 064 interviewees, 154 (7%) provided comments on their experience in using TSW, including limited payment methods, insufficient data field length and lack of electronic user manual;
- TSW allowed online credit card payment method for all trade documents and another electronic payment method for two trade documents of C&ED. According to C&ED, PGAs had been encouraged to adopt electronic payment method for the trade documents under their purview, but opted not to do so due to their own operational concerns. In July 2020, the Office of TSW Operation consulted PGAs and received no objection to accepting the Faster Payment System service as an additional payment method in TSW, which could however only be introduced in the third quarter of 2024. ;
- while Hong Kong rolled out the Government Electronic Trading Services in 1997 for the trading community to submit key trade documents to the Government electronically through a single entry point, some economies in the Southeast Asia had implemented single window in recent decades. Hong Kong had lagged behind other economies in TSW development;

---

<sup>2</sup> The three types of trade documents are Transshipment Notification for Radiocommunications Transmitting Apparatus and Import and Export Permit for Radiocommunications Transmitting Apparatus issued by the Office of the Communications Authority, and the Licence for Ozone Depleting Substances issued by the Environmental Protection Department.

- Phase 3 of TSW involved a huge volume of document submissions from a wide range of stakeholders and would replace several existing cargo clearance systems of C&ED. CEDB and C&ED were taking forward the development of Phase 3 under a compressed timeframe, and planned to roll out the Phase 3 services from 2026 onwards. CEDB advised that it would implement adequate measures to ensure the quality of the system and minimize the risk of hiccups upon its roll-out; and

#### Way forward

- the total external merchandise trade of Hong Kong decreased by 6.7% from \$9,459.1 billion in 2022 to \$8,822.4 billion in 2023. Comparing 2023 with 2022, the volume of Hong Kong's total exports of goods and imports of goods in 2023 decreased by 11.6% and 9.2% respectively.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to the issues raised by Audit. The consolidated replies from the **Secretary for Commerce and Economic Development** and the **Commissioner of Customs and Excise** are in *Appendix 4*.

5. The Committee wishes to be kept informed of the progress in implementing Audit's recommendations.



## **A. Introduction**

The Audit Commission (“Audit”) conducted a review on the provision of emergency dental services and elderly dental care support by the Government.

2. Hon Paul TSE Wai-chun declared that he was a member of the Hospital Governing Committee of United Christian Hospital (“UCH”).

### Background

3. Dental care services in Hong Kong are mainly provided by the private sector and non-governmental organizations (“NGOs”). The Government’s policy on dental care aims to raise public awareness of oral hygiene and oral health, and encourage members of the public to develop proper oral health habits. Under the prevailing policy, apart from taking forward publicity, education, promotion and preventive work on oral health, the Government also provides emergency dental services to members of the public and targeted dental care support to individual underprivileged or disadvantaged groups who have difficulties in obtaining dental services.

4. Free emergency dental treatments are provided for members of the public by the Department of Health (“DH”) through designated sessions in its 11 government dental clinics (“emergency dental services at General Public (“GP”) sessions”). In addition, specialist oral maxillofacial surgery and dental treatment are provided by 13 Oral Maxillofacial Surgery and Dental Clinics (“OMSDCs”) in public hospitals under DH and the Hospital Authority (“HA”) for hospital inpatients, patients with special oral healthcare needs and patients with dental emergency needs (i.e. hospital dental services). The Government also provides dental care support for elderly persons under various initiatives, including the Outreach Dental Care Programme for the Elderly (“ODCP”) and the Elderly Health Care Voucher Scheme (“EHVS”) under DH’s purview, and the Elderly Dental Assistance Programme (“EDAP”) administered by the Health Bureau (“HKB”) and funded under the Community Care Fund (“CCF”). The Committee conducted detailed investigation on Audit’s review of the above dental services and support provided by the Administration.

5. The Committee held three public hearings on 7, 10 and 17 May 2024 to receive evidence. The opening statement made by **Professor LO Chung-mau, Secretary for Health**, at the first public hearing is in *Appendix 5*.

*Emergency dental services and elderly dental care support*

---

6. According to Note 1 in paragraph 1.3 of the Director of Audit’s Report No. 82 (“the Audit Report”), government dental clinics under DH were established primarily for fulfilling the obligation of providing dental benefits for civil service eligible persons (“CSEPs”). The Committee sought the number of attendances of CSEPs at government dental clinics over the past three years (including emergency cases), and asked whether the Administration would review the practice adopted since 1947 of reserving around 2% of the service capacity of government dental clinics for the general public, and consider formulating measures to allow CSEPs to opt for private dental services in Hong Kong or on the Mainland, so as to release more service capacity of government dental clinics for public use.

7. **Dr Ronald LAM Man-kin, Director of Health** responded at the public hearings, and **Secretary for Health** further explained in his letter dated 23 May 2024 (*Appendix 6*) that:

- government dental clinics under DH were tasked to provide dental services for civil servants and their eligible dependants in fulfilment of the Government’s contractual obligations laid down in their terms of employment. Such dental benefits were part of the Government’s staff welfare policy and were similar to the medical benefits provided by some employers for their employees in the market, hence not part of the public dental services. Resources were separately allocated for the provision of medical and dental benefits for civil servants and the provision of dental services for members of the public. At the request of the Committee, the number of attendances of CSEPs at government dental clinics and OMSDCs in public hospitals from 2021 to 2023 (including emergency cases) and the waiting time of CSEPs for various non-emergency dental services were provided in the above letter from the Secretary for Health; and
- to alleviate the manpower shortage of dentists, the Government had launched the 18-month Pilot Scheme on Dental Services (Dental Scaling) for CSEPs since August 2023, under which certain CSEPs were arranged to receive dental scaling services at private dental clinics. The government would initiate a review on the Pilot Scheme in August 2024, with a view to determining the way forward upon its completion.

8. At present, all members of the public were entitled to emergency dental services at GP sessions, and they were not required to undergo medical assessment before consultation. As the demand far exceeded the supply, those with genuine

*Emergency dental services and elderly dental care support*

---

urgent medical needs might not be able to receive dental services at GP sessions. In view of this, the Committee asked whether the Administration would consider introducing triage or screening for members of the public seeking dental consultation to optimize the use of resources, and whether the Administration would consider offering online/remote dental consultations to provide more convenient dental services for members of the public. **Mr Thomas CHAN Chung-ching, Permanent Secretary for Health** responded at the public hearings, and **Secretary for Health** explained in his letter dated 23 May 2024 (*Appendix 6*) that as people who had been allocated a disc were keen to receive treatment as soon as possible, and people seeking consultation generally already had some sort of dental problems, triage would not contribute much to improving the process. As such, DH did not have any plan to introduce triage or screening for patients attending emergency dental services at GP sessions. Dentistry was an area that required face-to-face operation and diagnosis, teleradiology could not completely replace the traditional face-to-face diagnosis. Nevertheless, the Government would conduct in-depth study by making reference to the experience from other regions/areas.

9. With reference to paragraph 1.5 of the Audit Report, the Committee enquired why OMSDCs in different public hospitals were managed by DH and HA respectively. As mentioned in paragraph 2.30 of the Audit Report, HHB was integrating the hospital dental services provided by DH's OMSDCs into those under HA. The Committee enquired about the progress of the merger and whether the division of work among OMSDCs would be different afterwards. **Secretary for Health** and **Director of Health** responded at the public hearings, and **Secretary for Health** explained in his letter dated 23 May 2024 (*Appendix 6*) that:

- in 1955, the then Medical and Health Department set up its first dental clinic in Queen Mary Hospital, and later set up the Dental Departments in five public hospitals, namely Queen Elizabeth Hospital, Princess Margaret Hospital, Prince of Wales Hospital, Tuen Mun Hospital and Pamela Youde Nethersole Eastern Hospital. In 1989, the then Medical and Health Department was split into DH and the Hospital Services Department, and the Dental Departments of the aforesaid six hospitals came under the direct management of DH. To reflect more accurately the scope of dental services provided by the clinics, the Dental Departments were renamed as OMSDCs in 1996. DH set up the seventh OMSDC in North District Hospital in 1998;
- since the establishment of HA in 1991, the Dental Department of UCH under HA had gradually developed into a department providing specialist services in oral and maxillofacial surgery, and was renamed as

the Department of Dentistry and Maxillofacial Surgery. Since 2019, the dentistry and oral maxillofacial surgery service in UCH had been further extended beyond the Kowloon East Cluster to provide a territory-wide coverage through a trans-cluster service network built among six hospitals, namely UCH, Tseung Kwan O Hospital, Hong Kong Children's Hospital, Kwong Wah Hospital, Caritas Medical Centre and Alice Ho Miu Ling Nethersole Hospital, whereby patients from other clusters could be referred to UCH for dental procedure and/or maxillofacial surgeries; and

- discussion on the merger of the hospital dental services of DH and HA was underway and the details would be announced in due course. DH would consider how its current OMSDC service might be better merged with that of HA with a view to achieving operational synergy and efficiency. Audit's recommendations in respect of the monitoring and reporting systems would also be taken into account in the process.

10. According to Table 3 in paragraph 1.5 of the Audit Report, from 2018-2019 to 2022-2023, the attendance at the seven OMSDCs under DH decreased by 14%, whereas the attendance at the six OMSDCs under HA increased by 30%. The Committee enquired about the reasons for the huge discrepancy between the two figures, as well as the latest attendance at OMSDCs under DH and HA in 2023-2024. **Director of Health** explained at the public hearings, and **Secretary for Health** added in his letter dated 23 May 2024 (*Appendix 6*) that:

- the attendance at OMSDCs under DH was relatively low due to the outbreak of the Coronavirus Disease 2019 epidemic ("the epidemic") and manpower shortage since early January 2020. In 2023-2024, the attendance for hospital dental services under DH was 60 200 (vis-à-vis 60 400 in 2019-2020); and
- on the HA front, the establishment of two new OMSDCs by Hong Kong Children's Hospital and Tseung Kwan O Hospital in 2019-2020 contributed to the gradual expansion of HA's Dental-Oral Maxillofacial Surgery Service Network from four hospitals to six hospitals (including UCH, Tseung Kwan O Hospital, Alice Ho Miu Ling Nethersole Hospital, Kwong Wah Hospital, Hong Kong Children's Hospital and Caritas Medical Centre), and the overall clinic attendance increased accordingly. The annual attendance in the six OMSDCs under HA was 22 532 in 2023-2024.

*Emergency dental services and elderly dental care support*

---

11. According to paragraph 1.6 of the Audit Report, DH's expenditure under the Programme "Curative Care" in 2022-2023 amounted to about \$1.2 billion, covering DH's hospital dental services and its emergency dental services at GP sessions, and HA's expenditure in that year amounted to \$94.9 billion, with the expenditure on the provision of hospital dental services amounting to \$45 million. The Committee sought the latest figures and breakdowns for the aforesaid expenditures in 2023-2024, as well as the estimates for the related dental service programmes in the new financial year. Given that the hospital dental services provided by HA accounted for less than 1% of its total expenditure, the Committee queried whether resources put into dental services by the Administration and HA were insufficient, resulting in a shortage of services and the unduly long waiting time.

12. **Director of Health** and **Dr Tony KO, Chief Executive, HA**, responded at the public hearings, and **Secretary for Health** explained in his letter dated 23 May 2024 (*Appendix 6*) that under the Programme "Curative Care", DH's revised estimate for 2023-2024 and its estimate for 2024-2025 were \$1.16 billion and \$1.23 billion respectively. DH did not maintain any breakdown of the figures for its hospital dental services and emergency dental services at GP sessions. The approximate total expenditure of HA's dental services in 2023-2024 was \$47.96 million. HA would assess the growth in demand and the development of dental services in its service planning, and earmark sufficient resources in its annual plans according to service needs. With the expansion of UCH and the expected launch of the Dental Internship Program in late 2025, HA should be able to meet the increasing demand for dental services.

13. With reference to the remarks under Table 5 in paragraph 1.9 of the Audit Report, the Committee sought information on the number of claim transactions involving Elderly Health Care Vouchers ("EHCVs") used to pay for the dental services provided by the University of Hong Kong-Shenzhen Hospital ("HKU-SZH") in the past three years and the EHCV amount involved, and enquired about the measures to encourage more elderly persons to use EHCVs to pay for the dental services provided by HKU-SZH, so as to alleviate the demand for public dental services in Hong Kong.

14. **Secretary for Health** and **Director of Health** responded at the public hearings, and **Secretary for Health** explained in his letter dated 23 May 2024 (*Appendix 6*) that:

- the respective numbers of EHCV claim transactions made by the Dental Clinic of HKU-SZH and the amounts involved in each of the years from

*Emergency dental services and elderly dental care support*

---

2021 to 2023 were 797 (HK\$302,000), 556 (HK\$170,000) and 1 269 (HK\$462,000) respectively. Details were provided in the above letter from the Secretary for Health; and

- the Government would roll out the EHCV Greater Bay Area Pilot Scheme (“the Pilot Scheme”) to extend the use of EHCVs to medical institutions in the Guangdong-Hong Kong-Macao Greater Bay Area (“the Greater Bay Area”). The Government announced in February 2024 that seven medical institutions in the Greater Bay Area had been included in the Pilot Scheme, among which five were medical institutions providing integrated services and two were medical institutions providing dental services. The Government expected that starting from the third quarter of 2024, the pilot medical institutions would introduce relevant arrangements under the Pilot Scheme one after another to enable eligible Hong Kong elderly persons to pay with EHCVs. It was estimated that some 1.7 million eligible Hong Kong elderly persons would benefit from the Pilot Scheme.

15. With reference to Table 6 in paragraph 1.10 of the Audit Report, the Committee enquired why, from 2018-2019 to 2022-2023, the completion rate for cases of service charge reimbursement to dentists/dental clinics under EDAP was the lowest (66%) but the expenditure involved was the highest (up to \$292 million) in 2022-2023. **Mr Eddie LEE, Deputy Secretary for Health 2**, explained at the public hearings, and **Secretary for Health** added in his letter dated 23 May 2024 (*Appendix 6*) that the process from elderly persons’ submission of applications under EDAP to the completion of service charge reimbursement involved various stages from application to first consultation, dental treatment, submission of claim forms by dentists/dental clinics and service units, provision of supplementary documents required for the claims or revisions to information contained in the claim forms, and vetting and arrangement for disbursement of subsidies by the Project Office. In other words, completed cases might not include all the applications received in the same year, and might also include applications received in previous years. As regards the increase in expenditure in 2022-2023, it was due to various factors such as the increase in the number of completed cases, the expansion of service scope, as well as the adjustments to the service charge ceilings for dental service items, which were made in line with the adjustments to the dental grant under the Comprehensive Social Security Assistance Scheme of the Social Welfare Department (“SWD”).

16. As mentioned in Note 14 in paragraph 1.14 of the Audit Report, DH’s dental services included the School Dental Care Service (“SDCS”). Given the declining

birth rate in Hong Kong in recent years, the number of students was decreasing. The Committee enquired whether DH could redeploy manpower and resources from SDCS to other dental services. **Director of Health** responded at the public hearings, and **Secretary for Health** explained in his letter dated 7 June 2024 (*Appendix 7*) that with the declining birth rate in Hong Kong in recent years, the number of SDCS participants decreased from 336 699 in 2021 to 313 693 in 2024. However, the retirement and resignation of many Dental Officers and Dental Therapists in recent years had led to a rise in manpower vacancy rates and in turn an increased, rather than a decreased, workload for Dental Officers and Dental Therapists on duty. The annual average number of students handled by each Dental Officer and Dental Therapist had increased accordingly. Therefore, DH was unable to redeploy manpower and resources from SDCS to other government dental services.

## **B. Emergency dental services**

17. According to paragraphs 2.4 to 2.6 of the Audit Report, the disc quota of emergency dental services at GP sessions provided to the general public by DH in the 11 government dental clinics decreased by 19 985 (50%) from 40 322 in 2018-2019 to 20 337 in 2022-2023 due to the outbreak of the epidemic and manpower shortage of dentists. The Committee sought details from the Administration about the reduction in disc quota, and enquired when the quota was expected to resume to the pre-epidemic level and how the problem of manpower shortage could be solved.

18. **Secretary for Health** and **Director of Health** responded at the public hearings, and **Director of Health** further explained in his letter dated 23 May 2024 (*Appendix 6*) that:

- free emergency dental services at GP sessions were provided by DH to the general public through designated sessions each week in its 11 government dental clinics. Such services included treatment of acute dental diseases, prescription for pain relief, treatment of oral abscess and tooth extraction. Dentists would also provide professional advice based on individual needs of patients. Due to the epidemic, the disc quota under emergency dental services at GP sessions had been reduced since January 2020 and had not yet returned to the pre-epidemic level due to the following reasons:
  - (a) there was a persistent shortage of dentists. As at 1 May 2024, the number of dentist vacancies in DH had increased to 108, representing 29.2% of DH's dentist establishment;

*Emergency dental services and elderly dental care support*

---

- (b) to prevent the spread of Coronavirus Disease 2019, dental clinics were required to reserve sufficient time to carry out various infection control measures during the epidemic. To comply with the strengthening of infection control, these measures had been incorporated into the standard procedures required for regular service; and
- (c) the World Health Organization advocated “retention of natural teeth” and suitable techniques (including root canal treatment) were now available to retain natural teeth, such that patients were not necessarily required to resort to tooth extraction for dental diseases. To achieve better oral health of the population, Dental Officers of DH would strive to ascertain the medical history of patients in further details and enhance communication with patients during the course of consultation, such that patients might decide whether tooth extraction was necessary after having been informed of other treatment proposals that allowed retention of natural teeth.

Measures in (b) and (c) above had prolonged the consultation time for each patient;

- the 2022 Policy Address proposed to conduct a comprehensive review of the dental care services provided or subsidized by the Government, and the Working Group on Oral Health and Dental Care (“Working Group”) was established in end 2022. After reviewing the arrangement of emergency dental services at GP sessions, the Working Group recognized the inability to increase disc quota due to the reduced manpower of Dental Officers in DH, while the expansion of services to include tooth extraction was also considered incompatible with the goal of the Working Group to enhance the overall level of the general public’s oral health through “retention of natural teeth”;
- as announced in the 2023 Policy Address, the Government would collaborate with NGOs to increase the emergency dental services targeting the underprivileged groups with financial difficulties (including service capacity, service points as well as service scope) in 2025. The target was to provide a service capacity of at least twice the current capacity of emergency dental services at GP sessions in government dental clinics. Under the new service model and with the continued support of government dental clinics, the service quota for emergency dental services would gradually increase to 60 000. HHB would announce the details of the plan in due course; and



- to address the problem of shortage of dentists in Hong Kong, HHB had introduced the Dentists Registration (Amendment) Bill 2024<sup>1</sup> to the Legislative Council, which proposed creating new pathways for admitting qualified non-locally trained dentists to practise in Hong Kong with a view to boosting the supply of dental manpower in Hong Kong, as well as suitably expanding the scopes of duties of dental hygienists and dental therapists, so as to support public and subsidized dental services.

19. According to paragraph 2.5 of the Audit Report, the vacancy rates of Dental Officers working in government dental clinics with emergency dental services at GP sessions increased from 11% in 2018-2019 to 24% in 2023-2024 (up to October 2023). The Committee enquired if the manpower shortage was due to the fact that remuneration packages for government Dental Officers were not attractive enough. **Secretary for Health** and **Director of Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 23 May 2024 (*Appendix 6*) that according to the Government's existing policy, it would consider conducting a grade structure review for individual grades should there be recruitment or retention difficulties, or if significant changes had been made to the grade's work nature and responsibilities. At present, there had been no major changes in the nature, responsibilities and complexity of the work of the Dental Officer grade. DH had been actively recruiting and supplementing manpower, whilst HHB had introduced the Dentists Registration (Amendment) Bill 2024 to the Legislative Council with a view to relieving the shortage of dental manpower in Hong Kong (including DH) through a multi-pronged approach. The current staffing establishment, remuneration packages and vacancy rates of Dental Officers in various types of dental clinics under DH and HA were detailed in the above letter from the Secretary for Health.

20. Referring to paragraph 2.6 of the Audit Report, the Committee sought details about the "strategy of early identification and timely intervention of dental diseases" as proposed by the Working Group, and how HHB would put forward the related policies. **Secretary for Health** elaborated at the public hearings and added in his letter dated 23 May 2024 (*Appendix 6*) that:

- the costs of managing tooth decay and gum diseases were so high to individuals and to the community that could lead to significant financial burden. Therefore, the most cost-effective strategy was to focus on

---

<sup>1</sup> The Dentists Registration (Amendment) Bill 2024 was passed by the Legislative Council on 10 July 2024.

*Emergency dental services and elderly dental care support*

---

prevention, early identification and timely intervention to avoid the functional and financial impacts that might be arising from tooth decay and gum diseases. Since 1980, the Government had been providing SDCS to primary school children, which had effectively reduced tooth decay rates among 12-year-olds. As an interface with SDCS, the Government would launch the Primary Dental Co-care Pilot Scheme for Adolescents in 2025 by providing partial subsidies for adolescents aged between 13 and 17 to receive private dental check-up services, so as to foster the establishment of a partnership between the adolescents and the dentists in NGOs or the private sector, and to promote the adolescents' lifelong habit of regular dental check-ups for the prevention of dental diseases; and

- the Government had launched a three-year EHCV Pilot Reward Scheme, under which elderly persons would be automatically allotted a \$500 reward into their EHCV account by simply accumulating the use of EHCVs of \$1,000 or more for designated primary healthcare purposes such as disease prevention and health management (including dental check-up, scaling, tooth extraction and filling in respect of dental services) within each year, and the reward could be used likewise for designated primary healthcare purposes. The Government had planned to enhance EDAP under CCF in the third quarter of 2024 by lifting the essential requirement of fitting removable dentures, so as to enable eligible elderly persons to receive dental services such as dental check-up, scaling, tooth extraction and filling without applying for fitting removable dentures.

21. With reference to paragraph 2.9(c) of the Audit Report, the Committee enquired about the operational difficulties encountered by DH in the trial use of self-service kiosks for disc allocation at two government dental clinics with GP sessions, which had led to the unsatisfactory result and the eventual cessation of the use of the kiosks. **Director of Health** explained at the public hearings, and **Secretary for Health** supplemented in his letter dated 23 May 2024 (*Appendix 6*) that after a trial run of the kiosks at the two dental clinics, DH found that there were various operational difficulties, including the need to deploy additional manpower to assist the people in queue in using the kiosks and inputting information for registration, security matters regarding the equipment and systems outside office hours, as well as the handling of emergencies in the event of system malfunction. As it was found to be not cost-effective in operation and the effectiveness was below expectation, DH had ceased the use of the kiosks.

*Emergency dental services and elderly dental care support*

---

22. As mentioned by the Secretary for Health, DH would roll out an online electronic disc distribution and registration system so that members of the public seeking emergency dental services at GP sessions would no longer need to queue in person for the discs. The Committee enquired about the progress and details of such plan, as well as the expenditure involved, and how the Administration could ensure that there would not be touting of discs. **Secretary for Health** and **Director of Health** advised at the public hearings, and **Secretary for Health** supplemented in his letter dated 23 May 2024 (*Appendix 6*) that DH had kicked off the development of the online electronic disc distribution and registration system in May 2024 with the target of launching the system for public use in the same year, and the expenditure involved was still under estimation. The system would require service users to complete the entire registration process by using their real name and identity card. Since the GP sessions would only provide service to registered members of the public, the touting of disc quotas would not exist.

23. The Committee further asked how the Administration would assist those who needed help, especially elderly persons, in using the online electronic disc distribution and registration system; whether the Administration could resume the self-service kiosks with manual support before fully implementing the online electronic system for disc allocation and registration, or make use of other information and technology systems currently in use by the Government, such as iAM Smart and eHealth, to help streamline the registration procedure of the GP sessions to shorten the time required. **Secretary for Health** and **Director of Health** advised at the public hearings, and **Secretary for Health** added in his letters dated 23 and 29 May 2024 (*Appendices 6* and *8*) that DH understood that members of the public might encounter difficulties in using the online electronic disc distribution and registration system in the initial stage of its launch, and hence, in addition to arranging staff to assist those who needed help in completing the online registration, DH would also liaise with community organizations and provide additional service locations to help the public. As it was not cost-effective to supplement self-service kiosks with manual assistance, this option would not be reconsidered. Upon completion of the online electronic disc distribution and registration system, DH would team up with the government departments concerned to explore how to connect with other information and technology systems, such as iAM Smart and eHealth, to provide the public with more smart service channels of registration for GP sessions.

24. Referring to paragraph 2.10 of the Audit Report, the Committee asked why the Administration required members of the public waiting for the emergency dental services at GP sessions to make preliminary registration instead of allowing them to collect the discs directly. As advised by the Secretary for Health that the starting time

*Emergency dental services and elderly dental care support*

---

of preliminary registration for GP sessions would be made earlier to 8 p.m. the day before service provision so as to prevent members of the public from queuing late at night, the Committee asked whether the new arrangement could effectively improve the situation of people waiting for a long time, and whether the preliminary registration arrangement could cease after the launch of the online electronic system for disc allocation and registration. **Secretary for Health, Director of Health and Dr Kitty HSE Mei-yin, Consultant i/c Dental Services, DH** responded at the public hearings, and **Secretary for Health** added in his letter dated 23 May 2024 (*Appendix 6*) that:

- given that the nature of the GP sessions was to provide emergency dental treatment, it had been an established practice to distribute discs on the day of service so as to provide same-day appointments to those in need. To avoid making elderly persons and patients queue overnight, preliminary registration had been implemented by DH at its nine government dental clinics with GP sessions since 5 September 2022. Starting from 0:00 a.m. on the day of service, a disc quota would be considered reserved for the patient upon completion of simple registration, and the patient could then leave the clinic. Registered patients only needed to return to the clinic half an hour before the commencement of the GP session to complete the formal registration, after which they could receive the service; and
- to allow patients to leave at an earlier time after registration, DH had since 11 June 2024 changed the starting time for preliminary registration from 0:00 a.m. on the day of service to 8:00 p.m. the day before. Such arrangement was a temporary measure. DH would introduce the online electronic disc distribution and registration system within 2024. By then, members of the public would no longer need to queue in person for obtaining discs. The system would also provide them with real-time information on the remaining disc quotas so as to ensure that all quotas could be fully utilized, and the preliminary registration arrangement would cease then.

25. The Committee further enquired about the operational difficulties for DH staff to complete the formal registration for patients and distribute the discs to them right away during the clinics' opening hours or at other times. In addition, given that at present the emergency dental services provided under GP sessions in government dental clinics were scheduled in the morning, with the exception of Mona Fong Dental Clinic in Sai Kung ("MFDC") which provided emergency dental services at GP sessions in the afternoon, the Committee asked whether DH had considered rescheduling the emergency dental services at GP sessions of all the clinics concerned

*Emergency dental services and elderly dental care support*

---

to the afternoon and rearranging the registration and disc distribution to be processed in the morning on the day of service so as to avoid making members of the public queue at night.

26. **Director of Health** responded at the public hearings, and **Secretary for Health** explained in his letter dated 29 May 2024 (*Appendix 8*) that, at present, the 10 government dental clinics with emergency dental services at GP sessions provided such services in the morning, mainly because the morning session (9:00 a.m. to 1:00 p.m.) was 30 minutes longer than the afternoon one (2:00 p.m. to 5:30 p.m.), and dentists had more time to deal with all the cases under the distributed discs and unexpected situations that might arise from teeth extraction, such as fracture of the root of the tooth. Patients who had problems (such as prolonged bleeding) after receiving teeth extraction in the morning might return to the same dental clinic immediately in the afternoon for follow-up, thereby avoiding the need to seek consultation with private dental clinics or the Accident & Emergency Departments of hospitals at night. In addition, providing emergency dental services at GP sessions in the morning could shorten patients' waiting time for emergency consultations, while the clinics might also start serving CSEPs who had made appointments immediately after completing the emergency dental services at GP sessions. As such, the entire workflow would be smoother and more efficient.

27. With reference to paragraph 2.12 of the Audit Report, the Committee asked why MFDC, which only provided emergency dental services at GP sessions in the afternoon, required patients who had completed preliminary registration to return to the clinic at 11:00 a.m. on the same day to complete the formal registration and obtain a disc, and be back again at 1:30 p.m. (i.e. the opening time of the clinic) for dental consultation. **Secretary for Health, Director of Health and Consultant i/c Dental Services, DH** explained at the public hearings, and **Secretary for Health** supplemented in his letter dated 29 May 2024 (*Appendix 8*) that:

- MFDC was a smaller clinic with only two consultation rooms and one clerk on duty. It was also the only government dental clinic that provided emergency dental services at GP sessions in the afternoon at present. All along, to prevent chaos over reception, the clinic started the formal disc distribution and registration process for emergency dental services at GP sessions only after the clerk had completed the registration process for most of CSEPs with appointments by around 11:00 a.m.;

*Emergency dental services and elderly dental care support*

---

- due to the persistent shortage of dentist manpower, MFDC had been temporarily closed and had ceased providing dental services to CSEPs since 3 May 2023, but maintained emergency dental services at GP sessions to address the needs of the public. On the day of service, DH would make special redeployment of staff, including clerical staff and dentists, from Tseung Kwan O Dental Clinic to serve at MFDC. The clerical staff would travel to MFDC to conduct the formal disc distribution and registration process for patients seeking emergency dental services at GP session by around 11:00 a.m. after finishing their supporting duties at Tseung Kwan O Dental Clinic. Meanwhile, the dentists would arrive at MFDC before 1:30 p.m. after finishing the consultations for CSEP appointments at Tseung Kwan O Dental Clinic; and
- in response to the views of the Audit Report on MFDC's arrangement regarding the formal disc distribution and registration process, DH had since 9 May 2024 changed the time of disc distribution and formal registration from 11:00 a.m. to 1:00 p.m. Under this arrangement, patients might receive service immediately from 1:30 p.m. onwards after completing the formal registration.

28. According to paragraph 2.14 of the Audit Report, the Government would collaborate with NGOs to increase the emergency dental services targeting the underprivileged groups with financial difficulties in 2025. The Committee enquired about the details. **Secretary for Health** responded at the public hearings and added in his letter dated 23 May 2024 (*Appendix 6*) that taking into consideration the service demands of the underprivileged groups, it would be more appropriate to increase the service capacity in collaboration with NGOs under a new service model. As announced in the 2023 Policy Address, the Government would collaborate with NGOs in 2025 to increase the emergency dental services targeting the underprivileged groups with financial difficulties through expansion of service capacity, service points and service scope to promote early identification and timely intervention of dental diseases. The target was to provide a service capacity of at least twice the current capacity offered by government dental clinics. HHB was working out the details which would be announced in due course. DH had earmarked funding to enhance public dental services, including enhancement of emergency dental services. The Government would also deploy additional manpower to carry out the related preparatory work.

29. As mentioned in paragraph 2.22 of the Audit Report, under DH's guidelines for its OMSDCs, depending on the clinical conditions of patients, new case appointments should be arranged in accordance with the targets set for different types of cases (e.g. within two weeks for urgent cases). However, according to paragraph 2.23 of the Audit Report, HA did not maintain information on the achievement in meeting the targets for arranging new case appointments and the waiting time for new case appointments for different types of cases. The Committee sought the reasons why HA did not maintain such information for the purpose of monitoring the service provision.

30. **Director of Health** explained at the public hearings, and **Secretary for Health** added in his letter dated 23 May 2024 (*Appendix 6*) that at present, OMSDCs under DH were located in different public hospitals and were thus using HA's Clinical Management System. Each OMSDC had been maintaining information on different types of cases (including the waiting time and achievement of targets) separately, but there were inconsistencies in the way they maintained the information. To address this issue, DH and HA had set up the Task Force on Information Management of Hospital Dental Services to review the current workflow and propose adjustments for a more effective use of HA's Outpatient Appointment System to generate the required management information. Starting from May 2024, DH would compile the information regarding attendances and attendance rates of its hospital dental services, including the number of new case appointments and follow-up appointments and their respective attendance rates. Besides, starting from July 2024, DH would also set targets for the waiting time for different types of new case appointments at its OMSDCs in the seven public hospitals as service pledge, monitor the target achievement rates, and compile the relevant information for analysis.

31. According to Table 11 in paragraph 2.24 of the Audit Report, from 2018-2019 to 2023-2024 (up to October 2023), the attendance rates of the outpatients of HA's OMSDCs for new case appointments ranged from 80% to 88%, and those of follow-up appointments ranged from 85% to 89%. As advised by HA, non-attendance of outpatients of HA's OMSDCs might be due to some of these patients opting for alternative dental care services provided by the private sector, or experiencing a reduction in symptoms and believing that clinical care was no longer required. The Committee enquired about the measures put in place by HA to ensure an increase in the attendance rates so as to avoid wastage of resources. **Chief Executive, HA** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 23 May 2024 (*Appendix 6*) that if a patient notified the OMSDC in advance of rescheduling or cancellation of the appointment, the clinic staff would arrange another patient to fill the vacant slot as far as practicable to avoid wastage.

*Emergency dental services and elderly dental care support*

---

32. As mentioned in paragraphs 2.25 and 2.29 of the Audit Report, upon receipt of the patients' referral letters, HA's OMSDCs would assess the patients' conditions and arrange the first appointments under the triage system. However, as at 25 January 2024, HA had neither reviewed the referral letters and arranged the first appointments for the 564 patients nor maintained management information on the dates of receiving the referral letters by its OMSDCs. The Committee sought HA's explanations on the handling procedures of these 564 cases at that time and the follow-up measures.

33. **Secretary for Health** explained in his letter dated 23 May 2024 (*Appendix 6*) that upon receipt of the referral letters of the 564 cases, the staff of the OMSDCs had already assessed their urgency and categorized them as stable cases according to the triage system. However, due to limitation in the dentist manpower, these stable cases had not yet been further screened by dentists, resulting in the inability to assign an appointment date in a timely manner. After review, the staff of the OMSDCs had begun to arrange first appointment dates for these 564 patients starting from May 2024. For newly referred cases, patients would be provided with a first appointment date within seven working days upon submission of their referral letters. If there were changes in their clinical conditions, patients might call the clinics concerned for arranging earlier appointment dates as appropriate.

34. Referring to Table 12 in paragraph 2.27 of the Audit Report, the Committee sought the reasons for the relatively longer time lapse of the latest appointments for stable cases at the OMSDCs of Caritas Medical Centre and UCH (up to 63 weeks). As mentioned in paragraphs 2.32(b) and 2.36 of the Audit Report, HA agreed to take measures as appropriate to shorten the waiting time of stable cases. The Committee asked what measures had been taken by HA. **Chief Executive, HA** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 23 May 2024 (*Appendix 6*) that to ensure that patients could receive timely and appropriate dental care, patients with stable condition (routine cases) might be diverted to other clinics within the HA Dental-Oral Maxillofacial Surgery Service Network for consultation. This flexible arrangement aimed to optimize the utilization of healthcare resources and enhance the overall quality of dental services.

### **C. Provision of elderly dental care support by the Department of Health**

35. Regarding the Committee's enquiry about the scope of service covered by ODCP, **Director of Health** and **Consultant i/c Dental Services, DH** explained at the public hearings, and **Secretary for Health** supplemented in his letter dated 29 May 2024 (*Appendix 8*) that ODCP provided free on-site oral check-up, pain relief and



*Emergency dental services and elderly dental care support*

---

emergency dental services for elderly persons residing in residential care homes for the elderly (“RCHEs”) or receiving services in day care centres (“DEs”) and similar facilities (collectively as “RCHEs/DEs”) covering the 18 districts of Hong Kong, and provided oral care training to the caregivers through outreach dental teams set up by NGOs. The outreach dental teams also designed oral care plans for elderly persons to suit their oral care needs and self-care abilities. In the Funding and Service Agreement (“FSA”) for the 2021-2024 service period, the Government gave each NGO participating in ODCP an annual grant of \$720 per elderly participant to provide the aforesaid on-site service package. If the elderly persons were assessed as suitable for further curative treatment, free dental treatments would be provided on-site or at a dental clinic. The grant did not cover the additional costs for further treatments (such as teeth extraction) received by the elderly persons.

36. According to paragraphs 3.5 and 3.6 of the Audit Report, 10 NGOs were required to operate 23 outreach dental teams with a target of at least 43 000 service users per year (representing approximately 65% of the eligible elderly persons) during the last two FSA periods of ODCP (i.e. from October 2017 to March 2024), while each team had a target of at least 1 000 or 2 000 service users in each service year. The Committee asked how the aforesaid service user targets were set, and how the service districts and the target numbers of service users for each participating NGO for the service period of 2024-2027 were determined.

37. **Director of Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 29 May 2024 (*Appendix 8*) that DH engaged NGOs to participate in ODCP by open invitation for proposals. An NGO interested in joining ODCP might, taking into account the location(s) of its dental clinic(s) and its capacity of operating outreach programmes, propose the number of outreach dental team(s) to form and the district(s) to serve. The Government required each outreach team to have at least one dentist and one dental surgery assistant, with a target of providing on-site services to at least 1 000 or 2 000 elderly persons in each service year. Details of the numbers of outreach dental teams and the target numbers of service users (elderly persons) for the 10 NGOs engaged by DH to participate in ODCP for the 2021-2024 service period, as stipulated in their respective FSA, were provided in the above letter from the Secretary for Health.

38. According to paragraph 3.6 of the Audit Report, the number of outreach dental teams set up by each NGO under ODCP ranged from 1 to 10, and the number of RCHEs/DEs assigned to each NGO ranged from 19 to 385. The Committee enquired about the mechanism of assigning RCHEs/DEs to NGOs, and whether there would be

situations where RCHEs/DEs of certain districts were not assigned with sufficient outreach dental teams. **Director of Health** and **Consultant i/c Dental Services, DH** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 29 May 2024 (*Appendix 8*) that the aim of ODCP was to ensure that elderly persons in every district could receive efficient dental services. DH would equitably assign RCHEs/DEs based on the information set out in the proposals submitted by the NGOs participating in ODCP, including the number of outreach dental teams to form, the target number of elderly persons to serve the service districts selected, as well as factors such as the locations of the dental clinics set up by NGOs, the partnership developed between NGOs and RCHEs/DEs in the previous service years, and the number of places of RCHEs/DEs in the same district. The above assigning mechanism ensured that participating NGOs could deliver services according to their individual capacity and avoided resource mismatch, thereby further incentivizing NGOs to participate in ODCP. Under this assigning mechanism, all RCHEs/DEs that were willing to participate in ODCP would be covered by the dental services.

39. According to Table 14 in paragraph 3.7 of the Audit Report which set out the achievement on target number of service users by NGOs participating in ODCP, the achievement on target number of service users for NGO F was higher than other NGOs throughout the period from 2017 to December 2023. The Committee asked whether DH had looked into the underlying reasons. On the other hand, given that the achievement on target for NGOs G and I was less than satisfactory in 2020-2021 and 2022-2023, the Committee asked whether DH had followed up on the issue with both NGOs, and whether both NGOs were still participating in ODCP.

40. **Director of Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 29 May 2024 (*Appendix 8*) that:

- from 2020-2021 to 2022-2023 when the epidemic was still severe, the Government imposed stringent visit control measures on RCHEs/DEs, prohibiting or greatly restricting visits by family members/non-staff members. Even though the epidemic later subsided, quite a number of RCHEs/DEs still had strong reservations about the immediate full-scale resumption of outreach dental services due to the higher risk of disease transmission incurred by the provision of dental examination and treatment services in RCHEs/DEs;
- given that NGO F was large in scale with an extensive community network and had developed a good relationship with most of RCHEs/DEs over the years, its target achievement rate in terms of

*Emergency dental services and elderly dental care support*

---

service user number (192%) was higher than that of other NGOs in 2023-2024;

- DH had also noted the unsatisfactory service performance of NGO I. At a meeting with its management team in June 2023, DH learnt that NGO I had difficulties in fully resuming the outreach dental services for elderly persons due to a manpower shortage of professionals, and had agreed to transfer one of its assigned RCHEs to another NGO for service provision. NGO I resumed its outreach dental services in September 2023 after having engaged professional staff. Although it resumed the provision of outreach dental services five months later than other NGOs (deferred from April to September), it still managed to achieve a target achievement rate of 44% as at the end of 2023-2024, notwithstanding the service period being only seven months' long;
- DH had been encouraging NGO G to make improvements, but given its small scale with limited resources, improvements took time. NGO G's target achievement rate in 2023-2024 was 57%. Both NGOs G and I had participated in ODCP for the new service period of 2024-2027. DH also learnt that NGO I would consider engaging additional professional staff to strengthen its outreach services in order to meet the target as scheduled. Details of the number of RCHEs/DEs assigned to and the number of outreach dental teams dispatched by each NGO in 2024-2025, and the achievement on target for NGOs for 2023-2024 were set out in the above letter from the Secretary for Health; and
- under FSA, at the beginning of each service year (i.e. April), DH granted to the participating NGOs funding for covering 50% of the target total number of service users to facilitate NGOs' service commencement. If the number of service users of an NGO was less than 50% of the target number throughout the whole service year, it had to reimburse the Government the overpaid funding after the end of that service year. Moreover, DH might issue a warning letter to an NGO in case of non-compliance, and take follow-up actions as appropriate. If the performance of an NGO was persistently unsatisfactory, the Government might terminate its cooperation with the NGO concerned (i.e. terminating the FSA), and the NGO concerned would be prohibited from rejoining ODCP for three years from the termination date of FSA.

41. The Committee further enquired about DH's procedures for providing funding to NGOs and recovering the funding if they could not achieve 50% of the proposed target number of service users. Referring to NGOs which failed to achieve 50% of the proposed target number of service users as shown in Table 14 in paragraph 3.7 of the Audit Report, the Committee asked whether DH had recovered the overpaid amount of funding; if an NGO that had failed to achieve the target ceased operation within the FSA period, how DH would recover the funding provided in advance. **Director of Health** and **Consultant i/c Dental Services, DH** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 29 May 2024 (*Appendix 8*) that for those NGOs that failed to achieve the target number of service users from 2020-2021 to 2022-2023, DH had issued demand notes to them and the NGOs concerned had reimbursed the Government the overpaid funding. As for 2023-2024, only NGO I failed to reach 50% of the target number of service users. DH had already verified the number of service users with NGO I and issued a demand note. The NGOs participating in ODCP were charitable institutions which were exempt from tax under section 88 of the Inland Revenue Ordinance (Cap. 112) and shall submit to DH an audited financial report after the end of each service year in accordance with FSA. In case an NGO participating in ODCP ceased operation during the FSA period, DH would seek advice from the Department of Justice on the recovery of the overpaid funding.

42. The Committee also noted from Table 14 in paragraph 3.7 of the Audit Report that the achievement on the target number of service users of the NGOs participating in ODCP in 2023-2024 (up to December 2023) had exceeded 100% on the whole, i.e. outnumbering the originally proposed target number. The Committee asked whether DH had adequate resources to meet the additional expenditure incurred by the overachievement in the number of service users; if such expenditure exceeded the budget, how DH could handle it. **Director of Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 7 June 2024 (*Appendix 7*) that DH had deployed internal resources to meet the additional expenditure incurred by the exceedance of target number of service users in 2023-2024. DH would closely monitor the number of service users in ODCP and deploy as appropriate internal resources to meet the demand. Where necessary, additional funding would be sought in accordance with the established procedures.

43. According to paragraph 3.12 of the Audit Report, the participation rates of RCHEs/DEs in ODCP during the period from 2017 to 2023 ranged from 45% to 88%, and the participation rates of which under the purview of three NGOs (i.e. NGOs D, G and I) were lower than 50% for three consecutive years. The Committee asked whether DH had approached RCHEs/DEs with NGOs to identify the reasons why the

*Emergency dental services and elderly dental care support*

---

elderly persons did not participate in ODCP, and taken any corresponding follow-up measures to increase the participation rate. **Director of Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 29 May 2024 (*Appendix 8*) that as pointed out in paragraph 3.12 of the Audit Report, RCHEs'/DEs' interest in joining ODCP were often affected by a number of factors, including the size and setting of their premises, their manpower, as well as the medical and mental health conditions of individual elderly persons. DH held a discussion with SWD on 7 May 2024 on strengthening the promotion of ODCP and actively following up on RCHEs/DEs that did not participate in ODCP. DH had also been listed as a long-term partner for the annual training workshops for RCHEs/DEs. To this, DH had been arranged to give a talk to staff of RCHEs/DEs at the annual training workshop on 9 August 2024, which would cover an introduction of ODCP, the common dental problems seen in elderly persons, their dental hygiene, oral healthcare tips, etc. Furthermore, DH would hold a discussion with SWD on 20 June 2024 on ways to promote ODCP through the provisions on oral health in the Code of Practice for Residential Care Homes (Elderly Persons) and the provisions on dental check-ups in the tenders for contract RCHEs/DEs.

44. The Committee noted from paragraph 3.12 of the Audit Report that in 2022-2023, the participation rate in ODCP of RCHEs/DEs in the Sham Shui Po district was the lowest (47% only). While 37 (40%) RCHEs/DEs in that district were assigned to NGO G, none of these RCHEs/DEs participated in ODCP. On the other hand, NGO J serving the same district was assigned 48 (52%) RCHEs/DEs with a participation rate of 81%. The Committee asked whether DH had ascertained the reasons for the said situation. **Director of Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 29 May 2024 (*Appendix 8*) that:

- in light of the epidemic, during the year 2022-2023 the visiting restrictions for RCHEs/DEs were not lifted until 25 March 2023. As NGO G, which was rather small in scale, did not operate any RCHE/DE itself but focused mainly on providing medical and dental services for persons in need, it had only set up one outreach dental team (target number of service users being 1 000), and was met with many challenges when trying to reach RCHEs/DEs during the epidemic. On the contrary, NGO J was the biggest participating NGO in ODCP with 10 outreach dental teams in total (target number of service users being 20 000) with an extensive community network; and
- NGOs had different policies on duty arrangements for their outreach service staff during the epidemic. For example, some NGOs allowed staff of their outreach dental team members to take tests for Coronavirus

Disease at the Government’s designated community testing stations during working hours to obtain negative results within 24 hours in compliance with the requirements for entry to the premises of RCHEs/DEs to work; but some other organizations gradually and cautiously resumed their outreach dental services only after the epidemic fully subsided to prevent the spread or outbreak of the disease at their workplaces.

45. According to paragraphs 3.17 to 3.20 of the Audit Report, NGO G had not provided any training activities to RCHEs/DEs since 2020-2021. In the light of the epidemic, DH allowed NGOs to substitute training activities with the provision of personalized oral care plans to elderly persons and their caregivers. The Committee asked whether DH still accepted such arrangement at present; and whether such arrangement complied with the FSA provisions. The Committee queried why the percentages of RCHEs/DEs provided with training activities under the purview of four NGOs (i.e. NGOs E, F, G and I) were still below 50% despite the end of the epidemic.

46. **Director of Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 29 May 2024 (*Appendix 8*) that:

- during the years from 2020-2021 to 2022-2023 when the epidemic was in full swing, RCHEs/DEs were unwilling to accept any training activities that involved group gatherings amid the epidemic and/or prevailing seasonal influenza periods. As such, DH advised the outreach dental teams to provide individual elderly persons and their caregivers with personalized oral care plans instead. By filling in the personalized oral care plans, NGOs could fulfil the objective of ODCP in promoting oral hygiene. All (100%) of RCHE/DEs participating in ODCP had received oral health education from the outreach dental teams;
- compared to general talks or briefing sessions, the formulation of personalized oral care plans had been accepted by DH as an oral care training activity as it had been scientifically proven to be a feasible training programme. DH would continue to promote to NGOs scientifically proven training activities that were suitable for ODCP and provide NGOs with necessary training materials to facilitate their development of suitable oral care training activities for caregivers and elderly persons; and

*Emergency dental services and elderly dental care support*

---

- some NGOs (including NGO G) did not report the completion of the personalized oral care plans as a training activity in the annual evaluation report/DH's computer system, resulting in a misinterpreted 0% completion of training activity in the record. The information submitted belatedly by NGO G on its training activities from 2020-2021 to 2023-2024 was detailed in the above letter from the Secretary for Health. In 2023-2024, the percentage of training activities reported by NGOs E, F, G and I were 91%, 95%, 57% and 63% respectively, all of which exceeded 50%. DH would continue to monitor the performance of NGOs regarding the provision and reporting of training activities.

47. According to paragraph 3.28 of the Audit Report, for the FSA period of ODCP from April 2024 to March 2027, DH had invited 27 NGOs that met the essential requirements to submit proposals, but only 11 NGOs (i.e. less than half of those invited) made submissions in the end. The Committee queried whether the low response rate was due to the small amount of grant offered to NGOs, and asked what measures would be put in place to encourage more NGOs to participate in ODCP. **Director of Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 29 May 2024 (*Appendix 8*) that DH conducted a questionnaire survey on 3 May 2024 to look into the reasons why NGOs did not participate in ODCP. As at 22 May 2024, seven NGOs replied and indicated their reasons for not participating in ODCP, which included issues relating to manpower, finance and equipment/instrument, or the fact that they preferred to focus their resources on providing other services, or simply had no intention to provide outreach dental services. As a matter of fact, dentists had higher earnings in the private market than in NGOs, and some NGOs participating in ODCP had encountered difficulties in recruiting dentists in the past. For smaller-scale organizations, losing just one or two dentists would render them strenuous in providing outreach services. The grant for each service user had been raised from \$720 to \$790 in the new FSA service period of 2024-2027.

48. The Committee asked whether DH had, since the regularization of ODCP in 2014, reviewed the content of FSAs signed with NGOs or considered amending the service requirements or other relevant provisions in FSAs in the light of the service performance and resources of individual NGOs. **Director of Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 29 May 2024 (*Appendix 8*) that DH had regularly reviewed the content of FSAs signed with NGOs. The amendments made by DH to FSAs in the latest three service periods were detailed in the above letter from the Secretary for Health.

49. According to paragraphs 3.24 and 3.25 of the Audit Report, some NGOs failed to submit reports for ODCP (including annual evaluation reports and audited financial reports) to DH within a specified time frame as required under FSAs and there were non-submissions and delays in the period from 2017 to 2023. According to FSAs, late submissions of the aforesaid reports might be regarded as services not being provided to the satisfaction of the Government, and might result in the Government recovering, withholding or refusing the payment of any part of the annual grant or termination of the agreement. The Committee asked what specific measures were put in place by DH to ensure timely submission of reports by NGOs.

50. **Director of Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 7 June 2024 (*Appendix 7*) that:

- during the period from 2020 to 2023 which was impacted by the epidemic, NGO staff had to focus on dealing with the problems arising from the epidemic or to work from home sometimes, and the progress of submission of reports was thus affected. For the new service period of 2024-2027, DH would take appropriate and practicable measures to ensure that NGOs would submit their reports on time in accordance with FSA. Such measures included taking the initiative to follow up on belated submission of reports and taking actions to penalize NGOs that had not submitted their reports in accordance with FSA. Furthermore, DH would closely monitor the performance of the participating NGOs through the monthly reports generated by the computer system, take the initiative to remind those NGOs which had failed to meet the targets or had been underperforming, as well as take follow-up actions in accordance with FSA, and the actions taken would be properly documented and filed; and
- DH had issued on 4 March 2024 an “Operational Manual” to facilitate monitoring of ODCP. The “Operational Manual” covered the background of ODCP, definition of service users, service details, criteria and time for granting various types of funding (including annual grant, reimbursement for further curative treatments, transport and escort subsidies, and dental equipment and facilities grant), verification checks, the method of assigning RCHEs/DEs, the time for report submission and guidelines on the computer system, as well as guidelines on handling enquiries and complaints, etc., based on which DH staff could monitor the implementation of ODCP and take follow-up measures.



*Emergency dental services and elderly dental care support*

---

51. According to paragraph 3.35 of the Audit Report, the amount of EHCVs claimed by elderly persons for private dental services was about \$343 million and the average amount per claim transaction for dentists was \$1,190 in 2022. As shown in Table 5 in paragraph 1.9, the voucher amount claimed by elderly persons for private dental services was about \$287 million and the average amount per claim transaction for dentists was \$970 in 2018. The Committee was concerned that in the four years mentioned above, the annual increase in the average amount per claim transaction was nearly 5%, which was higher than the annual average rate of increase in the Consumer Price Index. **Secretary for Health** responded at the public hearings and added in his letter dated 7 June 2024 (*Appendix 7*) that EHVS provided eligible elderly persons in Hong Kong aged 65 or above with an annual voucher amount of \$2,000. Elderly persons could, whenever they received healthcare services, decide according to their own needs the voucher amount to be deducted from their voucher accounts to pay for the whole or part of the service fee. Since vouchers could be accumulated for use (accumulation limit being \$8,000) and could only meet part of the service fee, and the voucher amount involved in each voucher claim mainly reflected the elderly persons' voucher usage pattern, it was inappropriate to directly compare the annual rate of increase of the average voucher amount per claim transaction with the annual rate of increase of the Consumer Price Index. Generally speaking, the amount of healthcare service fees was affected by various factors, such as the individual patient's health condition, the type of disease involved, the complexity of the case, and the healthcare/curative treatment options involved.

52. The Committee asked what measures the Administration had in place to enhance the transparency of the fees for private dental services in Hong Kong so as to make the services more competitive than those of the Mainland; and whether the Administration would consider, by drawing reference to EDAP under CCF, setting a cap on dental service charges for EHVS. **Secretary for Health** responded at the public hearings and supplemented in his letter dated 7 June 2024 (*Appendix 7*) that:

- the objective of EHVS was to enable elderly persons to choose private primary healthcare services that best suit their health needs, and was not only targeted for low income elderly persons. Similar to the arrangement for most other professions applicable under EHVS, the charging levels of dental services were not subject to regulation under EHVS;
- DH regularly reminded participating healthcare service providers of the proper practices in making voucher claims, including not charging (whether directly or indirectly) an elderly person using vouchers at a higher rate than the fees of equivalent healthcare services provided to a

person who did not use any vouchers, enhancing the transparency of service charges, clearly explaining the charges to patients before providing services, and allowing patients to choose from different healthcare treatment options which might have different service charges upon explanation by healthcare staff; and

- the Government believed that registered healthcare professionals would abide by relevant codes of professional conduct and duly fulfil their professional ethics and responsibilities. DH would also continue to enhance public education through different channels to remind elderly persons to ask healthcare service providers for advice on the service fees before giving consent to using vouchers.

53. The Committee enquired about the checking mechanism for the claims of EHCVs, and the follow-up actions taken by DH against the dentists who were involved in improper claims of EHCVs. The Committee also sought the latest amount of EHCVs claimed by elderly persons for private dental services, and the number of cases of inappropriate claims of EHCVs involving dental services in the past three years. **Director of Health** explained at the public hearings, and **Secretary for Health** supplemented in his letters dated 23 May and 7 June 2024 (*Appendices 6 and 7*) that:

- the monitoring measures put in place by DH included routine checking, monitoring and investigation in respect of aberrant transactions, and investigation into complaints. DH adopted a risk-based approach to check voucher claims, targeting healthcare service providers who were suspected of violating the terms and conditions of the EHVS Agreement and those whose voucher claims showed aberrant patterns. To prevent abuse, misuse or fraud, DH would also investigate cases where healthcare service providers were suspected to have made false voucher claims in collusion with voucher users;
- DH would take appropriate actions/measures when violation of the terms and conditions of the EHVS Agreement was found during investigations, including issuing advisory/warning letters to the healthcare service providers concerned, withholding reimbursements or recovering paid reimbursements, disqualifying healthcare service providers from participating in EHVS, and referring cases to the Police and/or the professional regulatory boards/councils concerned for follow-up as appropriate; and

*Emergency dental services and elderly dental care support*

---

- from 2021 to 2023, DH had checked a total of some 132 900 voucher claim transactions through the said mechanism and identified around 60 (around 0.05%) improper claim transactions, of which 3 involved dentists. Besides, the amount of vouchers claimed by dentists was around \$130 million in the first quarter of 2024, accounting for 11.9% in the total amount of vouchers claimed. Details were provided in the letter dated 23 May 2024 from the Secretary for Health.

54. Referring to paragraphs 3.36 and 3.37 of the Audit Report, the Committee asked whether the participation rate of dentists in EHVS could meet the elderly persons' demand for dental services at present. Given the current shortage of dentists, the Committee enquired how DH could ensure that there were sufficient dentists enrolled in EHVS, and how it could encourage more dentists in the private sector to join EHVS. The Committee sought from DH the latest number of dentists who had enrolled in EHVS. **Secretary for Health** and **Director of Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 7 June 2024 (*Appendix 7*) that as at 30 April 2024, 1 531 dentists had enrolled in EHVS, which accounted for about 72% of the total number of dentists actively practising in the private sector. DH would continue to adopt measures to encourage more private dentists to enrol in EHVS through various channels, including introducing EHVS through the regular meetings organized for dentists by the Hong Kong Dental Association, exploring the possibility of setting up counters and booths to promote EHVS at large-scale dental academic conferences and events organized by the Association and other dental organizations, and exploring how to facilitate the enrolment of healthcare service providers in EHVS through electronic means.

55. The Committee further enquired about the number of dentists withdrawn from EHVS each year from 2018 to 2023, and their reasons for withdrawal. **Director of Health** advised at the public hearings, and **Secretary for Health** supplemented in his letter dated 7 June 2024 (*Appendix 7*) that between 2018 and 2023, the number of dentists withdrawn from EHVS ranged from 8 to 42, and the corresponding percentage among the number of dentists on the List of Enrolled Healthcare Service Providers ("the List") each year ranged from 0.54% to 3.16%. Details were set out in the above letter from the Secretary for Health. The main reasons for withdrawal from EHVS by the dentists concerned included voluntary withdrawal due to resignation or retirement, removal from the List by DH in its biennial update of the healthcare service provider database due to failure to provide the location of practice or loss of contact, and disqualification of individual dentists from EHVS due to failure to comply with the terms and conditions of the EHVS agreement.

*Emergency dental services and elderly dental care support*

---

56. The Committee asked apart from the established practice of updating the relevant databases every two years and issuing reminders to healthcare service providers, whether DH had other more effective measures to ensure timely updates of the List published on the EHVS website. **Director of Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 7 June 2024 (*Appendix 7*) that:

- according to the agreement between DH and healthcare service providers enrolled in EHVS, healthcare service providers shall immediately inform DH of any changes in the particulars or documents submitted in respect of EHVS. DH would update the List on the EHVS website on a daily basis; and
- DH would continue to disseminate regularly notifications and messages through the eHealth System (Subsidies) to healthcare service providers enrolled in EHVS to remind them to update the enrolment particulars. DH would also send regular emails to all participating healthcare organizations to remind them to pay attention to and comply with the provisions set out in the EHVS agreement. Furthermore, DH would introduce a new measure to require those inactive healthcare service providers annually to confirm whether they were still participating in EHVS and whether there had been any changes in their enrolment particulars.

57. The Committee also asked whether the dentists from medical institutions on the Mainland participating in the Pilot Scheme were registered on the List. **Secretary for Health** explained at the public hearings and supplemented in his letter dated 7 June 2024 (*Appendix 7*) that unlike the case in Hong Kong where healthcare professionals enrolled in EHVS and made claim transactions on the basis of healthcare service providers, corporate service providers participating in the Pilot Scheme enrolled in their individual capacity, and hence voucher claim transactions would be made on the basis of Outpatient Medical Centers/Medical Service Departments. As medical institutions participating in the Pilot Scheme would not provide a name list of healthcare professionals serving under various Outpatient Medical Centers/Medical Service Departments, information on dentists from the Mainland medical institutions in the Pilot Scheme would not be registered on the List.

#### **D. Implementation of the Elderly Dental Assistance Programme**

58. Referring to paragraph 4.5(c) of the Audit Report regarding making appointments with dentists participating in EDAP, the Committee enquired how the service quotas provided by the dentists concerned were determined and the arrangements to be made by the service units if an applicant did not have any preference for a specific dentist. **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 7 June 2024 (*Appendix 7*) that dentists' participation in EDAP was voluntary and the service quotas were provided by the dentists having regard to their individual/clinics' circumstances. No ceiling was imposed on the service quotas provided by dentists under EDAP. The service units would make appointments with the participating dentists according to the elderly person's preferences. If the elderly persons did not have any preference for specific dentists/dental clinics, the service units would provide information on the participating dentists/dental clinics in the same district so that the elderly persons could choose on their own accord. If the elderly persons were willing to accept cross-district appointments, the service units would provide information on the participating dentists/dental clinics in the relevant districts so that they could make their own choice.

59. According to paragraph 4.6 of the Audit Report, the participation rate of eligible elderly persons under EDAP had increased from 10% in 2018-2019 to 20% in 2022-2023. The Committee enquired about the Administration's measures to encourage more eligible elderly persons to make use of the services, and the Secretary for Health advised that the scope of EDAP would be further expanded to cover more than just fitting dentures. The Committee asked whether the aforesaid enhancement measures could effectively increase the number of EDAP participants.

60. **Secretary for Health** and **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 7 June 2024 (*Appendix 7*) that according to the Oral Health Survey conducted by DH in 2011, about 25% of elderly persons living in the community (i.e. non-institutionalized elderly persons) were in need of dentures. At present, EDAP only provided services to eligible elderly persons in need of removable dentures. The total number of EDAP beneficiaries accounted for about 20% of the number of eligible elderly persons in 2022-2023, which was similar to the 25% level mentioned above, and thus the participation rate stood at a reasonable level. The Government had planned to enhance EDAP in the third quarter of 2024 to lift the essential requirement of fitting removable dentures so as to allow eligible elderly persons to receive dental services such as dental check-ups, scaling and polishing, tooth extractions and filling without applying for dentures, with a view to promoting early identification and timely

*Emergency dental services and elderly dental care support*

---

intervention of dental diseases. The Government foresaw that there would be an increase in the number of participants. The implementing agent of EDAP (“Organization A”) entrusted by HHB would also step up efforts in promoting the enhancement measures.

61. Referring to paragraph 4.11(b)(ii) of the Audit Report regarding the eligibility checks on EDAP applicants conducted since January 2024, the Committee enquired about the number of ineligible cases identified during the random checks and the follow-up actions taken on such cases. **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 7 June 2024 (*Appendix 7*) that:

- according to the current application procedures, the service units would assist the elderly persons with their applications and would conduct initial screening as the first step to see if the elderly persons met the eligibility criteria for application. If the eligibility criteria were met, the service units would assist the elderly persons in completing the application forms and make the first appointment with the dentists of their choice. Depending on the service quotas of the chosen dentists, the elderly patients could attend their first appointment in a couple of working days at the soonest; and
- upon receipt of the application forms, the Project Office would conduct random eligibility checks prior to the elderly persons’ first attendance. Since January 2024, HHB had conducted checks on a sampling basis to see whether the applicants had previously benefited from ODCP. From January to April 2024, 23 rounds of checking were conducted in total with 318 applicants involved, of which 11 applicants were found to have benefited from ODCP (having only received dental services other than fitting dentures). Given that the applicants did not meet the eligibility criteria of EDAP, the Project Office had immediately contacted the service units and notified the elderly persons and dental clinics concerned about the cancellation of their appointments. Nevertheless, the elderly persons concerned could receive denture fitting services through ODCP.

62. The Committee further enquired whether the aforesaid ineligible cases were resulted from the elderly persons’ lack of understanding on the eligibility criteria of the two programmes, and whether the Administration had reviewed the registration procedures of EDAP (e.g. giving consideration to streamlining the application

*Emergency dental services and elderly dental care support*

---

procedures by allocating dentists to applicants in an orderly manner), enhanced the computer systems, and made use of information technology to enable the service units to verify the applicants' eligibility in a timely manner. **Secretary for Health** and **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 7 June 2024 (*Appendix 7*) that:

- EDAP aimed to provide dental services for elderly persons rather than allocating patients or resources to dentists. Dental services were relatively personalized services and it would better meet the wishes of the elderly persons by allowing them free choice of dentists/dental clinics based on their own considerations. As such, the Government did not see the need to change the existing arrangement by having Organization A directly allocate dentists to the applicants; and
- regarding the views on instantly verifying the applicants' eligibility through the computer systems, given that the upgrading of the existing computer systems involved different government departments and NGOs, HHB must give careful considerations to the interfacing arrangements of the systems with those of the organizations outside the Government, as well as the issue of data security. Apart from security concerns, additional resources would also be required for the system upgrade. Based on the principle that EDAP funded by CCF should be implemented through the existing service network where appropriate and practicable to minimize administrative costs and make optimal use of the funding for providing swift and direct assistance to the needy, coupled with the fact that simple application procedures and timely eligibility checks were currently in place under EDAP, which had in turn facilitated the elderly persons to choose dentists freely, the Government considered that there was no pressing need to upgrade the system with the provision from CCF. Organization A would also remind the service units to clearly explain the eligibility criteria to the elderly persons and gain an understanding of their situation.

63. Referring to paragraphs 4.13(b) and 4.14 of the Audit Report, the Committee enquired why the list of participating dentists/dental clinics under EDAP could not be disclosed to the public. As mentioned in paragraphs 4.21 and 4.22 of the Audit Report, the Secretary for Health agreed with Audit's recommendations and would consider disclosing the aforesaid list to the public so that applicants could have more time to choose their dentists. The Committee enquired about the progress in this regard. **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 7 June 2024 (*Appendix 7*) that according

to the Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong compiled by the Dental Council of Hong Kong (“DCHK”), dentists, whether in private or public service, might provide information about their professional services to the public only in specified ways. Any organization/group intending to provide a directory of dentists to the public must apply to and seek approval from DCHK in advance and comply with certain requirements for the compilation of the directory of dentists. Organization A would seek approval from DCHK for compiling a directory of dentists under EDAP.

64. According to paragraph 4.19 of the Audit Report, the number of new cases taken up by the participating dentists under EDAP ranged from 0 to 318 in 2022-2023; and dentists needed to regularly report the monthly service quota available for EDAP in accordance with the guidelines issued by Organization A (Note 43 in paragraph 4.5(c) of the Audit Report). The Committee enquired why there was a significant discrepancy in the number of new cases taken up by the participating dentists under EDAP, and whether the uneven distribution of cases would have any impact on the patients’ appointments. In addition, regarding dentists who had not regularly provided the monthly service quota available for EDAP according to the guidelines issued by Organization A, the Committee asked whether Organization A had put in place any mechanism to ensure the timely update of quota information in the Dental Appointment System.

65. **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 7 June 2024 (*Appendix 7*) that:

- service units would make appointments with dentists according to the preferences of the eligible elderly persons. In general, elderly persons would choose their dentists having regard to factors such as the location of clinics and date of first appointment. Under the arrangement, the service units would provide information on the participating dentists to the elderly persons, but would neither select dentists for the elderly persons nor allocate the cases to the dentists. The two participating dentists taking up the largest number of new cases in the districts concerned were veteran dentists under EDAP, who possibly gained a good reputation after serving the elderly for years. Moreover, they had provided a relatively large number of service quotas, possibly resulting in more elderly persons choosing to make consultation appointments with them. In addition, many service units had made appointments with these two dentists (i.e. some 30 service units for both of them), and thus there was no such case that individual service units had collectively



referred the applicants to these two dentists. Regarding dentists who had taken up a small number of new cases, it was generally due to their years of participation in EDAP and availability of the service quotas; and

- given that dentists' participation in EDAP was voluntary, the dentists concerned provided the service quotas voluntarily in the light of their individual/clinics' circumstances. Dentists might also adjust the service quotas whenever necessary. Upon receiving notifications of service quota adjustment, Organization A would update the system on the same day so that the service units could immediately access the latest status of service quotas through the booking system.

66. According to paragraph 4.24 of the Audit Report, the Administration would regularly review the number of participating dentists under EDAP with Organization A. The percentage of the number of participating dentists under EDAP to the number of dentists in the private sector actively practising in Hong Kong had remained at a level below 40% in the period from 2018 to 2023. The Committee enquired whether the Administration had set any indicator with Organization A regarding the percentage of dentists participating in EDAP. The Committee also noted that the average percentage of dentists enrolled in EHVS in the aforesaid period was over 60% (see Table 19 in paragraph 3.36 of the Audit Report), which was higher than the percentage of dentists participating in EDAP. The Committee asked whether the Administration had looked into the reasons for that and whether it was due to the ceiling on the amount of subsidies under EDAP.

67. **Secretary for Health** and **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 7 June 2024 (*Appendix 7*) that:

- the service charge ceilings for dental service items under EDAP, which were determined based on the subsidy of the dental grant under SWD's Comprehensive Social Security Assistance Scheme, were lower and less flexible than those in the private market. The Community Care Dentists participating in EDAP shouldered certain social responsibilities for providing removable denture fitting and other related dental care services to low-income elderly persons. Participation in EDAP was voluntary, and dentists might decide whether to participate in EDAP having regard to factors such as their personal preferences and the consultation situation of their dental clinics. Furthermore, there were a variety of specialities in the dentist industry where individual dentists

*Emergency dental services and elderly dental care support*

---

provided different dental services according to their specialities. Currently, EDAP sought to provide low-income elderly persons with removable denture fitting. Therefore, only those dentists who provided denture fitting services would consider participating in EDAP; and

- EHVS differed from EDAP in terms of their rationale, target beneficiary, mode of operation, form of subsidy and scope. EHVS provided elderly persons with vouchers for them to choose private primary healthcare services in their local communities that best suited their health needs. The target beneficiaries were not confined to low-income elderly persons. Besides, dentists were not restricted to fitting removable dentures for elderly persons under EHVS. Like most other professions under EHVS, there was no ceiling on the fees charged by dentists on the elderly. Therefore, it was not appropriate to directly compare the percentages of participating dentists between the two programmes. Under the current mode of EDAP, the Government considered it not suitable to set a target indicator for the percentage of dentists participating in EDAP. At present, the number of participating dentists was increasing year by year, from 811 at the end of December 2023 to 857 at the end of April 2024, and its percentage share in the number of dentists in the private sector actively practising in Hong Kong also increased from 38% to 40%.

68. According to paragraph 4.25 of the Audit Report, the number of dentists withdrawn from EDAP had increased from 1 to 18 from 2018-2019 to 2022-2023, and then dropped to 7 in 2023-2024 (up to December 2023). A dentist who wished to withdraw from EDAP was required to submit a notification form but not required to provide the reasons for withdrawal. The Committee sought the annual number of dentists withdrawn from EDAP and its percentage to the total number of participating dentists in the period from 2018-2019 to 2022-2023, and asked whether the Administration would consider requiring Organization A to collect from the dentists the reasons for their withdrawal in the future, so as to formulate corresponding measures to boost the participation rate of dentists in EDAP. **Secretary for Health** and **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 7 June 2024 (*Appendix 7*) that during the period from 2018-2019 to 2022-2023, the number of dentists withdrawn from EDAP ranged between 1 and 24 and the percentage of such numbers to the total number of dentists participating in EDAP ranged between 0.2% and 3.5%. The detailed information was set out in the above letter from the Secretary for Health. The number of dentists participating in EDAP was increasing in the period from 2018 to April 2024, reflecting that the withdrawal of dentists from EDAP was a normal phenomenon of

manpower wastage. From April 2024 onwards, Organization A would collect from the dentists the reasons for their withdrawal from EDAP.

69. According to paragraph 4.29(a) of the Audit Report, Organization A had indicated that under normal circumstances, if all information was checked and in order, it would take around two to four months for release of payment to the dentists/dental clinics participating in EDAP. Audit examined 100 long outstanding cases with claim forms received from dentists/dental clinics. As at 31 December 2023, 73 of those cases had been outstanding for over four months (counting from the dates of receipt of claim forms), with an average delay of about 2.1 years and the longest delay at 8.2 years. The Committee enquired about the difficulties encountered by Organization A in handling the cases and of any enhancement measures to shorten the processing time of the claims by Organization A.

70. **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** added in his letter dated 7 June 2024 (*Appendix 7*) that:

- the outstanding cases, which included 533 cases with claim forms received from dentists/dental clinics, accounted for less than 0.5% of the more than 110 000 cases processed by Organization A in the same period. In other words, the vast majority of claims for payment had been processed in a timely manner. As for the reasons for such cases to remain outstanding, apart from the investigations or legal proceedings involved in some cases, it was mainly because Organization A needed to contact the dentists/dental clinics to confirm/verify information, request them to provide explanations and/or supporting documents, and make rectifications when necessary. Under normal circumstances, if all information was checked and in order, it would take around two to four months for release of payment; and
- the Government and Organization A understood that the participating Community Care Dentists might be busy and might not be able to provide accurate information in time when submitting the claim forms. In view of the concern of Audit and the Committee about the processing time of claims, Organization A would amend the guidelines issued to dentists/dental clinics to include clear time frames for submitting claims and would follow them strictly. Organization A had also proactively increased its manpower and enhanced the computer system so as to speed up the processing of cases. The number of cases with payments disbursed in the first four months of this year marked a 22% increase from the same period last year.

71. Referring to the 13 407 outstanding cases of claims for payment (i.e. those with EDAP application dates falling between 1 June 2022 and 31 December 2023) as shown in Table 23 under paragraph 4.28 of the Audit Report, the Committee further enquired about the number of those which had their payments disbursed within two to four months upon verification of all information. **Deputy Secretary for Health** responded at the public hearings, and **Secretary for Health** supplemented in his letter dated 7 June 2024 (*Appendix 7*) that in about 77% (i.e. 10 309) of those cases, payments were disbursed within two to four months upon verification of all information.

72. According to Note 55 in paragraph 4.31 of the Audit Report, the Government had all along entrusted Organization A to be the implementing agent for EDAP since the launch of the programme. As Organization A was a local non-profit-making professional organization with a vast majority of locally registered dentists as its members, the Government had not invited other organizations to implement EDAP. Given that Organization A had an edge in the industry, the Committee enquired how the Administration could ensure a leading role and its bargaining power in its collaboration with Organization A.

73. **Secretary for Health** responded at the public hearings and supplemented in his letter dated 7 June 2024 (*Appendix 7*) that Organization A, being a local non-profit-making professional organization with a vast majority of locally registered dentists as its members, could be said to represent the dentist profession as a whole. Throughout the years, Organization A had provided the Government with invaluable professional recommendations on the implementation and enhancement of EDAP. The Government (with HHB as its representative) was responsible for administering, implementing and monitoring EDAP on behalf of the Commission on Poverty and Organization A was entrusted to be the implementing agent to assist in implementing EDAP. To ensure the Government's leading role in the collaboration, HHB had signed an explicit service agreement with Organization A, which expressly set out the obligations, undertakings and service specifications of the latter. As for the enhancement measures to EDAP approved by the Commission on Poverty after the signing of the agreement, Organization A had agreed under the agreement that it would provide the required services without having to enter into any further agreement with the Government. In addition, Organization A had to submit detailed financial reports to the Government regularly. Only after vetting would HHB request CCF to disburse the funding, including payments to the dentists/dental clinics and service units for the services provided, as well as the administration fees.

**E. Conclusions and recommendations**

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

74. The Committee:

- emphasizes that with an ageing population in Hong Kong, there is a growing public demand for dental services. Dental services in Hong Kong are mainly provided by the private sector and NGOs. Given that private dental services are costly, there is a growing demand for public and subsidized dental services from members of the public (especially the disadvantaged groups and low-income elderly persons), which will pose a heavy financial burden to the Government in the long run. There is thus a pressing need to provide more targeted and cost-effective dental services.
- notes that:
  - (a) under the civil service terms of appointment, the Government is obliged to provide dental benefits for civil servants/pensioners and their eligible dependants, and the government dental clinics under DH are established primarily for fulfilling this obligation. At present, the provision of free emergency dental treatments to the general public in designated sessions by utilizing some service capacity of the dental clinics is a form of supplementary emergency services (i.e. emergency dental services at GP sessions);
  - (b) unlike the services provided by government dental clinics, OMSDCs in public hospitals provide specialist dental treatments to hospital inpatients, patients with special oral healthcare needs and patients with dental emergency needs through referrals;
  - (c) to cater for the special needs of elderly persons, ODCP launched by the Government and EDAP funded under CCF provide dental care support services for elderly persons in RCHEs/DEs and low-income elderly persons respectively. Besides, elderly persons aged 65 or above may also use dental services provided by the private sector by making use of EHCVs;

*Emergency dental services and elderly dental care support*

---

- (d) the Working Group, established in 2022, released an Interim Report in December 2023, reviewing the existing public and subsidized dental services (including the aforesaid dental services covered in Audit’s current review), as well as making recommendations to the Government; and
- (e) Audit’s current review covers the related work from 2020 to early 2023, during which Hong Kong was being affected by the epidemic, and all government departments, including DH, had to mobilize their staff to participate in anti-epidemic work. As a restricted visiting arrangement was implemented in RCHEs/DEs during the epidemic, coupled with the fact that dental treatment procedures carry higher transmission risks, dental services could not be provided as usual amid the epidemic;

Emergency dental services at General Public sessions

- expresses grave concern and dissatisfaction that:
  - (a) since 1947 the Government has reserved around 2% of the service capacity of DH’s dental clinics to provide the general public with free emergency dental services at GP sessions, and no review has been made to this arrangement so far. Such services are currently provided as limited supplementary support by DH through designated sessions in 11 of its government dental clinics. On the other hand, government dental clinics are running at full service capacity. The longest waiting time of CSEPs for dental services (regular dental check-ups) has been lengthened from 16 months in 2021 to 48 months in 2023;
  - (b) under the influence of the epidemic and DH’s persistent shortage of dentists (an overall vacancy rate of DH dentists of nearly 30% as at 1 May 2024), the disc quota of emergency dental services provided under GP sessions to the public in the aforesaid 11 government dental clinics decreased by 19 985 (50%) from 40 322 in 2018-2019 to 20 337 in 2022-2023, and has not yet returned to the pre-epidemic level;
  - (c) given that at present, all members of the public are entitled to the emergency dental services provided through GP sessions by government dental clinics, and those who have obtained a disc are not required to undergo medical assessment before consultation,

*Emergency dental services and elderly dental care support*

---

such services may not be able to fully cater for the disadvantaged groups and elderly persons with genuine needs as the demand far exceeds the supply. This has resulted in an undesirable situation that some members of the public have to queue up earlier for a few hours (or even overnight as in the past) in order to secure a disc; and

(d) regarding DH's disc distribution arrangement for the emergency dental services at GP sessions:

- in view of its sole nature of emergency of dental services provided by government dental clinics to the public, it had been an established practice to distribute the discs to those in need on the day of service. To avoid making patients queue overnight for discs, DH had implemented "preliminary registration" since 5 September 2022 at nine of its government dental clinics that provide emergency dental services through GP sessions. The preliminary registration started at 0:00 a.m. on the day of service, whereby patients could first register for reservation of a disc and then leave. They only needed to return to the clinic half an hour before the commencement of the GP session for registration and obtaining the disc in order to receive the service. However, Audit visited the government dental clinics with emergency dental services at GP sessions in December 2023 and February 2024, and found that there were already queues at four clinics at about 5:00 pm, and three of them at which the number of people queueing up at 10:00 p.m. accounted for 36% to 57% of the disc quota; and
- moreover, at MFDC, which provides emergency dental services through GP sessions in the afternoon, patients having registered preliminarily at 0:00 a.m. were required to return to the clinic at 11:00 a.m. for registration and obtaining the disc, and then come back again at 1:30 p.m. (when the GP session commences) for the consultation (which means patients had to visit the clinic three times in total).

- notes that:

(a) the infection control measures implemented by government dental clinics during the epidemic have been incorporated into the

*Emergency dental services and elderly dental care support*

---

standard procedures required for regular service. On the recommendation of the World Health Organization, patients are briefed during the course of consultation on other treatment proposals that allow retention of natural teeth before deciding whether to undergo teeth extraction. The aforesaid new measures have prolonged the consultation time for each patient;

- (b) in May 2024, DH has kicked off the development of the online electronic disc distribution and registration system, which is expected to be launched within the year, so that members of the public will no longer need to queue at a clinic for obtaining a disc. As a temporary measure pending the launch of the system, starting from June 2024, DH has changed the preliminary registration time of its nine government dental clinics (including MFDC) from 0:00 a.m. on the day of service to 8:00 p.m. the day before. From May 2024, MFDC has also changed the time of disc distribution and registration from 11:00 a.m. to 1:00 p.m., so that patients can receive the service at 1:30 p.m. at the opening hour of the clinic immediately after completing the registration;
  - (c) the Government will, in collaboration with NGOs, increase the emergency dental services targeting the underprivileged groups with financial difficulties in 2025, with the target of providing a service capacity of at least twice the current capacity offered by government dental clinics. Under the new service model and with the continued support of government dental clinics, the quota for emergency dental services will gradually increase to 60 000. HHB is working out the details;
  - (d) the Legislative Council has completed the scrutiny of the Dentists Registration (Amendment) Bill 2024 introduced by HHB; the Bill, which seeks to relieve the manpower shortage in dental care services in Hong Kong, was passed on 10 July 2024; and
  - (e) the Director of Health has agreed with Audit's recommendations in paragraph 2.16 of the Audit Report;
- welcomes the prompt response by HHB and DH to Audit's recommendations;



*Emergency dental services and elderly dental care support*

---

- strongly recommends HHB/DH to:
  - (a) review whether it is cost-effective to provide supplementary emergency dental services to the general public with the limited resources of government dental clinics, and examine how to expand the service capacity of emergency dental treatments by making use of the service capability of NGOs and the private sector;
  - (b) explore the possibility of setting eligibility criteria (e.g. income level) for patients seeking emergency dental services at GP sessions, so as to ensure the proper use of public healthcare resources;
  - (c) put in place measures (e.g. collaborating with District Councils and community organizations) to assist those in need (elderly persons in particular) in using online electronic disc distribution and registration system, and study the feasibility of interfacing with other information and technology systems currently in use by the Government, such as iAM Smart and eHealth, to provide the public with more smart service channels of registration for emergency dental services at GP sessions; and
  - (d) pending the launch of the online electronic disc distribution and registration system, closely monitor the situation of the public queuing for obtaining the discs for emergency dental services at GP sessions as well as for completing registration, take timely corresponding measures and flexibly deploy manpower with a view to completing the registration work expeditiously to minimize the queueing time of patients, and explore the feasibility of remote delivery of dental services;

Dental services in public hospitals

- expresses serious concern that:
  - (a) in 2022-2023, the expenditure of DH under the Programme “Curative Care”, which included DH’s hospital dental services and emergency dental services at GP sessions, amounted to around \$1.2 billion, and DH did not maintain a breakdown of the respective expenditures on the two types of dental services; the expenditure of HA in that year was \$94.9 billion, with the expenditure for the

*Emergency dental services and elderly dental care support*

---

provision of hospital dental services amounting to \$45 million, representing less than 1% of HA's total expenditure;

- (b) due to the changes undergone by the government healthcare system in the past, OMSDCs at different public hospitals are managed by DH and HA respectively. Currently, DH and HA have set up OMSDCs in seven and six public hospitals respectively. In the absence of aligned management, it is difficult to devise a comprehensive plan for the development strategies and resources deployment of hospital dental services;
- (c) DH has issued guidelines to its OMSDCs on setting targets for scheduling appointments for new cases of different types (e.g. within 2 weeks for urgent cases). Since OMSDCs are located in public hospitals, information on the achievements in meeting the above targets, the waiting time for new case appointments, etc. is stored in HA's Clinical Management System. The way in which the information is maintained varies with each OMSDC, and DH does not maintain the relevant information separately;
- (d) from 2018-2019 to 2023-2024 (up to October 2023), the attendance rates of the outpatients of HA's OMSDCs for new case appointments ranged from 80% to 88%, and those of follow-up appointments ranged from 85% to 89%;
- (e) 564 referral patients had been assessed as routine cases according to the triage system of OMSDCs under HA. As at April 2024, these 564 patients had not yet been arranged for their first appointments, and HA did not maintain information on the dates of receiving the referral letters for the purpose of monitoring the OMSDCs' progress of handling the referrals. HA advised that due to limitation in the dentist manpower, the referral letters of these 564 patients had not yet been further screened by dentists in a timely manner, resulting in the inability to arrange first appointments for them right away;

- notes that:

- (a) HHB is deliberating how to merge DH's OMSDC service with that of HA with a view to achieving operational synergy and efficiency;

*Emergency dental services and elderly dental care support*

---

- (b) DH and HA have set up a task force to make recommendations on information management of hospital dental services. Starting from July 2024, DH will also set performance pledges in respect of the targets for the waiting time for different types of new case appointments at its seven OMSDCs, monitor the achievements in meeting the pledges, and compile the relevant information for analysis;
  - (c) HA's OMSDCs have begun to arrange first appointment date for the 564 referred patients starting from May 2024. For newly referred cases, patients will be assigned a first appointment date within seven working days upon submission of their referral letters;
  - (d) the Secretary for Health has agreed with Audit's recommendations in paragraph 2.33 of the Audit Report;
  - (e) the Director of Health has agreed with Audit's recommendations in paragraph 2.31 of the Audit Report;
  - (f) the Chief Executive, HA has agreed with Audit's recommendations in paragraphs 2.31(b) and 2.32 of the Audit Report; and
- urges that:
- (a) DH should maintain a breakdown of the respective expenditures on hospital dental services and emergency dental services at GP sessions so as to keep abreast of the demand for public dental services for a proper resource planning;
  - (b) HA should review whether the resources allocated to hospital dental services are sufficient to meet the growing demand for public dental services;
  - (c) HA should establish a mechanism for its OMSDCs to make good use of the disc quota released by absent patients from scheduled appointments, so as to avoid wastage of resources; and
  - (d) DH and HA should review the remuneration package for their Dental Officers and study whether there is room for improvement and alignment, with a view to reducing the attrition rate of Dental Officers.

---

---

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

75. The Committee:

Elderly dental care support

*Outreach Dental Care Programme for the Elderly*

- notes that:

- (a) NGOs participating in ODCP provide free dental care services for elderly in RCHEs/DEs across the territory. Services cover basic oral examinations, scaling and polishing, as well as fillings, extractions and dentures; and
- (b) under FSA for the 2021-2024 service period, the Government gave each NGO participating in ODCP an annual grant of \$720 per service user to provide free basic oral care (e.g. oral examinations, scaling and polishing) for elderly persons in RCHEs/DEs,<sup>2</sup> and provide elderly oral care training to their caregivers. The above grant has been raised to \$790 per year in the new service period 2024-2027;

- expresses serious concern that:

- (a) DH engages NGOs to participate in ODCP by open invitation for proposals. An NGO interested in joining ODCP may, taking into account the location(s) of its dental clinic(s) and its capacity of operating outreach programmes, propose the number of outreach dental team(s) to form and the district(s) to serve. During the two service periods under examination (i.e. October 2017 to March 2024), the number of outreach dental teams set up by each NGO ranged from 1 to 10, and the number of RCHEs/DEs assigned to each NGO ranged from 19 to 385;
- (b) in the period from 2020-2021 to 2023-2024, the achievement rate in terms of the number of service users of 2 of the 10 participating

---

<sup>2</sup> For the reimbursement of costs of further curative treatments (e.g. fitting dentures) to NGOs, reference will be drawn on the level of subsidy of the dental grant under SWD's Comprehensive Social Security Assistance Scheme.

*Emergency dental services and elderly dental care support*

---

NGOs remained low (ranging from 0.1% to 57%) due to the impact of the epidemic during the service period, and shortage of professionals or limited resources;

- (c) during the period from 2017 to 2023, the participation rates in ODCP of RCHEs/DEs under the purview of three NGOs were lower than 50% for three consecutive years. Moreover, in 2022-2023, the participation rate of RCHEs/DEs in the Sham Shui Po district was the lowest (47% only) among the 18 districts. While 37 RCHEs/DEs were assigned to an NGO in that district, none of these RCHEs/DEs participated in ODCP; on the other hand, another NGO serving the same district which was assigned 48 RCHEs/DEs achieved a participation rate of 81%. According to DH, unlike larger NGOs with extensive community networks, some smaller NGOs were met with challenges when trying to approach RCHEs/DEs for outreach services during the epidemic;
- (d) according to FSAs, NGOs are required to conduct at least one training activity to caregivers for each participating RCHE/DE in each service year. Given that some RCHEs/DEs were not willing to accept training activities by outreach dental teams during the epidemic, DH required NGOs to provide the elderly persons and their caregivers with personalized oral care plans instead, so as to fulfil the objective of ODCP in promoting oral hygiene. Under the above new arrangement, one of the NGOs did not report to DH its work on the completion of personalized oral care plans. Moreover, the percentages of RCHEs/DEs provided with training activities under the purview of four NGOs were still below 50% in 2023-2024 (up to December 2023) despite the end of the epidemic;
- (e) some NGOs failed to submit reports for ODCP (including annual evaluation reports and audited financial reports) to DH within a specified time frame as required under FSAs, and there were non-submissions and delays in the period from 2017 to 2023; and
- (f) DH had invited 27 NGOs that met the essential requirements to submit proposals for the service period 2024-2027, but only 11 NGOs (i.e. less than half of those invited) made submissions in the end;

*Emergency dental services and elderly dental care support*

---

- notes that:
  - (a) DH held a discussion with SWD in May 2024, and will work together to strengthen the promotion for ODCP and follow up on RCHEs/DEs that do not participate in ODCP;
  - (b) individual NGOs have submitted belatedly the information on the delivery of training activities through the completion of personalized oral care plans. In the 2023-2024 service year, the percentages of RCHEs/DEs provided with training activities under the purview of all NGOs exceeded 50%;
  - (c) from 2020 to 2023, the progress of submission of reports by NGOs was affected by the epidemic. For the new service period of 2024-2027, DH will penalize (e.g. issuing warnings or withholding funding) NGOs that fail to submit their reports in accordance with FSA, and has since March 2024 issued an operational manual which provides guidelines for DH staff in monitoring the implementation of ODCP (including the timing for report submission);
  - (d) the Director of Health has agreed with Audit’s recommendations in paragraph 3.32 of the Audit Report; and
  - (e) the Director of Social Welfare has agreed with Audit’s recommendations in paragraphs 3.32(b) and (c) of the Audit Report;
- strongly recommends DH to:
  - (a) adopt a demand-based approach in assigning RCHEs/DEs to NGOs for the provision of outreach dental services having regard to the demand for services in individual districts, in addition to taking into consideration the service capacities of NGOs, so as to ensure that elderly persons in each RCHE/DE will be provided with dental services and to avoid mismatch of resources;
  - (b) encourage more NGOs to participate in ODCP by communicating proactively with NGOs to address their needs and to provide support as appropriate, and consider adjusting the FSA requirements and provisions in the light of individual NGO’s manpower and resources; and

- (c) step up cooperation with SWD to promote the participation of RCHEs/DEs in ODCP;

*Elderly Health Care Voucher Scheme*

- expresses concern that:
  - (a) from 2021 to 2023, the EHCV amount claimed by elderly persons for private dental services increased by about 16% from some \$355 million to some \$413 million, and the average amount per claim transaction for dentists increased by around 8% from \$1,153 to \$1,247. The Government has no plan at present to introduce vouchers under EHVS designated for dental services;
  - (b) the “Pilot Scheme for the Use of Elderly Health Care Voucher at the University of Hong Kong-Shenzhen Hospital” was regularized in June 2019. The number of voucher claim transactions in paying for the dental services provided by HKU-SZH increased from 797 in 2021 to 1 269 in 2023, and the amount involved from some HK\$300,000 to around HK\$460,000;
  - (c) as at 30 April 2024, a total of 1 531 dentists had enrolled in EHVS, accounting for about 72% of the number of dentists actively practising in the private sector; and
  - (d) Audit made anonymous enquiries to 20 private dental clinics involving 41 dentists on the EHVS dentist list as at 31 January 2024, and found that 4 dentists no longer allowed patients to use EHCVs and 11 dentists no longer worked in the clinics;
- notes that the Director of Health has agreed with Audit’s recommendations in paragraph 3.38 of the Audit Report;
- suggests that DH should:
  - (a) formulate measures to facilitate more elderly persons to use EHCVs for the private dental services in Hong Kong and the dental services provided by HKU-SZH, with a view to relieving the demand for public dental services in Hong Kong; and

- (b) continue to encourage more dentists in the private sector to participate in EHVS, and ensure that the list of enrolled dentists published on the website is updated in a timely manner;

Elderly Dental Assistance Programme under the Community Care Fund

- notes that EDAP aims to provide free removable dentures services and other related dental treatment services for low-income elderly persons who are using the home care services subvented by SWD or persons receiving the Old Age Living Allowance;
- expresses serious concern that:
  - (a) while the participation rate in EDAP increased from 10% in 2018-2019 to 20% in 2022-2023, it was pointed out in the Interim Report of the Working Group that the number of applicants for EDAP was rather low. For the service years 2018-2019 to 2022-2023, the actual numbers of beneficiaries under EDAP were less than the numbers estimated by Organization A (entrusted by HHB to be the implementing agent for EDAP) by 13% to 53%. DH, however, advised that according to the Oral Health Survey conducted in 2011, around 25% of elderly persons living in the community were in need of dentures; the aforesaid participation rate of 20% in EDAP in 2022-2023 was therefore reasonable;
  - (b) from September 2015 onwards, elderly persons who have not benefited from ODCP previously are eligible to apply for assistance under EDAP. However, HHB had not conducted random checking against DH records on whether there were cases of double benefits. It was not until January 2024 that HHB started to carry out the checks on a sampling basis. As at April 2024, 318 applicants were involved in the checks with 11 ineligible cases found;
  - (c) the choice of and the appointment with the dentists under EDAP are arranged based on the applicant's preference. In 2022-2023, there was a significant variation in the number of new cases taken up by participating dentists under EDAP, ranging from 0 to 318. Some applicants did not indicate preference for specific dentists, while there were cases where the reasons for making appointment with particular dentists were not documented;



*Emergency dental services and elderly dental care support*

---

- (d) according to the guidelines issued by Organization A, the information of the dentists/dental clinics available for appointment will not be made known to applicants until the application is received, and this is inconsistent with the practice of other similar government-subsidized programmes (e.g. EHVS) which make accessible the practice information and professional qualifications of service providers;
  - (e) in the period from 2018 to 2023, while the number of participating dentists under EDAP increased every year, from 634 to 811 (around 28%), its percentage share in the number of dentists in the private sector actively practising in Hong Kong remained lower than 40%. As at end of April 2024, the number of participating dentists has increased to 857, and its percentage share in the number of dentists in the private sector actively practising in Hong Kong has increased to 40%. A dentist who wishes to withdraw from EDAP is not required to provide the reasons for withdrawal; and
  - (f) it normally takes around two to four months for Organization A to release the payment of fees to dentists/dental clinics participating in EDAP. As at 31 December 2023, for cases with claim forms received from dentists/dental clinics, the time lapse for 533 of the cases was over 1.6 years from the EDAP application dates. While such cases accounted for less than 0.5% of the cases processed by Organization A in the same period, Audit found that some cases had been outstanding for as long as 8.2 years. According to HHB, apart from the fact that some of the cases involved investigations or legal proceedings, the cases had been outstanding because Organization A needed to verify information with the dentists/dental clinics concerned;
- notes that:
- (a) the Government has planned to enhance EDAP in the third quarter of 2024 by lifting the essential requirement of fitting removable dentures, so as to expand the scope of service and enable eligible elderly persons to receive dental services such as dental check-ups, scaling and polishing, tooth extractions and fillings without applying for dentures. Organization A will step up promotion efforts for the above enhancement measures. The Government expects that there will be an increase in the number of participants in EDAP;

*Emergency dental services and elderly dental care support*

---

- (b) according to the Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong compiled by DCHK, dentists may provide information about their professional services to the public only in specified ways. Organization A will seek approval from DCHK as per the Guidance for compiling a directory of dentists under EDAP;
  - (c) Organization A will include clear time frames for claims of service fees in the guidelines issued to dentists/dental clinics, and will increase its manpower and enhance the computer system so as to speed up the processing of cases; and
  - (d) the Secretary for Health has agreed with Audit's recommendations in paragraphs 4.21, 4.41 and 4.46 of the Audit Report;
- suggests that HHB should:
- (a) step up efforts to assist elderly persons in the application for EDAP, and make use of information technology to enable timely verification of the applicants' eligibility, subject to availability of resources;
  - (b) urge Organization A to compile as soon as possible a directory of participating dentists/dental clinics under EDAP for public perusal upon approval from DCHK;
  - (c) enhance communication with Organization A, continue to keep abreast of the number of dentists participating in EDAP, take measures to encourage more dentists/dental clinics to participate in EDAP, and request Organization A to collect reasons for dentists' withdrawal from EDAP, which serve as reference in formulating the corresponding measures; and
  - (d) be more proactive and responsive in the collaboration with Organization A, and help Organization A enhance the effectiveness in implementing EDAP;

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

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

*Gifted education*

---

---

The Audit Commission (“Audit”) conducted a review on the work of the Education Bureau (“EDB”) and The Hong Kong Academy for Gifted Education (“HKAGE”) in providing gifted education.

2. Hon Edmund WONG Chun-sek declared that he had provided professional services to HKAGE.

3. EDB is responsible for the development and implementation of gifted education policy in Hong Kong. HKAGE works together with EDB in the provision of gifted education. Established in 2008 as a private company limited by guarantee, HKAGE became a non-profit organization subvented by EDB in 2017. In 2016, the Finance Committee of the Legislative Council approved the creation of a new commitment for the establishment of the Gifted Education Fund (“GE Fund”), which supports the operation of HKAGE and the provision of Off-school Advanced Learning Programmes (“OSALPs”) for gifted students in Hong Kong. The Permanent Secretary for Education Incorporated acts as the trustee of GE Fund. Since its establishment and up to 2023, the total funding approved for GE Fund amounted to \$2.2 billion.

4. In the financial year 2022-2023,<sup>1</sup> HKAGE’s total income was \$51.4 million, which mainly comprised the Government subvention of \$50.6 million (98%). In the same year, the total expenditure incurred by HKAGE was \$52.1 million. As at 31 December 2023, HKAGE had 57 staff. In the period from the financial years 2018-2019 to 2022-2023, the staff costs incurred by HKAGE increased by \$4.6 million (15%) from \$30.3 million to \$34.9 million.

5. The Committee noted the following Audit’s findings:

Identifying and developing talents of gifted students

- from 2018-2019 school year to 2022-2023 school year (all years mentioned hereinafter refer to school years unless otherwise stated), only about half of the nominated students had completed the Online Screening Programme, ranging from 45% in 2019-2020 to 62% in 2021-2022. The overall percentage for the period was 56%. Some parents had indicated to HKAGE that the online platform for the Online

---

<sup>1</sup> HKAGE’s financial year starts on 1 September and ends on 31 August of the following year.

*Gifted education*

---

Screening Programme was unstable, and thus the final assessment of the Programme could not be completed within the allowed time;

- up to 2022-2023, the questions in the Online Screening Programme's final assessment had been used for more than six years. The issue was discussed at a meeting of HKAGE in January 2023. However, up to January 2024, no action had been taken to review the assessment questions. According to HKAGE, a development project on a new set of identification tools commenced in September 2023 and was scheduled for completion by December 2025;
- Audit's examination of the records of Student Profile Screening<sup>2</sup> conducted for the 3 315 student profiles in 2022-2023 revealed that the two members of the Selection Committee did not give any comments on the students based on the three assessment criteria, and no documentation was maintained on the justifications for the scores given by them. In the period, 607 marginal cases were all accepted, but no documentary evidence showed that re-examination had been conducted for 579 marginal cases before they were accepted. Moreover, there were 573 cases with aggregate score of 3, which were accepted without documentation on the justifications of doing so. There were also 15 cases accepted by the Senior Management Team despite the Quality Control Team's recommendation to reject. However, there was no documentation on the justifications for such decision;
- Audit's analysis of the passing rates in the Student Profile Screening conducted from 2018-2019 to 2022-2023 showed that the passing rate of students from School Nomination (49%) was lower than that of students from Parent Nomination (70%);
- from 2018-2019 to 2022-2023, the success rate of membership applications from students nominated via School Nomination (ranging from 11% to 16% each year, averaging 13%) were lower than that of

---

<sup>2</sup> Each student profile is examined by two Selection Committee members, who will each give a score ranging from 1 (lowest score) to 3 (highest score). The score is given based on the evaluation of the three assessment criteria, namely academic achievements, achievements in specific areas and the quality of creative work submitted. Students who have shown outstanding academic achievements, prominent and substantial achievement in specific area, and submitted highly creative work will be given a score of 3. The aggregate score of the two Selection Committee members is used to determine whether the students are accepted (i.e. aggregate score higher than 4), rejected (i.e. aggregate score less than 4), or regarded as marginal cases (i.e. aggregate score equal to 4).

*Gifted education*

---

applications from students nominated via Parent Nomination (ranging from 27% to 51% each year, averaging 33%);

- from 2020-2021 to 2022-2023, the average completion rate of the 1 246 face-to-face programmes held for gifted students was 84.9%, and 26 (2%) of them had the completion rate lower than 50%. For the 108 online programmes conducted during the period, the average completion rate was 39.7%, and 62 (57%) of them had the completion rate below 50%. Starting from the Three-year Business Plan of 2021-2022 to 2023-2024, HKAGE had not set aimed completion rates for its programmes for gifted students as required by the service agreement signed with the Government. There was also no documentary evidence showing the justifications for not setting annual performance targets for completion rate;
- the average completion rates for parent programmes in 2021-2022 and 2022-2023 were 62% and 73% respectively. The completion rates of 6 (16%) of the 38 parent programmes held in 2021-2022 and 5 (16%) of the 31 parent programmes held in 2022-2023 were below 50%. HKAGE had not set performance target for the completion rate of parent programmes as required by the service agreement signed with the Government;

Governance and administrative issues of HKAGE

- 15 (79%) of the 19 performance indicators listed in the service agreement signed between the Government and HKAGE had not included in HKAGE's Business Plan and no targets had been set;
- Audit's review of HKAGE's nine Board meetings held between 2020-2021 and 2022-2023 revealed that the requirement of serving meeting notice at least 10 business days before the date of the meeting was not complied with in eight (89%) meetings, and the requirement of serving meeting documents at least five business days before the date of the meeting was not complied with in three (33%) meetings;
- regarding the Sexual Conviction Record Check ("SCRC"), from 2019-2020 to 2022-2023, of 36 new HKAGE's employees, for eight (22%) employees, the dates of SCRC results were long before the employment dates (averaging 238 days). For eight (22%) other employees, SCRC results were obtained after they had started employment. HKAGE was also found that it did not seek

*Gifted education*

---

confirmations from the service providers of 20 programmes completed in 2021-2022 on their compliance with SCRC requirements;

EDB's support measures for gifted education

- from 2018-2019 to 2022-2023, of the 364 Professional Development Programmes on gifted education for all schools, the completion rates of programmes for all schools (averaging 78%) were relatively lower than those for targeted schools (averaging 99.9%), and the completion rates of programmes for all schools were on a decreasing trend, from 84% in 2018-2019 to 69% in 2022-2023;
- regarding the funding applications for OSALP, from 2019-2020 to 2022-2023, 234 invitations were sent to post-secondary institutions, but only 69 applications (29%) were received. For the three other types of organizations (i.e. professional bodies, technology enterprises and non-governmental organizations), 69 invitations were sent and 56 applications (81%) were received;
- Audit's examination of the records for submission of financial statements and reports by OSALP providers in the period from September 2019 to January 2024 discovered that 18 (58%) of the 31 Final Financial Reports and 12 (39%) of the 31 Final Reports were submitted late (averaging 34 days); and
- Audit's examination of 92 lesson observations carried out by EDB on 31 OSALPs completed in the period from September 2019 to September 2023 showed that only 29 (32%) had written records on the results of the lesson observations and 74 had no record showing that the comments and/or views arising from the observations had been communicated to the programme providers. There was also no record showing that EDB had taken actions to ensure that the comments and/or views arising from all the 92 lesson observations had been followed up by the programme providers.

6. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to the issues raised by Audit. The replies from the **Secretary for Education** and the **Executive Director, HKAGE** are in *Appendices 9* and *10* respectively.

*Gifted education*

---

7. The Committee wishes to be kept informed of the progress in implementing Audit's recommendations.



The Audit Commission (“Audit”) conducted a review to examine the work of Hongkong Post (“HKP”) in business development with a focus on its non-traditional services (including e-commerce services,<sup>1</sup> philately services and ancillary services).

2. The Commerce and Economic Development Bureau (“CEDB”) is responsible for, inter alia, formulating and reviewing the Government’s policies and aims for postal services as well as setting the policy objectives and performance targets of HKP. In August 1995, the Post Office Trading Fund was established to manage and account for the operation of HKP. In the 10-year period from 2013-2014 to 2022-2023, HKP recorded losses from operations in seven years and did not meet the target rates of return on fixed assets in nine years. In 2022-2023, HKP recorded a revenue of \$4,089 million, a loss from operations of \$305 million and a rate of return on fixed assets of -13% (target: 1.5%). In the period from 2018-2019 to 2022-2023, the revenue from non-traditional services accounted for 48% to 56% of HKP’s revenue each year.

3. The Committee noted the following Audit’s findings:

E-commerce services

- from 2018-2019 to 2022-2023, the profitability of local e-commerce services was negative each year throughout the period. The deficit was around three-fold of the revenue each year during the period, and had improved gradually towards 2022-2023;
- from 2018-2019 to 2022-2023, the revenue and the mail volume of non-local e-commerce services decreased by 30% and 69% respectively. For the profitability of non-local e-commerce services in the period, HKP recorded a modest profit margin of less than 5% from 2018-2019 to 2021-2022, and there was a drop in profitability in 2022-2023, with a slight deficit in the year;
- in the three-year period from 2020-2021 to 2022-2023, the actual revenues from local e-commerce services fell short of the budgeted revenues by 69%, 64% and 71% respectively; and the actual revenues

---

<sup>1</sup> In view of the rapid growth of the local and non-local e-commerce markets, HKP has developed a range of services that address the specific needs of Internet traders and e-shoppers. While these services cover both traditional mail items and e-commerce mail items, HKP refers them as e-commerce services.

from non-local e-commerce services fell short of the budgeted revenues by 22%, 27% and 54% respectively;

### Stamps and philately

- Audit's examination of the selection exercise of stamp themes by the Stamp Advisory Committee ("SAC") in the period from January 2018 to December 2023 discovered that there was no documentation showing that SAC was provided in the shortlisting process with information on the revenue of past issues of similar stamp themes for reference and the reasons why the remaining suggested stamp themes were not shortlisted. There was also no systematic approach for SAC to assess the relative merits of the suggested stamp themes in the shortlisting exercise;
- up to 31 January 2024, the face value of unsold stocks of special/commemorative stamps amounted to around \$137 million. Contrary to HKP's guidelines,<sup>2</sup> unsold stocks of special/commemorative stamps issued in 2021 or before (i.e. more than two years ago) with face value amounting to \$86.6 million (up to 31 January 2024) had not been disposed of;
- notwithstanding that the epidemic of Coronavirus Disease 2019 had ceased, HKP had not yet resumed the Inter-School Stamp Exhibits Competition organized jointly with the Education Bureau, as well as the workshops of developing stamp exhibits with local philatelic societies, which had been suspended amid the epidemic. According to HKP, the ageing local community of philatelists had affected the longer term prospects of HKP's philatelic business;

### Other issues

- from 2018-2019 to 2022-2023, the revenue from Post Office Boxes decreased by 14% from \$18.2 million in 2018-2019 to \$15.6 million in 2022-2023; the revenue from Mail Redirection Service decreased by 10% from \$21.8 million in 2018-2019 to \$19.7 million in 2022-2023; and the revenue from PayThruPost decreased by 19% from \$60.2 million in 2018-2019 to \$48.6 million in 2022-2023;

---

<sup>2</sup> According to HKP's guidelines for destruction of obsolete stamps and philatelic products, stamp destruction exercises would be arranged as and when required, and all obsolete special/commemorative stamps and the related philatelic products should be disposed of two years after their dates of issue.

- for the 21 souvenir items listed on ShopThruPost's website in January 2024, 7 (33%) items with availability discontinued were not removed from the website. Of the remaining 14 items available for sale, for 9 (64%) items, no sales were recorded in 2022-2023 and zero or only single digit quantity were sold in each of the four years from 2018-2019 to 2021-2022; and
- there were delays in the submission by HKP and the approval by the Financial Services and the Treasury Bureau and CEDB of all the 12 finalized corporate plans and business plans for the financial years from 2018-2019 to 2023-2024. The average delay in submission was 46 days (ranging from 20 to 58 days). The average delay for the approval by the Financial Services and the Treasury Bureau was 54 days (ranging from 28 to 121 days) and for CEDB's approval was 68 days (ranging from 16 to 186 days).

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to the issues raised by Audit. The replies from the **Postmaster General** are in *Appendix 11*.

5. The Committee wishes to be kept informed of the progress in implementing Audit's recommendations.

## **A. Introduction**

The Audit Commission (“Audit”) conducted a review on the provision and monitoring of Rehabus services.

2. Hon Edmund WONG Chun-sek declared that he had provided professional services to a Rehabus service operator.

### Background

3. The objective of the Government’s rehabilitation policy is to provide suitable support and necessary facilities to persons with disabilities (“PWDs”) to help them develop their potentials so that they can participate in various activities on an equal basis with others, thereby facilitating their full integration into society. To meet the transport needs of PWDs, Rehabus services are provided for those who are unable to use public transport services. Since 1980, Rehabus services have been subvented by the Government. There are three main types of Rehabus services, i.e. scheduled route service (“SRS”), dial-a-ride service (“DAR”) and feeder service. Since 1978, Rehabus services have been operated by Operator A. In June 2019, Operator B was engaged as the operator for feeder service to allow Operator A to concentrate its resources on SRS and DAR.

4. The Labour and Welfare Bureau (“LWB”) is responsible for overseeing the overall policy of Rehabus services and the Transport Department (“TD”) is responsible for administering the Government subvention and monitoring of the provision of Rehabus services. A Memorandum of Understanding (“MOU”) was signed between TD and each of the two operators setting out the general principles and guidelines governing the role of the operators and the administrative arrangements for the Government. In 2022-2023, the amounts of subvention provided to Operator A and Operator B were \$112 million and \$13 million respectively.

5. The Committee held three public hearings on 20, 21 and 25 May 2024 to receive evidence. The opening statement made by **Mr Chris SUN Yuk-han, Secretary for Labour and Welfare**, at the first public hearing is in *Appendix 12*.

Overall policy on Rehabus

6. With reference to paragraph 1.2 of the Director of Audit’s Report No. 82 (“the Audit Report”) on the Government’s rehabilitation policy and the transport needs of PWDs, the Committee enquired whether the Administration had made an estimate of the number of PWDs in Hong Kong eligible for Rehabus Services and their transport needs. The Committee also enquired about the number of public transport modes that provided barrier-free transport in Hong Kong, and the various public transport concessions currently available to PWDs.

7. **Secretary for Labour and Welfare** and **Ms Angela LEE Chung-yan, Commissioner for Transport** advised at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 11 June 2024 (*Appendix 13*) that according to a territory-wide survey on PWDs conducted by the Census and Statistics Department between 2019 and 2020, there were about 534 200 PWDs (excluding persons with intellectual disabilities) in Hong Kong in 2020, accounting for 7.1% of the total population. As PWDs eligible for Rehabus services included individuals and PWDs served by registered organizations, the Government was unable to provide the number of PWDs eligible for Rehabus services. However, LWB and TD had been closely monitoring the changes in demand for Rehabus services. Apart from monitoring the services through passenger statistics, the two operators would regularly collect information on user demand through the Rehabus Users’ Liaison Group (“ULG”) and conducting service survey. As of April 2024, Hong Kong had around 4 800 wheelchair accessible barrier-free taxis, around 6 200 low-floor wheelchair accessible buses, and five low-floor green minibuses serving hospital routes. The Administration had introduced a scheme whereby eligible PWDs could travel on designated public transport modes and services at a concessionary fare of \$2 per trip, and provided a monthly transport supplement of \$335 to recipients under the Comprehensive Social Security Assistance Scheme aged 12 to 64 with 100% disability and recipients of Disability Allowance. Some rehabilitation services units subvented by the Social Welfare Department also provided centre buses, which provided transport services for PWDs travelling to and from home/residential care homes and day centres, as well as to attend follow-up consultations at hospitals, participate in outdoor activities, etc.

8. When asked about the current amount of subsidy per passenger trip for Rehabus services and whether the Administration would review afresh the policy and positioning of Rehabus services and consider providing more flexible and cost-effective options for PWDs (such as using vouchers or directly subsidizing PWDs to use wheelchair accessible modes of transport), **Secretary for Labour and Welfare**

advised at the public hearings and supplemented in his letters dated 11 and 19 June 2024 (*Appendices 13 and 14*) that the average amount of subsidy per passenger trip provided by the Government to Operator A and Operator B in 2023-2024 was \$154 and \$245 respectively. The Administration was open to the suggestion of increasing the use of wheelchair accessible modes of transport by PWDs in the form of vouchers or direct subsidy, and would explore the feasibility of providing more choices for PWDs in due course. Rehabus services were specifically provided for PWDs and covered the entire territory. In 2023-2024, the total passenger trips of Rehabus services were over 870 000. LWB, together with TD and the operators, would actively follow up on the views and recommendations of Audit and the Committee, and continue to enhance Rehabus services to meet the transport needs of PWDs.

#### Mitigation of the risks of having a single operator for operating Rehabus services

9. According to paragraph 1.5 of the Audit Report, the Administration first invited interested parties to submit proposals for operating the Rehabus feeder service in December 2018. The Committee enquired about the Administration's justification for the above decision and the reasons for not splitting SRS and DAR with higher patronage and inviting interested parties to participate in running such services.

10. **Miss Vega WONG Sau-wai, Commissioner for Rehabilitation, LWB** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letters dated 11 and 19 June 2024 (*Appendices 13 and 14*) that in 2016, the Government received expression of interest from bus operators in operating Rehabus services. To allow Operator A to concentrate its resources on SRS and DAR, and to better control the risks of having a sole operator for operating the expanding Rehabus services, TD issued an open invitation in December 2018 to eligible parties to submit proposals for operating the feeder service (including weekend recreational service). When choosing the feeder service for the introduction of new operators, the Government had considered various factors, including the nature and scale of different types of Rehabus services, the feasibility of splitting certain services, and the expected capabilities of the potential operators to operate the relevant service. The nature of Rehabus feeder service with fixed schedule and fixed route was similar to most of the current public transport services, and it would be easier for a new operator to take over its management. Also, synergy effect could be created by having both SRS and DAR operated by the same operator. For example, SRS was mainly provided during peak hours while the operator could flexibly deploy the vehicles to provide DAR during non-peak hours.

11. The Committee enquired whether the response to the invitations issued in December 2018 and November 2021 respectively for interested operators to submit proposals for the feeder service had been enthusiastic. **Secretary for Labour and Welfare** replied in his letter dated 11 June 2024 (*Appendix 13*) that TD received proposals from four and two operators respectively in the two invitations.

#### Arrangements for signing Memoranda of Understanding

12. According to paragraph 1.8 of the Audit Report, an MOU was signed between TD and each of the two operators (referred to as “MOU A” and “MOU B” respectively). The Committee expressed concern about the effectiveness of regulating Rehabus services by way of a non-legally binding MOU, and enquired whether the Administration would consider adopting other legally binding instruments to replace the MOU. **Commissioner for Rehabilitation, LWB** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letters dated 13 May 2024 and 11 June 2024 (*Appendices 15 and 13*) that:

- an MOU was an administrative arrangement, the content of which was formulated having regard to the service recipients, operational needs and the circumstances of subvented organizations. The arrangement of entering into an MOU with each of the two Rehabus operators was in compliance with the guidelines stipulated in paragraph 15.1<sup>1</sup> of Financial Circular No. 9/2004 “Guidelines on the Management and Control of Government Funding for Subvented Organisations” (“the financial guidelines”);
- the MOUs signed between TD and the two operators set out the general principles and guidelines governing the role of the operators and the administrative arrangements of the Government, including the operation and management arrangement of Rehabus services, subvention and financial arrangements, requirements for regular submission of financial documents and operating statistics as well as performance targets. The MOUs expressly provided that if the operators failed or refused to

---

<sup>1</sup> Paragraph 15.1 of Financial Circular No. 9/2004 states that “[t]he Controlling Officer should let the organisation receiving recurrent funding from the Government know how these and other guidelines would be applied in their cases. As a matter of good management, Directors of Bureaux or the relevant Controlling Officers should preferably enter into a Memorandum of Administrative Arrangements or a similar instrument with each organisation receiving recurrent funding from the Government under their purview. Such tailor-made instruments should, having regard to these guidelines, set out the responsibilities of all parties in the delivery and monitoring of government-funded services and capital projects.”

comply fully with the MOUs, the Government might unilaterally terminate the concerned MOUs and cease to provide funding;

- currently, the monitoring of the two Rehabus operators through the MOUs was generally effective. The Government had been supervising the two operators on the provision of Rehabus services and giving them advice as and when necessary. The Government would also review the Rehabus service arrangements with the operators and formulate appropriate monitoring measures from time to time to meet the demand of service users, while ensuring the appropriate use of public funds; and
- the Government would periodically review the existing MOUs and take into account the views of various stakeholders and the Committee so as to review the existing monitoring mechanism in a timely manner and ensure effective monitoring of the service performance of the Rehabus operators.

13. With reference to the guidelines set out in paragraph 15.1 of the financial guidelines, the Committee asked the Financial Services and the Treasury Bureau (“FSTB”) to provide a response explaining how, under the circumstance that the MOU signed between TD and each of the two operators fell within the category of an instrument of Memorandum of Administrative Arrangements, which did not create any legally enforceable rights or impose any legally binding obligations, Controlling Officers could effectively monitor the subvented organizations and ensure the appropriate use of public funds through such an instrument. The Committee also sought an explanation from FSTB as to why the adoption of such an instrument was considered good management practice, and why such recommendations were made to Controlling Officers.

14. **Miss Amy WONG Ka-man, Acting Deputy Secretary for Financial Services and the Treasury (Treasury)** 1 explained at the public hearings, and **Secretary for Financial Services and the Treasury** supplemented in his letter dated 13 June 2024 (*Appendix 16*) that:

- paragraphs 1.6 and 1.7 of the financial guidelines underlined the need for Controlling Officers to duly perform their statutory responsibilities under the Public Finance Ordinance (Cap. 2), including that in all circumstances, they should satisfy themselves that an appropriate system of cost control and monitoring was in place for overseeing the spending of public money by subvented organizations having regard to the



economic benefits, efficiency and effectiveness in the delivery of public service and use of public funds with a view to ensuring the proper use of public funds. Given the different nature and circumstances of individual subvented organizations, Controlling Officers might consider and draw up appropriate measures for monitoring individual organizations taking into account the specific circumstances;

- Part 15 of the financial guidelines sought to remind Directors of Bureaux or Controlling Officers of the need to consider entering into instruments with the organizations receiving recurrent funding from the Government, setting out the responsibilities of all parties in the delivery and monitoring of government-funded services and capital projects. Paragraph 1.2 of the financial guidelines also stipulated that the financial guidelines would not override the measures and terms of instruments that had been drawn up by the relevant Directors of Bureaux or Controlling Officers for individual subvented organizations. In accordance with the financial guidelines including the principles mentioned above, Directors of Bureaux or Controlling Officers should, after taking into account the different nature and circumstances of individual subvented organizations and the public services delivered by the relevant organizations, draw up instruments for the effective monitoring of these organizations; and
- in response to the concerns raised in the Audit Report, FSTB was reviewing the financial guidelines, in particular Part 15, with a view to further reminding Controlling Officers of the aforementioned principles and the need to draw up instruments for the effective monitoring of the subvented organizations in order to ensure proper use of public funds. FSTB would complete the review and update the financial guidelines as soon as practicable. With regard to the cases mentioned in the Audit Report, FSTB trusted that relevant Director of Bureau and Controlling Officer, taking into account the views of the Committee, would review the existing instruments and monitoring mechanism in a timely manner so as to ensure effective monitoring of the subvented organizations concerned.

15. The Committee enquired about the frequency and details of the periodic reviews of the MOUs that LWB and TD had conducted in the past, whether the operators were required to return the subvention if the operators' services did not meet the performance targets, and the circumstances under which the Administration would terminate the MOUs signed with the operators. **Commissioner for Transport**

advised at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 19 June 2024 (*Appendix 14*) that:

- since 2004, TD had entered into an MOU with Operator A. Since then, TD had held regular meetings with Operator A to review the requirements stipulated in the MOU, including the operation, management, service performance targets and other aspects of Rehabus services;
- in line with the latest operational requirements after introducing Operator B and in order to be as consistent as possible with the requirements and wordings, etc. set out in MOU B, TD had kicked-started in March 2020 the discussion with Operator A on updating MOU A, including adding additional clauses and revising some clauses. The updated MOU A was signed in April 2024;
- TD signed a supplementary agreement to MOU with Operator B in April 2024 to add relevant provisions on safeguarding national security;
- there were discrepancies between the service performance of the two operators in terms of the number of passenger trips of Rehabus services and the target in recent years. It was mainly due to the relatively great impact of the epidemic on travel demand. The situation was beyond the control of the two operators and they could not reduce the frequency of service accordingly, or else it would cause great inconvenience to PWDs using Rehabus services. Therefore, the Government did not require the operators to return the subvention on a pro-rata basis for not meeting the target passenger trips; and
- the MOUs expressly provided that if the operators failed or refused to comply fully with the MOUs, the Government might unilaterally terminate the concerned MOUs and cease to provide funding. The Administration would, depending on the nature and gravity of the non-compliance, consider issuing an advice or a warning, and require the operators to implement rectification and improvement measures.

16. The Committee enquired whether FSTB had established a regular mechanism for conducting periodic reviews of the recognized status of charities that had obtained tax-exempt status under section 88 of the Inland Revenue Ordinance (Cap. 112) (“IRO”) and the relevant details, and how the Administration monitored the operations of these charities to ensure that the tax-exempt status granted to them under IRO was

not misused. **Acting Deputy Secretary for Financial Services and the Treasury (Treasury) 1** explained at the public hearings, and **Secretary for Financial Services and the Treasury** supplemented in his letter dated 13 June 2024 (*Appendix 16*) that:

- section 88 of IRO provided that a charitable institution or trust of a public character (collectively referred to as “charity”) was exempted from profits tax subject to the fulfilment of certain conditions in relation to the trade or business carried on by the charity concerned. The Inland Revenue Department (“IRD”) was mainly responsible for the assessment and collection of taxes in accordance with IRO, including processing applications for recognition of tax exemption status under section 88 of IRO filed by charities. When processing such applications, IRD had to consider whether the organization was a charity at law, i.e. the institution or trust must be established for purposes which were exclusively charitable and these purposes were charitable in the strict legal sense, and for public benefit. Section 88 of IRO concerned the exemption of tax liability of charities. It did not empower IRD to monitor and regulate charities’ operations or governance;
- to protect revenue, IRD conducted regular reviews on tax-exempt charities. In the course of review, IRD would call for their accounts, annual reports, other relevant documents and information (including details of their activities) to ascertain whether their objects were still charitable; whether their acts or activities were compatible with their objects stated in their governing instruments; whether any trade or business had been carried on; and whether there were any other events that might have an impact on the recognition of their tax exemption status; and
- all charities newly recognized with tax exemption status were subject to first review two years after the recognition, whereas reviews for existing tax-exempt charities were conducted at least once every three years. If it was found that the acts or activities of a tax-exempt charity were not compatible with its stated charitable objects, its income and assets were not wholly applied towards charitable purposes, or there were any other events having an impact on the recognition of its tax exemption status, IRD would request the charity to provide further information to determine whether the recognition of its tax exemption status should be continued or withdrawn.

Service performance of the operators

17. With reference to paragraph 1.10 of the Audit Report on the performance indicators reported in TD's Controlling Officer's Reports, the Committee requested the Administration to provide the estimated and actual figures of the performance indicators for the period concerned. The Committee noted that the service performance of the two operators failed to meet the targets from 2018 to 2022 (the relevant estimated and actual figures are set out in Appendix 1 to *Appendix 13*). In particular, the number of passenger trips for Rehabus services had decreased between 2020 and 2022, while the number of vehicles had increased year-on-year. The Committee therefore enquired about the reasons for that and details of the follow-up actions taken.

18. **Commissioner for Transport** advised at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 11 June 2024 (*Appendix 13*) that:

- the discrepancies in the actual service performance and target of the two operators in aforementioned years were mainly due to the fact that the epidemic had affected the travel demand in the relevant years. During the epidemic from 2020 to 2022, TD adjusted downwards the annual target of the total passenger trips. However, the suspension of school classes/rehabilitation centres and non-emergency services of public hospitals significantly reduced the demand for Rehabus services, resulting in the actual number of passenger trips being lower than the annual target of the total passenger trips. At the same time, owing to the epidemic, the delivery of some of the additional vehicles was behind the original schedule. As a result, no additional SRS routes could be introduced for passengers on the waiting list, thereby affecting the waiting time for SRS;
- in 2023, TD anticipated that the usage of Rehabus would increase following the resumption to normalcy of society, thereby adjusting the target upwards. However, the overall number of passenger trips did not rebound as promptly as expected. For example, the number of work-based users of SRS decreased from 335 in December 2019 to 115 in December 2023, representing a reduction of 65.7%. Reasons contributing to the decrease included PWDs leaving the job market or switching to work-from-home or hybrid work mode (work outside/work-from-home) under the epidemic;

- although the epidemic had affected the overall passenger trips for Rehabus services, there were still a certain number of customers waiting for SRS, and the number of applications for DAR had been increasing year-on-year. The number of vehicles for feeder service also needed to be increased in the light of the new hospital routes. As it needed about one and a half to two years to proceed with the procurement of vehicles and vetting of budgets, obtain funding and complete the procurement, it was appropriate to plan ahead for the procurement of vehicles to meet the anticipated service need; and
- as the travel pattern had gradually stabilized in 2024, TD was following up with the two operators to review the operation of various Rehabus services, including exploring route consolidation and optimization, adoption of more “Small group” shared-use arrangements, with a view to improving the situation continuously.

19. The Committee was concerned whether using the numbers of vehicles and passenger trips as service performance indicators would inadvertently encourage operators to put greater efforts in procuring new vehicles. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letters dated 11 and 19 June 2024 (*Appendices 13 and 14*) that:

- there were currently three service performance indicators for Rehabus services, i.e. number of vehicles for Rehabus services (“allocation of vehicles”), number of passenger trips and number of persons waiting for SRS, which could be used for assessing whether the estimated demand and service level of relevant services were sufficient. In fact, the procurement of vehicles was driven by demand, i.e. the anticipated demand for Rehabus services, the adequacy of existing services and the waiting time of users, etc. Furthermore, there was an established procedure for approving the procurement of new service vehicles by the operators. TD would consider the procurement proposals submitted by the operators based on the above-mentioned factors, and hence there was no question of the operators deciding to procure new vehicles at their own discretion; and
- in setting the target passenger trips, TD would estimate the target passenger trips for relevant services based on the past patronage, additional demand and expected service level (for example, in the case of the feeder service, the expected allocation of vehicles and the number of routes to be provided in the coming year).

20. The Committee asked how the subvention provided to the operators and target passenger trips were determined, what principles and factors were considered, and how to ensure that the targets set would not be over-estimated for the purpose of obtaining more subvention. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 19 June 2024 (*Appendix 14*) that when considering the estimate of subvention, TD would examine the estimated operating expenses under the service level for the coming year with the information on hand, including the actual expenditure records in the past, and take into account various factors that affect the operating expenses of the Rehabus (e.g. the number of new vehicles to be procured, expected personal emoluments and fuel cost) in order to determine the amount of government subvention for the Rehabus in the next financial year. TD did not simply determine the amount of subvention for the service every year based on the target passenger trips and unit subsidy rate. The operation of Rehabus was non-profit-making and the subvention received must be used entirely for Rehabus services. Operators were also required to place operating surpluses into accumulated reserves. If the level of accumulated reserve at the end of the previous financial year exceeded 25% of the operator's operating expenditure for that year, the Government would deduct the excess amount from the subvention to be provided in the following year.

21. Regarding the subvention provided to the operators in respect of Rehabus services and the operating surpluses, the Committee asked the Administration to elaborate on the related payment and reconciliation arrangements, the procedures in handling surpluses, and the components and ceilings of surpluses. The Committee also enquired how the Administration would handle the case if subventions to operators were insufficient. **Secretary for Labour and Welfare** pointed out in his letter dated 19 June 2024 (*Appendix 14*) that according to the MOUs signed between TD and the operators, the operators should place the surpluses of subvention of that financial year into an accumulated reserve, which must be kept in a separate interest-bearing account with a bank licensed in Hong Kong. The level of accumulated reserve (including the interest accrued) at the end of the financial year would be capped at 25% of the operating expenditure of the operators for that year. Any amount in excess of this ceiling had to be returned to the Government by way of offsetting the subvention for the following year, or be dealt with in accordance with the arrangements agreed between the Government and the operators in the following financial year, unless the Government raised the ceiling upon application by the operators with justifications. If the amount of subvention was insufficient for a particular financial year due to circumstances beyond the control of the operators and/or unforeseen events occurring at the time of submitting the application for subvention/budget, the operators might apply to the Government for drawing funds from the accumulated reserve in order to meet the operating expenditure of Rehabus.

**B. Monitoring of Rehabus operators and procurement of vehicles**

22. Referring to paragraph 2.3 of the Audit Report, the Committee asked why the Administration had failed to update MOU A for so many years and how it could effectively monitor the work of operator A without an updated MOU. **Commissioner for Rehabilitation, LWB** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 11 June 2024 (*Appendix 13*) that in mid-2019, TD introduced a second Rehabus service operator, i.e. Operator B, to take over the operation of Rehabus feeder service and signed an MOU with Operator B. In line with the latest operational requirements after the introduction of a new operator and in order to be as consistent as possible with the wordings, etc. of the requirements set out in MOU B, the Government had kick-started the discussion in March 2020 with Operator A on updating MOU A, including introducing additional clauses and revising some of the existing clauses. As it took time for Operator A to consider the details of the terms and conditions and for both parties to negotiate, and TD focused its efforts on supporting the newer Operator B and following up on related matters in its work priorities from 2019 to 2022, it eventually took a longer time to complete the updating of MOU A. TD would ensure that the Rehabus services were operated in accordance with the requirements through various channels, including maintaining close communication with the management of the operators through meetings, telephone calls, emails and other correspondences, examining and reviewing the monthly operational, financial and statistical reports submitted by the operators, conducting on-site surveys, following up on the feedback and complaints of members of the public, as well as conducting random checks on the operation and accounting records of the Rehabus services on a regular basis. In April 2024, TD completed the discussion and signed the updated MOUs with the two Rehabus operators.

23. Noting that a service period of five years was specified in MOU B, signed in May 2022, the Committee asked why MOU A did not set a service period. **Secretary for Labour and Welfare** explained in his letter dated 19 June 2024 (*Appendix 17*) that the Rehabus services had been operated by Operator A since 1978 and had been subvented by the Government since 1980. In view of the above historical factors and taking into account the fact that there was no other non-profit-making organizations in the market with sufficient capacity to operate SRS and DAR of the Rehabus, no service period had been set for the Rehabus services operated by Operator A. The existing monitoring of Operator A was generally effective. The Government would periodically review the existing MOUs, as well as examining the current monitoring mechanism in a timely manner taking into account the views of the stakeholders and the Committee, in order to ensure effective monitoring of the performance of the Rehabus operators.

24. Referring to paragraphs 2.4 to 2.6 of the Audit Report, the Committee asked why Operator B had not set up a Rehabus Management Committee (“RMC”) and a ULG until after the commencement of the second service period in November and May 2023 respectively. They were also concerned about who had been responsible for supervising and monitoring Operator B before the establishment of RMC and ULG, and how Operator B collected feedback from passengers to formulate service routes and content. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letters dated 11 and 19 June 2024 (*Appendices 13 and 14*) that:

- Operator B was unsuccessful in recruiting representatives during the first service period (from June 2019 to May 2022) due to the epidemic, resulting in its failure to convene RMC and ULG meetings. Notwithstanding this, TD had been maintaining communication with the operator’s management through various channels. The operator also submitted various monthly reports to TD as required. TD conducted on-site surveys from time to time, followed up on the feedback and complaints of members of the public, and conducted random checks on operational and accounting records to ensure that the Rehabus service was operated in accordance with the requirements;
- upon commencement of the second service period (from June 2022 to May 2027), TD urged Operator B to recruit necessary members from disabled groups and individual users. However, in early 2023, Operator B reported that only a few number of individuals and one disabled group had expressed interest in joining. TD also provided assistance for Operator B at that time, including advising it to invite members of TD’s Working Group on Access to Public Transport by People with Disabilities to join. Operator B subsequently formed ULG and RMC in May and November 2023 respectively. In the past three years, LWB and TD attended all (i.e. two) RMC meetings of Operator B, and TD also attended all (i.e. two) ULG meetings as an observer; and
- prior to the establishment of ULG, Operator B had collected and listened to the views of users on route re-organization through posting proposal notices on its website and vehicle compartments of the relevant routes, distributing questionnaires, and so on. In addition, TD had regularly exchanged views with PWDs on transport matters (including Rehabus services) at various meetings, collected relevant opinions, and shared the information related to Rehabus services with the two operators for their review and consideration of appropriate service enhancement proposals.



25. According to paragraphs 2.7 to 2.9 of the Audit Report, there was room for improvement in the submission of financial documents and non-compliance with the MOU guidelines by the two operators. The Committee asked the Administration to explain the follow-up actions. In addition, given that Operator B delayed the submission of its annual budgets for 2022-2023 and 2023-2024, and that not all the reporting details were included in the annual budgets, how TD could effectively assess the financial position of Operator B and disburse recurrent subvention to it. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 11 June 2024 (*Appendix 13*) that:

- Operator B's failure to submit the documents on time in previous financial years could be mainly attributed to the fact that Operator B, established in April 2019, was a relatively new non-governmental organization which lacked experience in submitting financial documents to TD for the operation of Rehabus service. After TD's follow-up, Operator B submitted the annual audited accounts of 2022-2023 as scheduled on 31 July 2023;
- TD's staff followed up on the financial matters of the operators regularly, including monthly monitoring of their financial and operational reports, and reserve position. The financial and operational reports submitted by the operators on a monthly basis included details such as personal emoluments expenses, staff establishment, repair and maintenance costs, fuel expenses and administrative fees. When considering the estimate of subvention, TD would examine the estimated operating expenses under the service level for the coming year with the information on hand and take into account various factors influencing the operating expenses of the Rehabus (e.g. the number of new vehicles to be procured in the coming year and the corresponding increase in personal emoluments expenses), so as to determine the amount of government subvention for the Rehabus in the next financial year; and
- TD would ensure that the annual budget for the next financial year to be submitted by the two operators at the end of November 2024 would include all the relevant information.

26. According to paragraph 2.10 of the Audit Report, the Committee enquired about the reasons why TD met less frequently with Operator B than with Operator A during the period from 2021 to 2023. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter

dated 11 June 2024 (*Appendix 13*) that TD had been maintaining close communication with the management of the operators through various channels to ensure that the Rebus services were operated in accordance with the requirements. Since the Rebus services operated by the two operators were different in scale and nature, the frequency of regular meetings between TD and the two operators varied. TD agreed that there was a need to enhance the monitoring of the service performance of Operator B, and thus a monthly meeting with Operator B to discuss service issues had been arranged since September 2023.

27. With reference to paragraphs 2.11 and 2.13(d) of the Audit Report, the Committee asked how the current service performance indicators, i.e. the number of passenger trips and allocation of vehicles, could measure the operators' service quality and reflect the level of user satisfaction. The Committee also enquired about the details of the Administration's review of the existing performance pledges. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 11 June 2024 (*Appendix 13*) that TD had been monitoring the service quality of the operators through various channels and convening regular meetings of the Working Group on Access to Public Transport by People with Disabilities to collect and listen to the views of PWDs, including those on Rebus services. Operator A and Operator B also conducted user opinion surveys for the period from May to October 2023 and January to May 2024 respectively. Eighty-six per cent of the users were either "very satisfied" or "satisfied" with the overall service provided by Operator A, while 96.6% of the users felt that the overall service provided by Operator B was either "very good" or "good". TD had requested the operators to conduct user opinion surveys on a regular basis to gauge the level of user satisfaction with the services. In addition, TD agreed to add other service performance indicators (such as complaint rate and accident rate) for a more comprehensive assessment of the operators' service quality, and was actively following up on the matter. The relevant task was expected to be completed by the third quarter of 2024.

28. Referring to paragraphs 2.14 to 2.16 of the Audit Report on the procurement of vehicles, the Committee asked how TD assessed the vehicle procurement proposals submitted by the operators, and whether it had set quantitative standards and established an assessment mechanism. **Mr Curtis CHIU Ho-ming, Principal Transport Officer/Ferry and Paratransit, TD** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 11 June 2024 (*Appendix 13*) that in vetting and approving the procurement of new service vehicles by operators, TD would take into account factors such as the anticipated demand for Rebus services, the adequacy of existing services and the waiting time of users. In

vetting and approving the procurement of replacement vehicles by the operators, TD would consider the justifications submitted by the operators for the replacement while the Electrical and Mechanical Services Department would assist in assessing the condition of the vehicles and advise whether it was necessary to replace the vehicles concerned.

29. The Committee was concerned about the non-compliances with the “Guidelines for Procurement of Rebus Vehicles” (“the Procurement Guidelines”) as stated in paragraph 2.17(a)(i) and (iii) of the Audit Report. The Committee asked the Administration to explain the reasons for such situation and how it fulfilled its gate-keeping and monitoring role to ensure compliance with the procurement procedures and guidelines. **Principal Transport Officer/Ferry and Paratransit, TD** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 11 June 2024 (*Appendix 13*) that:

- according to the Procurement Guidelines, the Tender Opening Committee should be chaired by a representative of TD, with two other managerial grade staff of Operator A as members. As mentioned in the Audit Report, in one of the four procurement exercises of Operator A from 2020-2021 to 2022-2023, TD’s representative served as a member of the Tender Opening Committee, not the chairman. In fact, the relevant TD officer had attended the tender opening meeting to monitor the tender opening but he was not the chairman on record. TD had instructed the officer concerned to take note of the requirements in future procurement exercises and maintain proper documentation;
- TD had all along been closely monitoring the progress of the two operators in vehicle procurement. The progress of the assessment of tender documents had been reported in regular meetings and TD would provide appropriate steers during the meetings as necessary. TD agreed with the Audit Report that there was room for improvement in the process of vetting and approving tender reports and the related documentation, and had immediately instructed all staff and the operators to procure vehicles in accordance with the Procurement Guidelines in future Rebus procurement exercises, including procuring vehicles only after the receipt of written approval issued by TD; and

- TD aimed to complete the review of the relevant guidelines and devise a more detailed action checklist on Rebus procurement by the third quarter of 2024, which would be clearly explained to all responsible staff and the operators to ensure strict compliance with the relevant procurement requirements and procedures.

### **C. Provision of scheduled route service and dial-a-ride service**

30. Referring to paragraph 3.3 of the Audit Report on the vetting of registration and renewal of Rebus customers, the Committee asked TD about the mechanism adopted by Operator A to process customer renewal applications. In addition, it was stipulated in MOU A that Operator A was required to keep proper records of receipts and payments and supporting documents in connection with Rebus services for up to seven years for inspection by the Government. However, in view of privacy concerns, Operator A disposed of the supporting documents submitted by Rebus customers at the time of registration and renewal immediately after vetting was completed. The Committee asked whether TD had consulted the Privacy Commissioner about Operator A's arrangements for handling the documents. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letters dated 11 and 19 June 2024 (*Appendices 13 and 17*) that:

- as regards the setting up of a mechanism to verify and regularly review the eligibility of users for Rebus services, Operator A required Rebus users to register for the services. To register as a Rebus user, an applicant must hold a valid Registration Card for People with Disabilities issued by LWB or a mobility impairment certification issued by a doctor, an occupational therapist or a physiotherapist registered in Hong Kong. Apart from PWDs who could apply for registration as individual customers in their personal capacity, relevant organizations (e.g. tax-exempted charities) could also apply for registration as organization customers;
- in processing customer registration and renewal of registration of PWDs, Operator A would verify the relevant supporting documents submitted by customers and record the relevant information in the computer system, including the prefix letter and first four digits of their Hong Kong Identity Card number, the number, validity period and type(s) of disability indicated on their Registration Card for People with Disabilities (if any), and their mobility impairment certification issued by a doctor, an occupational therapist or a physiotherapist registered in

Hong Kong (e.g. certifying that the person was a wheelchair user, a cane user, etc.) and its validity period. For privacy reasons, at present, staff would not keep a record of the supporting documents after verification;

- regarding Audit's recommendation that TD should review with Operator A the retention period of the supporting documents for registration and renewal for Rehabus customers, TD was actively reviewing with Operator A the arrangements for the retention of the supporting documents for customer registration and renewal and would consult the Privacy Commissioner on the relevant arrangements, which was expected to be completed by the third quarter of 2024; and
- with the commissioning of the first phase of Operator A's new computer system in March 2024, users would receive automatic reminders of their mobility impairment certification's impending expiry through text messages or voice calls, which would be sent 60 days, 45 days and 30 days prior to certification's expiry. Furthermore, the system would notify Operator A for follow-up actions once the validity period of the relevant user's certification had expired. TD believed that the introduction of the alert function on certification expiry in the new system would improve Operator A's user account registration/renewal arrangements.

31. Referring to paragraph 3.6 of the Audit Report which stated that TD would issue written guidelines on the vetting procedures for the registration and renewal of Rehabus customers, the Committee enquired about the progress and timetable of the relevant work. **Secretary for Labour and Welfare** pointed out in his letter dated 19 June 2024 (*Appendix 17*) that TD was actively following up with Operator A for the formulation of written internal guidelines on the vetting procedures for customer registration and renewal. The guidelines would set out the rank of approving officers, the renewal application process and how to handle cases where valid supporting documents could not be provided for renewal applications. TD aimed to complete the written guidelines by the third quarter of 2024.

32. With reference to paragraphs 3.7 to 3.8 of the Audit Report, the Committee asked the Administration to explain why the number of SRS users and passenger trips decreased while the number of applicants on the waiting list and the waiting time increased between 2019 and 2023. The Committee also enquired about the measures implemented by TD to assist Operator A in enhancing operational efficiency. **Principal Transport Officer/Ferry and Paratransit** explained at the public hearings,

and **Secretary for Labour and Welfare** added in his letter dated 11 June 2024 (*Appendix 13*) that:

- Operator A had analysed the patronage of SRS and noted that there had been some changes in the travelling pattern of the frequent user groups after the epidemic. For example, the number of work-based users had dropped significantly by 65.7%, which had resulted in a decrease in the number of SRS passenger trips;
- as there were individual applicants with specific time and/or destination requirements, including the need to travel to and from remote areas and cross-district services at times of high service demand, and it would not be easy to arrange shared-use vehicles for different users with similar travel patterns, it was more difficult to make route allocation to these applicants and the waiting time would also be longer;
- except for individual applicants with specific time and/or destination requirements, from January to September 2023, about 92% of SRS applicants could be allocated with a route within three months, and about 93% could be allocated with a route within six months;
- TD and Operator A were reviewing the operation of SRS, including the routing of the existing service (e.g. whether routes with relatively low patronage could be consolidated) and exploring other measures (e.g. providing connection to nearby railway stations or interchanges as an option for applicants who had been waiting for some time) with a view to enhancing service efficiency and expediting the arrangement of service for applicants on the waiting list. It was expected that the related review and improvement proposal would be completed by the third quarter of 2024; and
- regarding efficiency enhancement, the Government had provided funding for Operator A to engage a suitable contractor to develop the Integrated Customer and Operations Management System to enhance customer service functions (e.g. booking services through online and mobile application) and assist in day-to-day operations (including vehicle scheduling, scheduling of drivers' duties, fare calculation and preparation of financial statements). The first phase of the system (including vehicle scheduling function) had been rolled out since 5 March 2024.

33. The Committee requested the Administration to provide the details and latest position of the six cases of PWDs who had been on the waiting list for more than a year, as mentioned in paragraph 3.7(b) of the Audit Report. **Principal Transport Officer/Ferry and Paratransit, TD** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 19 June 2024 (*Appendix 17*) that Operator A had completed the follow-up actions on these cases as at March 2024. Among them, a PWD had successfully joined the relevant route after adjusting the application requirements, while others had voluntarily withdrawn their applications as the service could not meet their requirements. Details of these cases were set out in Annex 1 to *Appendix 17*.

34. In relation to the situation of listed SRS users not meeting trip usage requirements as mentioned in paragraphs 3.9 to 3.11 of the Audit Report, the Committee asked about the follow-up actions taken by Operator A and the updated progress, and how TD would strengthen the monitoring of Operator A in this regard. **Principal Transport Officer/Ferry and Paratransit, TD** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 11 June 2024 (*Appendix 13*) that:

- in general, Operator A would enquire with the users about the reasons for not using the service as scheduled for a long period of time. If the users indicated a diminishing need, Operator A would urge the users to adjust the frequency or withdraw from SRS as appropriate; however, the travel demand of PWDs had not fully stabilized after the epidemic in 2023 and it would take a longer time for the demand for SRS in 2023 to recover. Therefore, TD and Operator A considered it more appropriate to adopt a humanized approach in handling cases where the number of trips taken had not reached the target. For these special circumstances, Operator A had not immediately urged them to withdraw from SRS;
- in response to Audit's recommendations, Operator A was taking follow-up actions, including enquiring with those users whose number of trips taken was less than half of the original number of trips arranged per week for two consecutive months about their reasons, so as to take appropriate follow-up actions (e.g. termination of service to the users) according to the service guidelines; and
- for those cases where the users had already suspended using SRS for three months, Operator A was also following up on the situation and had advised them to withdraw from the service as appropriate, and would keep proper records of the relevant follow-up actions. TD had

requested Operator A to include the caseload and specific follow-up work on the relevant cases in its monthly operational reports submitted to TD for monitoring purposes.

35. With reference to paragraph 3.15 and Table 8 of the Audit Report, the Committee sought explanations about the relatively high percentage (between 18% and 52%) of cancelled orders for point-to-point DAR service from 2019 to 2023, and how TD had urged Operator A to improve the situation. Some members asked whether TD would consider establishing a mechanism to impose penalties on users who cancelled reservations without providing reasonable explanations. **Principal Transport Officer/Ferry and Paratransit, TD** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 11 June 2024 (*Appendix 13*) that according to Operator A's understanding with the users, regarding the number of cancellations in 2023, 61% of the cancellations were made by users after the successful allocation of the trips. The reasons for such cancellations were mainly due to the cancellation of events, rescheduling of appointments, personal health reasons, and weather factors (accounting for 74% of the total number of cancellations), while the other reasons included decision to change to other modes of transport, time constraints, etc. As advance booking was required for point-to-point DAR, it was understandable that users might need to change their itineraries subsequently due to personal reasons or other unforeseeable reasons, thus there was no penalty mechanism at present. TD would continue to monitor the situation and consider whether there was a need to adjust the arrangement or introduce a penalty mechanism.

36. With reference to paragraphs 3.16 to 3.17(b) of the Audit Report, the Committee noted that Operator A had encountered difficulties in employing sufficient bus captains from the local labour market, which led to a higher number of spare vehicles and the increase in the number of rejected orders, and asked what measures TD had taken to ensure that Operator A could employ sufficient bus captains to enhance the utilization of vehicles. **Secretary for Labour and Welfare** explained in his letter dated 11 June 2024 (*Appendix 13*) that the increase in the percentage of rejected orders of DAR in 2023 was mainly due to a shortage of bus captains, particularly in the second and third quarters of 2023 when the number of bus captain vacancies increased from 5 in December 2022 to 22 in June 2023. To cope with the vacancy situation of bus captains, TD had been following up with Operator A, which had also implemented various measures to attract more bus captains to join their services. These measures included a 4.65% pay rise for bus captains starting from April 2023 and further improving the remuneration package of bus captains commencing from November 2023. On the other hand, Operator A had stepped up recruitment of bus captains, such as placing recruitment advertisements on different



platforms and participating in job fairs organized by various organizations. The recruitment of bus captains by Operator A had improved in 2024.

37. With reference to paragraphs 3.18 and 3.19 of the Audit Report, the Committee asked about the reasons for the decrease in the percentage of orders arranged for shared-use among the completed “Small group” orders, and how TD would follow up on the situation. **Principal Transport Officer/Ferry and Paratransit, TD** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 11 June 2024 (*Appendix 13*) that in the past, Operator A relied more on manual consolidation to arrange shared-use according to user requirements (e.g. time, destination). At present, the first phase of the Integrated Customer and Operations Management System developed by Operator A had been rolled out on 5 March 2024. The system could assist Operator A in enhancing the efficiency of Rehabus services (including the “Small group” shared-use arrangement). TD would continue to monitor the arrangement of shared-use service by Operator A.

38. According to paragraph 3.23 of the Audit Report, there was no limit set on the maximum number of accompanying carers for a point-to-point DAR booking. The Committee asked whether TD would consider requiring the operator to set a cap on the number of accompanying carers, or charge accompanying carers a fare higher than that of PWDs. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 11 June 2024 (*Appendix 13*) that the nature of point-to-point DAR was different from that of SRS and pooled DAR. Apart from medical consultation, travel itinerary included recreational activities, attending annual or special events of PWD groups, etc. Therefore, Operator A adopted a more humanized and flexible approach in handling the maximum number of carers, with a view to encouraging PWDs to integrate into society or socialize with family and friends, which was in line with the policy objective of promoting the integration of PWDs into society. In response to Audit’s recommendation on reviewing the practicability of setting a limit on the maximum number of carers for point-to-point DAR bookings, TD would discuss the matter with Operator A. Specific implementation details would be formulated taking into account the views of stakeholders. The target was to complete the related review and consultation by the end of 2024.

39. According to paragraph 3.30 of the Audit Report, Audit recommended that TD, in collaboration with Operator A, should examine the need and time frame of providing sites for parking, maintenance and vehicle servicing of Rehabus services for longer term use. The Committee asked TD to provide the latest progress of the

matter. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 19 June 2024 (*Appendix 17*) that in response to TD's request in December 2023 for Operator A to submit further information regarding the proposal on fleet parking, maintenance and vehicle servicing, Operator A had submitted the relevant information in May 2024. TD would review the latest information provided by Operator A within July 2024, and then communicate and follow up with the relevant departments, with a view to identifying suitable sites for parking and maintenance/servicing facilities for use by Rehabus operators. As the progress was subject to the actual land supply situation, the implementation timetable for the provision of suitable sites was not available at this stage.

40. With reference to paragraph 3.33 of the Audit Report, the Committee sought explanation from the Administration for the delay in the implementation of the new integrated computer system and the progress of system development. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 11 June 2024 (*Appendix 13*) that:

- the delay in the development and completion of the integrated computer system was mainly due to the complexity in consolidating different travel requirements and non-SRSs, and the large number of service routes (including over 120 SRS, 40 pooled DAR, pick-up and drop-off points of all routes, and over 170 000 point-to-point DAR applications annually). The system requirements were relatively complex and a lot of difficulties and problems had been encountered in the development of programme design. Due to the higher than expected complexity of the system, the implementation time had been longer, resulting in a delay;
- the implementation of the integrated computer system was divided into three phases. The first phase of the system was originally launched on 10 July 2023, with full customer service functions. These functions included provision of online and mobile applications capabilities to the customer service functions, which made it more convenient for users to flexibly handle account opening and service requests. At the same time, the system also provided vehicle scheduling functions, including telephone reservation service for the shared-use DAR and operational management;
- due to system programme issues, however, technical problems were encountered in the vehicle scheduling function after the first phase roll-out, and system repair was required. As a result, the vehicle

scheduling and the respective notification function had been suspended starting from 1 August 2023. The system contractor had rectified the system bug and improved the data backup arrangement. The system was relaunched on 5 March 2024 after re-testing; and

- following the launch of the first phase on 5 March 2024, the target implementation dates of the second and third phases would be in the first and third quarters of 2025 respectively. TD would continue to closely monitor the overall implementation progress of the system.

#### **D. Provision of feeder service**

41. With reference to paragraph 4.2 of the Audit Report, the Committee noted that Operator B was responsible for operating the feeder service (including hospital routes) and asked if the Administration had reviewed whether the service overlapped with the SRS provided by Operator A. **Secretary for Labour and Welfare** explained at the public hearings, and supplemented in his letter dated 19 June 2024 (*Appendix 14*) that:

- Operator A provided SRS during morning and evening peak hours on weekdays to carry users with frequent travel needs to work, school, and training or rehabilitation treatment. PWDs using the service were required to register as customers in advance and must take five trips or more per week;
- regarding the Rehabus feeder service provided by Operator B, it normally operated from 7:30 am to 7:35 pm on weekdays with fixed routes and timetables for serving areas where there were high and frequent transport demands, e.g. hospitals, clinics and MTR stations so as to facilitate travel between hospitals/clinics and MTR stations in the district. Users of the feeder service were not required to call in advance for registration or booking and could simply board at designated bus stops for feeder service according to their needs; and
- the two services had different requirements in terms of whether prior registration is required, the weekly usage by PWDs, and the target users of the services were also different. SRS users were more likely to be those who needed to use Rehabus services more frequently and regularly for commuting to work, school, and training or rehabilitation treatment, while the feeder service was mainly provided for PWDs who needed to travel to and from hospitals, clinics and MTR stations at irregular

intervals. The Administration would continue to monitor the passenger demand for the two services.

42. With reference to paragraph 4.3 of the Audit Report, the Committee were concerned that the average passenger trips per vehicle trip of the 12 hospital routes were relatively low. The average passenger trips per vehicle trip for Hong Kong Children's Hospital Route, Pok Oi Hospital Route and Tuen Mun Hospital Route were less than one. The Committee enquired how the 12 hospital routes were determined. Given that booking and presentation of eligibility proof were not required for such service, the Committee asked how the practical need of the service was assessed to prevent the abuse of such service; and whether an indicator had been set for the number of passenger trips for the routes. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 19 June 2024 (*Appendix 14*) that:

- in view of the barrier-free transport needs of persons with mobility difficulties travelling to and from hospitals for follow-up consultations, the operator had introduced various feeder service routes via hospitals and district clinics to cater for the travelling needs of persons with mobility difficulties residing in different districts for medical consultations. Meanwhile, in order to encourage people in need in other districts to take MTR and then interchange with the feeder service mentioned above, all feeder routes were operated via MTR stations;
- the target users of the Rehabus feeder service were persons with mobility difficulties (including elderly persons with mobility difficulties), holders of valid Registration Cards for People with Disabilities and their carers. In addition, wheelchair users, persons requiring the use of crutches or calipers, persons with multiple disabilities, persons with intellectual disabilities who had mobility difficulties as well as persons with visual impairment could take the Rehabus in order of priority. In case the driver on duty had doubts about the eligibility of the person requesting the service after visual inspection, he/she would request the person to produce a valid Registration Card for People with Disabilities as a proof to determine whether the person could be allowed on board so as to prevent abuse;
- generally speaking, TD and Operator B would consider various factors for the provision of feeder service, such as the population development of the service area, existing provision of barrier-free public transport,

possible impact on traffic load, resource allocation and stakeholders' views;

- in mid-2019, TD introduced a second Rehabus operator, i.e. Operator B, to take over the 10 feeder service hospital routes originally operated by Operator A. In 2020, Operator B consolidated three feeder service hospital routes (including Hong Kong Children's Hospital Route, Shatin Route and Queen Mary Hospital Route) and merged Queen Elizabeth Hospital Route and Kowloon City Route to improve operational efficiency. In addition, Operator B added three new feeder service hospital routes (including Pok Oi Hospital Route, Tai Po Route and Tai Wai Route) in the first half of 2021, and consolidated the routing and stopping points of United Christian Hospital Route in 2023, with a view to further enhancing services for people in different districts travelling to and from hospitals/district clinics. In March 2024, Operator B also added a new hospital route (Tseung Kwan O Route). At present, the number of feeder service hospital routes had increased to 13; and
- at present, TD set the target of the total passenger trips for the Rehabus feeder service in the Controlling Officer's Report each year. TD and Operator B would continue to closely monitor the use of the feeder service.

43. Regarding the Committee's recommendation that TD should, in a timely manner, request Operator B to review the routes with low patronage and take improvement measures, **Principal Transport Officer/Ferry and Paratransit, TD** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 19 June 2024 (*Appendix 14*) that in view of the low patronage of Hong Kong Children's Hospital Route, Pok Oi Hospital Route and Tuen Mun Hospital Route, TD had been following up with Operator B. In October 2023, TD requested Operator B to review the demand situation of these routes and propose improvement measures when the passenger demand had stabilized after the epidemic. In December 2023, Operator B submitted preliminary enhancement proposals to TD. In addition, Operator B sought members' views on the enhancement proposals of relevant routes at the ULG meeting held on 12 January 2024. Noting that ULG members had no objection to the proposals in principle, Operator B further refined and preliminarily formulated specific routing adjustment plans for the three hospital routes, including routing, stopping points and timetables, and consulted ULG members on the routing adjustment plans in mid-May 2024. On the other hand, Operator B collected feedback from feeder service passengers through posting consultation information on its website, social media platforms, and vehicle compartments of the relevant routes.

The consultation was completed in mid-June 2024 and the enhancement measures were expected to be implemented progressively from late June to July 2024. In addition, with the assistance of the Hospital Authority, Operator B set up booths at 16 different hospitals in Kowloon from April to June 2024 to distribute leaflets and promote the feeder service (including hospital routes and weekend recreational routes). TD and Operator B would continue to follow up with the Hospital Authority to arrange promotion and publicity of the feeder service of hospital routes and weekend recreational routes at more hospital clusters in the second half of 2024.

44. According to paragraph 4.5 of the Audit Report, the majority of the bookings for the feeder service in 2023 were for Lantau Island Route (72%). In this connection, the Committee enquired whether TD had requested Operator B to take measures to increase the utilization of other recreational routes. **Principal Transport Officer/Ferry and Paratransit, TD** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 19 June 2024 (*Appendix 14*) that TD and Operator B also noted that of the total 195 bookings served for the five recreational routes, 72% of the bookings had been served for Lantau Island Route, while the remaining four routes only accounted for 28% of the bookings. This reflected that Lantau Island Route was more popular. To increase the utilization of other recreational routes, TD was working out measures with Operator B to improve the relatively low patronage of recreational routes in various aspects with details as follows:

- starting from February 2024, Operator B had shortened the recreational route advance booking period from 12 working days to 7 working days to facilitate users' booking; TD noted the suggestion for Operator B to consider further shortening the advance booking period and would request Operator B to further consider the matter as far as practicable, taking into account users' feedback;
- Operator B would apply to and obtain approval from TD for operating temporary recreational routes according to the demand situation;
- as mentioned in paragraph 43 above, Operator B set up booths at different hospitals to distribute leaflets and promote the feeder service of hospital routes and weekend recreational routes; and
- in February 2024, TD approved Operator B to add a new weekend recreational route travelling between Yuen Long and Lantau Island (via Tin Shui Wai and Tuen Mun); and urged Operator B to collect more views on the popular tourist attractions at the ULG meeting to be held in

late June 2024, and to consider the expansion/setting up/adjustment of the existing routes so as to increase the patronage of the recreational routes.

45. The Committee noted from Table 15 of the Audit Report that the temporary recreational route services were obviously more popular and recommended that TD should urge Operator B to devise more flexible and diversified temporary recreational routes to replace the existing routes with low patronage. **Commissioner for Transport** explained at the public hearing, and **Secretary for Labour and Welfare** supplemented in his letter dated 19 June 2024 (*Appendix 14*) that from May to December 2023, Operator B received five applications from disabled groups requesting temporary recreational routes (involving a total of 48 trips and 353 passenger trips). These temporary recreational routes were mainly based on the destinations of the existing recreational routes of Operator B according to the demand situation, and additional temporary pick-up and drop-off points in the urban area are provided for the convenience of PWDs residing in different districts. Operator B must obtain prior approval before adding such temporary pick-up and drop-off points. Users of recreational route service were required to make advance bookings through telephone/online registration, and provide details of the use of individual recreational route service including the date, time, boarding and alighting points, and number of passengers so as to facilitate the arrangement of vehicles and manpower by Operator B for the service. Recreational route service was provided by Operator B on the weekends and public holidays which required advance booking. Operator B would not arrange and provide relevant recreational route service if no advance booking was received. Therefore, maintaining the recreational routes with relatively low utilization did not involve additional resources and could provide PWDs with options of different tourist attractions. TD would continue to explore with Operator B the provision of more flexible and diversified recreational routes.

46. Regarding the deficiencies in the functions and development progress of the mobile application launched by Operator B as mentioned in paragraph 4.9(b) of the Audit Report, the Committee enquired about the timeline and costs incurred in each stage of the development of the application by Operator B since 2019, the reasons why the development of a mobile application had not been successful over the years, whether TD had assessed the practical needs for the additional functions proposed by Operator B, and the progress of the mobile application revamp. **Commissioner for Transport** explained at the public hearing, and **Secretary for Labour and Welfare** supplemented in his letter dated 19 June 2024 (*Appendix 14*) that:

- Operator B engaged a contractor in early June 2019 to develop a mobile application immediately after taking over the operation of the Rehabus

feeder service in June 2019. The development of the mobile application at that time involved \$550,000, which was rolled out in four phases and paid by Operator B directly to the contractor upon completion:

- (a) the first phase of the mobile application was launched in October 2019, providing basic route information and application functions, such as bus stop search with map location display, estimated time of arrival and real-time bus locations. The cost involved was around \$280,000;
  - (b) the second phase of the mobile application was launched in November 2019, adding route search and refining the interface design of the home page, etc. The cost involved was around \$110,000;
  - (c) the third phase of the mobile application was launched in August 2020, providing vehicle management and statistics support functions, etc. The cost involved was around \$110,000; and
  - (d) the fourth phase of the mobile application was launched in December 2020, providing functions such as online payment, past search records and bookmarking frequent options. The cost involved was around \$50,000;
- prior to the commencement of the second service period in June 2022, Operator B proposed to add additional functions to the mobile application on top of the original ones, such as the provision of various assistive features for different types of PWDs (e.g. adjustment of font size and voice-over function), real-time seat availability updates, service updates/emergency notifications, receipt of users' feedback/complaints, arrival and departure reminders and forwarding of the latest traffic news. TD understood that these functions could further improve users' experience and better meet the travel needs of PWDs;
  - nevertheless, while researching and preparing for the introduction of additional functions, Operator B reported to TD in the second half of 2022 and the first half of 2023 that there were technical problems with the original version, including the failure to display information such as the estimated time of arrival at bus stops and the real-time location of buses. Subsequently, it took time for Operator B to adjust the requirements of the service contract so as to rectify the problems of the original application while adding the additional functions; and



- after obtaining approval from TD, Operator B completed the tendering procedures and awarded a new service contract for the mobile application in March 2024. The cost for the overall development of the revamped mobile application was around \$1 million, which would be paid by Operator B directly to the contractor upon completion and acceptance of the mobile application. Operator B was working closely with the contractor to work out the details of the improvement and enhancement proposals. TD would continue to monitor the work of Operator B, and the new application was expected to be launched in the third quarter of 2024. Operator B would also invite ULG members to give comments on the interface and functions of the mobile application.

47. According to paragraph 4.11 of the Audit Report, apart from the subvented Rebus feeder service, Operator B operated other self-financing activities. The Committee was concerned that Operator B had used seven subvented vehicles for providing self-financing service without TD's approval, and asked TD when it was aware of such situation and the follow-up actions taken. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** added in his letter dated 19 June 2024 (*Appendix 14*) that:

- in following up on a complaint, TD found in March 2023 that Operator B had used the Government subvented vehicles for providing non-profit-making self-financing services without TD's approval. TD subsequently requested Operator B to submit a detailed report and relevant operational records, as well as conducted a comprehensive investigation and took serious follow-up actions, including issuing a serious warning to the operator's management. In the light of the incident, Operator B also returned to the Government all relevant operating revenues before deduction of expenses;
- in addition, TD issued a letter of reprimand to Operator B in September 2023, reiterating that according to the MOU signed between TD and Operator B, the operator should not use the fleet of Rebus feeder service for purposes other than those specified in the MOU for the Rebus feeder service except prior approval had been obtained from TD; and
- to ensure compliance with the relevant provisions by Operator B and proper monitoring of Rebus services, TD had strengthened its monitoring, including increasing the frequency of monitoring surveys to ensure that Operator B had properly used the subvented vehicles in

operating the feeder service; and increasing random checks on the operation and accounting records of the relevant service so as to ensure that the operating expenditure of the relevant service was separately accounted for and properly used.

48. According to paragraph 4.12 of the Audit Report, while the accounting and payment arrangements of direct costs incurred in the self-financing activities and the provision of feeder service had been agreed between TD and Operator B, the arrangements of indirect costs incurred, such as office rental and office staff costs had not been discussed. The Committee asked how TD could ensure that the calculation of all direct or indirect costs of self-financing activities of Operator B were separated from the expenditure of its subvented feeder service and paid under different bank accounts. Concern was raised about the latest progress of TD's request for Operator B to pay back the possible interest cost arising from the delay in reimbursing the costs related to the self-financing activities. **Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 19 June 2024 (*Appendices 14 and 17*) that Audit had recommended that indirect costs such as office rental and office staff costs of the subvented activities and self-financing activities should be separately accounted for. In this regard, TD was following up with Operator B. Operator B had engaged an independent auditor to review and recommend the apportionment ratios of the relevant accounting and payment arrangements so as to ensure that the revised arrangements complied with the financial principles for subvented organizations. Relevant arrangements were expected to be completed by July 2024. Moreover, in June, July and August 2023, Operator B had paid directly from its self-financing account the drivers' salaries, fuel costs and tunnel tolls of the self-financing activities respectively. After checking the records with TD, Operator B had also returned to the Government in February 2024 the interest costs that might be incurred arising from the expenditure of the self-financing activities.

49. According to paragraph 4.14 of the Audit Report, Operator B was required to place surpluses into a reserve and the accumulated reserve must be kept in a separate interest-bearing account with a licensed bank. However, Audit noted that up to December 2023, no designated bank account had been set up by Operator B for keeping the accumulated reserve separately. The Committee followed up on Operator B's setting up of a designated bank account for keeping the accumulated reserve separately. The Committee followed up on the progress of the relevant tasks, including whether Operator B had placed the interest receivable from the accumulated reserve into the designated interest-bearing bank account newly set up during the period from June 2019 to the date on which the designated bank account was set up.

**Commissioner for Transport** explained at the public hearings, and **Secretary for Labour and Welfare** supplemented in his letter dated 19 June 2024 (*Appendix 17*) that Operator B had reviewed its workflow and account arrangements, and clearly separated the accounts for handling daily operating funds and reserve funds in March 2024. A separate designated interest-bearing bank account was arranged for keeping the reserve funds. TD was following up with Operator B on verifying the interest accrued on the accumulated reserve between June 2019 and the setting up of the designated account, so that the relevant interest receivable would be deposited into the designated interest-bearing bank account newly set up. TD aimed to complete the relevant task within the third quarter of 2024.

50. The Committee noted that TD agreed to conduct a review of the deficiencies in Rehabus services identified in the Audit Report. At the request of the Committee, **Secretary for Labour and Welfare** provided in his letter dated 19 June 2024 (*Appendix 17*) TD's follow-up checklist based on the recommendations in the Audit Report. TD agreed with Audit's recommendations and had prepared a follow-up checklist based on the recommendations (details of which are provided in Appendix 2 to *Appendix 17*). TD would continue to follow up on these matters with the two Rehabus operators according to the respective target completion dates, and implement the relevant improvement work.

## **E. Conclusions and recommendations**

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

51. The Committee:

- notes that:

- (a) the objective of the Government's rehabilitation policy is to provide suitable support and necessary facilities to PWDs to help them develop their potentials so that they can participate in various activities on an equal basis with others, thereby facilitating their full integration into society. To meet the transport needs of PWDs, Rehabus services are provided for those who are unable to use public transport services;
- (b) Rehabus services have been operated by Operator A since 1978. Starting from 1980, Rehabus services have been subvented by the

Government. There are three main types of Rehabus services, i.e. SRS, DAR and feeder service.<sup>2</sup> With the exception of feeder service routes to and from hospitals, clinics, MTR stations, etc., which do not require advance booking, all other services require advance booking or application submission;

- (c) in June 2019, to allow Operator A to concentrate its resources on SRS and DAR, Operator B was engaged to provide feeder service. In 2023-2024, the amounts of subvention provided to Operator A and Operator B are about \$125 million and \$15.24 million respectively, with the total passenger trips exceeding 870 000 (including carers), and the average amount of subsidy per passenger trip being \$154 for Operator A's service and \$245 for Operator B's service;
- (d) as at 31 December 2023, there were a total of 7 120 individual customers and 714 organization customers registered with Operator A for Rehabus services. According to a territory-wide survey on PWDs and persons with chronic diseases conducted between 2019 and 2020 by the Census and Statistics Department, there were about 534 200 PWDs (excluding persons with intellectual disabilities) in 2020, representing 7.1% of the total population. As PWDs eligible for Rehabus services include individuals and PWDs served by registered organizations, the Government has advised that it cannot provide the number of PWDs eligible for using the Rehabus services;
- (e) to facilitate the access of PWDs to public transport services, the Government has been advancing the concept of "Transport for All"

---

<sup>2</sup> The three types of Rehabus services are:

- (a) SRS: regular commuting service for work, school, training or rehabilitation operated on weekday morning and evening peak hours. A registered Rehabus customer who wishes to use SRS can submit an application to the operator;
- (b) DAR:
  - Point-to-point DAR: pre-booked service provided to meet irregular transport needs of PWDs; and
  - Pooled dial-a-ride service: shared-ride return trip service provided on a weekly basis for taking PWDs (especially those living in boarding facilities and hostels) to and from schools or hostels; and
- (c) Feeder service: a non-pre-booked service operating mainly on weekdays with fixed routes and timetables, serving areas where there are high and frequent transport demands, e.g. hospitals, clinics and MTR stations. Recreational service requiring advance booking is also provided on the weekends and public holidays.

since 2002 by promoting the provision of barrier-free transport services for PWDs by public transport operators. As of April 2024, there are around 4 800 wheelchair accessible barrier-free taxis, around 6 200 low-floor buses, and 5 low-floor public light buses mainly serving hospital routes in Hong Kong. The MTR Corporation Limited also provides barrier-free access facilities. In addition, some rehabilitation services units subvented by the Social Welfare Department provide centre buses, which provide transport services for PWDs to and from home/residential care homes and day centres, as well as to attend follow-up consultations at hospitals, participate in outdoor activities, etc.; and

- (f) since 2012, eligible PWDs can enjoy a concessionary fare of \$2 per trip on designated public transport modes under the LWB Public Transport Fare Concession Scheme;

#### Review of the overall policy

- considers that although Rebus services can provide PWDs with transportation services, most services require advance booking or application submission, and some services have experienced low usage over the past few years. With the development of barrier-free public transport and car-hailing service, PWDs who were previously unable to use public transport services are given more choices of transportation modes for commuting, and the concessionary fare of \$2 per trip also encourages greater use of public transport by PWDs;
- strongly recommends that LWB should conduct a comprehensive review of the policy of Rebus services and models of service delivery after studying and assessing the travel demand of PWDs, the number of PWDs eligible to use Rebus services, as well as the existing accessible transport network and means of transport. In the course of review, LWB's main considerations should be to facilitate accessible transport for PWDs and ensure the proper use of public funds, and it should examine whether there are other more effective and flexible means, such as providing vouchers or direct subsidy for PWDs to use wheelchair accessible modes of transport, which enable PWDs to commute at any time to participate in various activities, thereby facilitating their full integration into society;
- welcomes that LWB is open to the suggestion of increasing the use of wheelchair accessible modes of transport by PWDs in the form of

vouchers or direct subsidy, and will explore the feasibility of providing more choices for PWDs in a timely manner;

Review of the arrangements for signing Memoranda of Understanding

- observes that:
  - (a) LWB is responsible for overseeing the overall policy of Rehabus services and TD is responsible for monitoring the provision of services by Rehabus operators;
  - (b) an MOU has been signed between TD and each of the two operators (referred to as “MOU A” and “MOU B” respectively) setting out the general principles and guidelines governing the role of the operators and the administrative arrangements for the Government, including the operation and management arrangement of Rehabus services, subvention and financial arrangements, requirements for regular submission of financial documents and operating statistics, and performance targets. In addition, TD has promulgated a guideline, namely the Internal Guideline on Administering the Government Subvention for Rehabus and Monitoring the Efficient Operation of Rehabus service, setting out the administering and monitoring framework of Rehabus services;
- expresses serious concern and disappointment that the MOU signed between TD and each of the two operators is only administrative in nature and does not create any legally enforceable rights or impose any legally binding obligations. According to the Audit Report, the two operators failed to comply with the requirements stipulated in their respective MOU on various issues, including the following cases:
  - (a) according to the requirement stipulated in MOU A, Operator A shall keep proper records of receipts and payments and supporting documents in connection with the Rehabus services up to seven years for inspection. However, Operator A considered that in view of privacy concern, after vetting was completed, the supporting documents submitted by Rehabus customers when applying for registration and renewal were disposed of immediately. Therefore, in the absence of relevant documents, Audit was unable to ascertain whether the vetting for the eligibility of service users had been properly conducted by Operator A;

- (b) not all the reporting details set out in the MOUs had been included in the annual budgets submitted by the two operators between 2021-2022 and 2023-2024; and there were delays by Operator B in submitting the annual budgets for 2022-2023 and 2023-2024 by 164 and 115 days respectively, and in submitting the annual audited accounts for 2020-2021 and 2021-2022 by 12.3 and 2 months respectively;
  - (c) RMC and ULG of Operator B were not formed in the first service period from June 2019 to May 2022 in accordance with the requirements in MOU B. Even though Operator B subsequently formed ULG and RMC in May and November 2023 respectively, the number of meetings held by both ULG and RMC between 2021 and 2023 did not meet the requirements specified in MOU B; and
  - (d) as of December 2023, some of the service improvement measures included in Operator B's proposal submitted in December 2021, which were also included in MOU B, had not been implemented. Such measures included the analysis and forecasting of demand and travelling needs of passengers, revamping the mobile application and developing multi-purpose buses;
- expresses serious concern and finds it unacceptable that Operator B failed to comply with the relevant requirements in MOU B in respect of the following matters:
- (a) apart from the subvented Rehabus feeder service, Operator B operates other self-financing activities as well. Operator B used seven subvented vehicles to provide self-financing service without TD's approval during different periods from 11 February to 31 May 2021 and from 20 April 2022 to 21 February 2023, which is inconsistent with the relevant requirements in MOU B;
  - (b) according to MOU B, Operator B has to open an interest-bearing account with a licensed bank for the sole purpose of processing all receipts and payments relating to the Rehabus service. Operator B is also required to place surpluses into a reserve and the accumulated reserve must be kept in a separate interest-bearing account with a licensed bank. However, up to December 2023, no designated bank account had been set up for keeping the accumulated reserve separately; and

- (c) before June 2023, Operator B would first charge the costs incurred in self-financing activities to the subvented account, and then reimburse those costs from the self-financing account. TD advised that this arrangement was deemed improper from auditing and monitoring points of view;
- expresses serious concern and disappointment that:
  - (a) while the accounting and payment arrangements for the direct costs incurred (including drivers' salaries, fuel costs and tunnel tolls) in the self-financing activities and the provision of feeder service have been agreed between TD and Operator B, the arrangements for the indirect costs incurred, such as office rental and office staff costs, have not been discussed;
  - (b) notwithstanding that Operator B was a relatively new non- governmental organization established in April 2019, TD had held fewer regular meetings with Operator B (15 regular meetings) than with Operator A (32 regular meetings) from 2021 to 2023 to discuss financial and operational issues of the Rehabus services; and
  - (c) in order to reflect the operation requirements of Rehabus services and to align with the requirement of MOU B signed with Operator B, TD proposed in 2019 to include additional clauses and revise some of the existing clauses of MOU A signed with Operator A. However, MOU A had not been updated as of March 2024;
- observes the following responses from LWB:
  - (a) the arrangement for entering into an MOU between TD and each of the two operators is in compliance with the guidelines stipulated in paragraph 15.1<sup>3</sup> of the financial guidelines issued by FSTB;

---

<sup>3</sup> Paragraph 15.1 of the financial guidelines states that “The Controlling Officer should let the organization receiving recurrent funding from the Government know how these and other guidelines would be applied in their cases. As a matter of good management, Directors of Bureaux or the relevant Controlling Officers should preferably enter into a Memorandum of Administrative Arrangements or a similar instrument with each organization receiving recurrent funding from the Government under their purview. Such tailor-made instruments should, having regard to these guidelines, set out the responsibilities of all parties in the delivery and monitoring of government-funded services and capital projects.”



- (b) the monitoring of the two operators vide the MOUs is generally effective. The MOUs expressly provide that if the operators fail or refuse to comply fully with the MOUs, the Government may unilaterally terminate the concerned MOU and cease to provide funding;
- (c) the progress made with regard to the above-mentioned non-compliance of the two operators with the requirements in the MOUs, following the follow-up actions undertaken by TP, is as follows:
- TD is reviewing with Operator A on the retention arrangements of the relevant user registration and renewal supporting documents, with a view to striking a balance among record retention, verification of users' eligibility and protection of personal data privacy;
  - the two operators have, in general, submitted their annual budgets for 2024-2025 and their audited annual accounts for 2022-2023 on time. TD will closely follow up on the 2024 submissions;
  - TD has urged Operator B to strictly comply with the requirements of the MOU by convening a sufficient number of RMC and ULG meetings;
  - Operator B has followed up on the service improvement measures included in the updated MOU B. These include the analysis and forecasting of demand and travelling needs of passengers to be completed in the fourth quarter of 2024, while Operator B has completed the tendering process and awarded a new service contract for the mobile application in March 2024;
  - regarding the use of subvented vehicles by Operator B to provide self-financing services, TD issued a letter of serious warning and a letter of reprimand to Operator B in March and September 2023 respectively, and required Operator B to provide annual progress reports on the committed preventive measures by engaging a qualified auditor. TD will also conduct monitoring surveys and arrange random checks of the operational records from time to time;

- Operator B clearly separated the accounts for handling daily operating funds and reserve funds in March 2024. A designated interest-bearing bank account was also set up separately to deposit the reserve funds. TD is following up with Operator B to verify the interest accrued on the accumulated reserve in the period from June 2019 to the setting up of the designated account, so that the relevant interest receivable will be deposited into the designated interest-bearing bank account newly set up; and
  - in June, July and August 2023, Operator B had separated and paid directly from its self-financing account the drivers' salaries, fuel expenses and tunnel tolls of the self-financing activities respectively. After cross-checking the records with TD, Operator B had also returned the possible interest costs arising from the expenditures of these self-financing activities to the Government in February 2024;
- (d) TD is currently taking follow-up actions with Operator B on the separate accounting for the indirect costs, such as office rental and office staff costs of the subvented activities and self-financing activities. Operator B has appointed an independent auditor to review and propose the apportionment ratios of the relevant accounting and payment arrangements so as to ensure that the revised arrangements comply with the financial principles for subvented organizations. Relevant arrangements are expected to be completed in July 2024; and
- (e) an updated MOU was signed between TD and each of the two operators in April 2024;
- strongly urges that:
- (a) LWB and TD should conduct a review of the effectiveness of regulating Rebus services by way of agreement under a non-legally binding MOU, as well as consider the adoption of other legally binding regulatory approaches (such as a service agreement) to strengthen the regulation of operators, and enforce effective sanctions for serious non-compliance;
  - (b) pending the adoption of a new regulatory approach, TD should strengthen its monitoring of the operators and periodically review

with them the signed MOUs, which should be updated in a timely manner to ensure the operators' compliance with the requirements and enhance operational efficiency, and draw up a checklist and an implementation timetable on areas requiring improvement by the operators;

- (c) TD should increase the frequency of regular meetings with Operator B to enhance monitoring of its performance; and
- (d) FSTB should review and timely update the financial guidelines to specify the types of instruments required for the effective monitoring of subvented organizations, such as signing legally binding documents with subvented organizations for the provision of subvented services or projects. This will ensure that the Directors of Bureaux or the relevant Controlling Officers can more effectively monitor the subvented organizations and enable the proper use of public funds; and

- observes that:

- (a) the Government will regularly review the existing MOUs and the current mode of monitoring in a timely manner to ensure effective monitoring of the service performance of the Rehabus operators;
- (b) TD will ensure that the Rehabus services is operated in accordance with the requirements through various channels, including maintaining close communication with the management of the operators through meetings, telephone calls, emails and other correspondences, examining and reviewing the monthly reports submitted by the operators, conducting on-site surveys, following up on the feedback and complaints of members of the public, as well as conducting random checks on the operation and accounting records of the Rehabus services on a regular basis;
- (c) TD agrees that the monitoring of the service performance of Operator B should be enhanced, and thus a monthly meeting with Operator B to discuss the service matters has been arranged since September 2023; and
- (d) FSTB has embarked on a review of the financial guidelines, in particular Part 15, with a view to further reminding Controlling Officers of the relevant principles and the need to draw up

---

---

instruments for the effective monitoring of the subvented organizations.

<p style="text-align: center;"><b>Specific comments</b></p>
---

52. The Committee:

Performance of operators

- expresses serious concern that:
  - (a) two performance pledges (i.e. performance indicators in TD’s Controlling Officer’s Reports) are stipulated in MOUs, namely passenger trips and allocation of vehicles, but these indicators cannot effectively measure the service quality of the operators and service user satisfaction; and
  - (b) from 2019 to 2023, the target figures set by the two operators for passenger trips were higher than the actual figures, with particularly significant discrepancies observed between 2020 and 2022, and there was also an increase in the number of vehicles between 2020 and 2023. Meanwhile, the amount of subvention received by Operator A increased from \$83.59 million in 2019-2020 to approximately \$125 million in 2023-2024, and that received by Operator B also increased from \$14.19 million in 2020-2021 to \$15.24 million in 2023-2024;
- strongly urges that TD should:
  - (a) consider setting additional performance pledges other than passenger trips and allocation of vehicles in MOUs, such as service quality and efficiency, and passenger satisfaction; and
  - (b) review the mechanism for determining the annual subvention amount for Rehabus services, the target passenger trips and allocation of vehicles, and consider including parameters such as past performance of operators and whether the service outcome has met the expected target;

- observes from TD's response that:
  - (a) TD agrees to add other service performance indicators (e.g. complaint rate and accident rate) for a more comprehensive assessment of the service quality of the Rehabus, and the relevant task is expected to be completed in the third quarter of 2024;
  - (b) there have been discrepancies between the service performance of the two operators in terms of passenger trips and the targets in recent years. It was mainly due to the relatively great impact of the epidemic on travel demand. Moreover, in 2023, TD anticipated that the usage of Rehabus would increase following the resumption to normalcy of society, thereby adjusting the target upwards. However, the overall number of passenger trips did not rebound as promptly as anticipated;
  - (c) despite the drop in overall passenger trips between 2020 to 2022 due to the epidemic, there were still a certain number of customers waiting for SRS, and the number of applications for DAR has been increasing year-on-year. The number of vehicles for feeder service also needs to be increased in the light of the new hospital routes. In view of the time required to proceed with vehicle procurement, TD considers it appropriate to plan forward so that there will be sufficient vehicles to meet the service need when the demand rebounds;
  - (d) in setting the target passenger trips, TD will estimate the target passenger trips for relevant services based on past patronage, additional demand and expected service level. TD will also examine the estimated operating expenses under the service level for the coming year with the information on hand, including the actual expenditure records in the past, and take into account various factors that affect the operating expenses of the Rehabus (e.g. the number of new vehicles to be procured in the coming year, expected personal emoluments and fuel cost) when determining the amount of government subvention for the Rehabus in the next financial year; and
  - (e) the operation of Rehabus is non-profit-making and the subvention received must be used entirely for Rehabus services. The operators are also required to place operating surpluses into

accumulated reserves. If the level of accumulated reserve at the end of the previous financial year exceeds 25% of the operator's operating expenditure for that year, the Government will deduct the excess amount from the subvention to be provided in the following year;<sup>4</sup>

#### Monitoring of procurement of vehicles

- expresses concern that:
  - (a) while the Internal Guideline on Administering the Government Subvention for Rehabus and Monitoring the Efficient Operation of Rehabus service stipulates that TD shall critically assess the justifications and cost-effectiveness of vehicle procurement proposals submitted by the operators, some relevant information (e.g. the utilization of existing vehicles) was not included in the procurement proposals submitted by the operators from 2021 to 2023; and
  - (b) non-compliances with the Procurement Guidelines were found in all of the six procurement exercises conducted for 2020-2021 to 2022-2023 (four related to Operator A and two related to Operator B);
- recommends that TD should:
  - (a) require operators to provide more information in the procurement proposals for its assessment, and consider setting quantifiable standards (e.g. the service life and operating mileages of the vehicles) and establishing an assessment mechanism to assist TD in making a comprehensive assessment; and
  - (b) take measures to ensure compliance with the Procurement Guidelines, as well as perform proper gate-keeping and monitoring in the procurement process and establish transparent, open and rigorous tendering procedures to prevent transfer of benefits;

---

<sup>4</sup> Taking Operator B as an example, the original subventions granted for 2022-2023 and 2023-2024 were \$14.82 million and \$15.24 million respectively. As the level of the accumulated reserve of Operator B exceeded the cap, Operator B was requested by the Government to return the accumulated reserve to offset the operating subvention amount, and the actual subventions for these years were subsequently adjusted to \$12.82 million and \$12.40 million respectively.

- notes that TD:
  - (a) will take into account a basket of factors when vetting operators' new vehicle procurement proposals, including the anticipated demand for Rebus services, existing service adequacy and users' waiting time. The Electrical and Mechanical Services Department will assist in assessing the condition of the vehicles and advise whether it is necessary to replace the vehicles concerned;
  - (b) has requested in May 2024 that operators should provide additional relevant information in the procurement proposals for TD's consideration when submitting their proposals for procurement of new Rebus; and
  - (c) will complete the review of the Procurement Guidelines by the third quarter of 2024 and devise a more detailed action checklist on Rebus procurement. All of which will be clearly deliberated to the responsible staff and operators to ensure strict compliance with procurement requirements and procedures;

Provision of scheduled route service and dial-a-ride service

- expresses serious concern and disappointment that:
  - (a) while Operator A will review the relevant supporting documents upon receipt of an application for registration as a Rebus customer or renewal of registration to vet the eligibility of using Rebus services, Operator A has not laid down written guidelines setting out the vetting procedures;
  - (b) from 2019 to 2023, while the average monthly number of SRS routes increased by 14% from 106 to 121, the average monthly number of listed SRS users decreased by 9% from 1 409 to 1 283 and the actual annual average passenger trips per route decreased by 30% from 4 139 to 2 912. Of the 121 routes as of September 2023, 22 (18%) had a monthly average of six or less listed passengers from January to September 2023;
  - (c) as at 30 September 2023, 8 (8%) (including 6 PWDs and 2 carers) of the 98 applicants had been on SRS waiting list for more than one year, whereas the longest waiting time was 22.7 months;

- (d) there was no documentation showing that Operator A had duly followed up with some listed SRS users who took less than half of the trips arranged per month;
- (e) while the number of rejected point-to-point DAR orders increased by 102% from 10 632 in 2019 to 21 425 in 2023, the average number of spare vehicles on weekdays (except public holidays) ranged from 9 to 42 during the period;
- (f) no limit is set on the maximum number of carers for point-to-point DAR. Of the point-to-point DAR orders completed from 1 January to 30 September 2023, 2 201 (2%) of the 88 852 completed orders were with at least three carers accompanying each PWD. In particular, in 338 (0.4%) orders, there were five or more carers accompanying each PWD. In three extreme cases, a PWD was accompanied by 12 carers in each case;
- (g) while there is a handling mechanism for following up with users of which the actual number of passengers not meeting the required number for making “Large group” (five or more passengers) passenger bookings for point-to-point DAR, it was not in force due to insufficient manpower. Of the point-to-point DAR orders completed from 1 January to 30 September 2023, 6 976 (25%) of the 27 807 “Large group” passenger bookings turned out to be with only four or less passengers, of which 2 088 (30%) had only one to two passengers taking the trip. As indicated by the booking outcomes, some of the “Large group” passenger bookings turned out to be with only four or less passengers and should be booked under the “Small group” passenger category;
- (h) despite that a minimum of four PWDs is required for each pooled DAR route, as of December 2023, 18 (45%) of the 40 pooled DAR routes had less than four listed PWDs, of which 7 of the 18 routes have only one or two listed PWDs. Of the 7 routes, 6 had less than four listed PWDs for more than three consecutive months in 2023; and
- (i) while the contract of the new integrated computer system was awarded in 2019 and its implementation was originally scheduled to be completed by January 2023, there was a delay (of 2.5 years



compared to the latest scheduled launch date of the third quarter of 2025) in its implementation;

Provision of feeder service

- is surprised at the patronage of the feeder service and finds it unacceptable that in 2023, the average passenger trips per vehicle trip for 3 of the 12 hospital routes of the feeder service (i.e. Hong Kong Children’s Hospital Route, Pok Oi Hospital Route and Tuen Mun Hospital Route) were less than one, while 80% or more of the vehicle trips of these three routes were without passengers. In addition, of the total 195 bookings served by the five recreational routes of the feeder service in 2023, while 141 bookings (72%) had been served for Lantau Island Route (with 906 passenger trips), only 54 bookings (28%) had been served in total for the remaining four routes (with 196 passenger trips in total);
- strongly urges that TD should:
  - (a) review the operation of various types of Rehabus services with the two operators, including a wider adoption of shared-use arrangement, consolidation and enhancement of existing routes, and shortening the waiting and advance booking time, with a view to improving services and boosting utilization; and
  - (b) consider setting a limit on the maximum number of accompanying carers for services that require bookings, as well as establishing a mechanism for charging a higher fare to accompanying carers and imposing appropriate sanctions on users who cancel bookings without a reasonable explanation, with a view to making the best use of resources;
- observes that:
  - (a) the Commissioner for Transport agrees with Audit’s recommendations in paragraphs 2.12, 2.19, 3.5, 3.12, 3.27, 3.34, 4.7 and 4.15 of the Audit Report;
  - (b) TD is actively following up with Operator A to formulate written internal guidelines on the vetting procedures for user registration and renewal;

- (c) owing to the epidemic, the delivery of newly procured vehicles was behind the original schedule, resulting in Operator A’s inability to introduce additional SRS routes for the passengers on the waiting list, thereby affecting the waiting time for SRS. In addition, TD has been following up with Operator A on the shortage of drivers and Operator A has implemented various measures to attract more drivers to join the Rehabus services;
- (d) since some applicants have special requests on the travel time or destination (including the request for return trips to/from remote areas) and it is not easy to arrange shared-use of vehicles for different users with a similar travel pattern, it is rather difficult to arrange routes for applicants with special requests and the waiting time will also be longer. As regards the six cases of PWDs who have been on the waiting list of SRS for more than one year, Operator A completed the follow-up on these cases as at March 2024;
- (e) Operator A is currently taking follow-up actions, including enquiring with those users whose number of trips taken is less than half of the trips arranged per week for two consecutive months about their reasons, reviewing the low patronage situation of individual pooled DAR routes and following up on cases where the actual number of passengers in the “Large group” did not meet the booking requirement, so as to take appropriate follow-up actions;
- (f) TD will set a maximum number of carers for the point-to-point DAR, the specific implementation details of which will be formulated taking into account of the views of stakeholders. In addition, TD will review with Operator B the requirements and details on the maximum number of carers accompanying a PWD in using recreational routes service;
- (g) Phase I of the integrated computer system developed by Operator A has been rolled out since 5 March 2024. TD will continue to monitor the relevant work of the operators; and
- (h) LWB and TD will continue to closely monitor the performance of Rehabus operators to ensure that they operate in accordance with the stipulated requirements. TD will also review the operational arrangements of the Rehabus fleet from time to time, such as the

number of vehicles, routes and service mode, and regularly consult representative of PWDs groups, other stakeholders and users;

#### Introduction of competition

- expresses concern that TD first invited interested parties to submit proposals for operating the Rehabus feeder service in December 2018, in order to reduce the risks of having a sole operator for operating the expanding Rehabus services. Operator B was ultimately selected and engaged as the operator for Rehabus feeder service. However, as the feeder service only accounts for a relatively small proportion of the overall services, such an approach is neither effective in avoiding the provision of services by a sole operator nor in introducing a new operator to enhance service efficiency;
- recommends LWB and TD to, having regard to the market situation, consider splitting the more widely used SRS and DAR, and inviting interested operators to participate in operation, so as to enhance service efficiency; and
- notes that TD:
  - (a) has considered various factors when inviting a new operator for the Rehabus service, including the nature and scale of the services, the feasibility of splitting certain services, and the expected capabilities of the potential operators to operate the relevant service. The nature of Rehabus feeder service with fixed schedule and fixed route is similar to most of the current public transport services, and it will be easier for a new operator to take over its management. Also, synergy effect can be created by having both SRS and DAR operated by the same operator. For example, SRS is mainly provided during peak hours while the operator can deploy the vehicles for DAR during non-peak hours; and
  - (b) openly invited eligible parties twice in December 2018 and November 2021 to submit proposals for operating feeder service. Four and two operators submitted proposals respectively.

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

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

*Support measures for agricultural industry by the Agriculture, Fisheries and Conservation Department*

---

---

The Audit Commission (“Audit”) conducted a review of the measures taken by the Agriculture, Fisheries and Conservation Department (“AFCD”) to support the local agricultural industry.

2. As announced in the 2016 Policy Address, the Government would implement a New Agriculture Policy to promote the modernization and sustainable development of local agriculture. Key measures included setting up an Agricultural Park (“Agri-Park”),<sup>1</sup> commissioning a consultancy study on identifying and designating Agricultural Priority Areas (“APAs”), setting up a Sustainable Agricultural Development Fund (“SADF”),<sup>2</sup> exploring ways to facilitate establishment of hydroponics or other similar operations in industrial buildings/zones, facilitating leisure farming and enhancing food safety and marketing of local fresh produce. In December 2023, the Environment and Ecology Bureau and AFCD issued a Blueprint for the Sustainable Development of Agriculture and Fisheries to promote the upgrading and transformation, modernization and sustainable development of the industries. In 2022-2023, the expenditure for the provision of support measures for agricultural industry by AFCD was about \$43.7 million.

3. The Committee noted the following Audit’s findings:

Planning and development of agricultural areas

- the approved project estimate for the establishment of the Agri-Park Phase 1 was \$176.6 million. As of January 2024, the anticipated completion date for the construction works was mid-2024, which was about six months later than the target completion date of 2023;
- the site for the first stage of the Agri-Park Phase 1 was handed over to AFCD in November 2022. As of November 2023, the farmland was demarcated into 16 farms, and AFCD had entered into 15 lease agreements for 15 farms. The remaining farm had not yet been rented out as of January 2024 (about 14 months after the handover of the site to AFCD) due to flooding problem. The lease of one of the 15 farms commenced in December 2022. However, the farm had flooding

---

<sup>1</sup> The Agri-Park aims to help nurture agro-technology and knowledge on modern farm management through leasing farmland and providing associated agricultural facilities. The Agri-Park is being developed in two phases.

<sup>2</sup> SADF is set up to provide financial support for the modernization and sustainable development of local agriculture, with a total approved commitment of \$1 billion.

problem identified in May 2023, which resulted in severe damages in the wet season. The problem could not be solved despite the implementation of several flood mitigation measures, and the lease was early terminated in December 2023;

- according to AFCD's inspection reports of November 2023, of the 13 farms with crop production in the Agri-Park, three farms were in full production and 10 farms only had crop production in part of the leased areas with the remaining areas laid fallow (ranging from about 14% to 93% of the total leased area, averaging about 66%). The remaining two farms had been laid fallow respectively for about eight and nine months since lease commencement up to 24 November 2023;
- in December 2023, AFCD conducted annual review on farm production for the 10 farms with the first anniversary of the lease agreements falling in the period from 21 December 2023 to 31 January 2024. Audit noted that 9 of the 10 farms did not meet the target production volume, with shortfall ranging from 15% to 97% (averaging 65%);
- in 2018, the Government commissioned a consultancy study on APAs to identify quality agricultural land and explore the feasibility of designating them as APAs. A Steering Committee, co-chaired by the Environment and Ecology Bureau and the Development Bureau as well as comprising members from AFCD and some other government departments, had been set up for overseeing the study. As of January 2024, the study was expected to be completed in 2024 (i.e. a delay of about two years against the original target completion date of August 2022);
- regarding the consultancy study on APAs, the consultant had failed to submit various deliverables according to the schedule as stipulated in the consultancy agreement. For the deliverables submitted during the period from commencement of the consultancy agreement in October 2018 and up to January 2024, there was delay in submission of some deliverables (with late submission rate ranging from 80% to 100%)

#### Financial support measures

- since the launch of SADF in December 2016 and up to October 2023, the average amount of approved grant was about \$27 million each year (i.e. about 46% to 73% less than the original estimates of \$50 million to \$100 million each year). Besides, the annual number of general

applications<sup>3</sup> received was only three to seven from 2018-2019 to 2023-2024 (up to October 2023). As of October 2023, 4 of the 59 general applications received were under processing. Of the 55 processed general applications, 18 (33%) were approved, 23 (42%) were rejected and 14 (25%) were withdrawn;

- according to SADF guidelines, the processing of a general application for SADF with all necessary information provided was required to be completed within six months. For seven applications approved before the implementation of the enhancement measures<sup>4</sup> (i.e. from 1 April 2018 to 27 February 2023), the time lapse between receipt and approval of an application for five cases was more than six months and up to about 18 months. For two applications approved after the implementation of the enhancement measures (i.e. from 28 February to 31 October 2023), the time lapse for one case was about 12.3 months;
- according to AFCD's guidelines, the processing of reports (e.g. progress reports) submitted by grantees of general application for SADF should generally be completed within 24 weeks. As of October 2023, for 13 reports under processing by AFCD, 11 had been submitted for more than 24 weeks and up to 100 weeks (averaging about 49.4 weeks);

#### Other support measures

- a central database had been set up under the Local Vegetable Farm Voluntary Registration Scheme to facilitate the provision of support services to farmers. Audit noted that the number of registered farms decreased by about 3% from 1 967 in 2018 to 1 911 in 2023 (as of October), and the information for monitoring the registered farms was not properly maintained in the central database;
- according to AFCD's guidelines, farm visit (with samples taken) should be conducted half-yearly for local farms and once/twice a year for farms operated by Hong Kong farmers in the Mainland for extending the

---

<sup>3</sup> Under SADF, as of October 2023, there were three types of applications, namely general application, Farm Improvement Scheme and Pilot Scheme. General applications are for programmes, projects and research that would facilitate the development of modern and sustainable agriculture.

<sup>4</sup> With effect from 28 February 2023, the coverage of SADF has been expanded and a series of enhancement measures (e.g. increasing the Government's maximum funding ratio for commercial projects which are innovative and pilot in nature) have been implemented.

accredited status under the Accredited Farm Scheme.<sup>5</sup> Audit's examination of the farm visit records of the 312 accredited farms during the period from 2022 to 2023 (up to October) revealed that for 190 (66%) of the 287 accredited local farms and 8 (32%) of the 25 accredited farms in the Mainland, the number of visits (with samples taken) to farms did not meet the required frequency; and

- the Controlled Environment Hydroponic Research and Development Centre was set up to study and demonstrate the advanced techniques and facility involved for reference of the trade and other interested investors. While the number of hydroponic farms increased by about 13% from 40 farms in 2018 to 45 farms in 2022, the total output and total value of production of hydroponic farms decreased by about 53% and 68% respectively from 2018 to 2022.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to the issues raised by Audit. The replies from the **Director of Agriculture, Fisheries and Conservation** are in *Appendix 18*.

5. The Committee wishes to be kept informed of the progress in implementing Audit's recommendations.

---

<sup>5</sup> The Accredited Farm Scheme aims at promoting the adoption of good horticultural practice and environmental friendly production. Accredited farms are strictly monitored and supervised on uses of pesticides and produce is further checked for pesticide residues before selling at accredited retail outlets (under the registered brand name of "Good Farmer"). As of October 2023, there were 312 accredited farms (comprising 287 local farms and 25 farms operated by Hong Kong farmers in the Mainland).



*Upgrading and operation of San Wai Sewage Treatment Works*

---

The Audit Commission (“Audit”) conducted a review to examine the work of the Drainage Services Department (“DSD”) in managing the upgrading works of the San Wai Sewage Treatment Works (“SWSTW”) and the operation of the upgraded SWSTW.

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 2015, to cope with the projected increase in sewage flow demand due to planned new developments in the catchment area of SWSTW and to enhance the environmental performance of SWSTW, it was considered necessary to upgrade the capacity and treatment level of SWSTW. In April 2016, the Government had sought the approval from the Finance Committee of the Legislative Council for the upgrading works of SWSTW at an approved project estimate (“APE”) of \$2,572.3 million. DSD was responsible for the design and construction of the upgrading works, and operation of the upgraded SWSTW. The Environment and Ecology Bureau was responsible for policy matters on environmental protection and for overseeing the operations of DSD on the provision of sewerage and sewage treatment services.

4. In May 2016, DSD awarded a design-build-operate (“DBO”) contract (“Contract A”) to a contractor (“Contractor A”) for the design and construction of the upgrading works of SWSTW, and subsequent operation of the upgraded SWSTW for 15 years. The project was substantially completed in March 2021. As of October 2023, \$1,924.7 million (i.e. 75% of APE) had been incurred. The total operation payment to Contractor A since the commissioning of the upgraded SWSTW and up to October 2023 was about \$163 million.

5. The Committee noted the following Audit’s findings:

Upgrading works of SWSTW

- after commencement of works under Contract A, the conditions of existing drainage system involving interfacing works were found different from those under original design. In the event, the project consultant (“Consultant X”) issued an Employer’s Change (later valued at \$5.4 million) to instruct Contractor A to change the design and construction of the related works;

*Upgrading and operation of San Wai Sewage Treatment Works*

---

- the upgrading works of SWSTW comprised considerable quantity of backfilling works, but Contract A specified the use of general fill material, which, according to Consultant X, were generally sensitive to inclement weather and would pose risk of extension of time. As such, Consultant X issued an Employer's Change (later valued at \$2.7 million) to instruct Contractor A to adopt a mixed fill material for specific areas in order to minimize the risk of further works delay due to inclement weather;
- from July 2021 to February 2022, some leakage and ponding problems at various parts of the upgraded SWSTW were identified. As of March 2022, Contractor A had rectified the problems. In September 2022, Consultant X indicated the leakage and ponding problems found at various parts of the upgraded SWSTW, and requested Contractor A to rectify them as soon as possible. According to DSD, these problems were of different nature, extent and locations at the buildings in comparing to those occurred before March 2022, and had all been rectified by Contractor A as of mid-March 2024. DSD had also requested Consultant X to conduct an investigation to ascertain the reasons for the recurring leakage and ponding problems at the upgraded SWSTW;

Monitoring of operation of upgraded SWSTW

- there was a set of 14 key performance indicators under Contract A. Since the commissioning of the upgraded SWSTW in March 2021 and up to October 2023, DSD had deducted a total of \$78,822 from operation payments to Contractor A for 11 non-compliances involving three key performance indicators related to contract administration and reporting;
- there were inconsistencies between provisions of Contract A related to the demerit point mechanism. For example, while a contract provision provided that Contractor A should submit monthly operation reports within seven days after the end of the reporting month, another contract provision specified that demerit points, which would result in monthly operation payment adjustment, would be assigned to Contractor A for delay in submitting monthly reports more than 10 days (or 15 days since October 2021) after the end of the reporting month;
- as of January 2024, under-performance notices had not been issued to Contractor A for 16 under-performance events occurred between March 2021 and October 2023. According to DSD, under-performance

*Upgrading and operation of San Wai Sewage Treatment Works*

---

notices for these 16 events were issued in February 2024, which would lead to a potential deduction of \$93,637 from the operation payments made to Contractor A;

- from March 2021 to October 2023, abnormally high five-day biochemical oxygen demand concentration was found in the effluent samples collected at the upgraded SWSTW in four occasions due to contamination of sampling bottles, automatic sampler components and sampling tools;
- Contractor A was required to submit to the Supervising Officer reporting materials containing the required information. For the operation plans/reports relating to the period from March 2021 to October 2023, it was found that the operation plans for the second year and third year of operation were submitted late by Contractor A, with delays of 27 and 165 days respectively. Furthermore, some non-compliance cases (e.g. total suspended solids concentration in centrate) were omitted in the monthly operation reports submitted by Contractor A;
- according to Contract A, the Computerised Maintenance Management System (“CMM System”) maintained the inspection and maintenance schedule and maintenance records of the facilities at the upgraded SWSTW. As of January 2024, there was no readily available information from CMM System showing whether the works orders had been completed as scheduled, and some management reports could not be generated from CMM System for monitoring purpose;

Other related issues

- for some of the five non-fatal reportable accidents occurred at the construction site of Contract A, there were late reporting of accidents, and late submission of preliminary accident reports and injury report forms by Contractor A;
- as of January 2024, the application for the storage and use of ferric chloride solution at the upgraded SWSTW had yet to be submitted to the Fire Services Department for its approval according to the Dangerous Goods Ordinance (Cap. 295). In January 2024, DSD issued a letter to Contractor A stating that it was the obligation of Contractor A to submit, on behalf of DSD, the documentation required for the approvals on the matter, and Contractor A was required to meet various milestones for monitoring the progress of implementing measures in complying with the relevant statutory requirements;

*Upgrading and operation of San Wai Sewage Treatment Works*

---

- as of October 2023, the total expenditure under the project vote was \$1,924.7 million (i.e. \$647.6 million (25%) less than APE of \$2,572.3 million). According to DSD, the significant variance was mainly due to lower-than-estimated tender outturn price for Contract A, and the actual adjustment for price fluctuation and contingency sums for unforeseen works lower than their estimated amounts; and
- the upgrading of SWSTW was DSD's second sewage treatment works project adopting DBO contract arrangement. According to DSD, it was still in the pilot stage in respect of adopting DBO contract arrangement for selected sewage treatment facilities projects, and the actual achievement of cost saving of adopting DBO contract arrangement would be reviewed upon completion of the operation phase of Contract A.

6. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to the issues raised by Audit. The replies from the **Director of Drainage Services** are in *Appendix 19*.

7. The Committee wishes to be kept informed of the progress in implementing Audit's recommendations.

The Audit Commission (“Audit”) conducted a review to examine the work of the Countryside Conservation Office (“CCO”).

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 minor improvement works projects concerned.

3. CCO was established in July 2018 to coordinate conservation projects that promote sustainable development of remote countryside, and \$1 billion was earmarked for such work (\$500 million for the Countryside Conservation Funding Scheme (“CCFS”) and \$500 million for the implementation of minor improvement works). As of October 2023, there were 44 approved projects under CCFS (with grants of \$222 million) and 10 minor improvement works projects (with total approved project estimate of \$73.4 million).

4. The Committee noted the following Audit’s findings:

Administration of CCFS

- CCO had not set timeframe for notifying the applicants of their CCFS application results after the approval/rejection was made by the Advisory Committee on Countryside Conservation (“the Advisory Committee”). For the 78 applications processed (including 44 approved and 34 rejected applications) by CCO from October 2019 to October 2023, it took 8 to 83 days (averaging 30 days) to notify the applicants of the results;
- as of February 2024, the data on the CCFS e-application forms (introduced since October 2023) could not be automatically transferred to the CCFS database. Applicants were required to submit the application forms in both hard and soft copies. According to CCO, the CCFS database would be further enhanced to support e-submission of CCFS applications;
- funding disbursements (i.e. initial, interim and final disbursements) were subject to the progress and satisfactory performance of the projects. Audit’s examination of the funding disbursements processed by CCO revealed that:

- (a) of the 55 interim disbursements released to the grantees from October 2019 to October 2023, 19 (35%) were not released within the specified timeframe. For the release of initial and final disbursements to the grantees, CCO had not set any timeframe; and
- (b) of the 151 project documents submitted by the grantees from October 2019 to October 2023, 120 (79%) were endorsed by CCO 13 to 523 days (averaging 106 days) after the first submission of project documents by the grantees;
- according to the guidelines of CCFS, reminders (first and second) would be issued under specified circumstances to the grantees who failed to submit project documents by the scheduled deadlines. As of October 2023, there were delays in issuing the first reminders to the grantees for submission of 61 project documents, and no reminders had been issued to the grantees for submission of nine project documents. CCO had not set timeframe for the issue of the second reminders to the grantees. For five project documents not being submitted to CCO within three weeks after the scheduled deadlines, CCO had not issued any second reminders to the grantees as required by the guidelines;
- Audit's examination of 149 inspections conducted by CCO from October 2019 to October 2023 for 41 approved projects revealed that CCO, contrary to the guidelines, did not conduct at least one inspection every six months for 15 approved projects (involving a total of 22 inspections). Moreover, for 28 (19%) of the 149 inspections, inspection reports were not prepared within one month after the inspection as required by the guidelines;

#### Administration of minor improvement works

- as of October 2023 (i.e. about 5.3 years since the establishment of CCO in July 2018), there were only 10 projects (two completed and eight under implementation) with a total approved project estimate of \$73.4 million (i.e. 15% of \$500 million earmarked funding), and these projects were all related to two locations (i.e. Lai Chi Wo and Sha Lo Tung) only;
- as of January 2024, a minor improvement works project involving repairing works for trails in Sha Lo Tung (with approved project estimate of \$10 million) had not yet commenced and was seven months behind the target works commencement date. CCO took six months

(from March to September 2023) to reach consensus with the government department concerned on the management and maintenance responsibility of the trails after works completion;

- a minor improvement works project involving the construction of a new public toilet in Lai Chi Wo was approved at a project estimate of \$8.5 million in September 2020, but was later increased by \$4.8 million to \$13.3 million due to adoption of smart facilities. The works commenced in September 2021 and were substantially completed in August 2023. Since the trial operation had commenced in November 2023, the following incidents occurred:
  - (a) on 9 December 2023, a user was locked up inside the new public toilet due to the malfunction of the automatic sliding door. The automatic door system of the new public toilet was then disabled and the sliding doors were converted to fully manual operation since 21 December 2023; and
  - (b) the new public toilet was closed for five days for replacement of air improvement photovoltaic (“AIPV”) panels. According to CCO, the performance of AIPV panels was not up to the design standards in terms of the harvest of renewable energy. The contractor was required to rectify the defect by replacing AIPV panels at no additional cost;

#### Other related issues

- for the meetings of the Advisory Committee and its subcommittee held between July 2019 and October 2023, CCO failed to issue the meeting papers for some meetings and draft minutes for all meetings in accordance with the specified time pledges;
- since the establishment of the Advisory Committee in July 2019 and up to December 2023, CCO did not request the chairperson and the three ex-officio members to complete and return the declaration forms for all the five exercises of first-tier declarations. Regarding non-official members, CCO sent out the requests for the return of declaration forms for initial declaration after the commencement of all three terms (the longest one was 123 days after the commencement of Term 3). Moreover, some non-official members returned the declaration forms after the specified deadlines, with the longest delay of 142 days;

- in promoting countryside conservation, CCO arranged over 80 publicity activities from 2019 to 2023, with direct engagement of some 10 000 participants. From July 2021 to January 2024, CCO uploaded 38 promotional videos onto the online video sharing platform. As of January 2024, the cumulative number of views of the 38 promotional videos ranged from 20 to 16 483;
- some information on CCO's webpage, such as those relating to "Frequently Asked Questions" and funded projects, was found outdated. Besides, some information was not available on CCO's webpage; and
- no performance measures were set for CCO's work. Moreover, CCO did not compile management information based on the completion reports of CCFS projects, which contained project results, submitted by the grantees.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to the issues raised by Audit. The replies from the **Secretary for Environment and Ecology** are in *Appendix 20*.

6. The Committee wishes to be kept informed of the progress in implementing Audit's recommendations.

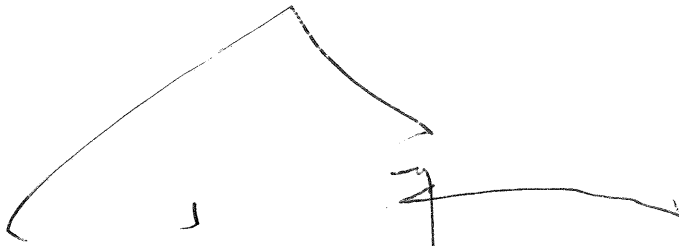


**SIGNATURES OF THE CHAIRMAN,  
DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE**

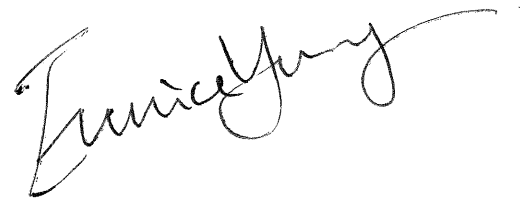
---



**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**

4 July 2024

**CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 82  
DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT**

---

---

**Director of  
Audit's Report  
No. 82**

**P.A.C.  
Report No. 82**

<u>Chapter</u>	<u>Subject</u>	<u>Chapter</u>
1	Customs and Excise Department's efforts in facilitating trade and promoting economic development	1
2	Emergency dental services and elderly dental care support	2
3	Gifted education	3
4	Hongkong Post: Development of business	4
5	Provision and monitoring of Rehabus services	5
6	Support measures for agricultural industry by the Agriculture, Fisheries and Conservation Department	6
7	Upgrading and operation of San Wai Sewage Treatment Works	7
8	Work of Countryside Conservation Office	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.

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

Prof LO Chung-mau	Secretary for Health
Mr Thomas CHAN Chung-ching	Permanent Secretary for Health
Mr Eddie LEE Lik-kong	Deputy Secretary for Health 2
Dr Frankie SO Hon-ching	Consultant (Oral Health Care) Health Bureau
Dr Ronald LAM Man-kin	Director of Health
Dr Kitty HSE Mei-yin	Consultant i/c Dental Services Department of Health
Dr Tony KO Pat-sing	Chief Executive, Hospital Authority
Dr Larry LEE Lap-yip	Chief Manager (Cluster Performance) Hospital Authority
Mr Chris SUN Yuk-han	Secretary for Labour and Welfare
Miss Vega WONG Sau-wai	Commissioner for Rehabilitation Labour and Welfare Bureau
Ms Susan CHAN Shan-shan	Assistant Commissioner for Rehabilitation Labour and Welfare Bureau
Ms Angela LEE Chung-yan	Commissioner for Transport
Ms Louisa FUNG Wai-kwan	Assistant Commissioner/ Management and Paratransit Transport Department
Mr Curtis CHIU Ho-ming	Principal Transport Officer/ Ferry and Paratransit Transport Department
Ms Christine YUEN Miu-chun	Chief Transport Officer/ Planning/ Disabled Transport Transport Department

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



中華人民共和國  
香港特別行政區政府  
商務及經濟發展局



**COMMERCE AND ECONOMIC  
DEVELOPMENT BUREAU**  
THE GOVERNMENT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
OF THE PEOPLE'S REPUBLIC OF CHINA

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

Tel No. : 2810 2903

Fax No. : 2147 3065

(By e-mail: [hhchan@legco.gov.hk](mailto:hhchan@legco.gov.hk))

Our ref. : CEDB CR 03/43/4

Your ref. : CB4/PAC/R82

6 June 2024

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

Dear Ms Chan,

**The Public Accounts Committee**  
**Follow-up to Chapter 1 of Report No. 82 of the Director of Audit**  
**Customs and Excise Department's Efforts in**  
**Facilitating Trade and Promoting Economic Development**

Thank you for your letters to the Commerce and Economic Development Bureau (CEDB) and the Customs and Excise Department (C&ED) on 20 May 2024. The consolidated response to the questions addressed to CEDB and C&ED are hereby enclosed.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ho June'.

( June Ho )

for Secretary for Commerce and Economic Development

c.c. Commissioner of Customs and Excise  
(e-mail: commissioner@customs.gov.hk)  
Secretary for Financial Services and the Treasury  
(e-mail: sfst@fstb.gov.hk)  
Director of Audit  
(e-mail: ncylam@aud.gov.hk)

(Translation)

**Chapter 1 of Report No. 82 of the Director of Audit  
“Customs and Excise Department’s Efforts in  
Facilitating Trade and Promoting Economic Development”  
Supplementary Information**

**(I) Questions to Commerce and Economic Development Bureau (CEDB)**

Part 1: Introduction

- 1) **According to paragraph 1.4 of Report No. 82 of the Director of Audit (the Audit Report), CEDB formulates and coordinates a range of economic policies, including various trade facilitation initiatives (the latest trade facilitation initiatives include the Hong Kong Authorized Economic Operator (AEO) Programme, the Single E-lock Scheme (SELS), the Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme); and the Trade Single Window (TSW)), and oversees the work of the Customs and Excise Department (C&ED) in these areas. Please advise:**
- (a) **Whether the Secretary for Commerce and Economic Development and the Commissioner of Customs and Excise met on a regular basis for the above four trade facilitation initiatives between 2019 and 2023, strengthening top-level leadership with a view to developing Hong Kong into a multinational supply chain management centre. If yes, what are the details? If no, what are the reasons; and**

CEDB and C&ED hold top-level quarterly meetings to ensure that the policy measures are orderly implemented by C&ED and the needs of the trade are satisfied. There were 14 top-level meetings between 2019 and 2023. Apart from the top-level meetings, CEDB and C&ED also keep in close liaison with each other at working level in order to monitor the implementation of various trade facilitation initiatives closely.

Between 2019 and 2023:

- C&ED ratified AEO Mutual Recognition Arrangements (MRAs) with 5 economies and signed Action Plans for AEO MRAs with 6 economies;
- The number of clearance points under the SELS increased by 26, and extended its coverage outside Guangdong Province for the first time through setting up 4 clearance points in Hunan Province;
- The scope of service of the FTA Scheme was extended to cover 44 economies under 6 additional trade agreements for transshipment cargo to the Mainland via Hong Kong and 2 additional trade agreements to cover the transshipment cargo to Taiwan, Korea and Australia via Hong Kong; and
- Phase 2 of the TSW was fully launched and the development of the information technology (IT) system for Phase 3 commenced in 2023.

C&ED will continue to enhance customs clearance efficiency and facilitate economic and trade development, with a view to complementing other measures of CEDB to further expand economic and trade networks and deepen regional cooperation (for details, please refer to the response under question 5 below) for strengthening Hong Kong's status as an international trade centre and developing Hong Kong into a multinational supply chain management centre.

- (b) The division of responsibility and collaboration between the Office of Trade Single Window Operation (OSWO) and the Single Window Project Management Office (PMO). For example, paragraph 1.19 points out that PMO oversees the technical design and operation of the TSW system, while paragraph 1.20(d) mentions that OSWO oversees the system operation of the TSW. Is there overlap of responsibilities between the two?**

PMO of CEDB has been collaborating closely with OSWO of C&ED in jointly taking forward the development of the TSW.

In particular, PMO provides policy steer for the overall development of the TSW project and oversees its implementation, such as designing and developing the IT system, designing business processes, drafting legislation, preparing the estimates and application for project funding. PMO will be disbanded upon completion of TSW Phase 3 (i.e. the final phase).

On the other hand, OSWO operates the TSW services, including administering and maintaining the IT system, coordinating with different formations in C&ED to carry out the implementation details relating to the business processes of the TSW, promoting the TSW to the trade, providing training and customer support service, etc., in order to enhance the trade's understanding on the TSW and encourage them to use the TSW early.

As illustrated above, the two offices have their own functions and there is no overlap of responsibilities.

- 2) According to paragraph 1.6 of the Audit Report, AEO Programme is a free, open and voluntary accreditation scheme; at Note 4 of paragraph 1.8, the CEDB stated that the cost and benefits of securing accreditation would vary from one company to another, and the benefit case would depend much on the width and depth of the global supply chain of the company involved. Generally speaking, companies with global supply chain network should stand to benefit more from AEO accreditation. Please advise:**

- (a) Given the accreditation scheme is free of charge, what would be the cost for companies to get accredited?**  
**(b) The benefits (detailed list) for companies to obtain the accreditation; and**

**(c) The additional benefits that companies with global supply chain network can obtain from the AEO accreditation.**

Hong Kong has a unique business environment with not just international companies but also a large number of small and medium enterprises (SMEs). To address the local needs, C&ED implements a two-tier qualification structure for Hong Kong AEOs. If a company wishes to become a Hong Kong AEO, it has to fulfil 10 (Tier I status) or 12 (Tier II status) security and safety management criteria (for example, installing security closed-circuit television, improving venue lighting system, enhancing security levels of conveyance and computer systems as necessary, etc.).

Depending on the existing level of supply chain security management, different companies will need to invest different amount of resources.

Companies accredited under the Hong Kong AEO Programme will enjoy:

- Reduced customs inspection and prioritised customs clearance (including prioritised clearance upon recovery of major trade disruptions) in Hong Kong and other economies under the AEO MRAs; and
- More extended benefits beyond customs facilitation (such as prioritised processing of application under the FTA Scheme, expedited processing of Admission Temporaire/Temporary Admission Carnet application and 10 free buyers' credit checks offered by the Hong Kong Export Credit Insurance Corporation).

Besides, as we learnt from the AEOs, after being accredited, the creditability, competitiveness and marketability of the companies are strengthened. AEO accreditation is regarded as a quality mark by the trade, which considers that AEOs have higher level of supply chain security management standards. To the companies, these are all intangible benefits.

**3) According to paragraph 1.19 and Appendix A of the Audit Report, as at December 2023, PMO of CEDB has 39 staff. Please advise on the respective responsibilities of the four Units in PMO [namely the Policy and Legal Unit, Resources, Planning and Administration Unit, Business Process Unit and Information Technology Unit] and the number, ranks and pay points of their staff.**

PMO is headed by an Administrative Officer Staff Grade C (D2), designated as Principal Assistant Secretary for Commerce and Economic Development (Single Window), and is composed of 4 Units, namely the (a) Policy and Legal Unit (PLU), (b) Resources, Planning and Administration Unit (RPAU), (c) Business Process Unit (BPU), and (d) Information Technology Unit (ITU).

PLU assists in formulating the TSW policy and drafting the legislative proposals for implementing the TSW. RPAU provides office administrative support, manages resources and plans for the estimated requirements. BPU assists in formulating business processes of the TSW, including analysing and drawing on the views of participating Government agencies (PGAs) and industry stakeholders, so as to prepare detailed user requirements and implementation plans. ITU conducts tender exercises for IT systems, monitors the contractors' performance and offers technical suggestions, to ensure that the technical designs and operations meet the needs of the trade. As at December 2023, the number, ranks and pay points of staff in the four units are tabulated below:

	<b>LPU</b>	<b>RPAU</b>	<b>BPU</b>	<b>ITU</b>
Number of staff, ranks and pay points	1 Senior Administrative Officer (Master Pay Scale (MPS) 45-49)  1 post in total	1 Chief Executive Officer (MPS 45-49)  1 Senior Executive Officer (MPS 34-44)  1 Personal Secretary I (MPS 16-21)  3 Assistant Clerical Officers (ACO) (MPS 3-15)  6 posts in total	1 Senior Superintendent (SS) of Customs and Excise (C&E) (Disciplined Services (Officer) (DS(O)) 38-40)  1 Superintendent (S) of C&E (DS(O) 34-37)  3 Assistant Superintendents (AS) of C&E (DS(O) 28-33)  6 Senior Inspectors (SI) of C&E (DS(O) 23-27)  2 Inspectors (Insp) of C&E (DS(O) 8-22)  13 posts in total	1 Chief Systems Manager (Directorate Pay Scale 1)  3 Senior Systems Managers (SSM) (MPS 45-49)  8 Systems Managers (SM) (MPS 34-44)  4 Analyst/ Programmers I (A/P I) (MPS 28-33)  2 Analyst/ Programmers II (A/P II) (MPS 16-27)  18 posts in total

#### Part 4: TSW

**4) According to paragraph 4.15(b) of the Audit Report, the contract for developing the IT system of Phase 3 was awarded, and CEDB indicated that they would implement adequate measures to ensure the quality of the system and minimise the risk of hiccups upon roll-out. Please advise:**

**(a) What adequate measures CEDB will implement to ensure the quality of the system; and**

In the course of conducting system design and analysis as well as system development of Phase 3, we will, as ever, closely monitor the contractor's performance and the overall implementation status, ensuring compliance with the requirements of all prevailing regulations and procedures for procurement of IT products and services, IT standards and methodologies, as well as IT security and data privacy, etc. Prior to roll-out of the services, we will conduct a series of system tests, including user acceptance tests, load tests, reliability tests and adaptability tests, etc., as well as security risk assessments and audits to ensure that the system will be rolled out on schedule in a smooth and orderly manner. We will also devise different contingency measures to handle emergency situations. Besides, C&ED will organise a series of publicity, training and promotion activities to help the trade understand the operation of the system the soonest possible.

**(b) According to paragraph 4.16, Phase 3 of the TSW involved a significant volume of trade submission under the purview of different PGAs, which PGAs are involved.**

Phase 3 of the TSW will cover Import and Export Declaration (TDEC), submissions of cargo information, including Advance Cargo Information (ACI), Cargo Manifest and Cargo Report, in respect of different transport modes, and applications for Certificate of Origin and Permit for Dutiable Commodities (DCP). PGAs involved include C&ED, the Trade and Industry Department (TID), and the Census and Statistics Department.

#### Part 5: Way Forward

**5) According to table 5 under paragraph 5.2 of the Audit Report, the total external merchandise trade of 2022 decreased from \$9,459.1 billion to \$8,822.4 billion in 2023. According to paragraph 5.6, C&ED considered that it could be caused by more macro and diverse factors and might have no direct correlation with the effectiveness of C&ED's trade facilitation measures. Please advise what proactive measures will the authority undertake to promote development of Hong Kong's external merchandise trade; will the authority enhance the coordination between "Team Hong Kong" organisations in developing Hong Kong into a multinational supply chain management centre. If yes, what are the details?**

The Mainland is Hong Kong's largest trading partner. The Government is committed to raising the level of trade and investment liberalisation and facilitation between Hong Kong and the Mainland with a view to further strengthening the bilateral economic and trade relations. Driven by the dual circulation development strategy of the Mainland, it is expected that the demand in the Mainland market will continue to grow, further fuelling the development of merchandise trade. The total value of exports of goods from Hong Kong to the Mainland in the first quarter of 2024 increased by more than 20% as compared with the same period in 2023, from \$498.5 billion to \$599 billion. The total value of imports of goods from the Mainland to Hong Kong also recorded a nearly 10% increase, from \$449.3 billion to \$493.5 billion. The Financial Secretary announced in the 2024-25 Budget that, in line with the trend of Mainland manufacturing companies extending their production supply chains abroad, it is the goal of the Government to develop Hong Kong into a multinational supply chain management centre.

Meanwhile, under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Hong Kong products<sup>1</sup> meeting the CEPA rules of origin can enjoy zero tariff for importation into the Mainland. We will, on the basis of CEPA, continue to seek for more room of development for Hong Kong businesses to explore the business opportunities in the Mainland.

Apart from exploring business opportunities in the Mainland, the international trade landscape is in a constant state of flux. The Government will continue to expand Hong Kong's economic and trade network and assist the business sector in developing emerging markets. In recent times, Hong Kong's total exports have seen their share of the Europe and US markets in decline, while our exports to developing countries such as those in the Association of Southeast Asian Nations (ASEAN) and the Middle East are on the rise. To strengthen our economic and trade relations with the Middle East, the Government has just signed an Investment Promotion and Protection Agreement (IPPA) with Bahrain, and is conducting IPPA negotiations with Saudi Arabia and is planning to establish an Economic and Trade Office (ETO) in Riyadh. ASEAN is another priority strategic partner with whom we seek to enhance our engagement. The Government is also planning to establish an ETO in Kuala Lumpur, Malaysia. As for other markets, our negotiations of a FTA with Peru have substantially concluded and we are negotiating an IPPA with Bangladesh. Furthermore, in 2024-25, Invest Hong Kong (InvestHK) will set up consultant offices in Cairo, the capital of Egypt, and Izmir, the third largest city in Türkiye, to attract investment and companies from high-potential emerging countries in the Middle East and North Africa; while the Hong Kong Trade Development Council (TDC) will set up consultant offices in Dhaka, the capital city of Bangladesh, and Phnom Penh, the capital city of Cambodia, to strengthen trade promotion in emerging countries.

---

<sup>1</sup> Not including those prohibited by the Mainland's rules and regulations and those prohibited as a result of the implementation of international treaties by the Mainland, as well as products that the Mainland has made special commitments in relevant international agreements.



As for the cooperation among “Team Hong Kong” organisations, CEDB coordinates with other “Team Hong Kong” organisations, including the TDC and InvestHK, for strengthening the support work. We will help Hong Kong companies build network and develop the domestic sales market in the Mainland through the TDC, including providing relevant economic and trade information and policy updates as well as consultation services, facilitating their participation in large-scale Mainland exhibitions for promoting their brands and products, with a view to leveraging in particular the Guangdong-Hong Kong-Macao Greater Bay Area as the best entry point to further promote bilateral trade.

On the other hand, InvestHK has all along been proactively attracting and assisting enterprises that are interested in setting up and expanding businesses in Hong Kong, and offers one-stop customised support services, from the planning to implementation stages. To develop Hong Kong into a multinational supply chain management centre, InvestHK will step up its efforts to promote various advantages of doing businesses in Hong Kong, including our capacity to offer full-fledged and comprehensive professional support services, so as to attract Mainland manufacturing enterprises to set up headquarters in Hong Kong for managing their offshore trading. InvestHK will also actively pay attention to those enterprises’ needs (including financing, supply chain management, finance, taxation or land use, etc.) and reflect them accordingly to relevant policy bureaux or departments so as to suitably assist and further facilitate the enterprises in setting up headquarters for managing their offshore trading.

## **(II) Questions to C&ED**

### **Part 1: Introduction**

- 1) **According to paragraph 1.4 of the Audit Report, CEDB formulates and coordinates a range of economic policies, including various trade facilitation initiatives (the latest trade facilitation initiatives include AEO Programme, SELS, the FTA Scheme; and the TSW), and oversees the work of C&ED in these areas. Please advise:**
  - (a) **Whether the Secretary for Commerce and Economic Development and the Commissioner of Customs and Excise met on a regular basis for the above four trade facilitation initiatives between 2019 and 2023, strengthening top-level leadership with a view to developing Hong Kong into a multinational supply chain management centre. If yes, what are the details? If no, what are the reasons; and**
  - (b) **The division of responsibility and collaboration between the OSWO and PMO. For example, paragraph 1.19 points out that PMO oversees the technical design and operation of the TSW system, while paragraph 1.20(d) mentions that OSWO oversees the system operation of the TSW. Is there overlap of responsibility between the two?**

This question is the same as question (1) addressed to CEDB. Please refer to CEDB's response above.

- 2) **According to paragraph 1.7 of the Audit Report, there are 12 accreditation criteria for Hong Kong AEOs. It is mentioned in Note 3 that companies which fulfil the first 10 criteria will be accredited as Tier I AEO whereas companies which fulfil all the 12 criteria will be accredited as Tier II AEO. Please advise whether it is correct that companies will not be accredited if only 10 or 11 criteria but not all of the first 10 criteria are fulfilled.**

Companies have to fulfil the first 10 criteria to be accredited as Tier I AEO. If companies do not fulfill all of the first 10 criteria (i.e criteria (a) to (j) of the Audit Report at Note 3), they will not be accredited.

- 3) **According to paragraph 1.8 of the Audit Report, as of December 2023, 84 companies had been accredited as Hong Kong AEOs, comprising companies of different scales. Please advise:**
  - (a) **The number and percentage of companies accredited as Hong Kong AEOs each year from 2019 to 2023 by their roles within the international supply chain (such as manufacturers, importers, exporters, freight forwarders, warehouse operators, carriers, etc.); and**

Relevant information of Hong Kong AEOs accredited (including newly-accredited and renewed) each year from 2019 to 2023 is as follows:

	2019	2020	2021	2022	2023
Importer/ Exporter	33 (55.0%)	39 (58.2%)	41 (56.2%)	44 (57.1%)	48 (57.1%)
Forwarder/ Logistics Company	15 (25%)	16 (23.9%)	20 (27.4%)	21 (27.3%)	24 (28.6%)
Manufacturer	10 (16.7%)	10 (14.9%)	10 (13.7%)	10 (13.0%)	10 (11.9%)
Terminal Operator	1 (1.7%)	1 (1.5%)	1 (1.4%)	1 (1.3%)	1 (1.2%)
Warehouse Operator	1 (1.7%)	1 (1.5%)	1 (1.4%)	1 (1.3%)	1 (1.2%)
<b>Total (Accumulative)</b>	<b>60</b>	<b>67</b>	<b>73</b>	<b>77</b>	<b>84</b>

- (b) **The number and percentage of companies accredited as Hong Kong AEOs each year from 2019 to 2023 by their scales of companies (i.e. the width and depth of the global supply chain of the relevant companies).**

Hong Kong AEOs can be divided into SMEs<sup>2</sup> and non-SMEs according to their scale of operation. Relevant information from 2019 to 2023 is as follows:

	2019	2020	2021	2022	2023
SME	12 (20.0%)	12 (17.9%)	13 (17.8%)	15 (19.5%)	18 (21.4%)
Non-SME	48 (80.0%)	55 (82.1%)	60 (82.2%)	62 (80.5%)	66 (78.6%)
<b>Total (Accumulative)</b>	<b>60</b>	<b>67</b>	<b>73</b>	<b>77</b>	<b>84</b>

- 4) **According to paragraph 1.12 of the Audit Report, as of December 2023, there were 11 cargo handling agents with 204 vehicles registered under SELS; it is supplemented in Note 9 that the number of vehicles registered under SELS is on an application basis (i.e. a vehicle can be registered by more than one participant simultaneously). Please advise:**

- (a) **The number of cargo handling agents registered under SELS each year from 2019 to 2023;**

<sup>2</sup> According to the TID, manufacturing companies which employ fewer than 100 persons and non-manufacturing companies which employ fewer than 50 persons are regarded as SMEs.

- (b) **The reasons for the number of vehicles registered under SELS to be counted on an application basis instead of the actual number of vehicles;**
- (c) **The number of vehicles registered under SELS under each participant; and**
- (d) **The total number of vehicles registered under SELS in terms of the actual number of vehicles as of December 2023.**

In 2019, the number of registered cargo handling agents under SELS was 8. From 2020 to 2023, the number of registered cargo handling agents each year remained at 11.

Different cargo handling agents may register the same vehicle based on their business needs. Since applications for registration of SELS are submitted by cargo handling agents, C&ED counts the number of registered vehicles according to the number of applications submitted by cargo handling agents. As of December 2023, there were 159 registered vehicles under SELS, based on the actual number of vehicles.

Having consulted the relevant cargo handling agents, we are unable to provide the number of registered vehicles under each of the cargo handling agent due to business operation considerations.

- 5) **According to paragraph 1.12 of the Audit Report, in the period from 2019 to 2023, the annual average number of consignments under SELS was 265 997. Please advise:**

- (a) **The number of consignments (by southbound and northbound directions) in each year from 2019 to 2023; and**
- (b) **Further to the above, what are the respective number and percentage of consignments in terms of air-land and sea-land transshipment cargo?**

Year	Number of consignments		
	Northbound	Southbound	Total
2019	32 993	492 273	525 266
2020	36 222	543 099	579 321
2021	30 813	189 407	220 220
2022	3 632	846	4 478
2023	696	2	698

Since the launch of SELS, all cargo conveyed were air-land transshipment cargo.

- 6) **According to Note 13 to paragraph 1.16 of the Audit Report, traders involved in cross-boundary trade and logistics need to submit more than 50 types of trade documents, which fall under three broad categories. Please advise:**

- (a) **The number of trade documents involved in each of the three categories; and**

There are various trade documents required by Government agencies in Hong Kong for the trading of goods into, out of and through Hong Kong. These trade documents are required for various public policy reasons, such as statistics, levies and duties, anti-smuggling, public safety and health and security purposes, etc.. These trade documents fall under three broad categories, namely (a) TDEC, Statement 2 Cargo Manifest and Import/Export Statement that are required after arrival/departure of goods in/from Hong Kong (4 documents); (b) ACI and Statement 1 Cargo Manifest that are generally required on or before the arrival/departure of goods in/from Hong Kong (8 documents); and (c) licences, permits and other documents on a per-shipment or consignment basis required for goods that are subject to specific controls or schemes, on or before the arrival or departure of goods in/from Hong Kong (44 documents).

- (b) **According to Table 3 under paragraph 4.4, the three Phases of the TSW would cover 55 types of trade documents. Are they all trade documents that need to be submitted by traders involved in cross-boundary trade and logistics?**

Phase 1 and Phase 2 of the TSW are now in full service, covering a total of 42 types of trade documents, mainly licences and permits for import/export of specific controlled goods. Phase 3 will cover all the documents required for trade declaration and cargo clearance, including TDEC, ACI, Cargo Manifest and Cargo Report, Certificate of Origin and DCP. These 55 types of documents cover the vast majority of trade documents.

- 7) **According to paragraph 1.20 of the Audit Report, as of December 2023, under C&ED, there were 12 staff members in the Trade Relations and Accreditation Division responsible for Hong Kong AEO Programme; 3 staff members in the Intermodal Transshipment Facilitation Scheme (ITFS)/SELS Unit for SELS; 40 staff members in the FTA Transshipment Facilitation Unit for FTA Scheme; and 56 staff members in the OSWO for TSW. Please advise:**

- (a) **The number of staff in each division/ formation, and their respective ranks and pay points;**  
(b) **The reasons for the difference in manpower deployment; and**  
(c) **In paragraph 1.20, according to C&ED, the related expenditure of the 4 trade facilitation initiatives is subsumed under the establishment of and provision for C&ED and it is difficult to quantify such expenditure separately. In order to assess whether each of the trade facilitation initiatives has met the standard of value-for-money, will the expenditure be quantified separately as far as practicable in future? If yes, what are the details? If no, what are the reasons?**

The number, rank and pay point of the 12 officers of the Trade Relations and Accreditation Division are as follows:

<b>Rank</b>	<b>Pay point</b>	<b>Number</b>
AS	DS(O) 28-33	1
SI	DS(O) 23-27	6
Insp	DS(O) 8-22	3
Senior Customs Officer (SCO)	Disciplined Services (Rank and File) (DS(R)) 17-26	2
<b>Total</b>		<b>12</b>

The number, rank and pay point of the 3 officers of the ITFS/SELS Unit (established through internal redeployment of resources) are as follows:

<b>Rank</b>	<b>Pay point</b>	<b>Number</b>
SI	DS(O) 23-27	1
Insp	DS(O) 8-22	1
Customs Officer (CO)	DS(R) 5-16	1
<b>Total</b>		<b>3</b>

The number, rank and pay point of 40 officers of the FTA Transhipment Facilitation Unit are as follows:

<b>Rank</b>	<b>Pay point</b>	<b>Number</b>
SI	DS(O) 23-27	1
Insp	DS(O) 8-22	2
Chief Customs Officer (CCO)	DS(R) 26-32	3
SCO	DS(R) 17-26	4
CO	DS(R) 5-16	12
Customs Assistant engaged under the Post-retirement Service Contract Scheme	Monthly salary: \$30,350 (Increment from \$29,000 to \$30,350 since August 2023)	18
<b>Total</b>		<b>40</b>

The number, rank and pay point of the 56 officers in the OSWO are as follows:

<b>Rank</b>	<b>Pay point</b>	<b>Number</b>
SS	DS(O) 38 - 40	1
S	DS(O) 34 - 37	2
AS	DS(O) 28 - 33	3
SI	DS(O) 23 - 27	7
Insp	DS(O) 8 - 22	10
CCO	DS(R) 26 - 32	1
SCO	DS(R) 17 - 26	12
CO	DS(R) 5 - 16	8
SSM	MPS 45 - 49	1
SM	MPS 34 - 44	1
A/PI	MPS 28 - 33	4
A/P II	MPS 16 - 27	2
Executive Officer I	MPS 28 - 33	1
ACO	MPS 3 - 15	2
Motor Driver	MPS 5 - 8	1
	<b>Total</b>	<b>56</b>

C&ED would deploy a suitable number of officers to take forward the initiatives according to the nature, scale, scope and implementation progress of each trade facilitation initiative to ensure their effective operations.

To allow more effective use of departmental resources and retain flexibility in internal redeployment of resources, the related expenditure of each trade facilitation initiative, including manpower resources, accommodation and related facilities, logistics, daily supplies, etc. has been subsumed under the overall expenditure of the department. Therefore, the expenditure of each initiative cannot be quantified separately.

Part 2: AEO Programme

- 8) **According to paragraph 2.5 of the Audit Report, as at 31 December 2023, Hong Kong has entered into MRAs with 14 economies; it is supplemented in Note 15 that the economies were the Mainland, India, Korea, Singapore, Thailand, Malaysia, Japan, Australia, New Zealand, Israel, Canada, Mexico, Indonesia and Macao, China. As mentioned in paragraph 2.5(b), C&ED has planned to press ahead with entering into MRAs with a number of economies, including Belt and Road related countries and regions, in coming years. Given that the 14 economies entered into MRAs with Hong Kong at present are mostly from the Asia-Pacific region, please advise how C&ED will actively expand the MRA network to Belt and Road related countries and regions.**

C&ED is committed to expanding the MRA network, such as promoting and inviting relevant economies for MRA discussion through meeting with customs administrations of ASEAN and the Gulf Cooperation Council and relevant consulates in Hong Kong, or participating in various international/regional cooperation meetings. Besides, C&ED has reached out to more countries/regions that are interested in signing MRA with Hong Kong through cooperation and sharing with the General Administration of Customs of the People's Republic of China (GACC).

- 9) **With reference to paragraph 2.7 of the Audit Report, according to the World Customs Organization (WCO)'s guidelines, in terms of the channel of data exchange, it is highly recommended that an automated data-exchange system be deployed; it is stated in Note 17 that, according to C&ED, although the agenda has been frequently discussed in various WCO's meetings, up to February 2024, there was no common IT platform under WCO for automated data exchange. Please advise:**

- (a) **The difficulties in having a common IT platform for automated data exchange under WCO; and**

WCO promotes the use of automated data exchange mainly on a voluntary and incentive basis. Each customs administration would decide whether to develop the relevant IT platform and conduct automated data exchange with another customs administration having regard to local factors and considerations, such as number of MRAs ratified, number of AEOs of both administrations, availability of manpower and financial resources, etc.. C&ED does not have the information on why WCO does not have a common IT platform for automated data exchange.

- (b) **After C&ED assumes the position of the WCO Vice-Chairperson for the Asia-Pacific Region in July this year, will the promotion of the development of a common IT platform for automated data exchange be one of the important tasks? If yes, what are the details?**



After assuming the post of WCO Vice-Chairperson for the Asia Pacific Region, C&ED will actively promote the use of automated data exchange platform among relevant customs administrations in the region.

**10) According to paragraph 2.9(b) of the Audit Report, for economies with MRA other than Mainland customs, any updated AEO information would be exchanged via emails to the individual customs administrations, and manual update of the database would be required subsequently. It is mentioned in Note 19 that as at 31 December 2023, the database of C&ED contained 8 620 items of information in relation to the accredited AEOs of economies with MRA not adopting automated data exchange. Please advise:**

**(a) Regarding the information of the accredited AEOs, what is the annual average number of items from economies with MRA not adopting automated data exchange;**

In 2022 and 2023, there were about 500 items of relevant information per year on average from economies with MRA that have not adopted automated data exchange.

**(b) The number of staff involved in the manual input for each year and their respective ranks and pay points; and**

Among the 12 staff members who are responsible for the Hong Kong AEO Programme in C&ED, 2 SIs are mainly responsible for developing trade relations and implementing the MRAs and acting as the contact points with all economies with MRA. Data input and update of the database are part of their duties. Their pay scale is DS(O)23-27.

**(c) The estimated lead time and expenditure involved in the manual update of the database for each year?**

Based on an average of about 2 minutes for each information item to be updated manually, it is estimated that approximately 16.7 hours, at a cost of \$7,200, is required to process about 500 information items each year.

**11) According to paragraph 2.9(d) of the Audit Report, please advise:**

**(a) Up to February 2024, apart from the Mainland, one existing MRA partner had the prerequisite IT platform. Did C&ED take proactive measures to explore the possibility of implementing automated data exchange with that MRA partner? If yes, what are the details?**

C&ED has been maintaining close contact with the relevant economy with MRA to explore the feasibility of adopting automated data exchange. The technical document for the development of system was provided to the party for reference and discussion is still in progress.

- (b) **Whether a customs administration decides to invest the money and further resources to develop the prerequisite IT platform and conduct data exchange with another administration may hinge on various factors and considerations. What is the major factor of consideration?**

According to C&ED's experience, whether a customs administration decides to develop the IT platform for conducting MRA data exchange depends on the number of MRAs ratified, number of AEOs, availability of manpower and financial resources, etc..

- 12) **According to paragraph 2.19(a) of the Audit Report, there were 52 application cases for renewal of AEO accreditation processed by C&ED in the period from 2021 to 2023. Audit examined the records of 10 cases and found that in 7 cases in which there were changes in AEOs' operations reported to C&ED, AEOs of 4 cases had not reported the changes in operations to C&ED in a timely manner. Please advise:**

- (a) **Of the 52 renewal applications, what is the number of cases in which AEOs had not reported the changes in operations in a timely manner (please list by the time lapse between the effective date of changes in operations and date of renewal applications)?**

Among 52 renewal applications, 46 involved changes in their operations, among which 24 reported to C&ED after the changes took place for more than 3 months.

- (b) **Is "reporting changes in operations in a timely manner" one of the considerations in assessing the renewal applications? If no, what are the reasons?**

Whether an AEO reports operational changes in a timely manner is a factor to be taken into account by C&ED in considering its renewal application.

- 13) **According to paragraphs 2.19(c)(ii) and 2.20(e) of the Audit Report, there were 52 renewal application cases processed by C&ED in the period from 2021 to 2023. Audit examined the records of 10 cases and found that for the 7 cases in which there were changes in AEOs' operations reported to C&ED, the warehouse address of 1 case had a missing flat, while the new warehouse addresses of the other 3 cases had not been updated in the database in a timely manner. Please advise:**

- (a) **What are the reasons for the inaccuracy of the database?**

Information was not accurately updated for the 4 cases mainly due to human errors of the data entry officer.

- (b) **Are there any guidelines stipulating that the officers concerned must update the database within a specified timeframe? If yes, what are the reasons for failing to update the database in a timely manner? If no, will C&ED draw up relevant guidelines?**

C&ED has relevant guidelines requiring staff to update the database in a timely manner. For the above cases, C&ED has reminded relevant staff and enhanced training.

- 14) **According to paragraph 2.20(d) of the Audit Report, C&ED did not conduct random checks after 2022 to inspect daily operations and security controls of AEOs in accordance with the internal guidelines. Please advise on whether random checks have resumed now. If yes, since when? If no, what has been given priority over random checks?**

C&ED has reviewed the relevant internal guidelines after the stabilisation of the epidemic and resumed random checks on AEOs since early 2024.

### Part 3: Transshipment Facilitation Initiatives

- 15) **According to Note 24 to paragraph 3.3(a) of the Audit Report, submission of electronic cargo information by the cargo industries is required for the purpose of customs clearance under the Road Cargo System (ROCARS) and the Air Cargo Clearance System (ACCS), whereas submission of house-level cargo information is required for the purpose of customs clearance under the E-Sea Customs Clearance Scheme. Please advise on the reasons why land, air and sea cargo clearance is processed by 3 separate systems.**

The existing cargo clearance systems for different transportation modes were developed at different times. The information collected and means of collection are different, hence requiring different systems to handle. The Government is committed to developing the TSW which will allow the trade to submit electronic cargo data and trade documents to the Government through a one-stop platform for trade declaration and cargo clearance. TSW is implemented in three phases. Phase 1 and Phase 2 have been fully launched, while the final phase (i.e. Phase 3) will integrate the current systems of land, air and sea cargo clearance into one system.

- 16) **According to Table 1 of paragraph 3.4 of the Audit Report, the total number of cross-boundary goods vehicle trips processed under SELS decreased year-on-year from 2019 to 2023. Please advise:**
- (a) **The factors, other than the epidemic, behind the steep drop by nearly 90% in the total number of cross-boundary goods vehicle trips from 2 901 in 2021 to 297 in 2022;**

The number of trips by goods vehicles decreased significantly in 2021 and 2022. Apart from the epidemic, the diminished demand for SELS was caused by the adjustment of transportation routes driven by business needs of some participants.

- (b) **The reasons why the number of trips of northbound goods vehicles recorded an upward trend from 2019 to 2021, without being affected by unfavourable factors such as the epidemic; and**

As revealed by relevant trades, the consignments imported to the Mainland (such as e-commerce consignments imported from overseas, including daily necessities, cosmetic products and anti-epidemic supplies, etc.) increased during the initial stage of epidemic. Since the majority of the transshipment cargo was transhipped to the Mainland under SELS, there was an upward trend in the number of northbound trips by goods vehicles.

- (c) **The number of goods vehicle trips in each month of 2023 (please list by northbound and southbound trips)**

Month	Number of trips by goods vehicles under SELS in 2023		
	Northbound	Southbound	Total
January	16	0	16
February	20	0	20
March	13	0	13
April	13	0	13
May	10	0	10
June	5	2	7
July	11	0	11
August	14	0	14
September	17	0	17
October	20	0	20
November	29	0	29
December	34	0	34
<b>Total</b>	<b>202</b>	<b>2</b>	<b>204</b>

- 17) **According to Table 1 of paragraph 3.4 of the Audit Report, the number of trips of southbound goods vehicles exceeded that of northbound goods vehicles in 2019, but the former was overtaken by the latter since 2020. Please advise:**

- (a) **The total number of cross-boundary goods vehicle trips processed under SELS in 2017 and 2018 (please list by northbound and southbound trips); and**

Year	Number of trips by goods vehicles under SELS		
	Northbound	Southbound	Total
2017	2 823	1 657	4 480
2018	2 224	1 919	4 143

- (b) **Further to the above, did the number of trips made by southbound goods vehicles exceed that of northbound goods vehicles before 2019? If yes, has the Government looked into the reasons?**

The number of southbound trips by goods vehicles under the SELS was less than that for northbound before 2019.

- 18) **According to paragraph 3.7(b) of the Audit Report, C&ED learnt from the logistics associations that the downtown temporary storage and challenges of maximising the cargo loading might affect the business needs for the participation in SELS. Please advise:**

- (a) **Did the Government assist the trade in tackling the aforesaid challenges in order to enhance the effectiveness of SELS? If yes, what are the details? If not, what are the reasons?**

C&ED has been proactively exploring ways to enhance the SELS and setting up new clearance points so as to meet the demand for different transportation routes by the trade and enhance their utilisation.

- (b) **In addition to the aforesaid problems, what are the other challenges that affect the trade's participation in SELS?**

C&ED has been maintaining close contact with the trade to understand their business needs. The macroeconomic conditions also affected the trade's participation in SELS, including the drop in overall cargo volume, lower air transportation costs as a result of the competition in the aviation industries of the Mainland and Hong Kong which led to a reduction in the use of land transportation (including SELS) by the trade.

- (c) **What are the number of activities held to promote SELS in each of the years from 2019 to 2023 (please list by target of promotion).**

Year	Number of activities	Participant
2019	1	Media
2022	3	Media, logistics associations and tertiary institutions, etc.
2023	32	Logistics chambers / associations / trade and logistics companies, etc.

**19) According to paragraph 3.10 of the Audit Report, for ITFS, C&ED entered into memoranda of understanding (MOUs) with 3 suppliers in September 2010, but as it transpired, only 1 supplier continued to supply e-locks and satellite positioning system equipment under ITFS. Please advise:**

**(a) Did C&ED, after entering into MOUs with 3 suppliers in September 2010, continue to oversee their fulfilment of the terms therein? If yes, what are the details? If not, what are the reasons?**

Since the signing of MOUs, C&ED continued to monitor suppliers' performance in fulfilling the terms specified in the MOUs to ensure that the suppliers would provide C&ED-approved e-locks and satellite positioning system equipment to the ITFS participants and provide C&ED with a web-based or client-based information platform to monitor the e-lock status and the movement of concerned cargo.

**(b) What is the monthly service charge paid by SELS participants to the supplier for e-locks and satellite positioning system equipment?**

Currently, there is a monthly service charge of \$688 for the e-lock and satellite positioning system equipment.

**(c) When did the Government learn that only 1 supplier continued to supply e-locks and satellite positioning system equipment?**

C&ED has been maintaining close contact with the suppliers and the trade. In 2012, C&ED was informed that two of the suppliers would stop participating in the SELS.

**(d) According to paragraph 3.9 of the Audit Report, since the launch of SELS in Mar 2016. There is currently only one supplier of e-locks and satellite positioning system equipment in the market while C&ED has been actively looking for other potential suppliers. Please advise if the above statement is valid, and if not, is C&ED actively looking for other potential suppliers.**

Currently, there is only 1 supplier of e-locks and satellite positioning system equipment in the market. C&ED is actively looking for other potential suppliers.

**20) According to paragraph 3.11 of the Audit Report, since the signing of the memorandum of understanding with the existing supplier in September 2010, no further agreement had been signed. Please advise:**

**(a) Why did C&ED consider that further extension of the memorandum of understanding upon expiry in September 2015 for ITFS and the drawing up of a new memorandum of understanding for SELS were not necessary?**

In March 2016, when C&ED launched the SELS, it adopted an independent monitoring platform developed by another organisation to monitor the delivery of transshipment cargo without having to rely on the monitoring platform provided by the existing service provider. Besides, with reference to the experience of implementation of the MOUs from 2010 to 2015, C&ED considered that further extension of the MOU or signing of a new MOU was not necessary upon expiry of the MOU in September 2015.

- (b) What is the current mode of cooperation between C&ED and the existing supplier under SELS? Are the terms of the memorandum of understanding signed in September 2010 still in force?**
- (c) Further to the above, provided the terms of the memorandum of understanding signed previously are still in force, as per Note 26(c)(ii) to paragraph 3.10, it is stipulated that the supplier would provide C&ED with a web-based or client-based information platform to monitor the status of e-locks. In addition, as per Note 27 to paragraph 3.10, the data from the e-lock would first enter the supplier's system and subsequently be sent to the independent monitoring platform of C&ED. How would C&ED ensure data integrity of the supplier?**

C&ED is currently using an independent monitoring platform to monitor the delivery of transshipment cargo, while the existing supplier provides e-locks and satellite positioning system equipment according to the fee contracts signed with the trade. At present, C&ED has not signed any MOU or service agreement with the supplier. Upon completion of the installation of the new e-lock system in December 2024, the overall system security will be enhanced to ensure data integrity.

**21) Regarding paragraphs 3.12 to 3.14 of the Audit Report, please advise:**

- (a) Is the successful tenderer of the new e-lock system and equipment in December 2023 (paragraph 3.14(b)) the same supplier hired since the launch of SELS in March 2016?**

No.

- (b) What are the implementation details of the new e-lock system (tender closed in December 2023)? Is there any implementation schedule?**

The development of the new e-lock system is progressing well and the system installation is expected to be completed by December 2024.

- (c) Is the \$10 million funding (paragraph 3.13) adequate for developing the most up-to-date e-lock system, given that the implementation plan of the new e-lock system has been delayed?**

Yes.

- (d) Did the feasibility study completed in December 2021 (paragraph 3.12) cover the research on the standards of the e-lock systems adopted by Hong Kong and Mainland customs, but not Macao? What are the differences in the standards adopted by the Guangdong, Hong Kong and Macao customs?
- (e) What are the difficulties in applying new technology to the Guangdong-Hong Kong-Macao Three-Places-One-Lock Scheme, causing incompatibility with the new e-lock system originally scheduled to be launched in June 2024 (paragraph 3.13).

The feasibility study only covered the standards of the e-lock systems adopted by Hong Kong and the Mainland customs, but not that of Macao. Currently, the e-lock systems adopted by Hong Kong and Macao customs are different.

22) Regarding the work of C&ED in promoting FTA Scheme as mentioned in paragraph 3.20(e) of the Audit Report, please advise:

- (a) The number of registered users under FTA Scheme in each of the years from 2019 to 2023 and the percentage changes year-on-year;

Year	Number of new users (compared with the previous year)	Total number of users	Year-on-year change (compared with the previous year)
2019	169*	845	+25.0%
2020	87	932	+10.3%
2021	28	960	+3.0%
2022	50	1 010	+5.2%
2023	50	1 060	+5.0%

\*Total number of users in 2018 was 676.

- (b) The number of companies/exhibitors approached by C&ED in each of the years from 2019 to 2023, and the percentage of those who became registered users; and

Year	Number of companies/exhibitors approached	Number of new users (compared with the previous year)	New users (%)
2019	1 282	169	13.2%
2020	4 875	87	1.8%
2021	4 986	28	0.6%
2022	8 045	50	0.6%
2023	10 050	50	0.5%



- (c) **Has C&ED investigated the considerations of potential FTA Scheme users when deciding whether to register or not; if yes, what are the details? If not, what are the reasons?**

Whether a potential user registers or not mainly depends on whether the business of the potential user covers the economies under the FTA Scheme, in order to claim tariff concessions from relevant authorities of importing economies.

- 23) **According to paragraph 3.25 of the Audit Report, since late 2016, upon approval, cargo handling agents would be allowed to remove the cargo loaded on the same container that were not covered under FTA Scheme before the arrival of C&ED staff for conducting customs supervision. Please advise:**

- (a) **The number of cases involving transshipment cargo being manipulated every year since late 2016 (list by type of goods); and**

Since the end of 2016, C&ED has not identified or received reports on any case involving manipulation of cargo covered under the FTA Scheme.

- (b) **In addition to the measures mentioned in paragraph 3.26(b), how will C&ED enhance the risk management of transshipment cargo to minimise the risk of manipulation?**

C&ED will continue to assess the risk of manipulation of transshipment cargo, e.g. to conduct on-site checking, audit paper trails, and strengthen collaboration and communication with authority of importing economies, etc.. A mechanism will also be established to review the risk level regularly and adjust the mode of customs supervision under the FTA Scheme where appropriate, in order to prevent cargo from being manipulated.

- 24) **According to paragraph 3.28 of the Audit Report, FTA Scheme adopts user-pays principle, which means that the fees charged should in general be set at levels adequate to recover the full cost of the public services provided. It is pointed out in paragraph 3.31 that, according to Financial Circular No. 6/2016, fees should generally be reviewed on an annual basis. Please advise:**

- (a) **Have the fees been reviewed on an annual basis since the launch of FTA Scheme in December 2015; if yes, what are the details? If not, what are the reasons?**

Similar to other general government fees and charges under the user-pays principle, C&ED has been reviewing the fees annually in accordance with Financial Circular No. 6/2016 since the implementation of the FTA Scheme. If the fees have to be adjusted after the review, the new fees will take effect in the relevant financial year.

The Government implemented waiver measures for government fees and charges (including the relevant service fees payable under the FTA Scheme) between 1 October 2020 and 30 September 2023 with a view to supporting the business and relieving people's financial burden amid the epidemic.

- (b) **What is the revenue generated by the 2 types of fees mentioned in paragraph 3.29 (i.e. processing fee and customs supervision fee) respectively and the costs of the public services incurred each year since the launch of FTA Scheme in December 2015? Is the revenue adequate to recover the full cost?**

Since the implementation of the FTA Scheme, C&ED is able to recover by large the full cost of the public services provided. The annual revenue collected from the 2 types of fees mentioned in para. 3.29 (i.e. document processing fee and customs supervision fees) is as follows:

Year	Revenue (million)
2016/17	1.01
2017/18	1.16
2018/19	1.27
2019/20	1.14
2020/21*	0.52
2021/22*	-
2022/23*	-
2023/24*	0.45

\* The Government waived the service fees payable under the FTA Scheme between 1 October 2020 and 30 September 2023 with a view to supporting the businesses amid the epidemic.

- (a) Document processing fee

Year	Fee (\$) (i)	Unit cost (\$) (ii)	Cost recovery rate = (i)/(ii) x 100%
2016/17	155	159	97.5%
2017/18	155	158	98.1%
2018/19	155	156	99.4%
2019/20	155	155	100%
2020/21*	155	-	-
2021/22*	155	-	-
2022/23*	155	-	-
2023/24	170#	174	97.7%

\* The Government temporarily suspended the fee reviews from 15 August 2019 to 31 December 2021.

# The fee was adjusted to \$170 on 1 September 2023 in order to achieve full cost recovery.

(b) Customs supervision fee

Type A – Consignment arriving by air/land/sea requiring cargo consolidation (vanning/devanning)

<b>Year</b>	<b>Fee (\$)</b> <b>(i)</b>	<b>Unit cost (\$)</b> <b>(ii)</b>	<b>Cost recovery rate</b> <b>= (i)/(ii) x 100%</b>
2016/17	625	642	97.4%
2017/18	625	600	104.2%
2018/19	625	594	105.2%
2019/20	625	593	105.4%
2020/21*	625	-	-
2021/22*	625	-	-
2022/23*	625	-	-
2023/24	675#	676	99.9%

\* *The Government temporarily suspended the fee reviews from 15 August 2019 to 31 December 2021.*

# *The fee was adjusted to \$675 on 1 September 2023 in order to achieve full cost recovery.*

Type B – Consignment arriving by air requiring cargo consolidation (repacking/others)

<b>Year</b>	<b>Fee (\$)</b> <b>(i)</b>	<b>Unit cost (\$)</b> <b>(ii)</b>	<b>Cost recovery rate</b> <b>= (i)/(ii) x 100%</b>
2016/17	910	919	99.0%
2017/18	910	875	104.0%
2018/19	910	866	105.1%
2019/20	910	863	105.4%
2020/21*	910	-	-
2021/22*	910	-	-
2022/23*	910	-	-
2023/24	975#	979	99.6%

\* *The Government temporarily suspended the fee reviews from 15 August 2019 to 31 December 2021*

# *The fee was adjusted to \$975 on 1 September 2023 in order to achieve full cost recovery*

Type C – Consignment arriving by land/sea requiring cargo consolidation (repacking/others)

<b>Year</b>	<b>Fee (\$)</b> <b>(i)</b>	<b>Unit cost (\$)</b> <b>(ii)</b>	<b>Cost recovery rate</b> <b>= (i)/(ii) x 100%</b>
2016/17	1,470	1,508	97.5%
2017/18	1,470	1,441	102.0%
2018/19	1,470	1,426	103.1%
2019/20	1,470	1,419	103.6%
2020/21*	1,470	-	-
2021/22*	1,470	-	-
2022/23*	1,470	-	-
2023/24	1,600#	1,604	99.8%

\* The Government temporarily suspended the fee reviews from 15 August 2019 to 31 December 2021.

# The fee was adjusted to \$1,600 on 1 September 2023 in order to achieve full cost recovery.

25) **According to paragraph 3.31(b) of the Audit Report, it was stated in C&ED’s work manual that the performance of all customs supervision should be supervised by a CCO/SCO. C&ED also indicated that they had been deploying a SCO to attend the customs supervision together with the staff engaged under the Post-retirement Service Contract Scheme (paragraph 3.32(b)). However, it was stated in the costing review submitted in 2023 that only 1 in every 10 customs supervisions was supervised by a SCO. Please advise:**

- (a) The reasons why the costing basis as stated in the costing review is not in line with the actual deployment for conducting customs supervision; and**
- (b) Whether the aforesaid inconsistency affects the amount of total cost in the costing review; if yes, whether the revised service fees mentioned in paragraph 3.30(b) should be reviewed again.**

According to the costing review, there is on average 1 supervisory check conducted on site by an SCO in every 10 customs supervisions of cargo requiring consolidation or repacking (in case the SCO is unavailable, a CCO would be deployed instead). The associated working hours are charged based on the principle to recover the full cost of the public services provided.

Nonetheless, having considered the security and safety of staff working alone and limitation in transport arrangements, C&ED had been deploying a SCO to attend the customs supervision together with the staff engaged under the Post-retirement Service Contract Scheme.

Following the recommendations of the Audit Report, C&ED has updated the Work Manual to ensure that the costing basis is in line with the actual deployment and the procedures for conducting customs supervision stated in the Work Manual.

The relevant service fees will be reviewed on an annual basis according to Financial Circular No. 6/2016.

Part 4: TSW

**26) According to paragraph 4.4(b) and Appendix C of the Audit Report, Phase 2 of the TSW provides enhancement functions, supporting interface with PGAs’ IT systems. Please advise:**

**(a) Which PGAs have existing systems to handle submissions of trade documents and/or other regulatory matters, according to paragraph 3 of Appendix C; and**

The IT system of Phase 2 of the TSW provides enhanced functions supporting interface with PGAs’ IT systems, to provide users with smooth and seamless services. PGAs involved include C&ED, Department of Health (DH), the Food and Environmental Hygiene Department (FEHD), and TID.

**(b) How PGAs without existing systems handle submission of trade documents and/or other regulatory matters.**

For PGAs without existing systems, such as the Plant Import Licence of the Agriculture, Fisheries and Conservation Department (AFCD) and the Import/Export Statement for Dutiable Commodities of C&ED, etc., apart from handling trade documents and/or other regulatory matters by existing means (such as in the form of paper), the TSW services also provide a one-stop electronic platform for handling relevant documents.

**27) According to paragraph 4.5 of the Audit Report, as at 31 December 2023, there were over 3 700 registered TSW users in about 2 100 companies/organisations. From 28 December 2018 to 31 December 2023, over 66 000 trade documents were processed through TSW. Please advise on the following for the period from 28 December 2018 to 31 December 2023:**

**(a) The number of registered users and companies/organisations for each year;**

<b>Year</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Number of registered users	4	298	557	616	422	1 817	3 714
Number of registered companies/organisations	0	135	368	392	278	931	2 104

- (b) **The number of outreach activities and companies approached, and the respective registration rate for each year; and**

<b>Year</b> <b>Number</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Number of outreach activities	0	162	338	251	273	820	1 844
Number of companies approached (TSW potential users)	0	920	1 231	956	739	2 161	6 007
Number of registered users	0	135	368	392	278	931	2 104
Registration rate	N/A	15%	30%	41%	38%	43%	35%

Other than outreach activities, OSWO will reach out to potential users by phone, email and through attachment to counters of the PGAs which process paper applications.

- (c) **The number of trade documents processed through TSW for each year and their percentage of the total number of trade documents processed (Please list by type of trade documents).**

Please refer to Annex I.

- 28) **According to paragraph 4.6 of the Audit Report, the three types of trade documents under TSW Phase 1 (namely the Transshipment Notification for Radiocommunications Transmitting Apparatus and Import and Export Permit for Radiocommunications Transmitting Apparatus issued by the Office of the Communications Authority (OFCA), and the Licence for Ozone Depleting Substances issued by the Environmental Protection Department (EPD)) only recorded a usage rate of 7%, 32% and 46% respectively. Please advise:**

- (a) **As explained by C&ED, the transactions for these three types of documents were not frequent (paragraph 4.6(a)). However, Table 4 of paragraph 4.6 indicated that the total number of these three types of documents exceeded 100, and the total number of the two documents issued by OFCA even exceeded 300 (which was higher than that of 10 out of the 14 types of trade documents). Why did C&ED indicate that “the transactions” for these 3 types of documents “were not frequent”?**

According to the information provided by the OFCA and the EPD, the monthly average number of applications submitted by most traders for the above 3 types of trade documents was less than one in 2023. As such, the transactions for these 3 types of documents were considered as not frequent.

**(b) Did the usage rates of the aforesaid 3 types of documents increase upon the implementation of Phase 2?**

The scope and types of trade documents involved in Phase 1 and Phase 2 are different. The implementation of Phase 2 does not affect the usage rate of the trade documents of Phase 1. C&ED will continue to promote TSW and encourage traders to use its services.

**29) According to paragraph 4.7 of the Audit Report, there are 42 types of trade documents involving 8 PGAs in Phases 1 and 2 of TSW. Up to late January 2024, for 10 types of trade documents, the option of submission through TSW was not clearly indicated on PGAs' websites. Please advise:**

**(a) Which 8 PGAs are involved;**

1. AFCD
2. Civil Engineering and Development Department (CEDD)
3. C&ED
4. DH
5. EPD
6. FEHD
7. OFCA
8. TID

**(b) List, by type of trade documents, the option of submission through TSW as indicated on the respective PGAs' or relevant departments' websites;**

1. EPD  
Licence for Scheduled Chemicals  
[https://www.epd.gov.hk/epd/english/resources\\_pub/resources\\_subject/cg\\_hazardous\\_chemical.html#guide\\_ieo](https://www.epd.gov.hk/epd/english/resources_pub/resources_subject/cg_hazardous_chemical.html#guide_ieo)

2. TID  
Strategic Commodities Import/Export Licence  
[https://www.stc.tid.gov.hk/english/applytips/how\\_subcollec.html](https://www.stc.tid.gov.hk/english/applytips/how_subcollec.html)

3. TID  
Kimberley Process Certificate  
[https://www.tid.gov.hk/english/import\\_export/nontextiles/nt\\_rd/nt\\_rd\\_cer\\_app\\_app.html](https://www.tid.gov.hk/english/import_export/nontextiles/nt_rd/nt_rd_cer_app_app.html)

4. FEHD  
Food Inspection Certificate  
<https://www.cfs.gov.hk/english/export/fic.html>
5. FEHD  
Import Permission for Milk and Milk Beverages/Cream/Frozen Confections  
[https://www.cfs.gov.hk/english/import/import\\_icfsg\\_05.html](https://www.cfs.gov.hk/english/import/import_icfsg_05.html)
6. FEHD  
Import Licence for Frozen/Chilled Meat or Poultry  
[https://www.cfs.gov.hk/english/import/import\\_icfsg\\_07.html](https://www.cfs.gov.hk/english/import/import_icfsg_07.html)
7. FEHD  
Permission for Import of Game, Meat and Poultry  
[https://www.cfs.gov.hk/english/import/import\\_icfsg\\_07.html](https://www.cfs.gov.hk/english/import/import_icfsg_07.html)
8. FEHD  
Permission for Import of Eggs  
[https://www.cfs.gov.hk/english/import/Guide\\_to\\_Application\\_for\\_Permission\\_in\\_Writing\\_for\\_Import\\_of\\_Eggs.html](https://www.cfs.gov.hk/english/import/Guide_to_Application_for_Permission_in_Writing_for_Import_of_Eggs.html)
9. FEHD  
Health Certificate for Foods of Animal Origin  
<https://www.cfs.gov.hk/english/export/hcfao.html>
10. FEHD  
Permission for Import of Meat or Poultry for the Purpose of Re-export  
[https://www.cfs.gov.hk/english/import/Guide\\_to\\_Import\\_of\\_Beef\\_Pork\\_and\\_Mutton\\_from\\_European\\_Union\\_Member\\_States\\_into\\_Hong\\_Kong.html](https://www.cfs.gov.hk/english/import/Guide_to_Import_of_Beef_Pork_and_Mutton_from_European_Union_Member_States_into_Hong_Kong.html)

**(c) Has the current situation improved?**

In response to the recommendations of the Audit Report, C&ED immediately approached and requested the relevant departments to indicate more prominently on their websites the option of submitting trade documents through TSW and the link. As of April 2024, links to TSW have been clearly indicated on their websites.

**30) According to paragraph 4.9 of the Audit Report, OSWO staff conducted 2 064 interviews with traders, recorded and analysed their responses manually from 1 October 2019 to 31 December 2023. Please advise:**

**(a) The number of staff responsible for recording and analysing the interviews for each year, and their respective ranks and pay points;**

The Outreach and Training Unit (ORTU) of OSWO of C&ED is responsible for promoting TSW and providing relevant training to traders. The major duties of ORTU include formulating publicity strategies, producing promotional materials and organising outreach



activities such as company visits, teleconferences and online meetings, as well as providing trainings on TSW system to traders. ORTU officers also conduct interviews with traders and such work only constitute a small part of the duties of ORTU officers.

<b>Number of officers, rank and pay point in ORTU</b>					
<b>Rank (Pay Point)</b>	<b>Year</b>	<b>Number of officers</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
CO (DS(R) 5-16)	3	4	3	4	6
SCO (DS(R) 17-26)	1	1	2	2	5
Insp (DS(O) 8-22)	2	2	2	3	4
SI (DS(O) 23-27)	1	1	1	1	1
<b>Total</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>10</b>	<b>16</b>

- (b) **The average time and expenditure involved in interviews for each year and for each interview; and**

OSWO would assign officers of different ranks to conduct interviews with traders according to their business needs and company size. Depending on the actual circumstances, interviews are conducted in different ways, such as phone calls, video interviews and company visits. On average, each interview and preparing records takes around 20 minutes to complete. From 1 October 2019 to 31 December 2023, OSWO officers spent approximately 688 hours<sup>3</sup> on conducting interviews and preparing records.

The expenditure for conducting interviews and related follow-ups mainly involves the salary of the concerned officers and other incidental expenses, such as transportation, production of promotional and reference materials. As such, the average expenditure for each interview could not be estimated accurately.

- (c) **According to C&ED, an Electronic Feedback Form will be made available on TSW website (paragraph 4.12(c)). Has the form been made available now? If yes, what are the details? If not, what are the reasons?**

C&ED considered that the recommendation of providing an Electronic Feedback Form on the TSW website was feasible. Enhancement is in progress and the Electronic Feedback Form is targeted for roll-out in end 2024.

<sup>3</sup> Number of interviews conducted and record preparation (2 064) x average time spent for each interview (20mins)/60 = around 688 hours

**31) According to paragraph 4.10 of the Audit Report, of the 2 064 interviews conducted by OSWO, 154 (7%) interviewees provided comments on their experience in using TSW, including limited payment methods, insufficient data field length and a lack of electronic user manual. Please advise:**

**(a) With reference to paragraph 4.10(a), C&ED had made enhancements in TSW to address the problem of data field length and added the electronic user manuals on TSW website. When were the aforesaid enhancements made?**

C&ED uploaded the Electronic User Manuals onto the TSW website in May 2021 and completed the enhancement on lengthening the data field in May 2023.

**(b) With reference to paragraph 4.10(b), apart from credit cards, TSW allowed another electronic payment method for 2 trade documents of C&ED:**

**i. What were the 2 trade documents and the PGAs concerned? Why only the 2 trade documents were involved?**

**ii. Specify the additional payment method and why was it provided for the 2 trade documents?**

**iii. With reference to Note 35 of paragraph 4.10(b), PGAs opted not to adopt this electronic payment method due to their own operational concerns. What operational concerns do the PGAs have? In what ways will their operations be affected by that electronic payment method, making them opt not to adopt?**

The 2 trade documents are the Certificate of Non-manipulation under FTA Scheme and the Permit to Remove Controlled Chemicals in Transshipment of C&ED. C&ED strove to provide additional electronic payment options for TSW users. In May 2021, pilot adoption of “PPS by Internet” was implemented for Phase 1 fee-charging trade documents under the purview of C&ED (i.e. the aforementioned two trade documents) to further facilitate the trade, as well as to encourage other PGAs to adopt the concerned electronic payment option.

C&ED encouraged other PGAs to consider adopting “PPS by Internet” for their trade documents at meetings held in June 2021 and July 2022, and also subsequently followed up with them. It was understood that the PGAs indicated at that time that they had no operational need to adopt such service. C&ED will continue to strengthen the collaboration and cooperation with PGAs with a view to encouraging them to review the need of providing more electronic payment methods in TSW taking into consideration users’ needs and cost-effectiveness.

- (c) **With reference to paragraph 4.10(b), OSWO had consulted PGAs in July 2020 and received no objection to adopting the Faster Payment System (FPS) service as an additional payment method in TSW. Accordingly, FPS would be introduced into TSW in the third quarter of 2024.**
- i. Given that C&ED had consulted PGAs in 2020 and received no objection, why was FPS introduced 4 years later?**
- ii. Did PGAs give other comments on electronic payment methods (i.e. apart from credit cards and FPS, did they suggest other electronic payment options)? If yes, what are the details?**

The Treasury contacted C&ED in 2020 to explore the feasibility of adopting FPS in TSW. C&ED promptly consulted the PGAs and received no objection. C&ED then informed the Treasury of the result. The Government announced in December 2022 that FPS services were extended to payment of some online government services, but did not cover TSW. C&ED duly coordinated with the PGAs in October 2023 for the adoption of FPS in TSW for implementing the initiative set out in the 2023 Policy Address on full implementation of the provision of the electronic payment options, including FPS, for all government fees. Its implementation is expected in the third quarter of 2024.

No comment on the payment method of TSW was received from PGAs.

**32) Regarding paragraph 4.14 of the Audit Report, please advise:**

- (a) **Some economies have implemented single window in recent decades (paragraph 4.14(a)), while Hong Kong only rolled out TSW Phase 1 in 2018. What are the reasons for the time lag;**

The Government Electronic Trading Services were rolled out in Hong Kong back in 1997, allowing the trade to submit major trade documents (including TDEC, air and sea Cargo Manifest, and applications for Certificate of Origin and DCP) to the Government electronically through a single entry point. To further facilitate the trade, CEDB is implementing the TSW to provide a new one-stop electronic platform for the trade to submit Business-to-Government documents for trade declaration and cargo clearance. As implementing the TSW is a major re-engineering exercise on business and operational process that overhauls and enhances document submission workflows between PGAs and the trade, it takes time for us to conduct thorough studies and consult relevant Government departments and other stakeholders to refine and finalise the details of various business and operational workflows.

The TSW is implemented in three phases in order to take forward the initiative early for trade facilitation. Phase 1 and Phase 2 of the TSW are now in full services, covering a total of 42 trade documents, with positive feedback received from the trade. System analysis and design of the Phase 3 IT system is underway, and the target is to start rolling out

Phase 3 services in batches from 2026. We wish to point out that individual economies have different import/export regimes and regulatory requirements, and the scopes of service of their single windows also vary. Therefore, direct comparison of implementation schedule of the single windows of different places is not practicable.

- (b) The current system capacity of the ACCS is mainly used for processing import cargo information (paragraph 4.14(b)(i)). How is export cargo information processed then?**

Currently, the ACCS of C&ED is mainly responsible for handling pre-arrival electronic data of different airlines, for their import and transshipment air cargo, submitted via their respective cargo operators. For export air cargo, C&ED adopts risk management and intelligence-based strategies and requests airlines to provide electronic export cargo data via ACCS for the selected departure flight for risk profiling.

- (c) The system capacity of ROCARS is not sufficient in handling the submission of all cargo information (with house-level details for each consignment) by the trade (paragraph 4.14(b)(ii)). What improvements have been made by the CEDB?**

In order to fulfil the growing demands of the trade in submitting cargo information, C&ED has expanded the processing capacity of the ROCARS. However, as ROCARS has been operating for many years, there is limitation in such expansion. Therefore, in the long run, the implementation of TSW Phase 3 is still the most effective solution to catch up with the needs of the trade.

- 33) According to paragraph 4.15(b) of the Audit Report, the contract for developing the IT system of Phase 3 was awarded, and CEDB indicated that they would implement adequate measures to ensure the quality of the system and minimise the risk of hiccups upon roll-out. Please advise:**

- (a) What adequate measures CEDB will implement to ensure the quality of the system; and**  
**(b) According to paragraph 4.16, Phase 3 of the TSW involved a significant volume of trade submission under the purview of different PGAs, which PGAs are involved.**

This question is the same as question (4) addressed to CEDB. Please refer to CEDB's response above.

- 34) According to paragraph 4.17 of the Audit Report, there was discussion between Mainland customs and Singapore customs to cooperate under the context of TSW. Please advise when the discussion took place and the result.**

It is understood that GACC and Singapore Customs signed a MOU in 2021 to set up the China-Singapore “Single Window” Interconnection Consortium Blockchain to enable data sharing throughout customs and logistical processes. Relevant functions were rolled out online in end 2022. We will continue to exchange views and share experience with the Mainland authorities over the development of the TSW, and would stay abreast of the latest developments of the single windows in other economies. Phase 3 of the TSW, upon full implementation, will have the technical capabilities to interface with single windows of other economies or commercial systems when necessary.

- 35) According to Table 5 under paragraph 5.2 of the Audit Report, the total external merchandise trade of 2022 decreased from \$9,459.1 billion to \$8,822.4 billion. According to paragraph 5.6, C&ED considered that it could be caused by more macro and diverse factors and might have no direct correlation with the effectiveness of C&ED’s trade facilitation measures. Please advise what proactive measures will the authority undertake to promote development of Hong Kong’s external merchandise trade; will the authority enhance the coordination between “Team Hong Kong” organisations in developing Hong Kong into a multinational supply chain management centre. If yes, what are the details?**

This question is the same as question (5) addressed to CEDB. Please refer to CEDB’s response above.

## Usage rate of TSW Phase 1 by types of trade documents (2018-2019)

Type of trade documents	PGA	Number of documents processed		Usage rate (b)/(a)×100%
		Total (a)	Through TSW (b)	
Import/Export Licence for Pesticides	AFCD	2 164	649	30%
Hong Kong Natural Sand Final User Certificate	CEDD	6	1	16.7%
Sand Removal Permit		110	0	0%
Authorization to Import/Export Controlled Chemicals	C&ED	154	6	3.9%
Certification of Non-U.S. Frozen Chicken Products Transhipped to the Mainland through Hong Kong		0	0	N.A.
Licence for Optical Disc Mastering and Replication Equipment		5	4	80%
Permit to Remove Controlled Chemicals in Transshipment		18	0	0%
Transshipment Notification for Optical Disc Mastering and Replication Equipment		0	0	N.A.
Licence for Ozone Depleting Substances		EPD	84	0
Licence for Scheduled Chemicals	178		77	43.3%
Import and Export Permit for Radiocommunications Transmitting Apparatus	OFCA	786	8	1.0%
Transshipment Notification for Radiocommunications Transmitting Apparatus		1 111	0	0%
<b>Total</b>		<b>4 616</b>	<b>745</b>	<b>16.1%</b>

## Remarks:

1. The above statistics only include the number of licences/permits issued for that type of trade document after its roll-out in TSW.
2. Toothfish Import/Export/Re-export Licence and Certificate of Non-manipulation under FTA Scheme rolled out in June 2020 and thus Phase 1 in 2018-2019 only included 12 trade documents.

**Usage rate of TSW Phase 1 by types of trade documents (2020)**

Type of trade documents	PGA	Number of documents processed		Usage rate (b)/(a)×100%
		Total (a)	Through TSW (b)	
Import/Export Licence for Pesticides	AFCD	2 994	1 879	62.8%
Toothfish Import/Export/Re-export Licence		31	24	77.4%
Hong Kong Natural Sand Final User Certificate	CEDD	322	226	70.2%
Sand Removal Permit		2 921	2 317	79.3%
Authorization to Import/Export Controlled Chemicals	C&ED	281	40	14.2%
Certificate of Non-manipulation under Free Trade Agreement Transshipment Facilitation Scheme		3 028	1 297	42.8%
Certification of Non-U.S. Frozen Chicken Products Transhipped to the Mainland through Hong Kong		0	0	N.A.
Licence for Optical Disc Mastering and Replication Equipment		1	1	100%
Permit to Remove Controlled Chemicals in Transshipment		29	4	13.8%
Transshipment Notification for Optical Disc Mastering and Replication Equipment		0	0	N.A.
Licence for Ozone Depleting Substances		EPD	41	8
Licence for Scheduled Chemicals	157		102	65.0%
Import and Export Permit for Radiocommunications Transmitting Apparatus	OFCA	576	55	9.5%
Transshipment Notification for Radiocommunications Transmitting Apparatus		434	6	1.4%
<b>Total</b>		<b>10 815</b>	<b>5 959</b>	<b>55.1%</b>

Remark: The above statistics only include the number of licences/permits issued for that type of trade document after its roll-out in TSW.

**Usage rate of TSW Phase 1 by types of trade documents (2021)**

Type of trade documents	PGA	Number of documents processed		Usage rate (b)/(a)×100%
		Total (a)	Through TSW (b)	
Import/Export Licence for Pesticides	AFCD	7 800	6 746	86.5%
Toothfish Import/Export/Re-export Licence		64	59	92.2%
Hong Kong Natural Sand Final User Certificate	CEDD	215	215	100%
Sand Removal Permit		721	721	100%
Authorization to Import/Export Controlled Chemicals	C&ED	366	213	58.2%
Certificate of Non-manipulation under Free Trade Agreement Transshipment Facilitation Scheme		5 987	5 504	91.9%
Certification of Non-U.S. Frozen Chicken Products Transhipped to the Mainland through Hong Kong		0	0	N.A.
Licence for Optical Disc Mastering and Replication Equipment		1	1	100%
Permit to Remove Controlled Chemicals in Transshipment		22	9	40.9%
Transshipment Notification for Optical Disc Mastering and Replication Equipment		0	0	N.A.
Licence for Ozone Depleting Substances		EPD	49	31
Licence for Scheduled Chemicals	182		163	89.6%
Import and Export Permit for Radiocommunications Transmitting Apparatus	OFCA	529	68	12.9%
Transshipment Notification for Radiocommunications Transmitting Apparatus		709	0	0%
<b>Total</b>		<b>16 645</b>	<b>13 730</b>	<b>82.5%</b>

Remark: The above statistics only include the number of licences/permits issued for that type of trade document after its roll-out in TSW.



**Usage rate of TSW Phase 1 by types of trade documents (2022)**

Type of trade documents	PGA	Number of documents processed		Usage rate (b)/(a)×100%
		Total (a)	Through TSW (b)	
Import/Export Licence for Pesticides	AFCD	7 336	6 552	89.3%
Toothfish Import/Export/Re-export Licence		80	78	97.5%
Hong Kong Natural Sand Final User Certificate	CEDD	185	185	100%
Sand Removal Permit		460	460	100%
Authorization to Import/Export Controlled Chemicals	C&ED	261	246	94.3%
Certificate of Non-manipulation under Free Trade Agreement Transshipment Facilitation Scheme		3 780	3 759	99.4%
Certification of Non-U.S. Frozen Chicken Products Transhipped to the Mainland through Hong Kong		0	0	N.A.
Licence for Optical Disc Mastering and Replication Equipment		0	0	NA.
Permit to Remove Controlled Chemicals in Transshipment		13	12	92.3%
Transshipment Notification for Optical Disc Mastering and Replication Equipment		0	0	N.A.
Licence for Ozone Depleting Substances		EPD	64	49
Licence for Scheduled Chemicals	192		178	92.7%
Import and Export Permit for Radiocommunications Transmitting Apparatus	OFCA	320	78	24.4%
Transshipment Notification for Radiocommunications Transmitting Apparatus		317	57	18.0%
<b>Total</b>		<b>13 008</b>	<b>11 654</b>	<b>89.6%</b>

Remark: The above statistics only include the number of licences/permits issued for that type of trade document after its roll-out in TSW.

**Usage rate of TSW Phase 1 by types of trade documents (2023)**

Type of trade documents	PGA	Number of documents processed		Usage rate (b)/(a)×100%
		Total (a)	Through TSW (b)	
Import/Export Licence for Pesticides	AFCD	5 569	5 230	93.9%
Toothfish Import/Export/Re-export Licence		97	90	92.8%
Hong Kong Natural Sand Final User Certificate	CEDD	155	155	100%
Sand Removal Permit		274	274	100%
Authorization to Import/Export Controlled Chemicals	C&ED	254	246	96.9%
Certificate of Non-manipulation under Free Trade Agreement Transshipment Facilitation Scheme		3 977	3 948	99.3%
Certification of Non-U.S. Frozen Chicken Products Transhipped to the Mainland through Hong Kong		0	0	N.A.
Licence for Optical Disc Mastering and Replication Equipment		1	1	100%
Permit to Remove Controlled Chemicals in Transshipment		15	15	100%
Transshipment Notification for Optical Disc Mastering and Replication Equipment		0	0	N.A.
Licence for Ozone Depleting Substances		EPD	117	54
Licence for Scheduled Chemicals	160		146	91.3%
Import and Export Permit for Radiocommunications Transmitting Apparatus	OFCA	490	155	31.6%
Transshipment Notification for Radiocommunications Transmitting Apparatus		315	22	7.0%
<b>Total</b>		<b>11 424</b>	<b>10 336</b>	<b>90.5%</b>

Remark: The above statistics only include the number of licences/permits issued for that type of trade document after its roll-out in TSW.

**Usage rate of TSW Phase 2 by types of trade documents (2023)**

Type of trade documents	PGA	Number of documents processed		Usage rate (b)/(a)×100%
		Total (a)	Through TSW (b)	
Licence to Export/Re-export for Endangered Species	AFCD	8 078	227	2.8%
Licence to Import for Endangered Species		123	4	3.3%
Re-export Certificate for Species of non-Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or not yet Controlled under the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586)		272	5	1.8%
Permit for Import of Mammals from the Mainland and Animal Products		738	78	10.6%
Plant Import Licence		220	150	68.2%
Special Permit for Import of Animals and Birds from Overseas		246	52	21.1%
Special Permit for Import of Dogs and Cats from Overseas		2 003	613	30.6%
Special Permit for Import of Food/Pet Reptiles from overseas		811	216	26.6%
Declaration Form for Cross-boundary Transportation of Currency and Bearer Negotiable Instruments (CBNIs)		C&ED	1 502	14
Import and Export Statements for Dutiable Commodities	0		0	N.A.
Diversion Licence for Dangerous Drugs	DH	0	0	N.A.
Import Licence for Radioactive Substances and Irradiating Apparatus		479	252	52.6%
Import/Export Licence and Import Certificate for Dangerous Drugs		0	0	N.A.

Type of Trade Documents	PGA	Number of documents processed		Usage rate (b)/(a)×100%
		Total (a)	Through TSW (b)	
Import/Export Licence for Pharmaceutical Products and Medicines	DH	505	0	0%
Import/Export Licence of Chinese Herbal Medicines		28	19	67.9%
Import/Export Licence of Proprietary Chinese Medicines		36 771	19 539	53.1%
Import/Transshipment Permit for Biological Materials		1 159	882	76.1%
Removal Licence for Dangerous Drugs		0	0	N.A.
Food Inspection Certificate	FEHD	214	0	0%
Health Certificate for Foods of Animal Origin		1 733	0	0%
Import Licence for Frozen/Chilled Meat or Poultry		35 419	2 190	6.2%
Import Permission for Milk and Milk Beverages/Cream/Frozen Confections		491	0	0%
Permission for Import of Eggs		435	14	3.2%
Permission for Import of Game, Meat and Poultry		397	9	2.3%
Permission for Import of Meat or Poultry for the Purpose of Re-export		1	0	0%
Import/Export Licence for Rice	TID	0	0	N.A.
Kimberley Process Certificate		0	0	N.A.
Strategic Commodities Import/Export Licence		0	0	N.A.
<b>Total</b>		<b>91 625</b>	<b>24 264</b>	<b>26.5%</b>

Remarks:

1. The above statistics only include the number of licences/permits issued for that type of trade document after its roll-out in TSW.
2. The service for Phase 2 was rolled out in four batches from 15 May 2023 to 30 December 2023.

**Public Hearing  
of the Legislative Council Public Accounts Committee  
on 7 May 2024**

**Opening remarks of the Secretary for Health**

Chairman and Honourable Members,

The Health Bureau (HHB), the Department of Health (DH) and the Hospital Authority (HA) sincerely thank the Audit Commission (Audit) for the findings and recommendations made in the Director of Audit's Report No. 82 (Report) on emergency dental services and elderly dental care support. As the local saying goes, "toothache is worse than a major illness". The Government understands the keen concerns of the public on public dental services and has already got some enhancement measures in hand prior to the tabling of the Report by the Audit. We are studying the recommendations made in the Report thoroughly in order to further enhance our public dental services more effectively.

As affected by the COVID-19 pandemic and manpower shortage, the disc quota of the General Public (GP) sessions for emergency dental services in 2022-23 dropped significantly. The DH could not immediately increase the disc quota after the pandemic as the shortage of dentists manpower has been getting worse and there were also updates in service logistics. In view of this, the Government announced in the 2023 Policy Address that it would collaborate with non-governmental organisations (NGOs) to provide emergency dental services to the under-privileged groups with financial difficulties next year under a new service model to enhance service capacity. Regarding the improvement of waiting arrangement for the DH's GP sessions, the DH will, starting from early July this year, adjust the starting time of "preliminary registration" for GP sessions from 12 a.m. on the day of service provision to 8 p.m. the day before. Also, after members of the public have completed the "preliminary registration", they will only have to return to the respective clinics half an hour before the service hours of GP sessions, and receive services after verifying the original of their identity document and completing the formal registration. This can prevent them from queuing late at night and going back and forth to the clinics.

The Audit Report mentioned in particular the disc allocation arrangement of the Mona Fong Dental Clinic in Sai Kung. In the light of the Report, the DH will, starting from this Thursday (i.e. 9 May), adjust the time of

disc allocation and formal registration for the GP sessions of the Clinic from 11 a.m. to 1 p.m., while the service hours starting from 1:30 p.m. remain unchanged, so that members of the public can receive services shortly after obtaining discs and being registered in one go, and avoid going back and forth to the clinics.

In addition, the DH will roll out an online electronic disc distribution and registration system so that members of the public need not queue in person to obtain discs by then. The system can also provide members of the public with real-time information of remaining disc quota at the 11 clinics to ensure full utilisation of the disc quota. We have commenced development of the electronic system and will strive to roll out as soon as possible.

As regards the dental services provided by public hospitals, the DH and HA will improve information management, including maintaining information as recommended in the Report, such as analyses of data related to the attendance numbers and rates, as well as the waiting time for new case appointments for different types of cases. The HHB is integrating the Hospital Dental Service provided by the DH into the HA's Oral Maxillofacial Surgery and Dental Clinics (OMSDCs). The HA will consolidate and improve the services and information management of the OMSDCs after the merging based on the recommendations of the Report.

As for the Outreach Dental Care Programme for the Elderly, the participation rates of the programme plunged as the residential care homes for the elderly (RCHEs) and the day care centres for the elderly (DEs) were gravely affected during the pandemic. Though the participation rates have rebounded after the pandemic, there is still room for improvement. The DH will take the initiative to ascertain the reasons for non-participation of the RCHEs, DEs and NGOs in the programme, and enhance publicity to raise the participation rates. It will at the same time implement measures to ensure that the participating NGOs carry out their duties according to the Funding and Service Agreement, and provide guidelines to the DH staff on monitoring the performance of the NGOs.

Regarding the recommendations made in the Audit Report on the Elderly Health Care Voucher Scheme (EHVS), the DH will introduce the Scheme by holding seminars and symposiums for the dentists and encourage enrolment of healthcare service providers in the private sector. Measures will continue to be taken in tandem to remind the dentists enrolled in the EHVS to inform the DH of the changes in their enrolment information.

For the Elderly Dental Assistance Programme (EDAP) under the Community Care Fund, the Government has already planned to enhance the EDAP in the third quarter of 2024 to lift the mandatory requirement of fixing removable dentures, so as to enable eligible elderly persons to receive services such as dental check-ups, scaling and polishing, tooth extractions and fillings without applying for removable dentures, with a view to encouraging early identification and timely intervention of dental diseases among the elderly persons.

The HHB will also proactively implement other recommendations in the Audit Report, including incorporating specific clauses concerning safeguarding national security in the service agreements signed with the implementing agent, stepping up publicity to encourage the elderly and dentists to participate in the programme, and monitoring long outstanding cases.

The Government attaches great importance to the oral health of the public, and is reviewing the dental care services provided or subsidised by the Government in a holistic and systematic manner. The Working Group on Oral Health and Dental Care was established at the end of the year before last. The Working Group suggested in its interim report released at the end of last year that the Government should develop primary dental services for citizens and assist them in managing their own oral health to put prevention, early identification, and timely intervention of dental diseases into action. It also suggested the exploration of pursuing development of appropriate and targeted dental services for the under-privileged groups it defined. The ultimate goal is to enhance the overall level of the citizens' oral health through retention of natural teeth.

My team and I will be happy to respond to the views and questions from Members. Thank you.

Ends



中華人民共和國香港特別行政區政府總部醫務衛生局  
Health Bureau, Government Secretariat  
The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

本函檔號 *Our Ref:* HHB CR/1/3871/17 電話號碼 *Tel:* 3509 8765  
來函檔號 *Your Ref:* CB4/PAC/R82 傳真號碼 *Fax:* 2840 0467

23 May 2024

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

**By email**

Dear Ms CHAN,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 82**  
**Emergency dental services and elderly dental care support**

I refer to your letter dated 9 May 2024 to the Secretary for Health concerning the captioned. Please find the consolidated response from the Health Bureau, Hospital Authority and Department of Health in the **Annex** to this letter to facilitate consideration of the matter by the Public Accounts Committee.

Yours sincerely,

(Dr Frankie SO)  
for Secretary for Health

Encl.



c.c.

Director of Health (email: [doh@dh.gov.hk](mailto:doh@dh.gov.hk))

Chief Executive of Hospital Authority (email: [ceoffice@ha.org.hk](mailto:ceoffice@ha.org.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))

**Consideration of Chapter 2 of the Director of Audit's Report No. 82  
Emergency dental services and elderly dental care support  
Consolidated Response from the Health Bureau,  
Hospital Authority and Department of Health to  
Questions Raised and Information Requested**

**Part 1: Introduction**

- (a) **According to paragraphs 1.3, 1.4, 2.4 to 2.6 of the Audit Report, the disc quota of emergency dental services provided to the public in designated sessions in the 11 government dental clinics decreased by 19 985 (50%) from 40 322 in 2018-19 to 20 337 in 2022-23 due to the outbreak of the COVID-19 pandemic and manpower shortage of dentists. Please elaborate on the reasons for the reduction in disc quota and how the manpower shortage problem could be solved. When does the Government expect that the disc quota can resume to the pre-pandemic level? Has a timetable been drawn up for this purpose? If so, what are the details? If not, what are the reasons?**

At present, general dental services are provided mainly by the private sector and the non-governmental organisations (NGOs). The limited dental services provided by the Government are confined to emergency treatment for the public. Free emergency dental treatment (generally referred to as General Public (GP) Sessions) are provided by the Department of Health (DH) through designated sessions each week in its 11 government dental clinics. Such services include treatment of acute dental diseases, prescription for pain relief, treatment of oral abscess and teeth extraction. The dentists will also provide professional advice based on individual needs of patients.

Due to the Coronavirus Disease 2019 (COVID-19) epidemic, disc quota under GP Sessions has been reduced since January 2020. At present, the disc quota has not yet returned to the pre-epidemic level due to the following reasons:

- (i) The persistent shortage of dentists. As at 1 May 2024, the number of dentist vacancies in the DH has increased to 108, representing 29.2% of the DH's dentist establishment.

- (ii) During the epidemic, to prevent the spread of COVID-19, the dental clinics were required to reserve sufficient time to carry out various infection control measures, including enhanced environmental disinfection (such as dental chairs, dental sinks, working desk surface, etc.), infection control measures for oral X-ray examinations, detailed checks on the medical history of each patient, as well as requiring patients to rinse their mouth with disinfecting mouthwash before oral check-up. To comply with the strengthening of infection control, these measures have been incorporated into the standard procedures required for regular service.
  
- (iii) The World Health Organization advocates retention of natural teeth and suitable techniques (including root canal treatment) are now available to retain natural teeth, such that patients are not necessarily required to resort to teeth extraction for dental diseases. To achieve better oral health of the population, Dental Officers of the DH will strive to ascertain the medical history of patients in further details and enhance communication with patients during the course of consultation, such that patients may decide whether teeth extraction is necessary after being informed of other treatment proposals that allow retention of natural teeth.

Based on (ii) and (iii), the consultation time for each GP Session patient is now longer.

To safeguard the oral health of the public, the Chief Executive announced in the 2022 Policy Address to conduct a comprehensive review of the dental services provided or subsidised by the Government. The Working Group on Oral Health and Dental Care (Working Group) was subsequently established in end-2022. The review covers policy objectives, implementation strategies, service scopes and delivery models of oral health and dental care. After reviewing the GP Sessions arrangement, the Working Group recognised the inability to increase disc quota due to the reduced manpower of Dental Officers in the Government, while the expansion of teeth extraction service is also considered as incompatible with the goal of the Working Group to enhance the overall level of the public's oral health through retention of natural teeth.

As announced in the Chief Executive's 2023 Policy Address, the Government will collaborate with the NGOs to increase the emergency dental services targeting the underprivileged groups with financial

difficulties in 2025, to expand service capacity and service points to cover all 18 districts, and to include teeth extraction and filling in the expanded service scope. The target is to provide a service capacity of at least 2 times the current capacity of GP Sessions arrangement. Under the new service model and the DH's GP Sessions, the service quota for emergency dental services will gradually increase to 60 000. The Health Bureau (HKB) is exploring the details and will announce the details in due course.

In addition, the DH has been making persistent efforts to recruit Dental Officers. Relevant measures include continuous year-round recruitment, granting incremental credits based on the experience of candidates, relaxing the language proficiency requirements for certain posts, recruiting full-time/part-time Dental Officers under the Post-retirement Service Contract Scheme and Non-Civil Service Contract Scheme, organising briefing sessions to brief recent graduates on the training and job opportunities in the civil service, etc., so as to attract more prospective candidates to apply for the post of Dental Officer. Meanwhile, to address the overall shortage of dentists in Hong Kong, the HKB has submitted the Dentists Registration (Amendment) Bill 2024 (the Bill) to the Legislative Council (LegCo). The Bill proposes creating new pathways for admitting qualified non-locally trained dentists to practise in Hong Kong to boost the supply of dental manpower in Hong Kong, as well as suitably expanding the duties of dental hygienists and dental therapists, etc., so as to support public and subsidised dental services. The Government expects the LegCo to endorse the Bill to facilitate the replenishment of manpower for public dental services as soon as possible.

- (b) According to Note 1 of paragraph 1.4 of the Audit Report, the government dental clinics under the DH are established primarily for fulfilling the obligation of providing dental benefits for civil service eligible persons. As at February 2024, the DH operated 43 government dental clinics. Since 1947, the Government has made use of a small fraction (around 2%) of the service capacity of the dental clinics to provide a limited scope of supplementary emergency dental services to the general public. Please provide/advise:**
- (i) The attendance of the services of government dental clinics for civil service eligible persons (including emergency cases) in the past 3 years, as well as the waiting time for various non-emergency dental services;**

- (ii) Whether the Government considers it necessary to review the practice of reserving around 2% of the service capacity of government dental clinics for the general public to meet the keen demand for public dental services given that such arrangement was introduced in 1947; if so, the details; if not, the reasons for that;
- (iii) Whether the Government will consider formulating measures to allow civil service eligible persons to choose to receive private dental services in Hong Kong or the Mainland so as to release more service capacity of government dental clinics for public use;
- (iv) At present, all citizens can make use of the emergency dental services through GP sessions, and those who have obtained a disc are not required to undergo medical assessment before consultation. As the demand for emergency dental services far exceeds the supply, it is inevitable that some citizens with genuine urgent needs may not receive dental services through GP sessions. In view of this, will the Government consider introducing triage or screening for citizens seeking dental treatment so as to optimise the use of resources? If so, what are the details? If not, what are the reasons? and
- (v) Whether the Government will consider conducting online or remote dental consultations to provide more convenient dental services to the public and reduce cost at the same time;
- (i) The total numbers of attendances of civil service eligible persons (CSEPs) at government dental clinics (including Oral Maxillofacial Surgery and Dental Clinics (OMSDCs) in hospitals) over the past 3 years (including urgent cases) are as follows:

<b>Year</b>	<b>Attendance (rounded to the nearest hundred)</b>
2021	708 600
2022	585 700
2023	530 300

Note: The attendances in 2022 and 2023 are lower than that in 2021 due to the COVID-19 epidemic and staff wastage in dental clinics.

The waiting time of CSEPs for dental services at government dental clinics in the past 3 years is as follows:

<b>Year</b>	<b>Regular Dental Check-up</b>	<b>Follow-up Dental Treatment</b>	<b>Consultation for Elective Specialised Dental Service</b>
2021	12 to 16 months	4 to 16 months	6 to 42 months
2022	18 to 32 months	8 to 37 months	4 to 47 months
2023	24 to 48 months	8 to 44 months	1 to 48 months

- (ii) Under the civil service terms of employment, the Government is obliged to provide dental benefits for civil servants/pensioners and their eligible dependents. The government dental clinics under the DH are established primarily for fulfilling this obligation and dental services thereat are essentially provided for the above groups. Only a small fraction of service capacity in the government dental clinic can be set aside for GP Sessions.

To safeguard the oral health of the public, the Chief Executive announced in the 2022 Policy Address to conduct a comprehensive review of the dental services provided or subsidised by the Government. The Working Group was subsequently established in end-2022. The review covers policy objectives, implementation strategies, service scopes and delivery models of oral health and dental care. The Working Group released an interim report in end-2023 to summarise its work progress.

The Government agreed with the suggestion of the Working Group that the future development of dental services should make reference to the direction of the Primary Healthcare Blueprint which attaches importance to prevention, early identification and timely intervention, with the goal of retention of natural teeth and enhancing the overall level of the public's oral health. In considering the provision of government-funded curative dental services, the long-term financial sustainability must be taken into account. It is more cost-effective to put the emphasis on preventive dental services.

The Government will strive to develop and promote primary dental services to assist the public in managing their own oral health and to put prevention, early identification and timely intervention of dental diseases into action. The Government will also explore how

to continue the development of appropriate and targeted dental services for the underprivileged groups as defined by the Working Group.

In this connection, the Chief Executive announced in the 2023 Policy Address a series of measures to enhance the dental services for different age groups and target groups. Among these, the Government will collaborate with the NGOs to increase the emergency dental services targeting the underprivileged groups with financial difficulties in 2025, and to expand the service capacity, service points and service scope to promote early identification and timely intervention of dental diseases. The target is to provide a service capacity of at least 2 times the current capacity of GP Sessions arrangement of government dental clinics.

- (iii) The government dental clinics under the DH are tasked to provide dental services for civil servants and their eligible dependants in fulfilment of the Government's contractual obligations laid down in their terms of employment. Such dental benefits are in essence part of the Government's staff welfare policy and are similar to the medical benefits provided by employers for their employees in the market, hence not part of the public dental services. Resources are separately allocated for the provision of medical and dental treatment for civil servants and the provision of dental services for the public.

To alleviate the problem of dentist manpower shortage, the Government has launched the 18-month Pilot Scheme on Dental Services (Dental Scaling) for CSEPs (the Dental Services Pilot Scheme) since August 2023, under which some CSEPs are arranged to receive dental scaling services at private dental clinics. The government will initiate a review regarding the Dental Services Pilot Scheme in August this year with a view to determining the way forward upon its completion. If the scheme is evaluated to be effective, the government will consider extending the Dental Services Pilot Scheme upon its completion and increasing the number of participant quotas so that more CSEPs can be benefited.

- (iv) Dental services under the GP Sessions are for coping with dental emergencies, which include treatment of acute dental diseases, prescription for pain relief, treatment of oral abscess and teeth extraction. The dentists will also provide professional advice based

on individual needs of patients. As everyone who has been allocated a disc would like to receive treatment as soon as possible, and service seekers generally already have some dental problems, the triage would not contribute much to improving the process, the DH does not have any plan to perform triage or to screen the patients attending the GP Sessions.

- (v) With technology advancement, patients can be given a diagnosis at their home or other locations without having to attend a clinic in person as communication with and inspection of patients can be done via video calls or online platforms. This is rather convenient for members of the public who reside in remote areas, and those who have difficulties in travelling or mobility. However, dentistry requires face-to-face operation and diagnosis, such as teeth extraction and filling. Especially in the case of dental emergencies, telediagnosis cannot completely replace the traditional face-to-face diagnosis. The Government will conduct in-depth research with reference to the experience from other regions/aspects.

- (c) **Regarding paragraph 1.5 of the Audit Report, please explain why the OMSDCs at different public hospitals are managed by the DH and the HA respectively. What are the historical reasons and division of work behind such arrangement? It is mentioned in paragraph 2.30 of the Audit Report that the HHB is integrating the hospital dental services provided by the DH's OMSDCs to those under the HA. Please advise the progress of such work, and whether the division of work of the dental clinics will be different after the merging. If so, what are the details?**

In 1955, the then Medical and Health Department (MHD) set up its first dental clinic in the Queen Mary Hospital, and later set up the Dental Departments in 5 public hospitals, namely Queen Elizabeth Hospital, Princess Margaret Hospital, Prince of Wales Hospital, Tuen Mun Hospital and Pamela Youde Nethersole Eastern Hospital. In 1989, the MHD was split into the DH and the Hospital Services Department, and the Dental Departments of the above 6 hospitals came under direct jurisdiction of the DH. To reflect more accurately the scope of dental services provided by the clinics, the Dental Departments were renamed as OMSDCs in 1996. In 1998, the DH set up the 7th OMSDC in the North District Hospital.



The establishment of the Hospital Authority (HA) in 1991 enabled further development of the Dental Department through service transformation from general dental services to more specialised services. The Dental Department of the United Christian Hospital (UCH) has gradually developed into a department providing specialist service of oral and maxillofacial surgery, which was renamed as the Department of Dentistry and Maxillofacial Surgery. Since 2019, the dentistry and oral maxillofacial surgery service in the UCH has been further extended beyond the Kowloon East Cluster to provide a territory-wide coverage through a trans-cluster service network built among 6 hospitals, namely the UCH, Tseung Kwan O Hospital (TKOH), Hong Kong Children's Hospital (HKCH), Kwong Wah Hospital, Caritas Medical Centre and Alice Ho Miu Ling Nethersole Hospital, whereby patients from other clusters can be referred to the UCH for dental procedure and/or maxillofacial surgeries. Apart from providing routine dental support and peri-operative management, by leveraging on this cross-cluster network, all surgical cases at minor and intermediate level are now allocated to the ambulatory centre in the TKOH, while complicated adult and paediatric cases are managed in the UCH and the HKCH respectively.

Oral maxillofacial surgery and dental specialist treatment are provided by the DH's OMSDCs for hospital in-patients, and patients with special oral health care needs and dental emergency needs. Such specialist services can be provided through referral by the HA or private practitioners. The OMSDCs will arrange appointments for patients according to the urgency of their conditions. Those with urgent needs, such as cases of dental trauma, will be provided with immediate consultation and treatment.

Discussion on the merger of the Hospital Dental Service of the DH and the HA is underway and the details will be announced in due course. As part of the general exercise to streamline and rationalise its clinical functions, the DH will consider how its current OMSDC service may be better merged with that of the HA for operational synergy and efficiency. The Audit Commission's recommendations in respect of the monitoring and reporting systems will be taken into account in the process.

- (d) According to Table 3 in paragraph 1.5 of the Audit Report, from 2018-19 to 2022-23, the attendance of the 7 OMSDCs under the DH decreased by 14%, while the attendance of the 6 OMSDCs under the HA increased by 30%. Please account for the huge discrepancy of the two figures, and provide the latest attendance of the DH's OMSDCs and the HA's OMSDCs in 2023-24;**

Due to the outbreak of COVID-19 epidemic and manpower shortage since early January 2020, the attendance at the DH's OMSDCs was lower than those of other periods. In 2023-2024, the attendance of hospital dental services under DH was 60 200.

For HA's OMSDCs, the HKCH and the TKOH has established 2 new OMSDCs in year 2019-2020, leading to an expansion of the HA's Dental-Oral Maxillofacial Surgery Service Network from 4 hospitals to 6 hospitals (including the UCH, TKOH, Alice Ho Miu Ling Nethersole Hospital, Kwong Wah Hospital, HKCH and Caritas Medical Centre) and the increase in clinic attendance. The annual attendance in the six OMSDCs in HA for the year 2023-2024 is 22 532.

- (e) According to paragraph 1.6 of the Audit Report, in 2022-2023, the expenditure of the DH under the Programme "Curative Care" amounted to around \$1.2 billion, including the DH's hospital dental services and provision of emergency dental services through GP sessions; and the expenditure of the HA in that year was \$94.9 billion, with the expenditure for the provision of hospital dental services amounting to \$45 million. Please provide/advise:**
- (i) The latest amounts and breakdowns of the above-mentioned expenditures in 2023-2024, and the estimated budget of the related dental service programmes in the coming fiscal year; and**
- (ii) Given that the dental services provided by the HA's hospitals account for less than 1% of the HA's total expenditure, do the Government and the HA agree that the resources put into dental services are severely insufficient, resulting in a shortage of services and the long waiting time? If so, have long-term solutions been devised? What are the relevant details? If not, what are the reasons?**

Response to (i) & (ii):

Under the Programme “Curative Care”, the DH’s revised estimate for 2023-24 and its estimate for 2024-25 are \$1.16 billion and \$1.23 billion respectively. The DH does not maintain a breakdown of the provision for hospital dental services and GP Session services.

The table below shows the total expenditure of HA’s dental services in 2023-2024:

<b>Financial Year</b>	<b>Personal Emolument (PE)* (established / full year effect)</b>	<b>Operating Cost</b>	<b>Approximate Total Expenditure</b>
2023-2024 (up to December 2023)	\$44.88 million	\$3.08 million	\$47.96 million

\*Total established manpower PE. Locum and part time staff included. Estimated PE figure shall be higher than actual figure.

The HA would assess the growth in demand and the development of dental services in its service planning, and allocate sufficient resources according to service needs. With the expansion of UCH and the expected launch of the Dental Internship Program in late 2025, HA should be able to meet the increasing dental services demands.

- (f) Regarding the Notes of Table 5 in paragraph 1.9 of the Audit Report, please provide/advise:**
- (i) The number of Elderly Health Care Vouchers (EHCVs) claim transactions and the amount involved in paying for the dental services provided by the University of Hong Kong-Shenzhen Hospital (HKU-SZH) in the past 3 years; and**
  - (ii) The measures to encourage more elderly persons to make use of the EHCVs for dental services provided by the HKU-SZH so as to alleviate the demand for public dental services in Hong Kong;**

- (i) The table below shows the numbers of Elderly Health Care Voucher (Voucher) claim transactions made by the Dental Clinic of the University of Hong Kong - Shenzhen Hospital (HKU-SZH) <sup>Note</sup> and the Voucher amounts involved in the past 3 years:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Number of Voucher claim transactions</b>	797	556	1 269
<b>Voucher amount (in HK\$'000)</b>	302	170	462

Note: The statistics for the HKU-SZH are broken down by Outpatient Medical Center/Medical Service Department (i.e. Dental Clinic), while the statistics for Voucher claims in Hong Kong, by contrast, are broken down by type of healthcare service providers (i.e. dentists).

Moreover, although elderly persons in Hong Kong can receive different outpatient services such as family medicine, Chinese medicine and dental services, as well as physiotherapy, at the Huawei Li Zhi Yuan Community Health Center (Community Health Center), an offsite medical institution set up by the HKU-SZH, the DH only maintains the total Voucher claim statistics for the Community Health Center. The separate figures on dental services are not available.

- (ii) Since the launch of the HKU-SZH pilot scheme by the Government in 2015, eligible elderly persons have been entitled to use Vouchers to receive dental services at the HKU-SZH during the past 8 years or so. The arrangement has been extended to the Community Health Center, which also provides dental services, of the HKU-SZH since last year.

To provide greater convenience to elderly persons of Hong Kong, the Government will roll out the Elderly Health Care Voucher Greater Bay Area Pilot Scheme (EHCV-GBA Pilot Scheme) to extend the arrangement of using Vouchers for private primary healthcare services to medical institutions in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) in a bid to offer more options of service points to eligible Hong Kong elderly persons. In this regard, the Government announced in February this year that 7 medical institutions in the GBA have been included in the

EHCV-GBA Pilot Scheme, among which 5 provide integrated services (including dental services) and 2 are dental institutions.

Starting from the third quarter of this year, the pilot medical institutions are expected to gradually introduce the relevant arrangements under the EHCV-GBA Pilot Scheme to enable eligible Hong Kong elderly persons to pay with Vouchers. It is estimated that some 1.7 million eligible Hong Kong elderly persons will benefit from the Pilot Scheme.

- (g) Regarding Table 6 in paragraph 1.10 of the Audit Report, please explain why, in the 5 years from 2018-2019 to 2022-2023, the Elderly Dental Assistance Programme (EDAP) case completion rate was the lowest (66%), while the expenditure involved was the highest (up to \$292 million) in 2022-23;**

The number of applications in Table 6 in paragraph 1.10 of the Audit Report refers to the number of cases that meet the application eligibility, while the number of completed cases refers to the number of cases for which payments of subsidies have been disbursed. The two numbers are not from the same group of elderly persons. From application submission by the elderly persons to completion of the case, it involves stages from application to first consultation, dental treatment, submission of claim forms by dentists/dental clinics and service units, provision of supplementary documents or revisions to information contained in the claim forms, and vetting and arrangement for disbursement of subsidy by the project office. In other words, completed cases may not include all applications received in the same year and may also include applications received in previous years. As regards the increase in the expenditure in 2022-2023, it is due to various factors such as the increase in the number of completed cases, the expansion of service scope, as well as the adjustments in the service charge ceilings for the dental service items which were made in line with those under the dental grant of the Comprehensive Social Security Assistance under the Social Welfare Department.

## **Part 2: Emergency dental services**

- (h) Regarding the scope of emergency dental services of GP sessions as stated in paragraph 2.2 of the Audit Report, please advise if citizens will be provided with follow-up treatment or referral upon receiving the services. If so, what are the details? If not, what are the reasons?**

Emergency dental services at GP Sessions cover treatment of acute dental diseases, prescription for pain relief, treatment of oral abscess and teeth extraction. The Dental Officers also give professional advice with regard to the individual needs of patients. Patients who feel unwell or develop complications (e.g. prolonged bleeding) after receiving services at GP Sessions may return to the relevant dental clinics with GP Sessions as soon as possible for follow-up such as prescription of medicines or referral. For complicated teeth extraction cases, the dental officer on duty will refer the patient to the OMSDCs under the DH for follow-up.

- (i) According to paragraph 2.5 of the Audit Report, the vacancy rates of dental officers working in the government dental clinics with GP sessions increased from 11% in 2018-2019 to 24% in 2023-2024 (up to October 2023). Please provide/advise:**
- (i) The current staffing establishment, remuneration packages and vacancy rates of dental officers working in the various types of dental clinics under the DH and the HA; and**
- (ii) Whether the Government has studied if the shortage of dental officers mentioned in item (a) above is due to the remuneration packages provided by the DH being not attractive enough, leading to manpower wastage and reduction in service capacity; if so, whether the Government will consider enhancing the remuneration packages of the DH's dental officers; if not, the reasons for that;**
- (i) As at 1 May 2024, the manpower situation of the dental clinics of the DH is as follows:**

	<b>Civil Servants Dental Service (Government Dental Clinics and Orthodontic Clinics)</b>				<b>Hospital Dental Service (OMSDCs)</b>				<b>School Dental Care Service (SDCS) (School Dental Clinics)</b>			
	<b>Establishment</b>	<b>Strength</b>	<b>Vacancies</b>	<b>Vacancy Rate</b>	<b>Establishment</b>	<b>Strength</b>	<b>Vacancies</b>	<b>Vacancy Rate</b>	<b>Establishment</b>	<b>Strength</b>	<b>Vacancies</b>	<b>Vacancy Rate</b>
<b>Consultant</b>	1	1	0	0%	6	2	4	66.7%	1	1	0	0%
<b>Principal Dental Officer</b>	0	0	0	0%	0	0	0	0%	1	0	1	100%
<b>Senior Dental Officer</b>	49	39	10	20.4%	12	7	5	41.7%	9	7	2	22.2%
<b>Dental Officer</b>	237	155	82	34.6%	14	17	-3	0%	21	17	4	19.0%
<b>Total</b>	287	195	92	32.1%	32	26	6	18.8%	32	25	7	21.9%

The salaries for different ranks of dental officers are as follows:

<b>Rank</b>	<b>Point</b>	<b>Salary (HKD) (with effect from 1 April 2023)</b>
Consultant	Directorate Pay Scale 2-4	189,150 – 240,000
Principal Dental Officer	Directorate Pay Scale 1	159,150 – 174,200
Senior Dental Officer	Master Pay Scale 45-49	123,980 – 142,840
Dental Officer	Master Pay Scale 30-44	68,940 – 116,165

The information on HA's OMSDCs are set out below :

<b>Rank</b>	<b>Number of Staff (as at May 2024)</b>	<b>Pay / Payscale</b>
Consultant (Dental)	3.1	HK\$190,576 – HK\$240,255 per month (including Monthly Allowance) [HA General Pay Scale (HGPS) point 50 – 51B]
Senior Dental Officer	5	HK\$154,832 – HK\$178,384 per month (including Monthly Allowance) [HGPS point 45 – 49]
Dental Officer	6.4	HK\$69,233 – HK\$137,418 per month (including Monthly Allowance) [HGPS point 28 – 44]
	Total: 14.5	

Note : The attrition (wastage) rate of full-time dental officers from March 2023 to February 2024 is 15.0%

- (ii) The Government's existing policy is that it will consider conducting a grade structure review for individual grades should there be recruitment or retention difficulties, or if significant changes have been made to the grade's work nature and responsibilities. We consider that there have been no major changes in the nature, responsibilities and complexity of the work of the Dental Officer grade. Moreover, as stated in the response to part (a) above, the DH has been actively recruiting and supplementing manpower, whilst the HHB has submitted the Bill to the LegCo with a view to alleviating the shortage of dental manpower in Hong Kong (including the DH) through a multi-pronged approach.
- (j) Regarding paragraph 2.6 of the Audit Report, please elaborate upon the strategy of “early identification and timely intervention of dental diseases” as proposed by the Working Group on Oral Health and Dental Care, and how the HHB will implement the relevant policies;**

The costs of managing tooth decay and gum diseases are high to individuals and to the community, which can lead to significant



financial burden. Therefore, the most cost-effective strategy should focus on prevention, early identification and timely intervention to avoid the functional and financial impact of these dental conditions. Maintaining personal daily oral hygiene habits and adopting a lifestyle conducive to oral health are the keys to promote oral health. The government has been encouraging citizens to seek regular dental check-ups for timely intervention of dental diseases that may be present even if they perceive their oral health to be good.

The government will develop primary dental care services appropriate for different age groups by focusing on prevention of dental disease, to assist citizens in self-managing oral health and implementing prevention, early identification and timely intervention. The Government emphasises on nurturing good oral hygiene habits from an early age. Since 1980, the SDCS has been provided to school children, effectively reducing tooth decay rates among 12-year-olds. The Government plans to launch the Primary Dental Co-care Pilot Scheme for Adolescents in 2025 as an interface with the SDCS by providing partial subsidies for adolescents aged between 13 and 17 to receive private dental check-up services, so as to foster the establishment of a partnership between the adolescents and the dentists in the NGOs or the private sector, and to promote the adolescents' life-long habit of regular dental check-ups for the prevention of dental diseases.

As for the elderly, the Government currently subsidises the elderly persons to use private healthcare services including dental services through the EHCVs, and has launched a three-year EHCV Pilot Reward Scheme. During this period, elderly persons only need to accumulate the use of vouchers of \$1,000 or more on designated primary healthcare purposes such as disease prevention and health management services (including dental check-up, scaling, extraction and filling) within each year, and they will be automatically allotted a \$500 reward into their voucher account, which can be used similarly on designated primary healthcare purposes. Additionally, the Government has planned to enhance the EDAP under the Community Care Fund in the third quarter of 2024 to lift the mandatory requirement of fixing removable dentures, so as to enable eligible elderly persons to receive dental services such as dental check-ups, scaling and polishing, tooth extractions and fillings without applying for removable dentures. Both the EHCV Pilot Reward Scheme and the enhanced EDAP aim to incentivise elderly persons to receive regular dental examinations and preventive services, so as to achieve the goals of retaining natural teeth and enhancing the overall level of oral health through prevention, early identification and timely intervention.

**(k) Regarding paragraph 2.9 (c) of the Audit Report, please advise:**

- (i) The operational difficulties encountered by the DH in the trial use of self-service kiosks for disc allocation in 2 government dental clinics with GP sessions, leading to the unsatisfactory result and the eventual cessation of services;**
- (ii) Whether the Government can put the self-service kiosks in use again with manual support before fully implementing the online electronic system for disc allocation and registration; if not, the reasons for that; and whether there are alternatives to facilitate the disc allocation arrangement;**
- (iii) The progress and details of the online electronic system for disc allocation and registration under development by the Government, including the expenditure incurred;**
- (iv) What measures the Government has to help citizens (in particular elderly persons) who are unable to use the online electronic system for disc allocation and registration to enrol for the services of GP sessions; and**
- (v) Whether there will be touting of discs upon implementation of the online electronic system for disc allocation and registration; and whether the Government has any response measures to curb this problem and to ensure fair disc allocation;**
- (i) To improve the disc distribution arrangement at dental clinics with GP Sessions, the DH has explored using “self-service kiosks” with a view to shortening the waiting time of elderly persons. However, after a trial run of the kiosks at 2 dental clinics, the DH found that there were various operational difficulties, including the need to deploy additional manpower to assist the people in queue in using the kiosks and inputting information for registration, security matters regarding the relevant equipment and systems outside office hours, as well as the handling of emergencies in the event of system malfunction. As it was found to be not cost-effective in operation and the effectiveness was below expectation, the DH has ceased the use of kiosks.**

- (ii) As mentioned in (i) above, it is not cost-effective to supplement self-service kiosks with manual assistance, thus this policy will not be reconsidered. Regarding the operation of GP Sessions, the DH is currently focusing on the development of online electronic disc distribution and registration system, with a view to implement the system within 2024. By then, members of the public will no longer need to queue in person for obtaining discs and will be provided with real-time information on the remaining disc quotas so as to ensure that all quotas can be fully utilised.
  - (iii) The DH has started the development of the online electronic disc distribution and registration system in May 2024 with the target of launching it for public use in the same year. The expenditure involved is still under estimation.
  - (iv) The DH understands that members of the public, especially elderly persons, may encounter difficulties at the initial stage of the launch of the online electronic disc distribution and registration system. In addition to arranging staff to assist those who need help in completing the online registration, the DH will also liaise with neighbourhood organisations to provide additional service locations to help the public.
  - (v) The online electronic disc distribution and registration system being developed by the DH will require service users to complete the entire registration process using their real name and identity card. Since the GP Sessions will only provide service to registered members of the public, the scalping of disc quotas will not exist.
- (1) Regarding paragraph 2.10 of the Audit Report, please explain why preliminary registration has to be done for citizens waiting for services of GP sessions instead of letting them obtain the discs directly. The Secretary for Health mentioned at the public hearing that the starting time of preliminary registration for GP sessions will be made earlier to 8 p.m. the day before service provision so as to prevent citizens from queuing late at night. Does the Government consider that the new arrangement can effectively improve the situation of citizens having to wait for a long time? After the launch of the online electronic system for disc allocation and registration, can the preliminary registration arrangement be cancelled?**

Regarding the DH's disc distribution arrangement for GP Sessions, given that the nature of the sessions is to provide emergency dental treatment, discs have always been distributed on the day of service so as to provide same-day appointments to those in need. To avoid making elderly persons and patients queue overnight, preliminary registration has been implemented by the DH at its 9 dental clinics with GP Sessions since 5 September 2022.

The preliminary registration for GP Sessions starts at 0:00 a.m. on the day of service, whereby simple personal particulars of the patient such as the first 4 digits of their identity card will be registered. A disc quota will then be reserved for the patient upon completion of the registration, and the patient can return home to rest without having to wait throughout the night. Registered patients only need to return to the dental clinic half an hour in advance (i.e. 8:30 a.m. or 1:00 p.m.) on the day of the GP Session to verify the original of their identity document and complete the official registration in the Government's Clinical Information Management System, after which they can receive services starting from 9:00 a.m. or 1:30 p.m.

(Note: Only Mona Fong Dental Clinic located in Sai Kung provides dental services in GP Sessions starting from 1:30 p.m.)

Starting from 4 July 2024, the registration time of the 9 dental clinics with preliminary registration for GP Sessions will be changed from 0:00 a.m. on the day of service to 8:00 p.m. the day before. Adjusting the preliminary registration time is a temporary measure to allow patients to leave at an earlier time after registration. The DH will further introduce the online electronic disc distribution and registration system within 2024. By then, members of the public will no longer need to queue in person for obtaining discs and will be provided with real-time information on the remaining disc quotas so as to ensure that all quotas can be fully utilised, and the preliminary registration arrangement will be cancelled.

- (m) According to paragraph 2.14 of the Audit Report, the Government will collaborate with NGOs to increase the emergency dental services targeting at the under-privileged groups with financial difficulties in 2025 through expansion of service capacity, service points and service scope under a new service model. Please provide/advise:**

- (i) The details of the programme, including the mode of operation, the coverage of the new services, the number of beneficiaries, the charging arrangements and the implementation timetable;**
- (ii) Whether the Government has studied the amount of resources required for a large-scale expansion of dental services (e.g. the increase in disc quota for emergency dental services through GP sessions); and**
- (iii) Given that Government bureaux and departments are required to cut 1% of their recurrent expenditure, how can the Government spare additional resources for the enhancement of public dental services under such circumstances?**

Response to (i) to (iii):

The Working Group considered that the current mode of service of GP Sessions was not effective in targeting underprivileged groups in need. Taking into consideration the dentist manpower shortage in the DH, the Working Group noted that the disc allocation under the GP Sessions arrangement cannot be increased in the near future, and that tooth extraction service is not in line with the goal to improve oral health by retaining natural teeth. The Working Group considered that it is more appropriate to increase the service capacity in collaboration with NGOs under a new service model to address the service demands of the underprivileged groups. As announced in the Chief Executive's 2023 Policy Address, the Government will collaborate with NGOs to increase the emergency dental services targeting at the underprivileged groups with financial difficulties in 2025 through expansion of service capacity, service points and service scope to promote early identification and timely intervention of dental diseases. The target is to provide a service capacity of at least 2 times the current capacity of GP Sessions arrangement. The Health Bureau is exploring the details and will announce the details in due course.

The DH has earmarked funding to enhance public dental services, including enhancement of the emergency dental service. The Government will also deploy additional manpower to carry out the relevant preparatory work.

- (n) According to paragraphs 2.22 and 2.25 of the Audit Report, the target waiting time for emergency new case appointments of OMSDCs under the DH and the HA is approximately within 2 weeks depending on the case type. Under such circumstances, please advise whether the dental services provided in public hospitals will be prone to abuse. If so, what are the response measures? If not, what are the reasons?**

A triage system has been established at the DH's OMSDCs, under which new cases are first reviewed by Consultants/Senior Dental Officers before being classified into different categories according to the patients' conditions. This arrangement ensures that urgent cases are prioritised for treatment.

Under the current guidelines, the target set for scheduling new case appointments for urgent cases is within 2 weeks. Such cases include:

1. oral and facial infections, such as acute pericoronitis and shingles
2. suspected malignant oral tumours
3. odontogenic pathologies (odontogenic tumours and large odontogenic cysts)
4. failed extractions

Starting from July 2024, the DH will set targets for the waiting time for different types of new case appointments at its OMSDCs in the 7 public hospitals, monitor the achievement of targets and compile the relevant information for analysis, including that of urgent, semi-urgent and non-urgent cases. Under the new targets, urgent cases will receive treatment within the same day, semi-urgent cases will receive treatment in 4 weeks, while the waiting time for non-urgent cases will usually be 2 to 3 years, subject to the queuing situations of individual clinics.

The clinics under the DH and HA adopt a triage system in which cases are categorised based on clinical urgency. The system has been operating effectively and the DH and HA have not observed instances of abuse.

- (o) As mentioned in paragraph 2.22 of the Audit Report, according to the DH's guidelines for its OMSDCs and depending on the clinical conditions of patients, new case appointments will be arranged according to the targets set for different case types (e.g. within 2 weeks for urgent cases). But according to paragraph 2.23 of the Audit Report, the DH does not maintain any records of the**

**achievement of the targets and the waiting time for new case appointments for different case types. Please explain why the DH does not maintain such records; and how the DH can monitor the provision of the services without those records. What follow-up measures are taken by the Government?**

At present, the OMSDCs under the DH are located in different public hospitals and are thus using the HA's Clinical Management System (CMS). Each OMSDC has been maintaining information on different types of cases (including the waiting time and achievement of targets) separately, leading to inconsistencies in their methods.

To address this issue, the DH has begun initial talks with the HA in March 2024 and has further discussed the establishment of a mechanism to pass information from the HA's CMS to the DH's Hospital Dental Service during the HA-DH joint service meeting on 23 April. The Task Force on Information Management of Hospital Dental Services under the HA and the DH has been set up and will hold its first meeting on 28 May to review the current workflow and propose adjustments for a more effective use of the HA's Outpatient Appointment System to generate the required management information.

Starting from May 2024, the DH's Hospital Dental Service will compile the information regarding attendances and attendance rates, including the number of new case appointments and follow-up appointments and their respective attendance rates. Starting from July 2024, the DH will also set targets for the waiting time for different types of new case appointments at its OMSDCs in the 7 public hospitals, monitor the achievement of targets and compile the relevant information for analysis. Such information includes the types of new cases (urgent, semi-urgent and non-urgent), the respective targets on waiting time (service guarantee) and the respective performances (target achievement rates).

- (p) According to Table 11 in paragraph 2.24 of the Audit Report, the attendance rates of new case appointments of out-patients of the HA's OMSDCs from 2018-2019 to 2023-2024 (up to October 2023) ranged from 80% to 88%, and those of follow-up arrangements ranged from 85% to 89%. According to the HA, non-attendance of out-patients of the HA's OMSDCs might be due to some of these patients opting for alternative dental care services provided by the**

**private sector, or experiencing a reduction in symptoms and believing that clinical care was no longer required. In this connection, what measures does the HA have to ensure an increase in the attendance rates so as to avoid wastage of resources?**

If a patient notifies the clinic in advance for rescheduling or canceling of their appointments, the staff of the OMSDCs will arrange other patients to fill the vacant slot as far as practicable to avoid wastage.

**(q) As mentioned in paragraphs 2.25 and 2.29 of the Audit Report, upon receipt of the patients' referral letters, the HA's OMSDCs will assess the patients' conditions and arrange the first appointments. However, as at 25 January 2024, the HA had neither reviewed the referral letters and arranged the first appointments for 564 patients nor maintained management information on the dates of receiving the referral letters. In this connection, would the HA please clarify/advise:**

**(i) For the above-mentioned 564 patients, whether the OMSDCs have assessed them as stable cases according to the triage system upon receipt of their referrals; if so, the reasons for not having the first appointments arranged right away; and the handling procedures of these 564 cases at the time;**

**(ii) How to consider a patient's condition to be stable? How the stable cases will be followed up? What is the current status of the 564 stable cases? and**

**(iii) Whether the HA has taken any measures to ensure timely processing of stable cases; if so, the details;**

Response to (i) to (iii):

Concerning the 564 cases, the staff of the OMSDCs have already assessed their urgency and categorised them as "routine" cases according to the triage mechanism upon receipt of the referral letters. However, due to limitation in the dentist manpower, these stable cases have not yet been further screened by dentists, resulting in the inability to assign an appointment date in a timely manner.

After review, the staff of the OMSDCs have begun to arrange first appointment date for these 564 patients starting from May 2024. For newly referred cases, patients will be provided with a first appointment



date within 7 working days upon submission of their referral letters. If there are changes in their clinical condition, patients can call the relevant clinic with earlier appointment dates arranged as appropriate.

- (r) Regarding Table 12 in paragraph 2.27 of the Audit Report, please account for the relatively longer time lapse between appointments for stable cases at the OMSDCs of the Caritas Medical Centre and the UCH (up to 63 weeks). It is mentioned in paragraphs 2.32(b) and 2.36 of the Audit Report that the HA agrees to take measures regarding the issue to shorten the waiting time for stable cases. Please advise what measures will be taken/have been taken by the HA; and**

To ensure that patients could receive timely and appropriate dental care, patients with stable condition (routine cases) might be diverted to other clinics within the HA Dental-Oral Maxillofacial Surgery Service Network for consultation. This flexible arrangement aims to optimise the utilisation of healthcare resources and enhance the overall quality of dental services.

### **Part 3: Dental care support for the elderly provided by the DH**

- (s) **Regarding paragraph 3.35 of the Audit Report, please provide the latest amount of EHCVs claimed by elderly persons for private dental services, and the number of cases involving inappropriate claims of EHCVs for dental services in the past 3 years.**

The table below shows the relevant data on the use of Vouchers by elderly persons on private dental services in Hong Kong in the past 3 years:

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>The First Quarter of 2024</b>
Total amount of Vouchers claimed (HK\$'000) – All types of medical services in Hong Kong	2,543,509	2,565,862	3,269,498	1,101,799
Amount of Vouchers claimed by dentists (HK\$'000)	355,444	343,327	413,222	131,117
Percentage of the amount claimed by dentists in the total amount of Vouchers claimed	14.0%	13.4%	12.6%	11.9%
Average amount of Vouchers per claim transaction made by dentists (HK\$)	1,153	1,190	1,247	1,281

The DH has established a monitoring mechanism for checking Voucher claims to ensure proper disbursement of public monies in the handling of reimbursement to healthcare service providers. Such monitoring measures include (i) routine checking, (ii) monitoring and investigating in respect of aberrant transactions, and (iii) investigation into complaints.

From 2021 to 2023, the DH checked around 132 900 Voucher claims through the said mechanism and identified around 60 (around 0.05%) improper claims, of which 3 were made by dentists.

- End -



中華人民共和國香港特別行政區政府總部醫務衛生局  
Health Bureau, Government Secretariat  
The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

本函檔號 *Our Ref:* HHB CR/1/3871/17 電話號碼 *Tel:* 3509 8765  
來函檔號 *Your Ref:* CB4/PAC/R82 傳真號碼 *Fax:* 2840 0467

7 June 2024

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

**By email**

Dear Ms CHAN,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 82**  
**Emergency dental services and elderly dental care support**

Thank you for your letter dated 22 May 2024 to the Secretary for Health concerning the captioned. The response is attached to this letter for consideration by the Public Accounts Committee, please.

Yours sincerely,

(Dr Frankie SO)  
for Secretary for Health

Encl.

c.c.

Director of Health (email: [doh@dh.gov.hk](mailto:doh@dh.gov.hk))

Chief Executive of Hospital Authority (email: [ceoffice@ha.org.hk](mailto:ceoffice@ha.org.hk))

Secretary for Financial Services and the Treasury (email: [sfst@fstb.gov.hk](mailto:sfst@fstb.gov.hk))

Director of Audit (email: [nelyam@aud.gov.hk](mailto:nelyam@aud.gov.hk))

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 82**  
**Emergency dental services and elderly dental care support**

**Consolidated Response from the Health Bureau and**  
**Department of Health to**  
**Questions Raised and Information Requested**

**Part 1: Introduction**

- (a) It is mentioned in Note 14 to paragraph 1.14 of the Audit Report that the dental services of the Department of Health (DH) include the School Dental Care Service. Given the declining birth rates in Hong Kong in recent years, the number of students has been decreasing. Under this situation, please advise whether manpower and resources can be redeployed from the School Dental Care Service (SDCS) to other dental services; if so, the details; if not, the reasons for that;

The birth rate in Hong Kong has been declining in recent years. The number of participants of the SDCS has decreased from 336 699 in 2021 to 313 693 in 2024. However, many Dental Officers (DOs) and Dental Therapists (DTs) have retired or resigned in recent years, leading to a rise in manpower vacancy rates and in turn an increased, rather than a decreased, workload for the DOs and DTs on duty. The annual average numbers of students to be handled by each DO and DT has increased. Details are set out in the table below:

School Dental Clinic	As at 1 May 2021			As at 1 May 2024		
	Establishment	Actual no. of staff	Vacancies (%)	Establishment	Actual no. of staff	Vacancies (%)
DO	30	29	1 (3.3%)	30	24	6 (20.0%)
DT	269	236	33 (12.3%)	269	214	55 (20.4%)

<b>Annual no. of participating students</b>	336 699	313 693
<b>DO-to-Student ratio</b>	1 : 11 610	1 : 13 070
<b>DT-to-Student ratio</b>	1 : 1 427	1 : 1 466

Accordingly, the DH is unable to redeploy manpower and resources from the SDCS to other government dental services.

### **Part 3: Provision of Elderly Dental Care Support by the Department of Health**

- (b) According to paragraph 3.5 of the Audit Report, as specified in the DH's document for inviting non-governmental organisations (NGOs) to submit proposals regarding the Outreach Dental Care Programme for the Elderly (ODCP), the NGOs should state in the proposal the district(s) and number of outreach dental team(s) it would like to operate. Please provide the district(s) currently served by the NGOs participating in the ODCP, and the target number of service users as agreed in the Funding and Service Agreements (FSAs) signed with the Government;

The service of the NGOs participating in the ODCP in the 2024-27 service period covers all the 18 districts of Hong Kong. The target number of service users and service districts stipulated in respective FSAs signed with the Government are illustrated in the table below:

<b>NGO</b>	<b>No. of outreach dental teams formed</b>	<b>Service district (by administrative district of the Social Welfare Department (SWD))</b>	<b>Annual target no. of service users (Persons)</b>
A	1 (small team)*	<ul style="list-style-type: none"> <li>• Tsuen Wan and Kwai Tsing</li> </ul>	1 000
B	2	<ul style="list-style-type: none"> <li>• Kwun Tong</li> <li>• Wong Tai Sin and Sai Kung</li> <li>• Kowloon City and Yau Tsim Mong</li> <li>• Sham Shui Po</li> </ul>	4 000

C	2	<ul style="list-style-type: none"> <li>• Kwun Tong</li> <li>• Wong Tai Sin and Sai Kung</li> <li>• Kowloon City and Yau Tsim Mong</li> <li>• Sham Shui Po</li> </ul>	4 000
D	1 (small team)*	<ul style="list-style-type: none"> <li>• Kwun Tong</li> <li>• Wong Tai Sin and Sai Kung</li> </ul>	1 000
E	1	<ul style="list-style-type: none"> <li>• Eastern and Wan Chai</li> <li>• Central Western, Southern and Islands</li> </ul>	2 000
F	2	<ul style="list-style-type: none"> <li>• Tuen Mun</li> <li>• Yuen Long</li> <li>• Tsuen Wan and Kwai Tsing</li> </ul>	4 000
G	1 (small team)*	<ul style="list-style-type: none"> <li>• Kowloon City and Yau Tsim Mong</li> </ul>	1 000
H	3	<ul style="list-style-type: none"> <li>• Eastern and Wan Chai</li> <li>• Central Western, Southern and Islands</li> </ul>	6 000
I	1	<ul style="list-style-type: none"> <li>• Tsuen Wan and Kwai Tsing</li> <li>• Eastern and Wan Chai</li> </ul>	2 000
J	10	<ul style="list-style-type: none"> <li>• Kwun Tong</li> <li>• Wong Tai Sin and Sai Kung</li> <li>• Kowloon City and Yau Tsim Mong</li> <li>• Sham Shui Po</li> <li>• Sha Tin</li> <li>• Tai Po and North</li> <li>• Tuen Mun</li> <li>• Yuen Long</li> <li>• Tsuen Wan and Kwai Tsing</li> </ul>	20 000
<b>K (2024 New participant)</b>	1	<ul style="list-style-type: none"> <li>• Kowloon City and Yau Tsim Mong</li> <li>• Sham Shui Po</li> <li>• Kwun Tong</li> <li>• Wong Tai Sin and Sai Kung</li> <li>• Tsuen Wan and Kwai Tsing</li> </ul>	2 000
<b>Overall</b>	<b>25</b>	<b>Covering the 11 administrative districts of the SWD (including all 18 districts of Hong Kong)</b>	<b>47 000</b>

\* A small team refers to an outreach team with an annual target of 1 000 service users.

- (c) Please provide the names of the 10 NGOs listed in Table 14 in paragraph 3.7 of the Audit Report;**

As stated by the Health Bureau (HHB) and the DH in the public hearing, part of the service period covered by the Audit Report coincided with the Coronavirus Disease 2019 (COVID-19) epidemic. Given the high-risk nature of dental treatments, most residential care homes declined outreach services to prevent epidemic outbreaks which would endanger the lives of the elderly persons. The epidemic was a key factor affecting the services. Disclosing the names of the NGOs will demoralise some of them (be that current or new participants) and discourage them from participating in the ODCP or even other government dental service programmes in the future.

- (d) According to Table 14 in paragraph 3.7 of the Audit Report, the achievement on the target number of service users of the participating NGOs in 2023-24 (up to December 2023) has exceeded 100% on the whole, i.e. outnumbering the originally proposed target number. Does the DH have adequate resources to meet the additional expenditure incurred by the excess number of service users? If such expenditure exceeds the budget, how can the DH handle it?**

The DH deployed internal resources to meet the additional expenditure incurred by the exceedance of target number of service users in 2023-24. The DH will closely monitor the number of service users and deploy internal resources to meet demand appropriately. In case of need, the DH will seek additional funding according to established procedures.

- (e) According to paragraphs 3.24 and 3.25 of the Audit Report, some NGOs failed to submit reports for the ODCP (including annual evaluation reports and audited financial reports) to the DH within a specified timeframe as required under the FSAs and there were non-submissions and delays in the period from 2017 to 2023. According to the FSAs, late submissions of the above-mentioned reports may be regarded as services not provided to the satisfaction of the Government, and may result in the Government recovering, withholding or refusing the payment of any part of the annual grant or termination of the agreement. Please advise what specific measures the DH has to ensure timely submission of reports by NGOs;**



During the COVID-19 epidemic from 2020 to 2023, NGO staff had to focus on dealing with the problems arising from the epidemic or to work from home for part of the time, thus the progress of submission of reports was affected. For the new service period of 2024-27, the DH will take appropriate and practicable measures to ensure that the NGOs will submit their reports on time in accordance with the FSA. The measures include taking the initiative to follow up on belated submission of reports and taking actions to penalise the NGOs that have not submitted their reports in accordance with the FSA (e.g. withholding a specific number of funding instalments, or issuing warnings, etc.). Furthermore, the DH will closely monitor the performance of the participating NGOs through the monthly reports generated by the computer system, take the initiative to remind those NGOs which have failed to meet the targets or have been performing relatively unsatisfactorily, as well as take follow-up actions in accordance with the FSA, and properly document and file the actions taken.

In addition, the DH has compiled and launched on 4 March 2024 an “Operational Manual” for staff to monitor ODCP. The Manual covers the background of the ODCP, definition of service users, service details, criteria and time for granting various types of funding (including annual grant, reimbursement for further curative treatments, transport and escort subsidies, and dental equipment and facilities grant), verification checking, the method of assigning residential care homes for the elderly and day care centres, the time for report submission and guidelines on the computer system, as well as guidelines on handling enquiries and complaints, etc., based on which the staff can monitor the implementation of ODCP and take follow-up measures.

**(f) According to paragraph 3.35 of the Audit Report, the voucher amount claimed by elderly persons for private dental services was about \$343 million and the average amount per claim transaction for dentists was \$1,190 in 2022. According to Table 5 in paragraph 1.9, the voucher amount claimed by elderly persons for private dental services was about \$287 million and the average amount per claim transaction for dentists was \$970 in 2018. Please provide/advise:**

**(i) Whether the Government has looked into the reasons for the annual increase in the average amount per claim transaction**

**of nearly 5%, which is higher than the annual average rate of increase in the Consumer Price Index, in the 4 years mentioned above; if so, the details;**

- (ii) Given that the fees for medical services are relatively low on the Mainland, what measures the Government has to enhance the transparency of the fees for private dental services in Hong Kong so as to make it more competitive; and whether the Government will consider, by drawing references to the Elderly Dental Assistance Programme (EDAP) of the Community Care Fund, setting a cap on dental service charges for the Elderly Health Care Voucher Scheme (EHVS); and**
- (iii) The checking mechanism for the claims of Elderly Health Care Vouchers (EHCVs); and the follow-up actions taken by the DH against the dentists who are involved in improper claims of EHCVs;**
- (i) The Government launched the EHVS with the objective to provide subsidies for eligible elderly persons to choose in the community private primary healthcare services that best suit their health needs. At present, the EHVS provides eligible elderly persons of age 65 or above with an annual voucher amount of \$2,000 (accumulation limit being \$8,000). Elderly persons can, whenever they receive healthcare services, decide according to their own needs the voucher amount to be deducted from their voucher accounts to pay for the whole or part of the service fee. Since vouchers can be accumulated for use and can only meet part of the service fee, and the voucher amount involved in each voucher claim mainly reflects the elderly persons' voucher usage pattern, it is inappropriate to directly compare the annual rate of increase of the average voucher amount per claim transaction with the annual rate of increase of the Consumer Price Index. Generally speaking, the amount of healthcare service fees is affected by various factors, such as the individual patient's health condition, the type of disease involved, the complexity of the case, and the healthcare treatment/management options involved.
- (ii) The objective of the EHVS is to enable elderly persons to choose private primary healthcare services that best suit their health needs, and is not only targeted for low income elderly persons.

Similar to the arrangement for most other professions applicable under the EHVS, we are of the view that there is not a need to regulate the charging levels of dental services under the EHVS.

However, the DH regularly reminds participating healthcare service providers of the proper practices in making voucher claims, including not charging (whether directly or indirectly) an elderly person using vouchers at a higher rate than the fees of equivalent healthcare services provided to a person who does not use any vouchers/who is not a voucher recipient, enhancing the transparency of service charges, clearly explaining the charges to patients before providing services, and allowing patients to choose from different healthcare treatment/ management options which may have different service charges upon explanation by healthcare staff.

The Government also believes that registered healthcare professionals will abide by relevant codes of professional conduct and duly fulfill their professional ethics and responsibilities.

The DH will also continue to enhance public education through different channels to remind elderly persons to ask healthcare service providers to advise on the service fees before giving consent to using vouchers.

- (iii) The DH has established a monitoring mechanism for checking voucher claims under the EHVS to ensure proper disbursement of public monies in the handling of reimbursement to healthcare service providers. Such monitoring measures include (i) routine checking, (ii) monitoring and investigating in respect of aberrant transactions, and (iii) investigation into complaints (including media reports). The DH adopts a risk based approach to check voucher claims, targeting healthcare service providers who are suspected of non-compliance with the terms and conditions of the EHVS Agreement and those whose voucher claims show aberrant patterns. To prevent abuse, misuse or fraud, the DH will also investigate cases where healthcare service providers are suspected to have made false voucher claims in collusion with EHVS users.

The DH would take appropriate actions/measures when violation of the terms and conditions of the EHVS Agreement

was found during investigations, including issuing advisory/warning letters to the relevant healthcare service providers, withholding reimbursements or recovering paid reimbursements, disqualifying healthcare service providers from participating in the EHVS, and referring cases to the Police and/or the relevant professional regulatory boards/councils for follow-up as appropriate.

**(g) Regarding paragraphs 3.36 and 3.37 of the Audit Report on dentists participating in the EHVS, please provide/advise:**

- (i) The latest number of dentists practising in the private sector and those of which who have enrolled in the EHVS, as well as the percentage between them;**
- (ii) From 2018 to 2023, the number of dentists withdrawing from the EHVS each year (including their respective percentages to the total number of enrolled dentists) and their reasons for withdrawal;**
- (iii) Whether the participation rate of dentists in the EHVS can meet the elderly persons' demand for dental services; given the current shortage of dentists, how the Government can ensure that there are sufficient dentists enrolled in the EHVS, and how it can encourage more dentists in the private sector to join the scheme;**
- (iv) Apart from the established practice of updating the relevant databases every two years and issuing reminders to healthcare service providers, whether the DH has other more effective measures to ensure timely updates of the list of enrolled dentists published on the EHVS website; and**
- (v) Whether the dentists from medical institutions on the Mainland participating in the EHCV Greater Bay Area Pilot Scheme are registered on the list of dentists enrolled in the EHVS; if not, the reasons for that;**
- (i) As at 30 April 2024, 1 531 dentists have enrolled in the EHVS, which account for about 72% of the total number of dentists actively practising in the private sector<sup>Note</sup>.**

Note: The number of dentists in the private sector actively practising in Hong Kong refers to the number of dentists included in the general register of dentists under the Dentists Registration Ordinance, excluding dentists resident outside Hong Kong (i.e. who do not have any place of practice in Hong Kong), dentists who are economically inactive (e.g. retired) and dentists working in the public and academic sectors.

- (ii) The number of dentists withdrawn from the EHVS and the corresponding percentage among the number of dentists on the List of Enrolled Healthcare Service Providers (the List) each year between 2018 and 2023 are as follows:

	<b>No. of dentists withdrawn</b>	<b>No. of dentists on the List as at the end of the year</b>	<b>Percentage</b>
2018	17	1 047	1.62%
2019	8	1 171	0.68%
2020	38	1 219	3.12%
2021	13	1 296	1.00%
2022	42	1 331	3.16%
2023	8	1 477	0.54%

The main reasons for withdrawal from the EHVS by the dentists concerned include (i) voluntary withdrawal due to resignation or retirement; (ii) removal from the List by the DH in its biennial update of the healthcare service provider database due to failure to provide the location of practice or loss of contact; and (iii) disqualification of individual dentists from the EHVS due to failure to comply with the terms and conditions of the EHVS agreement.

- (iii) As at 30 April 2024, the number of dentists who have enrolled in the EHVS (1 531) accounts for about 72% of the total number of dentists actively practising in the private sector.

The DH will continue to adopt measures to encourage more private dentists to enrol in the EHVS through various channels, including introducing the EHVS through the regular meetings organised for dentists by the Hong Kong Dental Association (HKDA), exploring the possibility of setting up counters and booths to promote the EHVS at large-scale dental academic conferences and events organised by the HKDA and other dental organisations, and exploring the further optimisation of the

EHVS enrolment procedure for healthcare service providers (including dentists), such as facilitating the enrolment of healthcare service providers in the EHVS through electronic means.

- (iv) According to the agreement between the DH and healthcare service providers (including dentists) enrolled in the EHVS, healthcare service providers shall immediately inform the DH of any changes in the particulars or documents submitted in respect of the EHVS (including departure from the enrolled clinics, retirement and withdrawal from the EHVS). The DH will update the List on the EHVS website on a daily basis.

The DH will continue to take measures to remind dentists enrolled in the EHVS to inform the DH should there be any changes in the enrolment particulars. Such measures include regular dissemination of notifications and messages through the eHealth System (Subsidies) to healthcare service providers under the EHVS to remind them to update the enrolment particulars.

To further convey the message, the DH will also send regular emails to all healthcare organisations (including dental clinics) participating in the EHVS to remind them to pay attention to and comply with the provisions set out in the EHVS agreement. Should there be any changes in the enrolment particulars, or that the organisations' healthcare service providers had left or had withdrawn from the EHVS, the organisations concerned must immediately inform the DH of such changes.

In addition to the biennial update of the database of healthcare service providers enrolled in the EHVS, the DH will introduce a new annual measure to require those inactive healthcare service providers to confirm whether they are still participating in the EHVS and whether there have been any changes in the enrolment particulars, to ensure as far as possible that the dentists on the List published on the EHVS website is timely updated.

- (v) Regarding the Elderly Health Care Voucher Greater Bay Area Pilot Scheme (Pilot Scheme), the Government will follow the operating model for the University of Hong Kong-Shenzhen Hospital all along, to use a corporate service provider capacity to

participate in the EHVS according to the provisions of the signed Agreement, while voucher claim transactions will be made on the basis of Outpatient Medical Centers/Medical Service Departments. Hence, unlike the case in Hong Kong where healthcare professionals enrol in the EHVS on the basis of healthcare providers and make claim transactions in their individual capacity, healthcare organisations participating in the Pilot Scheme will not provide a name list of healthcare professionals (including dentists) serving under various Outpatient Medical Centers/Medical Service Departments. Therefore, the DH does not maintain information on whether dentists from the Mainland medical institutions in the Pilot Scheme will be registered on the list of dentists of the EHVS.

#### **Part 4: Implementation of the Elderly Dental Assistance Programme**

- (h) Regarding paragraph 4.5(c) of the Audit Report on the appointment of participating dentists, please explain how the service quota of dentists is determined; if the applicants do not have any preference for a specific dentist, what arrangements will be made by the service units?**

Dentists' participation in the EDAP is voluntary, and the service quotas are provided by the dentists having regard to their individual/clinics' circumstances. No ceiling is set for the service quotas of dentists in the programme. The service units will make appointments with the participating dentists according to the elderly person's preferences. If the elderly persons do not have any preference on dentists/dental clinics, the service units will provide information of participating dentists/dental clinics in the same district (including the addresses of clinics) to the elderly persons for choosing on their own accord. If the elderly persons are willing to accept cross-district appointments, the service units will also provide the information of the participating dentists/dental clinics in the relevant districts for them to make their own choice.

- (i) According to paragraph 4.6 of the Audit Report, the participation rate of eligible elderly persons in the EDAP increased from 10% in 2018-19 to 20% in 2022-23. Does the Government consider that the participation rate is on the low side? If so, what are the measures to encourage more eligible elderly persons to make use**

**of the services? If not, what are the reasons? The Secretary for Health said in his opening statement at the first public hearing that the scope of the EDAP will be further expanded to cover more than just the fitting of dentures. Does the Government expect that the above-mentioned enhancement measures can effectively increase the number of participants of the programme?**

According to the Oral Health Survey conducted by the DH in 2011, around 25% of elderly persons living in the community (i.e. non-institutionalised elderly persons) were in need of dentures. At present, the EDAP only provides services to eligible elderly persons in need of removable dentures. The total number of EDAP beneficiaries accounted for around 20% of the number of eligible elderly persons in 2022-23, which is similar to the 25% level mentioned above, and the participation rate is therefore reasonable.

The Government has planned to enhance the EDAP in the third quarter of this year to lift the essential requirement of fitting removable dentures, so as to enable eligible elderly persons to receive dental services such as dental check-ups, scaling and polishing, tooth extractions and fillings without applying for dentures, with a view to encouraging them to identify and treat dental diseases in an early stage. Organisation A will step up promotion efforts in light of the implementation of the enhancement measures. The Government expects that there will be an increase in the number of participants in the EDAP.

- (j) Regarding paragraph 4.11(b)(ii) of the Audit Report on the eligibility checks on the applicants conducted by the Government since January 2024, please provide/advise:**
- (i) The number of ineligible cases, and the relevant follow-up actions taken;**
  - (ii) Whether the cases of double benefits (benefitting concurrently from the EDAP and ODCP in a short period of time) are a result of the elderly persons' lack of understanding on the eligibility criteria of the two programmes; if so, the measures to assist elderly persons in making proper use of the services; and**



- (iii) Whether the Government has reviewed the registration procedures of the EDAP (e.g. considering streamlining the application procedures by allocating dentists to applicants in order), enhanced the computer systems, and made use of information technology to enable the service units to timely verify the applicants' eligibility;**

Responses to (i) to (iii):

According to the current application procedures, the service units will assist the elderly persons with their applications. Firstly, the service units will conduct initial screening to see if the elderly persons meet the eligibility criteria for application. If the eligibility criteria are met, the service units will assist the elderly persons in completing the application forms, and make the first appointment with the dentists of their choice. Depending on the service quotas of the chosen dentists, the elderly persons can attend their first appointment in a couple of working days at the soonest.

Upon receipt of the application forms, the Project Office will conduct random eligibility checks prior to the elderly persons' first attendance. As indicated in the Audit Report, the HHB has since January 2024 started conducting checks on a sampling basis on whether the applicants had benefitted from the ODCP. From January to April 2024, 23 rounds of checking were conducted in total, involving 318 applicants, of which 11 elderly persons had benefitted from the ODCP (who only received dental services other than fitting dentures). As such elderly persons did not meet the eligibility criteria of the programme, the Project Office immediately contacted the service units, which then notified the elderly persons and dental clinics concerned that the appointments had to be cancelled. Nevertheless, the elderly persons concerned could receive denture fitting services through the ODCP.

The EDAP aims to provide dental services for the elderly, rather than allocate patients or resources to dentists. Dental services are quite personalised, and it would better suit the needs of the elderly by allowing them to freely choose the dentists/dental clinics according to their own considerations. Therefore, the Government does not consider it necessary to change the existing arrangement to having the implementing agent to directly allocate dentists to the applicants.

Regarding the suggestion of using computer systems to instantly verify the applicants' eligibility, as the upgrading of the existing computer systems involves different government departments and NGOs, careful considerations should be given to the interfacing arrangements between the system and the organisations outside the Government, as well as the issue of data security. Apart from security concerns, additional resources are also required. Based on the principle that programmes funded by the Community Care Fund (CCF) should be implemented through the existing service network where appropriate and practicable to minimise administrative costs and optimise the use of funds available for providing swift and direct assistance to the needy, as well as the fact that the programme has simple application procedures with timely eligibility checks, and the elderly persons are facilitated to choose dentists freely under the programme, the Government sees no imminent need to upgrade the system with the provision from the CCF. On the other hand, Organisation A will remind service units to clearly explain the eligibility criteria and understand the elderly persons' situation.

- (k) Regarding paragraphs 4.13(b) and 4.14 of the Audit Report, please explain why the list of participating dentists/dental clinics cannot be disclosed. It is mentioned in paragraphs 4.21 and 4.22 that the Secretary for Health agrees with the audit recommendations and will consider disclosing the above-mentioned list to the citizens, so that the applicants can have more time to consider the choice of dentists. Please advise the progress so far;**

According to the Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong compiled by the Dental Council of Hong Kong, a dentist, whether in private or public service, may provide information about his professional services to the public only in specified ways. Any organisation/group intending to provide a directory of dentists to the public must apply to and seek approval from the Council in advance, and comply with certain requirements for the compilation of the directory. Organisation A will seek approval from the Council for compiling a directory of dentists under the EDAP.

- (l) According to paragraph 4.19 of the Audit Report, the number of cases taken up by the participating dentists under the EDAP ranged from 0 to 318 in 2022-23. The Audit also discovered that**

**some dentists had not reported the monthly service quota available for the EDAP regularly according to the guidelines issued by Organisation A (Note 43 to paragraph 4.5(c)). Please explain/advise:**

- (i) Why there is a significant discrepancy in the number of new cases taken up by the participating dentists; and whether the uneven distribution of cases has any impact on the patients' appointments; and**
- (ii) For dentists who have not provided the monthly service quota available according to the guidelines issued by Organisation A, whether Organisation A has set up any mechanism to ensure the timely update of quota information in the Dental Appointment System; if so, the details; if not, the reasons for that;**

Responses to (i) and (ii):

Service units will make appointments with dentists according to the preferences of the eligible elderly persons. Elderly persons will generally choose their dentists having regard to such factors as location of clinics and date of first appointment. In the course of arrangement, the service units will provide the information of participating dentists (including names and addresses of clinics) to the elderly persons, but will neither select dentists for them nor allocate the cases to the dentists.

It is mentioned in the Audit Report that the number of new cases taken up by the participating dentists under the EDAP ranged from 0 to 318 in 2022-23. The 2 participating dentists in relevant districts taking up the largest number of new cases are veteran dentists under the programme who have participated in the programme for 7 and 10 years respectively. The 2 dentists may have gained a good reputation in the years of serving the elderly, and have provided many service quotas so that they may have been chosen by more elderly persons to make consultation appointments. Upon record check, it was also found that quite a number of service units made appointments with these 2 dentists (i.e. some 30 for both of them). There is therefore no concentrated referral of applicants by several service units to only a few dentists. As for the reasons that some dentists have taken up a smaller number of new cases, it is generally due to their years of participation in the programme and the service quotas available.

As regards the provision of service quotas by dentists, since dentists' participation in the EDAP is voluntary, the service quotas are provided voluntarily by the dentists having regard to their individual/clinics' circumstances. Dentists may also adjust the service quotas whenever necessary. Upon receiving any notification of service quota adjustment, Organisation A will make adjustment in the system on the same day for instant access to the latest status of quotas by service units.

**(m) According to paragraph 4.24 of the Audit Report, the Government regularly reviewed the number of participating dentists with Organisation A. The percentage of the number of participating dentists to the number of dentists in the private sector actively practising in Hong Kong remained lower than 40% in the period from 2018 to 2023. Please advise:**

- (i) Whether the Government has set any indicator with Organisation A concerning the percentage of dentists participating in the EDAP; if so, the details; if not, the reasons for that; and**
- (ii) Whether the Government has looked into the reasons for the percentage of dentists enrolled in the EHVS in the same period being over 60% on average (Table 19 in paragraph 3.36), which was higher than that of those participating in the EDAP, and whether it is due to the cap on the amount of subsidies set for the EDAP;**

Responses to (i) and (ii):

The service charge ceilings for dental service items under the EDAP are determined based on those under the dental grant under the Comprehensive Social Security Assistance Scheme of the SWD, which are lower and less flexible than those in the private market. The Community Care Dentists participating in the EDAP shoulder certain social responsibilities for providing removable denture fitting and other relevant dental care services to low-income elderly persons. As programme participation is voluntary, dentists may decide whether to participate in the EDAP having regard to factors such as their personal preferences and the consultation situation of their dental clinics.

Furthermore, there are a variety of specialities in the dentist industry where individual dentists provide different dental services according to their specialities. Currently, the EDAP is to provide low-income elderly persons with removable dentures. Therefore, only those dentists who provide denture fitting services will consider participating in the programme. Under the programme, elderly persons receive free dental services but not subsidies. Upon completion of dental care services, the dentists will claim service fees from Organisation A, which will be disbursed to the dentists/dental clinics directly upon approval.

The EHVS differs from the EDAP in terms of their rationale, target beneficiary, mode of operation, form of subsidy and scope. The EHVS provides elderly persons with health care vouchers for them to choose private primary healthcare services in their local communities that best suit their health needs. The target beneficiaries are not confined to low-income elderly persons. Besides, the dentists are not restricted to fitting removable dentures for elderly persons under the scheme. Like most other professions under the EHVS, there is no ceiling on the fees charged by dentists on the elderly. Therefore, it is not appropriate to directly compare the percentages of participating dentists between the 2 programmes.

Under this mode, the Government considers it not suitable to set a target indicator for the percentage of dentists participating in the EDAP. The number of participating dentists increased every year from 811 in the end of December 2023 to 857 in the end of April 2024, while its percentage share in the number of dentists in the private sector actively practicing in Hong Kong also increased from 38% to 40%.

The Government has planned to enhance the EDAP in the third quarter of this year to lift the essential requirement of fixing removable dentures so as to enable eligible elderly persons to receive dental services such as dental check-up, scaling and polishing, tooth extractions and fillings without applying for dentures, with a view to encouraging them to identify and treat dental diseases in an early stage. With the implementation of the enhancement measures, it is expected that more elderly persons will apply for services under the EDAP, and those dentists who have not provided denture fixing services will also be interested in participating in the programme. Organisation A will step up promotion efforts to encourage more dentists/dental clinics to participate in the EDAP.

(n) According to paragraph 4.25 of the Audit Report, the number of dentists withdrawing from the EDAP increased from 1 to 18 from 2018-19 to 2022-23, and then dropped to 7 in 2023-24 (up to December 2023). While a dentist who wishes to withdraw from the EDAP is required to submit a notification form, he/she is not required to provide the reasons for withdrawal. Please provide/advise:

- (i) The annual number of dentists withdrawing from the EDAP and its percentage to the total number of participating dentists in the period 2018-19 to 2022-23; and
- (ii) Whether the Government will consider requiring Organisation A to collect reasons for withdrawal from dentists in future, so as to formulate relevant measures to boost the participation rate of dentists in the EDAP;

(i) The table below sets out the latest number and percentage of dentists withdrawing from the EDAP from 2018-19 to 2022-23. Table 22 of the Audit Report shows that the number of dentists participating in the EDAP was increasing from 2018 to 2023 (from 634 to 811), and the number even reached 847 as at April 2024. This reflects that the withdrawal of dentists from the programme is a normal phenomenon of manpower wastage.

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Number of dentists withdrawing from the programme	1	2	24	20	18
Percentage of dentists withdrawing from the programme to the total number of participating dentists	0.2%	0.3%	3.5%	2.9%	2.4%
Number of participating dentists	644	675	687	685	738

- (ii) Organisation A has amended the form and started to collect the reasons for withdrawal from the dentists since April this year.

- (o) **According to paragraph 4.29(a) of the Audit Report, Organisation A indicated that if all information is checked and in order, it will take around 2 to 4 months for release of payment to the participating dentist/dental clinic under normal circumstances. The Audit examined 100 long outstanding cases with claim forms received from dentists/dental clinics. Among them, 73 cases had been outstanding for over 4 months (counting from the dates of receipt of claim forms) as at 31 December 2023, with an average prolongation of about 2.1 years and the longest reaching 8.2 years. Please explain/advise:**
- (i) **The difficulties encountered by Organisation A in handling the cases, leading to prolongation for over a year;**
  - (ii) **Whether the deferral of service fee payments to participating dentists/dental clinics will lower their incentive to participate in the EDAP;**
  - (iii) **The enhancement measures to shorten the processing time of the claims by Organisation A; and**
  - (iv) **Regarding the 13 407 outstanding cases of claims for payments in Table 23 in paragraph 4.28 (i.e. those with EDAP application dates between 1 June 2022 and 31 December 2023), the number of cases having the payments disbursed within 2 to 4 months upon verification of all information; and**

Responses to (i) to (iv):

The Audit Report points out that some cases have been outstanding, including 533 cases with claim forms received from dentists/dental clinics, which account for less than 0.5% of the more than 110 000 cases processed by Organisation A in the same period. In other words, the majority of the claims for payment have been processed in a timely manner.

Apart from the fact that some of the cases involve investigations or legal proceedings, the cases have been outstanding mainly because Organisation A needed to contact the dentists/dental clinics to confirm/verify information, request them to provide explanations and/or supporting documents, and make rectifications when necessary. Under normal circumstances, if all information is checked and in order, it will take around 2 to 4 months for release of payment.

The Government and Organisation A understand that the participating Community Care Dentists may be busy and may not be able to provide accurate information in time when submitting the application forms. In view of the concern of the Audit Commission and Members about the processing time of the claims, Organisation A will amend the guidelines issued to dentists/dental clinics to include clear timeframes for claims and follow them strictly. For example, if a dentist/dental clinic repeatedly fails to rectify, explain or re-submit the information within the specified timeframe, Organisation A will directly review the information duly received which is true and accurate and consider the case as fully completed, i.e. it will no longer process the claims for service fees which have not been supported by true and accurate information.

Apart from amending the guidelines, Organisation A has proactively increased its manpower and enhanced the computer performance so as to speed up the processing of cases. In fact, the number of cases with payments disbursed in the first 4 months of this year increased by 22% over the same period last year.

Among the applications received between 1 June 2022 and 31 December 2023, Organisation A received 13 407 claims for service fees from dentists/dental clinics, of which service fees have been or will be disbursed in 77% (i.e. 10 309) of the cases. Payments for these 10 309 cases were disbursed within 2 to 4 months after verification of all information.

- (p) According to Note 55 to paragraph 4.31 of the Audit Report, the Government has entrusted Organisation A as the implementing agent since the launch of the EDAP. As Organisation A is a local non-profit-making professional organisation with a vast majority of locally registered dentists as members, the Government had not invited other organisations to implement the programme. Please advise, given the advantage Organisation A possesses in the industry, how the Government can ensure that it can play a leading role and have bargaining power in its collaboration with the organisation.**

Organisation A, being a local non-profit-making professional organisation with a vast majority of locally registered dentists as members, can be said to represent the dentist profession as a whole. Throughout the years, Organisation A has provided the Government with invaluable professional recommendations on the implementation and enhancement of the EDAP.



The Government (with the HHB as its representative) is responsible for managing, implementing and monitoring the EDAP on behalf of the Commission on Poverty (CoP). Organisation A has been entrusted to be the implementing agent to assist in implementing the programme. To ensure that the Government plays the leading role in the collaboration, the HHB has signed an explicit service agreement with Organisation A, which expressly sets out the obligations, undertakings and service specifications of the organisation. Regarding the enhancement measures of the EDAP approved by the CoP after the signing of the agreement, Organisation A has agreed under the agreement that it would provide the required services without having to enter into any further agreement with the Government. In addition, Organisation A has to submit detailed financial reports to the Government regularly, and the HHB will only request the CCF to disburse the funding (including payments to the dentists/dental clinics and service units for the services provided, as well as the administration fees) after reviewing the relevant documents.

## **Conclusion**

The Health Bureau, the Department of Health, and the Hospital Authority agreed with the audit results and recommendations presented in the Report No. 82 of the Director of Audit regarding emergency dental services and elderly dental care support. Among which, the audit report pointed out that the quota of the dental General Public (GP) Sessions has dropped significantly in 2022-23 due to the COVID-19 epidemic and the manpower shortage, and in noting the concern of the Committee regarding the quota distribution arrangement of the GP Sessions, the DH, starting from 11 June this year, will adjust the preliminary registration time for its nine relevant dental clinics located in Hong Kong, Kowloon and the New Territories (except those on outlying islands) providing GP Sessions. The preliminary registration time will be advanced from 0:00 a.m. on the day of service to 8:00 p.m. on the day before service, allowing people in the queue to leave at an earlier time after preliminary registration. In addition, the development of software and systems by the DH is in full progress, with an aim to roll out an online disc distribution and registration system for the general public dental services this year. By then, there will be no need for the public to queue in person to obtain a disc. Meanwhile, the system can provide the public with real-time information on available quotas to ensure full utilisation.

The Government had established the Working Group on Oral Health and Dental Care (Working Group) at the end of 2022 to comprehensively review the dental care services provided or subsidised by the Government. The Working Group suggested in its Interim Report released at the end of 2023 that the Government should develop primary dental services for citizens and assist citizens in managing their own oral health to put prevention, early identification, and timely intervention of dental diseases into action. The Working Group also suggested the exploration of pursuing development of appropriate targeted dental services for underprivileged groups it defined (persons with financial difficulties, persons with disabilities or special needs, and high risk groups). The ultimate goal is to enhance the overall level of citizens' oral health through retention of natural teeth.

The Government shared the same view with the Working Group and is now strenuously planning a series of measures to enhance the dental services, including the collaboration with NGOs to strengthen in next year the emergency dental services targeting the underprivileged groups with financial difficulties through expansion of service capacity, service points and service scope, thus promoting early identification and timely intervention of dental diseases. The target is to provide additional service capacity which will be at least two times the current capacity of GP Sessions arrangement. The HHB is finalising the programme details and will make announcement in due course.

Furthermore, the HHB is implementing a series of measures to enhance the dental care services for different age groups and target groups, including the Primary Dental Co-Care Pilot Scheme for Adolescents for adolescents aged 13 to 17 years old to be launched next year, and within 2024 the strengthening of special care dental services for people with disabilities or special needs currently provided by the DH, and enhancement to the Elderly Dental Assistance Programme funded by the Community Care Fund.

The target of the Working Group is to issue the Final Report before the end of its term by late 2024, and to present to the Government further recommendations on implementing various policy directions and the development of dental services.

- End -



中華人民共和國香港特別行政區政府總部醫務衛生局  
Health Bureau, Government Secretariat  
The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

本函檔號 *Our Ref:* HHB CR/1/3871/17 電話號碼 *Tel:* 3509 8765  
來函檔號 *Your Ref:* CB4/PAC/R82 傳真號碼 *Fax:* 2840 0467

29 May 2024

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

**By email**

Dear Ms CHAN,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 82**  
**Emergency dental services and elderly dental care support**

Thank you for your letter dated 14 May 2024 to the Secretary for Health concerning the captioned. The response is attached to this letter for consideration by the Public Accounts Committee, please.

Yours sincerely,

(Dr Frankie SO)  
for Secretary for Health

Encl.

c.c.

Director of Health (email: [doh@dh.gov.hk](mailto:doh@dh.gov.hk))

Chief Executive of Hospital Authority (email: [ceoffice@ha.org.hk](mailto:ceoffice@ha.org.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))

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 82**  
**Emergency dental services and elderly dental care support**

**Consolidated Response from the Health Bureau**  
**and Department of Health to**  
**Questions Raised and Information Requested**

**Part 2: Emergency Dental Services**

- (a) According to paragraph 2.10 of the Audit Report, the Department of Health (DH) has engaged contractors to conduct preliminary registration at 0:00 a.m. for patients queuing for General Public (GP) sessions, after which those who have completed the said registration may subsequently return to the relevant clinics prior to the commencement of services to complete the formal registration and obtain a disc. In this connection, please explain on the following:
- (i) why it is not possible for DH staff to formally register and distribute discs to the patients directly during the clinics' opening hours or at other times; please specify the operational difficulties and the possible financial implication involved;
  - (ii) whether it is possible to streamline the consultation procedure for patients such that they only need to visit the clinic once, meaning that they do not need to visit the clinic for preliminary registration prior to formal registration and obtaining discs; and
  - (iii) apart from the Mona Fong Dental Clinic (MFDC) in Sai Kung which provides GP sessions in the afternoon, given that the GP sessions of the 11 government dental clinics providing such services at present are mostly scheduled in the morning, whether the DH has considered rescheduling the provision of GP sessions of the clinics concerned to the afternoon and rearranging the day's registration and disc distribution work to be processed in the morning so as to avoid making members of the public queue overnight;

Responses to (i) and (ii):

Before 5 September 2022, discs for GP Sessions used to be distributed about half an hour before commencement of services. The original intention is to allow members of the public to stay at the clinic to wait for consultation with dentists after obtaining the discs for same-day appointments. To ensure that they could obtain a disc in the morning on the day of service, some members of the public would arrive at the clinic the night before and queue overnight, resulting in a dire situation. To avoid making elderly persons and patients queue overnight, preliminary registration has been implemented by the DH at its 9 dental clinics with GP Sessions (except the government dental clinics at Cheung Chau and Tai O, where the service demand is relatively low) since 5 September 2022. Given that the nature of GP Sessions is to provide emergency dental treatment, in order to provide same-day appointments to those in need, the preliminary registration for GP Sessions starts at 0:00 a.m. on the day of service, whereby simple personal particulars of the patient such as the first 4 digits of their identity card will be registered. A disc quota will then be reserved for the patient upon completion of the preliminary registration, and the patient can return home to rest without having to wait throughout the night. Registered patients only need to return to the dental clinic half an hour in advance (i.e. 8:30 a.m. or 1:00 p.m.) on the day of the GP Session to verify the original of their identity document and complete the official registration in the Government's Clinical Information Management System (CIMS), after which they can receive services starting from 9:00 a.m. or 1:30 p.m..

The DH has engaged contractors for conducting preliminary registration, starting from 0:00 a.m. and lasts until all discs have been distributed, the required work might extend way beyond midnight. The contractors' staff is responsible for registering the patients' information and maintaining order of the queue. In 2023, the related expenditure was about \$1.1 million (see Note 21 of the Audit Report). As regulated by the Government's Information Technology Security Guidelines, the contractor's staff did not have the authority to login the abovementioned CIMS, hence unable to arrange for simultaneous formal registration for patients alongside the preliminary registration process.

According to the DH's plan, starting from 4 July 2024 (Note: it is now advanced to 11 June 2024), the registration time of the 9 dental clinics with preliminary registration for GP Sessions will be changed from

0:00 a.m. on the day of service to 8:00 p.m. the day before. Adjusting the preliminary registration time is a temporary measure to allow patients to leave at an earlier time after registration. The DH will later introduce the online electronic disc distribution and registration system within 2024. By then, members of the public will no longer need to queue in person for obtaining discs and will be provided with real-time information on the remaining disc quotas so as to ensure that all quotas can be fully utilised, and the preliminary registration arrangement will be cancelled.

Response to (iii):

The government dental clinics under the DH are primarily for the Government to fulfil the terms of employment for provision of dental benefits for civil servants/pensioners and their dependents under the contracts of employment with civil servants. Accordingly, only a small fraction (2%) of service capacity in the government dental clinic can be set aside for GP Sessions. At present, all 10 government dental clinics with GP Sessions provide emergency dental services in the morning, mainly due to the following considerations:

1. The morning session (9:00 a.m. to 1:00 p.m.) is 30 minutes longer than the afternoon one (2:00 p.m. to 5:30 p.m.). Dentists have more time to deal with all the cases under the distributed discs and unexpected situations that may arise from teeth extraction, such as fracture of the root of the tooth.
2. Patients who have problems (such as prolonged bleeding) after receiving teeth extraction in the morning may return to the same dental clinic with GP Sessions immediately in the afternoon for follow-up, thereby avoiding the need to seek consultation with private dental clinics or the Accident & Emergency Departments of hospitals at night.
3. Providing GP Sessions in the morning can shorten patients' waiting time for emergency services, while the clinics may also start serving civil service eligible persons (CSEPs) who have made appointments immediately after finishing the GP Sessions. As such, the entire workflow will be smoother and more efficient.

Once the DH introduces the online electronic disc distribution and registration system within 2024, members of the public will no longer need to queue in person for obtaining discs, and the preliminary registration arrangement will be cancelled.

- (b) Regarding paragraph 2.12 of the Audit Report, please explain why, among the 9 government dental clinics that have implemented preliminary registration for GP sessions, only the MFDC, which has already suspended its services for CSEPs in May 2023 and only provides GP sessions for the public in the afternoon, used to require patients who had completed preliminary registration to return to the clinic at 11:00 a.m. on the same day to complete the formal registration and obtain a disc, and again at 1:30 p.m. (i.e. the opening time of the clinic) for dental consultation, and why the DH took improvement measures by arranging for patients to complete the formal registration and obtain discs 30 minutes before service commencement only after the Audit Report has pointed out the situation concerned, and whether the new arrangement above involves additional manpower and resources; if yes, the details;**

MFDC in Sai Kung is a smaller clinic with only 2 consultation rooms and 1 clerk on duty. It is also the only government dental clinic that provides GP Sessions in the afternoon so far. All along, to prevent chaos over reception, the clinic starts the formal disc distribution and registration process for GP Sessions only after the clerk has completed the registration process for most of the CSEPs with appointments by around 11:00 a.m.

Due to the persistent shortage of dentist manpower, the MFDC has been temporarily closed and has ceased providing dental services to CSEPs since 3 May 2023, but the MFDC maintains GP Sessions for the public to address the emergency dental needs of the public. On the days with GP Sessions, the DH will make special redeployment of staff, including clerical staff and dentists, from Tseung Kwan O Dental Clinic (TKODC) to serve at the MFDC. The clerical staff will travel to the MFDC to conduct the formal disc distribution and registration process for GP Session patients after finishing their supporting duties at the TKODC by around 11:00 a.m. Meanwhile, the dentists will arrive at the MFDC before 1:30 p.m. after finishing the consultations for the CSEP appointments at the TKODC. As at 1 May 2024, the vacancy rate for clerical staff at the 9 dental clinics with emergency GP Sessions was about 26%. To ensure that all dental clinics are sufficiently supported by clerical staff, the DH has all along endeavoured to redeploy clerical staff to each clinic to provide necessary support. As for the MFDC, given the shortage of clerical staff, the DH specifically redeploys clerical staff from the nearby



TKODC to serve at the MFDC on the latter's GP Session service days, so as to support the clinic's services in a timely manner.

As for the MFDC's arrangement regarding the formal disc distribution and registration process highlighted by the Audit Report, the DH has moved the time of disc distribution and formal registration from 11:00 a.m. to 1:00 p.m. to shorten the patients' waiting time for services. Under this arrangement, patients may receive service immediately from 1:30 p.m. onwards after completing the formal registration.

- (c) Pending the launch of the online electronic disc distribution and registration system, whether other information and technology systems in use by the Government, such as iAM Smart and eHealth, can help streamline the registration procedure of the GP sessions to shorten the time required;**

To improve the disc distribution arrangement at dental clinics with GP Sessions, the DH has explored using "self-service kiosks" with a view to shortening the waiting time of elderly persons. However, after a trial run of the kiosks at 2 dental clinics, the DH found that there were various operational difficulties, including the need to deploy additional manpower to assist the people in queue in using the kiosks and inputting information for registration, security matters regarding the relevant equipment and systems outside office hours, as well as the handling of emergencies in the event of system malfunction. As it was found to be not cost-effective in operation and the effectiveness was below expectation, the DH has ceased the use of kiosks. Upon completion of the online electronic disc distribution and registration system, the DH will team up with the relevant Government departments to explore how to connect the system with other information and technology systems, such as iAM Smart and eHealth, under the GP Session services to encourage public usage of smart service channels.

The DH has commenced the development of online electronic disc distribution and registration system in May 2024, with a view to implementing the system within 2024. By then, members of the public will no longer need to queue in person for obtaining discs and will be provided with real-time information on the remaining disc quotas so as to ensure that all quotas can be fully utilised.

### **Part 3: Provision of Elderly Dental Care Support by the DH**

- (d) According to Note 29(a) under paragraph 3.3 of the Audit Report, the fees payable to non-governmental organisations (NGOs) for their participation in the Outreach Dental Care Programme for the Elderly (ODCP) include an annual grant of \$720 per service user. In this connection, please specify the services covered by the annual grant and the definition of service users (i.e. whether the caretakers of elderly persons eligible for the ODCP and the caregivers in residential care homes are included apart from the eligible elderly persons);**

The ODCP has been implemented since October 2014 to provide free on-site oral check-up, pain relief and emergency dental services for elderly persons residing in residential care homes for the elderly (RCHEs) or receiving services in day care centres and similar facilities covering the 18 districts of Hong Kong, and provide oral care training to the relevant caregivers through outreach dental teams set up by NGOs. The outreach dental teams also design oral care plans for elderly persons to suit their oral care needs and self-care abilities. In the Funding and Service Agreement (FSA) for the 2021-24 service period, the Government gave each NGO participating in the ODCP an annual grant of \$720 per elderly participant of the programme to provide the abovementioned on-site service package.

If the elderly persons are assessed as suitable for further curative treatment, free dental treatments will be provided on-site or at dental clinic. The grant does not cover the additional costs for further treatment (such as teeth extraction) received by the elderly persons.

Besides, “service users” of the ODCP refers to each elderly person participating in the programme and does not include caregivers and the staff of residential care homes.

- (e) According to paragraphs 3.5 and 3.6 of the Audit Report, 10 NGOs shall operate 23 outreach dental teams with a target of at least 43 000 service users per year (representing approximately 65% of the eligible elderly persons) during the last 2 FSA periods of the ODCP (i.e. October 2017 to March 2024), while each team has a target of at least 1 000 or 2 000 service users in each service year. In this connection, please explain how the abovementioned service user targets were determined;**

The DH has engaged NGOs to participate in the ODCP by open invitation (including directly inviting 28 NGOs that operate dental services) for proposals. An NGO interested in joining the ODCP may, taking into account the location(s) of its dental clinic(s) and its capacity of operating outreach programmes, state in the proposal the number of outreach dental team(s) it would like to form and the district(s) it would like to operate in. The Government requires each team to have at least 1 dentist and 1 dental surgery assistant, with a target of providing on-site services to at least 1 000 or 2 000 elderly persons in each service year.

With reference to the abovementioned mechanism, the number of outreach dental teams and target number of service users (elderly persons) for the 10 NGOs engaged by the Government to participate in the ODCP for the 2021-24 service period, as stipulated in their respective FSA, are as follows:

<b>NGO</b>	<b>No. of outreach dental teams formed</b>	<b>Annual target no. of service users (Persons)</b>
A	1 (small-team)	1 000
B	2	4 000
C	1	2 000
D	1 (small-team)	1 000
E	1	2 000
F	2	4 000
G	1 (small-team)	1 000
H	3	6 000
I	1	2 000
J	10	20 000
<b>Overall</b>	<b>23</b>	<b>43 000</b>

**(f) As mentioned in paragraph 3.6 of the Audit Report, the number of outreach dental teams set up by each NGO under the ODCP ranged from 1 to 10, and the number of residential care homes for the elderly (RCHEs)/day care centres for the elderly (DEs) assigned to each NGO ranged from 19 to 385. In this connection, please explain/advise on the following:**

**(i) the mechanism of assigning RCHEs/DEs to NGOs;**

- (ii) whether there will be situations where the RCHEs/DEs of certain districts are not assigned with sufficient outreach dental teams under the current mechanism; if yes, how the DH will handle such situations, and;**
- (iii) whether the DH will consider reviewing the current mechanism of assigning RCHEs/DEs to NGOs and actively review the demand for elderly dental care services in each district so as to assign a corresponding number of outreach dental teams and avoid resource mismatch;**

Responses to (i), (ii) and (iii):

The aim of the ODCP is to ensure that elderly persons in every district can receive efficient dental services. The DH will equitably assign RCHEs/DEs based on the information set out in the proposals submitted by the NGOs participating in the ODCP, including the number of outreach dental teams to be formed, the target number of elderly persons to be served, the service districts selected, as well as factors such as the locations of the dental clinics set up by the NGOs, the partnership developed between the NGOs and RCHEs/DEs in the previous service years, and the number of places of RCHEs/DEs in the same district. The above assigning mechanism ensures that participating NGOs can deliver services according to their individual capacity and avoid resource mismatch, thereby further incentivising NGOs to participate in the ODCP. Under this assigning mechanism, all RCHEs/DEs that are willing to participate in the ODCP will be covered by the dental services.

After being assigned the RCHEs/DEs in the 18 districts across the territory, NGOs should contact all the assigned RCHEs/DEs in each service year according to the FSA to promote among them participation in the ODCP. However, as pointed out in paragraph 3.12 of the Audit Report, RCHEs'/DEs' interest in joining the ODCP is often affected by a number of factors, including the size and setting of their premises, their manpower, as well as the medical and mental health conditions of individual elderly persons.

The DH held a discussion with the Social Welfare Department (SWD) on 7 May 2024. The 2 departments will work hand-in-hand to strengthen the promotion of the ODCP and actively follow up on the RCHEs/DEs that do not participate in the ODCP. The DH has also been listed as a long-term partner for annual training workshops for

RCHEs. To this, the DH has been arranged to give a talk to staff of RCHEs at the annual training workshop on 9 August 2024, which will cover an introduction of the ODCP, the common dental problems seen in elderly persons living in RCHEs, dental hygiene, and oral healthcare tips, etc.

**(g) Regarding Table 14, which sets out the achievement on target number of service users by NGOs participating in the ODCP, in paragraph 3.7 of the Audit Report, please provide information/advise on the following:**

- (i) the number of RCHEs/DEs which have received services from and the number of outreach dental teams dispatched by the NGOs in the latest FSA period, and their achievement of the target for the entire 2023-24;**
- (ii) given that the achievement on target number of service users for NGO F was higher than other NGOs all the way from 2017 to December 2023, whether the DH has looked into the underlying reasons; if yes, the details;**
- (iii) given that the achievement on target for NGOs G and I was less than satisfactory in 2020-21 and 2022-23, whether the DH has followed up on the issue with both NGOs; if yes, the details; if not, the reasons; and whether both NGOs are still participating in the ODCP; and**
- (iv) the follow-up actions taken by the DH regarding NGOs with unsatisfactory service performance; whether the FSAs include clauses governing the NGOs' failure to achieve the agreed service targets; if yes, the details and whether the DH has enforced such clauses; if not, the reasons;**
- (i) The table below sets out the number of RCHEs/DEs assigned to and the number of outreach dental teams dispatched by each NGO in 2024-25 (new service period 2024-27), and the achievement on target for the NGOs for the entire 2023-24:**

NGO	2023-24 (Service period 2021-24)			2024-25 (Service period 2024-27)		
	Target no. of service users (persons)	Actual no. of service users (persons)	Target achievement rate (%)	No. of outreach dental team	Target no. of service users (persons)	No. of RCHEs and DEs assigned
<b>A</b>	1 000	1 571	157%	1 (small-team)	1 000	20
<b>B</b>	4 000	4 038	101%	2	4 000	100
<b>C</b>	2 000	3 307	165%	2	4 000	61
<b>D</b>	1 000	1 241	124%	1 (small-team)	1 000	24
<b>E</b>	2 000	2 336	117%	1	2 000	73
<b>F</b>	4 000	7 661	192%	2	4 000	107
<b>G</b>	1 000	573	57%	1 (small-team)	1 000	29
<b>H</b>	6 000	6 512	109%	3	6 000	116
<b>I</b>	2 000	885	44%	1	2 000	59
<b>J</b>	20 000	19 807	99%	10	20 000	389
<b>K</b> (New participant)	-	-	-	1	2 000	40
<b>Overall</b>	<b>43 000</b>	<b>47 931</b>	<b>111%</b>	<b>25</b>	<b>47 000</b>	<b>1 018</b>

- (ii) Given that NGO F is quite large in scale with an extensive community network and has developed a good relationship with most of the RCHEs/DEs over the years, its target achievement rate in terms of service user number (192%) was higher than that of other NGOs in 2023-24.
- (iii) During the epidemic from 2020-21 to 2022-23, the Government imposed stringent visit control measures on RCHEs, prohibiting or greatly restricting the families of their residents and people who were not their staff from visiting the residents, in order to contain the epidemic. Even though the epidemic later subsided, quite a number of RCHEs still have strong reservations about the immediate full-scale resumption of outreach dental services due to the higher risk of disease transmission incurred by the provision of dental examination and treatment services in the RCHEs.

In addition, the DH has also noted the unsatisfactory service performance of NGO I. At a meeting with its management team in June 2023, the DH learnt that the NGO had difficulties in fully resuming the outreach dental services for elderly persons due to a shortage of professional manpower, and NGO I had agreed to transfer one of their assigned RCHEs to another NGO for service provision. As for NGO G, which is quite small in scale, the DH has been encouraging it to make improvements but understands that improvement takes time due to its limited resources.

As shown in the table above, NGO G's target achievement rate in the 2023-24 service year was 57%. NGO I resumed its outreach dental services in September 2023 after having engaged professional staff. Although it resumed the provision of outreach dental services 5 months later than other NGOs (deferred from April to September), it still managed to achieve a target achievement rate of 44% as at the end of 2023-24, notwithstanding the service period being only 7 months' long. Both NGOs G and I have participated in the ODCP for the new service period 2024-27. The DH has also learnt that NGO I would consider engaging additional professional staff to strengthen its outreach services in order to meet the target as scheduled.

- (iv) Under the FSA, at the beginning of each service year (i.e. April), the DH grants to the participating NGOs funding for covering 50% of the target total number of service users (\$720 per service user for the 2021-24 service period) to facilitate the NGOs' service commencement. If the number of service users of an NGO is less than 50% of the target number throughout the whole service year, it has to reimburse the Government the overpaid funding after the end of that service year. Moreover, the DH will suspend the grant of funding to any NGO that fails to submit the reports specified in the FSA.

Moreover, according to the FSA, the DH may issue a warning letter to an NGO in case of non-compliance, and the DH may also take follow-up actions as appropriate, such as record checks and inspections of the NGOs concerned, to ensure that the NGOs comply with the proposed precautionary measures for the sake of avoiding recurrence of similar incidents. If the performance of an NGO is consistently unsatisfactory, the Government may terminate its co-operation with the NGO concerned (i.e. terminating the FSA), and the NGO concerned will be prohibited from re-joining the ODCP for 3 years from the termination date of the FSA.

- (h) Regarding paragraphs 3.10(b) and (c) in the Audit Report, please specify the DH's procedures for providing funding to the NGOs and recovering the funding if they cannot achieve 50% of the proposed target number of service users; regarding the NGOs which failed to achieve 50% of the proposed target number of service users as set out in Table 14 in paragraph 3.7, whether the DH has recovered the overpaid amount of funding; if an NGO that has failed to achieve the target closes down within the FSA period, how the DH will recover the funding provided in advance;**

As mentioned in (g)(iv), if the number of service users of an NGO is less than 50% of the target number throughout the whole service year, it shall reimburse the Government the overpaid funding, and the DH will issue a demand note to the NGO concerned to inform it of the amount to be reimbursed. For those NGOs that failed to achieve the target number of service users from the service year 2020-21 to the service year 2022-23 as shown in Table 14 in paragraph 3.7 of the Audit Report, the DH issued demand notes to them and the NGOs concerned reimbursed the Government the overpaid funding. As for the service year 2023-24, only NGO I failed to reach 50% of the target number of service users. The DH has already verified the number of service users with the NGO and issued it a demand note.

The NGOs participating in the ODCP are charitable institutions which are exempt from tax under section 88 of the Inland Revenue Ordinance and shall submit to the DH an audited financial report after the end of each service year in accordance with the FSA. In case an NGO participating in the ODCP ceases operation during the FSA period, the DH will seek advice from the Department of Justice on recovering the overpaid funding.

- (i) According to paragraph 3.12 of the Audit Report, the participation rates of RCHEs/DEs in the ODCP from 2017 to 2023 ranged from 45% to 88%, and among the RCHEs/DEs, the participation rates of those under the purview of 3 NGOs (i.e. NGOs D, G and I) were lower than 50% for 3 consecutive years. In this connection, please provide the following information:**
- (i) has the DH, in collaboration with various NGOs, approached RCHEs/DEs to identify the reasons why the elderly persons did not participate in the ODCP; and has the DH taken any corresponding follow-up measures to increase the participation rate; and if yes, the details?**



(ii) **in 2022-23, the participation rate of RCHEs/DEs in the Sham Shui Po District was the lowest (47%). While 37 (40%) RCHEs/DEs were assigned to NGO G, none of the RCHEs/DEs participated in the ODCP. On the other hand, NGO J, which was assigned 48 (52%) RCHEs/DEs in the same district, achieved a participation rate of 81%. In this regard, has the DH ascertained the reasons for the said situation and whether it is related to the quality of services provided by the NGOs concerned?**

(i) As pointed out in paragraph 3.12 of the Audit Report, RCHEs'/DEs' interest in joining the ODCP are often affected by a number of factors, including the size and setting of their premises, their manpower, as well as the medical and mental health conditions of individual elderly persons.

The DH held a discussion with the SWD on 7 May 2024. The 2 departments will work hand-in-hand to strengthen the promotion of the ODCP and actively follow up on the RCHEs/DEs that do not participate in the ODCP. The DH has also been listed as a long-term partner for the annual training workshops for RCHEs. To this, the DH has been arranged to give a talk to staff of RCHEs at the annual training workshop on 9 August 2024, which will cover an introduction of the ODCP, the common dental problems seen in elderly residents of RCHEs, their dental hygiene, oral healthcare tips, etc. Furthermore, the DH will hold a discussion with the SWD on 20 June 2024 on ways to promote the ODCP through the provisions on oral health in the Code of Practice for Residential Care Homes (Elderly Persons) and the provisions on dental check-ups in the tenders for contract homes.

(ii) In light of the epidemic, during the 2022-23 service year the visiting restrictions for RCHEs were not lifted until 25 March 2023. As a result, some smaller NGOs, especially those focused on providing medical services, faced great difficulties during the epidemic. Take NGO G as an example, it focuses mainly on providing medical and dental services for persons in need and does not operate any RCHE/DE itself. It has only 1 outreach dental team (target number of service users being 1 000) and was met with many challenges when trying to reach RCHEs/DEs during the epidemic. On the contrary, NGO J is the biggest participating NGO in the ODCP and has formed 10 outreach dental teams in total (target number of service users being 20 000) with an extensive community network.

Furthermore, different NGOs had different policies on duty arrangements for their outreach service staff during the epidemic. For example, some NGOs allowed staff of their outreach dental teams to take tests for Coronavirus Disease at the Government's designated community testing stations during working hours to obtain negative results within 24 hours in fulfilment of the requirements for staff from outreach dental teams to enter the premises of RCHEs/DEs for work. Some other organisations gradually and cautiously resumed their outreach dental services only after the epidemic fully subsided to prevent the spread or outbreak of the disease at their workplaces.

- (j) According to paragraphs 3.17 to 3.20 of the Audit Report, NGO G has not provided any training activities to RCHEs/DEs since 2020-21. Due to the epidemic, the DH allowed the NGOs to substitute training activities with asking elderly persons and their caregivers to complete personalised oral care plans. In this connection, please advise on the following:**
- (i) given that the DH stated in the public hearing that NGO G had reported the information of the training activities it provided in the annual evaluation report submitted belatedly afterwards, the details of the matter and also the information of NGO G's training activities from 2020-21 to 2023-24;**
  - (ii) the reason why the percentages of RCHEs/DEs under the purview of 4 NGOs (i.e. NGOs E, F, G and I) provided with training activities are still below 50% despite the end of the epidemic, and whether the DH has followed up on the issue with those 4 NGOs; if yes, the details; and**
  - (iii) whether the DH still allows the NGOs to substitute the provision of training activities with completing personalised oral care plans; if yes, the reasons; and whether such an arrangement complies with the provisions of the FSA; and**
- (i) During the service years from 2020-21 to 2022-23 when the epidemic was in full swing, the DH met and conducted phone interviews with individual NGOs to collect their comments on the impact of the epidemic on the ODCP. Due to the unwillingness of the RCHEs/DEs to accept any training activities that involved group gatherings amid the epidemic and/or prevailing seasonal**

influenza periods, the DH advised the outreach dental teams to modify the mode of oral health education by providing individual elderly persons and their caregivers with personalised oral care plans to enhance the caregivers' ability in the provision of daily oral care to the elderly persons. By filling in the personalised oral care plans, the NGOs can fulfill the objective of the ODCP in promoting oral hygiene. All (100%) of the RCHE/DEs participating in the ODCP had received oral health education from the outreach dental teams.

However, some NGOs (including NGO G) did not fully understand the modified arrangements made during the epidemic, and therefore did not report the completion of the personalised oral care plans as a training activity in the annual evaluation report/DH's computer system, resulting in a misinterpreted 0% completion of training activity in the report. In addition, the DH was aware of NGO G's failure to improve its reporting arrangements in a timely manner due to staff changes and illness of the personnel in charge, but with the continuous encouragement of the DH, the situation has improved since the 2023-24 service year.

- (ii) In the 2023-24 service year, the percentage of training activities reported by NGOs E, F, G and I were 91%, 95%, 57% and 63% respectively, all of which exceeded 50%. The DH will continue to monitor the performance of the NGOs regarding the provision and reporting of training activities.
- (iii) Compared to general talks or briefing sessions, the formulation of personalised oral care plans has been accepted by the DH as an oral care training activity as it has been scientifically proven to be a feasible training programme with better and more comprehensive effects on elderly persons and their caregivers. The DH will continue to promote training activities with scientific evidence that are suitable for the ODCP to NGOs and provide them with necessary training materials to facilitate their development of suitable oral care training activities for caregivers and elderly persons. These training materials include information on topics such as causes of tooth decay and periodontal disease, the importance of oral care for frail elderly persons, dental services/referral mechanisms, oral health assessment and special care needs.

- (k) According to paragraph 3.28 of the Audit Report, for the FSA period from April 2024 to March 2027, the DH had invited 27 NGOs that met the essential requirements to submit proposals, but only 11 NGOs (i.e. less than half of those invited) made submissions in the end. In this connection, please advise/provide information on the following:**
- (i) whether the DH is satisfied with the abovementioned rate of response from the NGOs; if not, whether the DH has looked into the underlying reasons and whether it is due to the annual grant offered to each service user being deemed unattractive; whether the DH will review the grant amount or consider other measures to encourage more NGOs to participate in the ODCP; if yes, the details; and**
  - (ii) since the regularisation of the ODCP in 2014, whether the DH has reviewed the content of the FSAs signed with the NGOs or considered amending the service requirements or other relevant clauses in the FSAs in the light of the service performance and resources of individual NGOs; if yes, the details; if not, the reasons; please also provide the template of the FSA for the period from April 2024 to March 2027.**
- (i) Compared to 10 NGOs participating in the ODCP in the 2021-24 service period, the 2024-27 service period saw an increase to 11 participating NGOs. To understand the reason why the NGOs did not participate in the ODCP, the DH issued a questionnaire survey on 3 May 2024. As at 22 May, 7 NGOs replied and indicated their reasons for not participating in the ODCP, such problems revolve around manpower, finance and equipment/instrument, or they would like to focus their resources on providing other services, or simply have no intention to provide outreach dental services. As a matter of fact, dentists make much more income in the private market than in the NGOs, and some NGOs participating in the ODCP revealed their difficulties in recruiting dentists in the past; for smaller-scale organisations, losing just 1 or 2 dentists will render them strenuous in providing outreach services.

As mentioned above, the DH held a discussion with the SWD on 7 May 2024 and the 2 departments will work hand-in-hand to strengthen the promotion of the ODCP and actively follow up on RCHes/DEs that do not participate in the ODCP. The DH has also

been listed as a long-term partner for the annual training workshops for RCHEs. To this, the DH has been arranged to give a talk to staff of RCHEs at the annual training workshop on 9 August 2024. Furthermore, the DH will hold a discussion with the SWD on 20 June 2024 on ways to promote the ODCP through the provisions on oral health in the Code of Practice for Residential Care Homes (Elderly Persons) and the provisions on dental check-ups in the tenders for contract homes.

- (ii) The DH regularly reviews the content of the FSAs signed with the NGOs.

**Comparison between the FSAs for the 2014-17 and 2017-21 service periods:**

1. the grant for each service user was raised from \$550 to \$610;
2. the caps of escorting service and travelling subsidies were aligned with the scale of the outreach dental team to facilitate more effective use of government funding;
3. the first service year consisted of 18 months (from October 2017 to March 2019) and the subsequent years were changed to 12 months (from April each year to March of the following year), i.e. aligning the service year with the financial year;
4. the addition of a mid-year service installment (i.e. introducing a second payment, whereas previously there were only two payments, one at the beginning and the other at the end of the service period);
5. the surplus in the operating account shown in the annual financial report must be returned to the Government at the end of the service year, instead of being an option (Note: According to the FSAs for the 2014-17 service period, the surplus in the operating account could be returned to the Government when required); and
6. NGOs that had provided outreach services for RCHEs/DEs in the 2014-17 service period were accorded priority to render services to the same RCHEs/DEs in the 2017-21 service period.

**Comparison between the FSAs for the 2017-21 and 2021-24 service periods:**

1. the grant for each service user was raised from \$610 to \$720; and
2. the scope of beneficiaries was expanded to cover persons under the age of 60 and living in RCHEs (previously covering only those aged 60 or above).

**Comparison between the FSAs for the 2021-24 and 2024-27 service periods:**

1. the grant for each service user has been raised from \$720 to \$790; and
2. the number of participating NGOs has increased from 10 to 11; the number of outreach dental teams has increased from 23 to 25; and the target number of elderly service recipients has increased from 43 000 to 47 000;
3. the inclusion of national security provisions; and
4. taking into account the past performance and capability of the NGOs, RCHEs/DEs are assigned to 11 NGOs on a service district basis, enabling them to continue to receive outreach dental services under the same organisation as far as practicable, given their close co-operation in the past; for RCHEs/DEs that had been less involved in outreach services in the past, they were assigned to other NGOs with a view to encouraging their participation in outreach dental services under the promotion of the new organisations. For example, from end-March to early April 2024, the DH assisted a new NGO under the ODCP to get in touch with RCHEs/DEs for promotion.

The template of the FSA for the period from April 2024 to March 2027 (English version only) is attached at Appendix. It is a restricted document solely for the internal reference of the Public Accounts Committee.

- End -

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



中華人民共和國香港特別行政區政府總部教育局  
Education Bureau  
Government Secretariat, Government of the Hong Kong Special Administrative Region  
The People's Republic of China

本局檔號 Our Ref.: (20) in EDB(CSD/GE)/ADM/125/1/2(1)  
來函檔號 Your Ref.: CB4/PAC/R82

電話 Telephone: 2892 6503  
傳真 Fax Line: 3188 2384

31 May 2024

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

**By Email**

Dear Ms CHAN,

**Public Accounts Committee  
Consideration of Chapter 3 of the Director of Audit's Report No. 82  
Gifted Education**

Thank you for your letter dated 20 May 2024 to the Secretary for Education on the captioned matter. Please find our response in the **Annex** to this letter to facilitate consideration by the members of the Public Accounts Committee.

Yours sincerely,



(Ms TSE Yuen-ching, Edith)  
for Secretary for Education

Encl.

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))  
Executive Director, The Hong Kong Academy for Gifted Education  
(email: [ed@hkage.edu.hk](mailto:ed@hkage.edu.hk))

**Consideration of Report No. 82 of the Director of Audit  
Chapter 3  
Gifted Education  
Questions raised and information requested**

**(II) Response from the Education Bureau**

**Part 2: Identifying and Developing Talents of Gifted Students**

- (1) As mentioned in paragraph 2.20 of the Audit Report, Audit examined HKAGE’s membership applications received via School Nomination and Parent Nomination from the 2018/19 to 2022/23 school years, and found that the average success rate of students nominated via Parent Nomination was 33%, while that of students nominated via School Nomination was merely 13%. For Online Screening Programme and Student Profile Screening, the passing rates of students from School Nomination were significantly lower than those of students from Parent Nomination. Will Hong Kong Academy for Gifted Education (HKAGE) and the Education Bureau (EDB) please advise whether measures have been taken to support schools in providing appropriate assistance to students nominated via School Nomination to facilitate their preparation for the screening process? If yes, of the details? If no, of the reasons?**

Reply to (1):

EDB has continued to strengthen gifted education, and measures has been taken to encourage schools to set up “school-based student talent pools” in order to identify and nurture students with potential. Starting from the 2023/24 school year, EDB has been stepping up efforts to support schools in setting up “school-based student talent pools”, including optimising teacher professional training and curriculum resources so as to enhance teachers’ professional capacity in identifying gifted students. Moreover, HKAGE and EDB provide Professional Development Programmes (PDPs) for teachers to help them understand HKAGE’s nomination procedures and the underlying rationale, including the requirements of Online Screening Programme and Student Profile Screening, which will in turn enable them to provide appropriate assistance to the nominated students.

- (2) As mentioned in paragraph 2.32 of the Audit Report, HKAGE used to set out target completion rates for its face-to-face and online programmes in its Three-year Business Plans. However, Audit found that starting from the 2021/22 to 2023/24 Business Plan, HKAGE had**



**not set target completion rates for its programmes and there was no documentary evidence showing the justifications for not setting the annual target completion rates. Will HKAGE and EDB please advise of the following:**

- (a) the reasons for not setting target completion rates for HKAGE's programmes starting from its 2021/22 to 2023/24 Business Plan;**
- (b) whether there are plans to set out target completion rates for HKAGE's programmes in its Three-year Business Plans in the future; if yes, of the details; if no, of the reasons; and**
- (c) how will HKAGE and EDB assess the effectiveness of HKAGE's face-to-face and online programmes if no target completion rates for these programmes have been set?**

Reply to (2)(a) and (2)(b):

Please refer to HKAGE's reply to (9)(a) and (9)(b) of Part (I).

Reply to (2)(c):

HKAGE formulates a Three-year Business Plan every year and has set out performance targets for various areas in the Three-year Plan for the 2020/21 to 2022/23 school years. Since some targets such as the completion rates have been regularised at the implementation level, they are not set out again in the subsequent Three-year Business Plan. That said, HKAGE has continued to adopt the relevant targets set out for the completion rates for face-to-face and online programmes to monitor all programmes implemented from the 2021/22 to 2023/24 school years. HKAGE also reports on and reviews the programme implementation at the separate meetings of its Talent Development Committee (TDC) and its Board of Directors (Board) (with EDB representatives serving as members), both held three times a year. Both the TDC and the Board of HKAGE comprise EDB's representatives, who will attend these meetings and provide advice.

To avoid doubt, HKAGE will clearly state the relevant targets again, including the completion rates for its face-to-face and online programmes (70% and 30%, respectively), in the next Three-year Business Plan (i.e. the one for the 2024/25 to 2026/27 school years) according to the performance indicators as stipulated in the service agreement signed with EDB. It is expected that HKAGE will finish updating the said Business Plan in July 2024.

- (3) As mentioned in Paragraph 2.33 of the Audit Report, Audit analysed the completion rates of the programmes held from the 2020/21 to 2022/23 school years. Of the 1 246 face-to-face programmes held, the average completion rate was 84.9%, with 26 (2%) of these programmes having completion rates lower than 50%. As for the 108 online programmes held, the average completion rate was only 39.7%, and**

there were 62 (57%) programmes with completion rates lower than 50%. Will HKAGE and EDB please advise of the following:

- (a) whether HKAGE has looked into the reasons for the low completion rates for online programmes, which are less than half of those of face-to-face programmes; if yes, of the details; if no, of the reasons;
- (b) whether HKAGE has taken measures to support students, in order to boost the completion rates for online programmes; if yes, of the details; if no, of the reasons; and
- (c) whether EDB has taken follow-up actions against HKAGE regarding the low completion rates for online programmes; if yes, of the details; if no, of the reasons?

Reply to (3)(a) and (3)(b):

Please refer to HKAGE's reply to (10)(a) and (10)(b) of Part (I).

Reply to (3)(c):

EDB has all along maintained communication with HKAGE through regular mechanisms at various meetings, to review and discuss the implementation of all programmes (including the completion rates of online programmes). For online programmes offered by HKAGE, students must complete the self-learning online programmes ranging from 15 to 100 hours as well as the relevant assessments. Based on the experience gathered from various training programmes, the completion rates for online self-learning programmes is generally lower than those of face-to-face programmes. EDB will formulate improvement measures in accordance with the recommendations of the Audit Report, including requiring HKAGE to realistically set appropriate targets for completion rates for online programmes in the upcoming Three-year Business Plan (i.e. the one for the 2024/25 to 2026/27 school years).

(4) As mentioned in paragraph 2.43(a) of the Audit Report, Audit examined the completion rates of parent programmes held in the 2021/22 and 2022/23 school years, and found that the average completion rates were 62% and 73% respectively. About 16% of the programmes had completion rates below 50%. Will HKAGE and EDB please advise of the following:

- (a) whether HKAGE has looked into the reasons for low completion rates for parent programmes; if yes, of the details; if no, of the reasons;
- (b) whether HKAGE has taken measures to support parents, in order to boost the completion rates for parent programmes; if yes, of the details; if no, of the reasons; and
- (c) whether EDB has taken follow-up actions against HKAGE

**regarding the low completion rates for parent programmes; if yes, of the details; if no, of the reasons?**

Reply to (4)(a) and (4)(b):

Please refer to HKAGE's reply to (11)(a) and 11(b) of Part (I).

Reply to (4)(c):

Parent programmes of HKAGE are conducted in different modes and times, including face-to-face and online training programmes. Parents who have completed the training programmes will be invited to join the Parent Support Group in the form of meetings on a voluntary basis; nonetheless, participation in it is currently counted towards the completion rates for parent programmes. As for why some parent programmes have lower completion rates, it is because parents may attend the Parent Support Group meetings on a voluntary basis according to their needs and personal schedules. EDB has all along maintained communication with HKAGE through regular mechanisms at various meetings, to review and discuss matters related to parent programmes, including enrolment and completion rates. EDB will formulate improvement measures in accordance with the recommendations of the Audit Report, including requiring HKAGE to consider whether meetings of the Parent Support Group should be regarded as part of the parent programmes and be counted towards its completion rate, and to set realistic targets for completion rates of the programmes in the upcoming Three-year Business Plan (i.e. the one for 2024/25 to 2026/27 school years).

- (5) **It is mentioned in paragraph 2.43(b) of the Audit Report that according to the service agreement signed between the Government and HKAGE, the completion rates for parent programmes serve as one of the performance indicators for measuring the effectiveness thereof. This agreement also required HKAGE to set annual targets in respect of various performance indicators in each of its Business Plan. However, Audit noted that HKAGE had not set target completion rates for parent programmes. Will HKAGE and EDB please advise of the following:**
- (a) **the reasons why HKAGE did not set target completion rates for parent programmes as stipulated in the service agreement;**
  - (b) **whether EDB has taken follow-up actions against HKAGE for not setting target completion rates for parent programmes as stipulated in the service agreement; if yes, of the details; if no, of the reasons; and**
  - (c) **how will HKAGE and EDB assess the effectiveness of parent programmes if no target completion rates have been set?**

Reply to (5)(a):

Please refer to HKAGE's reply to (12)(a) of Part (I).

Reply to (5)(b) and (5)(c):

HKAGE formulates a Three-year Business Plan every year and has set out performance targets for various areas in the Three-year Plan for the 2020/21 to 2022/23 school years. Since some targets such as the completion rates have been regularised at the implementation level, they are not set out again in the subsequent Three-year Business Plan. That said, HKAGE has continued to adopt the relevant targets set out to monitor all programmes, including parent programmes, implemented from the 2021/22 to 2023/24 school years. HKAGE also reports on and reviews the programme implementation at the separate meetings of its School and Student Services Committee (SSSC) and its Board (with EDB representatives serving as members), both held three times a year. Both the SSSC and the Board of HKAGE comprise EDB's representatives, who will attend these meetings and provide advice.

To avoid doubt, HKAGE will clearly state the relevant targets again, including the completion rates for parent programmes (60%), in the next Three-year Business Plan (i.e. the one for the 2024/25 to 2026/27 school years) according to the performance indicators as stipulated in the service agreement signed with EDB. It is expected that HKAGE will finish updating the said Business Plan in July 2024.

**Part 3: Governance and Administrative Issues of HKAGE**

- (6) As mentioned in paragraph 3.9 of the Audit Report, Audit reviewed HKAGE's Three-year Business Plan for the 2023/24 to 2025/26 school years, and found that 15 (79%) out of 19 performance indicators listed in the service agreement were not mentioned in the Business Plan, and no targets had been set. Will HKAGE and EDB please advise of the following:**
- (a) how will HKAGE and EDB assess the effectiveness of the work involving various performance indicators if no targets for the performance indicators have been set; and**
  - (b) whether HKAGE has set targets for each performance indicator and timeframes for achieving them; if yes, of the details; if no, of the reasons?**

Reply to (6)(a):

HKAGE formulates a Three-year Business Plan every year and has set out performance targets for various areas in the Three-year Plan for the 2020/21 to 2022/23 school years. Since some targets such as the completion rates have been regularised at the implementation level, they are not set out again in the subsequent Three-year Business Plan. That said, HKAGE has continued to adopt the relevant targets to monitor the effectiveness of its work from the 2021/22

to 2023/24 school years. Meanwhile, the Research Committee (RC) of HKAGE submits research reports on HKAGE's performance targets every year. HKAGE also reports on and reviews the implementation of its work at the separate meetings of its Finance and General Affairs Committee (FGAC) and the Board (with EDB representatives serving as members), both held three times a year. The FGAC, the RC and the Board of HKAGE comprise EDB's representatives, who will attend these meetings and provide advice.

To avoid doubt, HKAGE will clearly state various performance targets again in the next Three-year Business Plan (i.e. the one for the 2024/25 to 2026/27 school years) according to the performance indicators as stipulated in the service agreement signed with EDB. It is expected that HKAGE will finish updating the said Business Plan in July 2024.

Reply to (6)(b):

Please refer to HKAGE's reply to 13(b) of Part (I).

#### **Part 4: Education Bureau's Support Measures for Gifted Education**

- (7) **As mentioned in paragraph 4.4 of the Audit Report, Audit reviewed the records of 883 PDPs organised by EDB during the five school years from 2018/19 to 2022/23, and found that the completion rates of programmes offered for all schools, which were relatively lower than those provided only for targeted schools, were on a decreasing trend, from 84% in the 2018/19 school year to 69% in the 2022/23 school year. Has EDB taken any measures to encourage teachers who have enrolled in PDPs to complete the programmes as far as possible? If yes, of the details? If no, of the reasons?**

Reply to (7):

EDB has all along attached great importance to teachers' professional development, and provides diversified training programmes to enhance their professional capacity. With the development of information technology, and in response to the new normal of suspending classes without suspending learning during the recent COVID-19 epidemic, EDB has offered more online development programmes to allow for more flexibility and convenience to facilitate teacher participation. Based on the experience gathered from various training programmes, the completion rates of online training programmes are generally lower than those of face-to-face programmes. Besides, teachers may need to handle urgent school matters at the same time if they attend online programmes at school. As a result, the completion rates of online programmes are lower than those of face-to-face programmes.

EDB will notify teachers who have enrolled in PDPs through email and remind them to complete the programmes. While teachers successfully completing the programmes will be awarded the corresponding Continuing Professional Development hours, teachers who fail to attend programmes enrolled through the Training Calendar System will receive notifications from EDB as a reminder.

EDB will continue to keep in view the completion rates of PDPs and review the mode and time of provision, in order to facilitate completion of PDPs by teachers who have enrolled in them.

- (8) As mentioned in Paragraph 4.26 of the Audit Report, Audit examined the invitations sent by EDB to potential programme providers regarding the funding applications for Off-school Advanced Learning Programmes (OSALPs) from the 2019/20 to 2022/23 school years, and found that out of the 234 invitations sent to post-secondary institutions, 69 funding applications had been received. As for the three other types of organisations (i.e. non-governmental organisations, technology enterprises and professional bodies), 56 funding applications were received while 69 invitations were sent. Although the number of applications submitted by post-secondary institutions was higher, the response rate was less than 30%, whereas the response rate for the three other types of organisations was as high as 81%. Regarding the low response rate of post-secondary institutions, will EDB please advise whether measures were taken to encourage these institutions to submit more funding applications for the provision of OSALPs? If yes, of the details? If no, of the reasons?**

Reply to (8):

EDB has all along been inviting different eligible organisations to apply for support from the Gifted Education Fund to provide OSALPs. It has also been encouraging collaboration between post-secondary institutions and other eligible organisations for the submission of applications, and relevant information and documents have been uploaded to EDB's website for reference by eligible organisations. It is understood that these organisations (including post-secondary institutions) will consider whether to submit applications based on their vision and mission, development focus, manpower deployment and resource utilisation. From the 2019/20 to 2022/23 school years, the number of applications received was more than required, thus diversified and quality choices were provided for EDB to select from.

EDB is actively preparing for the launch of funding application under Gifted Education Fund for the 2024/25 school year. Different sections within EDB have been invited to recommend even more suitable programme providers, including post-secondary institutions. EDB is also planning to step up publicity to enable more eligible organisations to understand the details of the funding, in order to

increase the response rate of funding applications. EDB will continue to encourage different organisations (including post-secondary institutions) through various means to apply to become providers of OSALPs.

- (9) As mentioned in paragraph 4.31 of the Audit Report, Audit examined the records for submission of financial statements and reports by the programme providers from September 2019 to January 2024, and found that out of the 31 Final Financial Reports and 31 Final Reports that were due for submission, 18 (58%) Final Financial Reports and 12 (39%) Final Reports were submitted late. Will EDB please advise of the following:**
- (a) whether it has ascertained the reasons for the programme providers' late submission of Final Financial Reports and Final Reports; if yes, of the details; if no, of the reasons; and**
  - (b) whether measures have been taken to ensure timely submission of Final Financial Reports and Final Reports by the programme providers as stipulated in the service agreements; if yes, of the measures taken; and the reasons why the proportion of late submission of reports remained high despite implementation of the measures?**

Reply to (9)(a) and (9)(b):

EDB has been taking measures to remind programme providers to submit reports on time. These include issuing notices to providers before the completion of programmes, detailing the deadline for report submission. It is understood that the main reason for late submission of reports by programme providers is that it takes time to have the reports endorsed and documents signed by various administrative sections and designated personnel within those relatively large institutions.

EDB has further strengthened its communication with programme providers, to remind and follow up on the requirements of report submission deadline in a timely manner. Starting from 2024, the issue of late report submissions by programme providers has seen improvements.

- (10) As mentioned in paragraph 4.32 of the Audit Report, Audit examined the 92 lesson observations carried out by EDB on 31 OSALPs held between September 2019 and September 2023. It was found that only 29 (32%) written records of lesson observation results were available. The rest of the lesson observations had no written records showing comments or remarks made by officers conducting the lesson observations; 74 (80%) lesson observations had no record showing that the comments and/or views arising from the lesson observations had**

**been communicated to the programme providers. For all of the 92 lesson observations, there was no record showing that EDB had taken actions to ensure that the comments and/or views arising from the lesson observations had been followed up by the programme providers. Will EDB please advise of the following:**

- (a) What measures are in place to ensure the quality and effectiveness of the programmes when written records are not available; and**
- (b) What measures are in place to ensure that the comments arising from the lesson observations have been followed up by the programme providers when written records are not available?**

Reply to (10)(a) and (10)(b):

EDB has been adopting a multi-pronged approach in reviewing the quality and effectiveness of OSALPs, including lesson observations, regular meetings with programme providers, scrutiny of the reports submitted by programme providers and student questionnaire surveys.

In order to properly record the lesson observations, EDB has required its officers to document the lesson observation results on a standard form starting from the 2022/23 school year. EDB officers will continue to meet with programme providers on a regular basis to review the implementation of OSALPs, and ensure that programme providers have taken appropriate actions to follow up with the review results.



31 May 2024

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

**By Email**

Dear Ms CHAN,

**Public Accounts Committee  
Consideration of Chapter 3 of the Director of Audit's Report No. 82  
Gifted Education**

Thank you for your letter dated 20 May 2024 to The Hong Kong Academy for Gifted Education on the captioned matter. Please find our response in the **Annex** to this letter to facilitate consideration by the members of the Public Accounts Committee.

Yours sincerely,



Dr Jimmy WONG  
Executive Director

Encl.

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 for Education (email: [sedoffice@edb.gov.hk](mailto:sedoffice@edb.gov.hk))

**Consideration of Report No. 82 of the Director of Audit  
Chapter 3  
Gifted Education  
Questions raised and information requested**

**(I) Response from the Hong Kong Academy for Gifted Education**

**Part 2: Identifying and Developing Talents of Gifted Students**

- (1) As mentioned in paragraph 2.9 of Report No. 82 of the Director of Audit (Audit Report), the Audit Commission (Audit) examined the Online Screening Programme held from the 2018/19 to 2022/23 school years, and found that only about half of the nominated students had completed the Online Screening Programme, with an overall completion rate of 56% for the period. Will the Hong Kong Academy for Gifted Education (HKAGE) please advise of the following:**
- (a) whether measures have been taken to ascertain the reasons why students were unable to complete the Programme; if yes, of the details; if no, of the reasons; and**
  - (b) whether measures have been taken to provide appropriate support to students in helping them complete the Programme; if yes, of the details; if no, of the reasons?**

Reply to (1)(a) and (1)(b):

HKAGE has been adopting different means, such as questionnaire surveys and school visits, to ascertain the situation of student participation in the Online Screening Programme from parents and teachers. The reasons why students were unable to complete the Online Screening Programme vary, which may include students' initiative, time management and self-learning abilities.

Before the start of the annual application period for "School Nomination" and "Parent Nomination", HKAGE will arrange briefing sessions for students, teachers and parents to introduce the application procedures and relevant arrangements. HKAGE also provides parents and students with relevant videos and "Frequently Asked Questions" which are uploaded to HKAGE's website for their reference. Parents and students may also approach HKAGE for information on the Online Screening Programme.

Moreover, HKAGE organises Professional Development Programmes (PDPs) and Regional Talks for school teachers to introduce the rationale and procedures of HKAGE's annual nomination schemes and the Online Screening Programme so that they will be able to provide support to students.

- (2) **As mentioned in paragraph 2.12 of the Audit Report, the questions in the final assessment of the Online Screening Programme for primary and secondary schools had been used for more than six years. The possibility that the assessment questions could have been leaked to the public, rendering the assessment tool not reliable, was discussed in a meeting of HKAGE’s Senior Management Team in January 2023. However, up to January 2024, no action had been taken by HKAGE to revise the assessment questions. Will HKAGE please advise of the following:**
- (a) **whether an extensive question bank was made available for the final assessment of the Online Screening Programme; if yes, of the details; if no, of the reasons; and**
  - (b) **whether the same or a significantly similar set of questions has been used for the final assessment of the Online Screening Programme each year? If yes, what are the reasons?**

Reply to (2)(a) and (2)(b):

HKAGE has a question bank for the final assessment of every Online Screening Programme, which consists of 200 to 400 questions. During each assessment, the computer will randomly select 50 questions from the question bank to form an exam paper. As a result, each student participating in the assessment will receive a different set of questions.

- (3) **As mentioned in paragraph 2.12(b) of the Audit Report, a development project on a new set of identification tools for the final assessment of the Online Screening Programme commenced in September 2023 and was scheduled for completion by December 2025. Will HKAGE please advise of the following:**
- (a) **the measures to be taken to enhance the fairness and reliability of the final assessment of the Online Screening Programme prior to the implementation of the new set of identification tools;**
  - (b) **the measures to be taken to ensure that the new set of identification tools can be completed by December 2025; and**
  - (c) **the estimated expenditure involved for developing a new set of identification tools; and whether the expenditure will be funded by the Government?**

Reply to (3)(a), (3)(b) and (3)(c):

As pointed out in the reply to (2)(a) and (2)(b), an extensive question bank has been made available for the final assessment of the Online Screening Programme. The exam paper received by students participating in the Online Screening

Programme is made up of questions randomly selected from the question bank by the computer. As a result, each student will receive a different set of questions.

To further enhance the fairness and reliability of the final assessment of the Online Screening Programme, HKAGE has commissioned a local university to undertake the development project on a new set of identification tools. As stipulated in the project contract, the project must be completed by December 2025. A task force comprising the Executive Director, Associate Director and Head of School and Student Services Division of HKAGE will hold regular work meetings with the project contractor to monitor the progress and ensure timely completion of the project.

HKAGE is a non-profit organisation wholly subvented by the Education Bureau (EDB). The service fee for developing the new set of identification tools is approximately HK\$2 million, and it will be funded by the Gifted Education Fund.

- (4) As mentioned in paragraph 2.15(a) of the Audit Report, Audit examined the records of Student Profile Screening conducted by HKAGE on all of the 3 315 students in the 2022/23 school year, and found that HKAGE had only recorded the respective overall scores given by the two Selection Committee members but there were neither comments made on each of the students based on the three assessment criteria from the two Selection Committee members nor documentation showing how the scores were arrived at. Will HKAGE please advise whether measures are in place to ensure that objective screening would be conducted by the two Selection Committee members in accordance with the three assessment criteria? If yes, of the details; if no, of the reasons?**

Reply to (4):

HKAGE has a mechanism in place to ensure that all Selection Committee members will conduct Student Profile Screening based on the three assessment criteria (i.e. above average abilities, creativity, and task commitment). A preparatory meeting between HKAGE and the Selection Committee members will be held before the screening process to discuss the assessment guidelines and criteria, in order to clarify the screening standard. Sample student profile will also be randomly selected for review and comparison, with a view to reaching a consensus on the marking criteria and standard, thereby enhancing the consistency in marking by the Selection Committee.

- (5) As mentioned in paragraph 2.15(b) of the Audit Report, Audit examined the records of Student Profile Screening conducted by HKAGE on all of the 3 315 students in the 2022/23 school year, and found that there were a total of 607 marginal cases, which were all**

accepted in the end. For 579 of these marginal cases from School Nomination and Parent Nomination, there were no documentary evidence showing that re-examination had been conducted before they were accepted. Audit also found that HKAGE did not reject the 573 cases with only a score of 3 (i.e. lower than the score of 4 as required in the guidelines) in the selection process. Instead, HKAGE re-examined these cases and had them all accepted in the end, yet without documentation showing the justifications. Will HKAGE please advise of the following:

- (a) whether measures are in place to ensure that members of the Selection Committee comply with relevant guidelines when re-examining marginal cases and rejecting those with low scores during Student Profile Screening; if yes, of the details; if no, of the reasons; and
- (b) whether measures are in place to ensure that adjustments to the standards of screening are only made through stringent decision-making process with relevant justifications duly documented; if yes, of the details; if no, of the reasons?

Reply to (5)(a) and (5)(b):

HKAGE has formulated relevant guidelines and assessment criteria for the selection process of Student Profile Screening. When re-examining marginal cases or those with low scores, responsible officers will consider each case in strict accordance with relevant guidelines and marking criteria.

Under the existing mechanism, all recommendations made by the assessing officers of HKAGE, including those for re-examining marginal cases, will be forwarded to HKAGE's Senior Management Team for further review. The Senior Management Team will then review each case individually and decide whether the case should be accepted. In order to ensure that the assessment work across various phases is properly recorded, HKAGE has, since April 2024, required each assessing officer to provide detailed notes on the rationale for their decisions on special cases at various phases of the assessment for future reference and follow-up.

- (6) As mentioned in paragraph 2.15(b)(iii) of the Audit Report, in the 2022/23 school year, the Quality Control Team recommended that 15 out of the 200 accepted cases selected for quality control checking should be rejected because the information provided in the student profiles was insufficient, the academic achievements and specific achievements were not particularly good or the student's profile did not include information other than academic results and achievements in schools. However, in the end, these 15 cases were not rejected as recommended by the Quality Control Team and there was no

**documentary evidence showing the justifications for accepting these 15 cases by the Senior Management Team. Will HKAGE please advise whether measures were taken to ensure that the recommendation of the Quality Control Team would be fully considered; if yes, of the details; if no, of the reasons?**

Reply to (6):

Under the existing mechanism, the Quality Control Team of HKAGE is responsible for examining student profile of selected cases for quality control checking. All recommendations on the cases will be submitted for the Senior Management Team's comprehensive review and discussion, and collective decision will be made on whether the relevant cases should be accepted, in order to ensure that due consideration is given to the recommendations of the Quality Control Team.

- (7) **As mentioned in paragraph 2.16 of the Audit Report, Audit analysed the passing rates in the Student Profile Screening from the 2018/19 to 2022/23 school years, and found that the passing rate of students from School Nomination was lower than that of students from Parent Nomination. The average passing rate of students from Parent Nomination was 70%, while that from School Nomination was merely 49%. Will HKAGE please advise of the following:**
- (a) **whether it has looked into the reasons for a lower passing rate of students from School Nomination in the Student Profile Screening; if yes, of the details; if no, of the reasons; and**
  - (b) **whether appropriate support has been provided to students from School Nomination so as to improve their passing rate; if yes, of the details; if no, of the reasons?**

Reply to (7)(a) and (7)(b):

HKAGE has been collecting views from parents and teachers through various means such as questionnaire surveys and school visits to find out about the situation of Student Profile Screening. It is understood that the reasons for the difference in the passing rates between School Nomination and Parent Nomination include factors such as students' learning initiative and family support. In fact, HKAGE is required to select exceptionally gifted students in a rigorous manner, and since students' initiative, time management and self-learning abilities are crucial factors in determining whether these students will actively participate in the programmes and activities offered by HKAGE in the future, HKAGE will not pre-determine a passing rate for the Student Profile Screening.

Before the start of the annual application period for "School Nomination" and "Parent Nomination", HKAGE will arrange briefing sessions for students, teachers and parents to introduce the application procedures and relevant

arrangements. HKAGE also provides parents and students with relevant videos and “Frequently Asked Questions” which are uploaded to HKAGE’s website for their reference. Parents and students may also approach HKAGE for information on the online Student Profile Screening.

- (8) As mentioned in paragraph 2.20 of the Audit Report, Audit examined HKAGE’s membership applications received via School Nomination and Parent Nomination from the 2018/19 to 2022/23 school years, and found that the average success rate of students nominated via Parent Nomination was 33%, while that of students nominated via School Nomination was merely 13%. For Online Screening Programme and Student Profile Screening, the passing rates of students from School Nomination were significantly lower than those of students from Parent Nomination. Will HKAGE and the EDB please advise whether measures have been taken to support schools in providing appropriate assistance to students nominated via School Nomination to facilitate their preparation for the screening process? If yes, of the details? If no, of the reasons?**

Reply to (8):

HKAGE and EDB has been taking measures to support schools through the provision of PDPs for teachers to help them understand the nomination procedures and the underlying rationale, including the requirements for Online Screening Programme and Student Profile Screening, so that they will be able to provide appropriate assistance to the nominated students.

HKAGE also organises talks every year to introduce the details of the nomination schemes for the current school year and provide advice on the strategy for identification of suitable students.

- (9) As mentioned in paragraph 2.32 of the Audit Report, HKAGE used to set out target completion rates for its face-to-face and online programmes in its Three-year Business Plans. However, Audit found that starting from the 2021/22 to 2023/24 Business Plan, HKAGE had not set target completion rates for its programmes and there was no documentary evidence showing the justifications for not setting the annual target completion rates. Will HKAGE and EDB please advise of the following:**
- (a) the reasons for not setting target completion rates for HKAGE’s programmes starting from its 2021/22 to 2023/24 Business Plan;**
  - (b) whether there are plans to set out target completion rates for HKAGE’s programmes in its Three-year Business Plans in the future; if yes, of the details; if no, of the reasons; and**

- (c) how will HKAGE and EDB assess the effectiveness of HKAGE's face-to-face and online programmes if no target completion rates for these programmes have been set?**

Reply to (9)(a), (9)(b) and (9)(c):

HKAGE formulates a Three-year Business Plan every year and has set out performance targets for various areas in the Three-year Plan for the 2020/21 to 2022/23 school years. Since some targets such as the completion rates have been regularised at the implementation level, they are not set out again in the subsequent Three-year Business Plan. That said, HKAGE has continued to adopt the relevant targets set out for the completion rates for face-to-face and online programmes to monitor all programmes implemented from the 2021/22 to 2023/24 school years. HKAGE also reports on and reviews the programme implementation at the separate meetings of its Talent Development Committee (TDC) and its Board of Directors (Board) (with EDB representatives serving as members), both held three times a year. Both the TDC and the Board of HKAGE comprise EDB's representatives, who will attend these meetings and provide advice.

To avoid doubt, HKAGE will clearly state the relevant targets again, including the completion rates for its face-to-face and online programmes (70% and 30%, respectively), in the next Three-year Business Plan (i.e. the one for the 2024/25 to 2026/27 school years) according to the performance indicators as stipulated in the service agreement signed with EDB. It is expected that HKAGE will finish updating the said Business Plan in July 2024.

- (10) As mentioned in Paragraph 2.33 of the Audit Report, Audit analysed the completion rates of the programmes held from the 2020/21 to 2022/23 school years. Of the 1 246 face-to-face programmes held, the average completion rate was 84.9%, with 26 (2%) of these programmes having completion rates lower than 50%. As for the 108 online programmes held, the average completion rate was only 39.7%, and there were 62 (57%) programmes with completion rates lower than 50%. Will HKAGE and EDB please advise of the following:**

- (a) whether HKAGE has looked into the reasons for the low completion rates for online programmes, which are less than half of those of face-to-face programmes; if yes, of the details; if no, of the reasons;**
- (b) whether HKAGE has taken measures to support students, in order to boost the completion rates for online programmes; if yes, of the details; if no, of the reasons; and**
- (c) whether EDB has taken follow-up actions against HKAGE regarding the low completion rates for online programmes; if yes, of the details; if no, of the reasons?**



Reply to (10)(a) and (10)(b):

HKAGE continuously reviews and reports on the implementation of its programmes offered at each TDC and Board meeting, including the completion rates for its online programmes, which will serve as the basis for reviewing and planning future programmes. For online programmes offered by HKAGE, students must complete the self-learning online programmes ranging from 15 to 100 hours as well as the relevant assessments. Based on the experience gathered from various training programmes, the completion rates for online self-learning programmes are generally lower than those of face-to-face programmes. EDB will formulate improvement measures in accordance with the recommendations of the Audit Report, including requiring HKAGE to realistically set appropriate targets for completion rates for online programmes in the upcoming Three-year Business Plan (i.e. the one for the 2024/25 to 2026/27 school years).

HKAGE will continue to keep in view and follow up on the Audit recommendations on the completion rates for online programmes.

Reply to (10)(c):

Please refer to EDB's reply to (3)(c) of Part (II).

**(11) As mentioned in paragraph 2.43(a) of the Audit Report, Audit examined the completion rates of parent programmes held in the 2021/22 and 2022/23 school years, and found that the average completion rates were 62% and 73% respectively. About 16% of the programmes had completion rates below 50%. Will HKAGE and EDB please advise of the following:**

- (a) whether HKAGE has looked into the reasons for the low completion rates for parent programmes; if yes, of the details; if no, of the reasons;**
- (b) whether HKAGE has taken measures to support parents, in order to boost the completion rates for parent programmes; if yes, of the details; if no, of the reasons; and**
- (c) whether EDB has taken follow-up actions against HKAGE regarding the low completion rates for parent programmes; if yes, of the details; if no, of the reasons?**

Reply to (11)(a) and (11)(b):

Parent programmes of HKAGE are conducted in different modes and times, including face-to-face and online training programmes. Parents who have completed the training programmes will be invited to join the Parent Support Group in the form of meetings on a voluntary basis; nonetheless, participation in it is currently counted towards the completion rates for parent programmes. As for why some parent programmes have lower completion rates, it is because

parents may attend the Parent Support Group meetings on a voluntary basis according to their needs and personal schedules.

Having reviewed the actual situation, HKAGE will consolidate resources and adjust the number of meetings held for each Parent Support Group starting from the 2024/25 school year. Apart from organising face-to-face Parent Support Group meetings, HKAGE will also hold meetings in hybrid mode to facilitate parents' participation. Besides, HKAGE is looking for suitable venues to make it convenient for parents to attend the programmes after work.

Reply to (11)(c):

Please refer to EDB's reply to (4)(c) of Part (II).

**(12) It is mentioned in paragraph 2.43(b) of the Audit Report that according to the service agreement signed between the Government and HKAGE, the completion rates for parent programmes serve as one of the performance indicators for measuring the effectiveness thereof. This agreement also required HKAGE to set annual targets in respect of various performance indicators in each of its Business Plan. However, Audit noted that HKAGE had not set target completion rates for parent programmes. Will HKAGE and EDB please advise of the following:**

- (a) the reasons why HKAGE did not set target completion rates for parent programmes as stipulated in the service agreement;**
- (b) whether EDB has taken follow-up actions against HKAGE for not setting target completion rates for parent programmes as stipulated in the service agreement; if yes, of the details; if no, of the reasons; and**
- (c) how will HKAGE and EDB assess the effectiveness of parent programmes if no target completion rates have been set?**

Reply to (12)(a) and (12)(c):

HKAGE formulates a Three-year Business Plan every year and has set out performance targets for various areas in the Three-year Plan for the 2020/21 to 2022/23 school years. Since some targets such as the completion rates have been regularised at the implementation level, they are not set out again in the subsequent Three-year Business Plan. That said, HKAGE has continued to adopt the relevant targets set out to monitor all programmes, including parent programmes, implemented from the 2021/22 to 2023/24 school years. HKAGE also reports on and reviews the programme implementation at the separate meetings of its School and Student Services Committee (SSSC) and its Board (with EDB representatives serving as members), both held three times a year. Both the SSSC and the Board of HKAGE comprise EDB's representatives, who will attend these meetings and provide advice.

To avoid doubt, HKAGE will clearly state the relevant targets again, including the completion rates for parent programmes (60%), in the next Three-year Business Plan (i.e. the one for the 2024/25 to 2026/27 school years) according to the performance indicators as stipulated in the service agreement signed with EDB. It is expected that HKAGE will finish updating the said Business Plan in July 2024.

Reply to (12)(b):

Please refer to EDB's reply to (5)(b) of Part (II).

### **Part 3: Governance and Administrative Issues of HKAGE**

**(13) As mentioned in paragraph 3.9 of the Audit Report, Audit reviewed HKAGE's Three-year Business Plan for the 2023/24 to 2025/26 school years, and found that 15 (79%) out of 19 performance indicators listed in the service agreement were not mentioned in the Business Plan, and no targets had been set. Will HKAGE and EDB please advise of the following:**

- (a) how will HKAGE and EDB assess the effectiveness of the work involving various performance indicators if no targets for the performance indicators have been set; and**
- (b) whether HKAGE has set targets for each performance indicator and timeframes for achieving them; if yes, of the details; if no, of the reasons?**

Reply to (13)(a) and (13)(b):

HKAGE formulates a Three-year Business Plan every year and has set out performance targets for various areas in the Three-year Plan for the 2020/21 to 2022/23 school years. Since some targets such as the completion rates have been regularised at the implementation level, they are not set out again in the subsequent Three-year Business Plan. That said, HKAGE has continued to adopt the relevant targets to monitor the effectiveness of the work involved from the 2021/22 to 2023/24 school years. Meanwhile, the Research Committee (RC) of HKAGE submits research reports on HKAGE's performance targets every year. HKAGE also reports on and reviews the implementation of its work at the separate meetings of its Finance and General Affairs Committee (FGAC) and the Board (with EDB representatives serving as members), both held three times a year. The FGAC, the RC and the Board of HKAGE comprise EDB's representatives, who will attend these meetings and provide advice.

To avoid doubt, HKAGE will clearly state various performance targets again in the next Three-year Business Plan (i.e. the one for the 2024/25 to 2026/27 school

years) according to the performance indicators as stipulated in the service agreement signed with EDB. It is expected that HKAGE will finish updating the said Business Plan in July 2024.

- (14) As mentioned in paragraph 3.15 of the Audit Report, Audit reviewed nine of HKAGE’s Board meetings held in the three school years between 2020/21 and 2022/23, and found that for eight (89%) out of the nine meetings, meeting notices were not served at least ten business days before the date of the meeting in accordance with the stipulated timeframe, and meeting documents were not served at least five business days before the date of the meeting in accordance with the stipulated timeframe for three (33%) meetings. Will HKAGE please advise of the following:**
- (a) the reasons for not serving meeting notices and documents on Board members in a timely manner as required; and**
  - (b) the number of Board meetings held by HKAGE in the 2023/24 school year; and whether meeting notices and documents had been served on Board members in accordance with the stipulated timeframe before these meetings were convened; if no, what were the reasons?**

Reply to (14)(a) and (14)(b):

HKAGE has always been striving to serve meeting notices and documents on Board members in accordance with the requirements of the meeting notice and the stipulated timeframe. After consultation with Board members, Board meeting dates for the upcoming year are confirmed between October and December each year and a confirmation email is sent to all Board members. Reminder emails are also sent to Board members prior to the meeting dates. HKAGE will ensure that reminder emails will be sent ten business days in advance.

As of May 2024, HKAGE has held two Board meetings (on 7 December 2023 and 9 April 2024) in the 2023/24 school year. The situation of serving meeting notices and documents on Board members in accordance with the stipulated timeframe before the actual meetings has improved.

- (15) As mentioned in paragraph 3.21(a) of the Audit Report, Audit examined the Sexual Conviction Record Check (SCRC) records of 36 new employees of HKAGE from the 2019/20 to 2022/23 school years, and found that out of these 36 employees, the dates of SCRC results for 8 (22%) were long before the employment dates, which exceeded 180 days (ranging from 204 to 360 days, averaging 238 days), and there was no record showing that HKAGE had accessed the updated results**

**before the employees reported duty. Will HKAGE please advise of the following:**

- (a) the reasons for conducting SCRC on employees 204 to 360 days prior to the start of their employment, rather than obtaining their latest SCRC results before they reported duty; and**
- (b) for SCRC on new employees that were conducted more than 180 days prior to their employment date, whether HKAGE has taken measures to ensure that these new employees have no sexual conviction record right before they reported duty? If yes, of the details? If no, of the reasons?**

Reply to (15)(a) and (15)(b):

Under the Sexual Conviction Record Check (SCRC) Scheme, the Sexual Conviction Record Notice issued by the Hong Kong Police Force is automatically updated on a daily basis and will be valid for 18 months from the date of issue. Regarding SCRC on new employees conducted by HKAGE, although the SCRC results of HKAGE's new employees were issued more than 180 days (6 months) prior to their employment dates, they are still valid. Also, HKAGE will access the Auto-Telephone Answering System provided under the SCRC Scheme to check the latest SCRC results of their new employees to ensure that these new employees have no sexual conviction record right before they reported duty.

To further strengthen measures related to sexual conviction records, HKAGE has finished updating relevant documents in March 2024 to require all new employees, whose SCRC results are valid for less than 6 months, to apply to renew or re-apply for the SCRC, even if their existing SCRC check results are still valid.

**(16) As mentioned in paragraph 3.22 of the Audit Report, Audit examined the records of 20 programmes completed in the 2021/22 school year, and found that for all of these 20 programmes, HKAGE did not seek confirmation from the service providers on whether they had complied with the requirements on obtaining employees' SCRC records as stipulated in the service contracts. Will HKAGE please advise of the following:**

- (a) the reasons for not seeking confirmation from service providers on whether they have complied with the requirements on obtaining employees' SCRC records as stipulated in the service contracts; and**
- (b) whether other measures have been taken to ensure that service providers have complied with the requirements on obtaining employees' SCRC records as stipulated in the service contracts; if yes, of the details; if no, of the reasons?**

Reply to (16)(a) and (16)(b):

HKAGE has always required service providers to conduct SCRC for their employees, and has included this requirement in the contract terms. Service providers are required to sign and confirm acceptance of these contract terms before they would be awarded a tender/quotation.

To further strengthen measures related to sexual conviction records, HKAGE has finished updating relevant documents in March 2024 to require each service provider employee to complete and individually sign an SCRC declaration before provision of service.

Linking people Delivering business 傳心意 遞商機

Our ref. : HKP BDB/4-35/3

Your ref. : CB4/PAC/R82

29 May 2024

Ms Shirley Chan  
Clerk to the Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Admiralty  
Hong Kong

Dear Ms Chan,

**Public Accounts Committee**  
**Chapter 4 of Report No. 82 of the Director of Audit**  
**Hongkong Post: Development of Business**

Thank you for the enquiries from the Public Accounts Committee under your letter dated 16 May 2024. Please find attached Hongkong Post's written replies for your perusal.

Yours sincerely,



(Kenneth WU)

for Postmaster General

Encl.

c.c. Secretary for Commerce and Economic Development (email: [sced@cedb.gov.hk](mailto:sced@cedb.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))

**Chapter 4 of the Director of Audit's Report No. 82**  
**“Hongkong Post: Development of business”**  
**Questions Asked and Information Requested**

**Hongkong Post's Response**

**PART 3: STAMPS AND PHILATELY**

- 1) **Table 8 in paragraph 3.7 of the Director of Audit's Report No. 82 (“the Audit Report”) mentioned about 80 special/ commemorative stamp themes issued by Hongkong Post (“HKP”) between 2018 and 2023. Please advise:**
- (a) the total sales and net revenue after deducting the costs of the relevant stamps in each year;**
  - (b) the stamp themes with the highest and lowest sales volume respectively;**
  - (c) whether HKP would maintain a record of the unpopular stamp themes with low sales volumes and exclude them when shortlisting stamp themes for the following year, and accord priority to popular stamp themes with high sales volumes;**
  - (d) the reasons why HKP did not provide sales records of past issues of similar stamp themes to the Stamp Advisory Committee (“SAC”) for reference during the selection of stamp themes by SAC; and**
  - (e) whether HKP has assessed if the unsold stocks of stamp and philatelic products amounting to \$137 million are related to the fact that relevant sales records were not provided to SAC for reference during the stamp theme selection process; if yes, what were the findings?**

**Response:**

- (a) The purpose of the issuance of special/commemorative stamps by HKP is to showcase Hong Kong's characteristics and development, as well as to commemorate significant events through stamps, etc. Apart from philatelic purpose, these stamps can be used for payment of postage to send various types of mail. However, HKP does not have information on the actual quantities of each set of special/commemorative stamps used for postage payment. Therefore, the figures listed in the table below do not reflect the postage paid by the public when subsequently using these special/commemorative stamps to send mail, as well as the corresponding operational costs incurred by HKP in handling the related mail.**



From financial years 2018-19 to 2022-23, the revenue, costs and net revenue from sales of special/commemorative stamps and philatelic products by HKP are as follows:

	<b>2018-19</b> <b>(\$million)</b>	<b>2019-20</b> <b>(\$million)</b>	<b>2020-21</b> <b>(\$million)</b>	<b>2021-22</b> <b>(\$million)</b>	<b>2022-23</b> <b>(\$million)</b>
Revenue	149.7	111.8	133.0	104.5	107.0
Costs	83.9	88.5	97.9	66.5	69.9
<b>Net Revenue</b>	<b>65.8</b>	<b>23.3</b>	<b>35.1</b>	<b>38.0</b>	<b>37.1</b>

- (b) The sales volume of each stamp issue is affected by a number of factors, including the types of stamps and philatelic products issued, the denominations of the stamps, the issued quantity, etc. Therefore, it is not appropriate to compare the stamp themes solely based on their sales volumes. For example, the Lunar New Year special stamp and philatelic products have a richer variety, with more than 13 types in general, as compared to individual themes with only one stamp sheetlet issued. Generally speaking, among various stamp themes, the Lunar New Year special stamp series, series related to the country (e.g. “The 100<sup>th</sup> Anniversary of the Founding of the Communist Party of China” issued in 2021) and themes related to special individuals or novels (e.g. “Characters in Jin Yong’s Novels” issued in 2018 and “Bruce Lee’s Legacy in the World of Martial Arts” issued in 2021) are more popular, whereas certain specific themes, such as the “Stamp Sheetlet to Commemorate Hongkong Post’s Participation in MACAO 2018 – 35<sup>th</sup> Asian International Stamp Exhibition” issued in 2018, have lower sales volumes.
- (c) Regarding the selection of special/commemorative stamp themes, HKP has been encouraging participation from different sectors of society as well as the general public, and welcoming suggestions on stamp themes. In addition, HKP seeks views and advice on stamp themes from government departments, District Councils and relevant organisations (e.g. statutory bodies and academic institutions, etc.).

When recommending the stamp themes each year, HKP will take into account a number of factors, including the sales records of stamps of different themes issued in the past and the need to maintain diversity in stamp themes, such as stamps featuring Hong Kong’s economic, arts and cultural development and achievements, stamps promoting conservation awareness, children stamps, etc. As for the sales volumes of stamps, as mentioned in (b) above, the sales volume of each stamp issue is affected by numerous factors. Therefore, it is

not appropriate to directly exclude the stamp themes of low sales volumes in the past from the selection process. HKP will take into account various factors holistically, and after considering the suggestions received on stamp themes, conduct further research and collate the relevant information for SAC's consideration and selection.

- (d) As mentioned in (c) above, HKP has all along taken into account the sales records of previously issued stamps of similar themes before recommending stamp themes to SAC for selection each year, but this is not the sole factor for consideration. In response to the recommendation made in the Audit Report, HKP will review and enhance the mechanism for the selection of stamp themes, including provision of the sales figures of relevant stamp themes in the past for SAC's reference.
- (e) The unsold stocks of stamp and philatelic products can be categorised into three types:

Type I: Saleable stocks. Among the \$137 million of unsold stamp and philatelic products, \$2.8 million of which are Heartwarming Stamps issued in 2007 that can still be made available for sale, and thus destruction is not required.

Type II: Stamp and philatelic products of potential market values. In handling the unsold special/commemorative stamps after the sale periods, HKP will reserve some of the stamp and philatelic products of potential market values, such as the special stamps themed on the Chinese zodiac animals issued before every Lunar New Year, for philatelic promotion or other uses in future. The face value of this type of stamp and philatelic products amounts to around \$49 million, representing about 35.8% of the total value of the stocks.

Type III: Stamp and philatelic products pending destruction. Among the unsold stamp and philatelic products from 2007 to 2023, 75 issues of stamps with a total face value of around \$85.2 million are of this type and pending destruction, representing about 62% of the total value of the stocks.

As mentioned in (b) and (d) above, the sales volume of each stamp issue is affected by a number of factors, and the past sales records of stamps of similar themes are not the sole factor for consideration. HKP, therefore, provides a basket of factors for consideration when

recommending stamp themes to SAC for selection each year. In this connection, the unsold stocks of Type III stamp and philatelic products mentioned above are not related to HKP not providing the past sales records of stamps of similar themes to SAC for reference.

- 2) **Regarding the unsold stocks of special/commemorative stamps, paragraph 3.21 of the Audit Report mentioned that as at early this year, the face value of relevant stocks amounted to \$137 million. According to HKP’s guidelines for destruction of obsolete stamps and philatelic products, all obsolete products should be disposed of two years after their dates of issue. Please advise:**
- (a) the costs of production, design, administration, and transportation involved in the above obsolete stamps;**
  - (b) the manpower and costs involved in the disposal of the above obsolete stamps in accordance with relevant guidelines;**
  - (c) whether HKP has assessed if the poor sales performance of these stamps and philatelic products was attributed to the inaccurate estimation of the philatelists’ demand for new stamps and philatelic products; and**
  - (d) in view of the substantial costs involved in the design, printing and issuance of stamps and philatelic products, even though they are now “expired”, if HKP could leverage the remaining value of these products to generate revenue and save unnecessary expenses. Apart from destroying the products, has HKP considered alternative means such as charity sales, selling them as definitive stamps, or reselling them with a time-limited “discount” with reference to supermarkets’ promotion strategies, in order to recover the costs as far as possible and minimise the financial losses?**

Response:

- (a) Regarding the unsold stocks of stamps and philatelic products (i.e. Types I to III Stamps and philatelic products as mentioned in part (1)(e) above) issued from 2007 to 2023, the records of the costs of production, design, administration and transportation of the relevant unsold stamps and philatelic products issued between 2007 and 2010 have already been destroyed. HKP is thus unable to provide such information. As for the unsold stamps and philatelic products issued between 2011 and 2023, 91 issues of stamps are involved, with the costs of production, design, administration and transportation amounting to around \$12.4 million.

- (b) HKP will arrange to dispose of the relevant unsold stamps and philatelic products which are unsaleable and have no potential market values (i.e. Type III Stamps and philatelic products pending destruction as mentioned in part (1)(e) above) in batches in accordance with the existing mechanism. The stamp destruction exercise, being part of the regular work of HKP, is carried out by existing staff and is estimated to require approximately 250 man-hours; the related staff cost together with the estimated fee payable to the outsourced contractor for the destruction exercise will amount to about \$80,000 in total.
  
- (c) HKP has an established mechanism whereby prior to the issuance of special/commemorative stamps, it will refer to the sales record of stamps of similar themes in the past, the advance orders situation and prevailing assessment of market situation, in order to determine the required printing quantities of stamps and philatelic products. Regarding the stamp stocks mentioned in the Audit Report, among which the stamps and philatelic products pending destruction (i.e. Type III Stamps and philatelic products as mentioned in part (1)(e) above), involve a total of 75 issues of stamps issued over the past 16 years (i.e. from 2007 to 2023), covering stamps and philatelic products of various themes, denominations and types. It is therefore difficult for HKP now to effectively analyse and assess the reasons for the discrepancy between the actual sales and the original estimates for these stamps and philatelic products.

In fact, the sales volume of stamps and philatelic products issued by HKP in the past two years accounted for about 84% of the total printing quantities, while the sales volume of popular stamp themes could exceed 90% of the printing quantities. These figures show that HKP's overall assessment in recent years has been closely aligned with the demands of philatelists and the public, and there has not been occurrence of significant amount of unsold stamps and philatelic products. In assessing the required printing quantities, HKP has to strike a balance between market demands and operational arrangements. For each issue of special/commemorative stamps, apart from online ordering, HKP will arrange for sale at more than 100 post offices across the territory at the same time for the convenience of the public, and will make sure that there are sufficient quantities available at each post office at the time of release. While HKP makes every effort to estimate the sales volume of each issue at each post office, it is inevitable that a small number of stamps and philatelic products will remain unsold. In addition, there may be a small amount of wastage during the production process. HKP will continue to closely monitor the assessment and sales situation of various special/commemorative stamps and make corresponding adjustments

as necessary to bring the printing quantity of stamps and philatelic products closer to the sales volume.

- (d) The stamps (whether special/commemorative stamps or definitive stamps) issued by HKP since July 1997 are all valid for permanent use. Apart from philatelic purpose, the stamps can be used for paying postage equivalent to the face value of the stamps for posting various types of mail. As the face values of the stamps are fixed, if the stamps are sold at a price lower than their face values, HKP will not be able to collect sufficient postage when the public pay the postage with the stamps at their original face values, which will exert a negative impact on HKP's operations and overall finance. Therefore, HKP will not consider selling the stamps at a discounted price.

At present, HKP retains a small number of special/commemorative stamps after their sale period and produce philatelic souvenirs after cancelling the stamps for the purpose of promoting philately, and the remaining will be destroyed. HKP will proactively consider extending this arrangement to optimise the use of these stamps to enhance the promotion of philately. In addition, HKP will explore more diversified arrangements for handling these stamps and philatelic products, such as retaining some of those of popular themes and those issued in a series, with a view to producing new philatelic collectibles for sale in the future.

- 3) Paragraph 3.36 of the Audit Report mentioned that despite the lifting of the anti-epidemic measures, HKP has not resumed the Inter-School Stamp Exhibits Competition co-organised with the Education Bureau. What are the reasons? Apart from organising design competitions, how does HKP promote philatelic activities to the younger generation?**

Response:

When planning to organise the Inter-School Stamp Exhibits Competition, HKP has to take into account various factors, including the administrative arrangements of schools, popularity of the event, manpower deployment and cost-effectiveness, etc. After review, HKP considered that it would be more appropriate to allocate the resources to other means of promotion at this stage. Nevertheless, HKP will continue to review the feasibility and cost-effectiveness of organising Inter-School Stamp Exhibits Competition in future.

To promote philatelic activities to the younger generation, HKP has been actively promoting its stamps and philatelic products through online

platforms and social media since 2020. In addition, HKP has launched the “Young Collectors Bonus Scheme” specifically designed for young philatelists under the “Advance Order Service” Reward Scheme, offering additional gifts especially to young people to attract them to purchase stamps and philatelic products. To encourage young people to maintain their interest in philately, HKP also offers the “Young Collectors Retention Scheme” to facilitate them in transiting to adult members. To further promote philately, HKP has been proactively inviting schools to visit the Postal Gallery at the new Hongkong Post Building. HKP will continue to organise a wide range of activities through different channels to arouse the interest of the younger generation in philately.

- 4) **Regarding enhancing the promotion of philately, what measures and strategies have been adopted by HKP? Has assessment been made on the effectiveness of the existing strategies and approaches? If yes, what are the details; if not, will HKP immediately assess whether the strategies concerned are outdated or ineffective, resulting in aging local philatelic community as mentioned in paragraph 3.37 of the Audit Report?**

Response:

HKP promotes philately through both online and offline channels. In addition to the promotion at post offices and postal facilities, HKP will organise autograph sessions, and set up temporary sales booths or vending machines in the venues where large-scale commemorative activities or exhibitions related to the stamp themes are held for physical sales promotion. HKP also liaises with various philatelic associations from time to time to strengthen communication and promote philately. Besides, HKP has launched the “Advance Order Service” Reward Scheme, including the “Young Collectors Bonus Scheme” specifically for young people, which offers unique and exquisite gifts to draw in young people and the public to pre-order stamps and philatelic products. In recent years, HKP has also proactively engaged in online and social media marketing, and placed advertisements in other media channels to promote philately to people of all age groups.

HKP adopts various methods and indicators in the assessment and analysis of existing promotion strategies and approaches, such as social media interaction and indicators, websites and online analytics, media coverage and exposure, number of followers and activity participants, popularity of bonus gifts, etc. so as to make appropriate adjustment to the strategies and approaches.

- 5) **Will HKP consider making reference to the unprecedented example set by China Post in issuing the world’s first set of “digital stamps” bundled with physical stamps in Hong Kong so as to foster the interest of the public (especially the younger generation) on philately with a view to opening up new sales channels?**

Response:

HKP is open to the issuance of digital stamps, with due consideration of the factors including market acceptance, maturity of the supporting infrastructure for digital transactions, security of relevant technology, as well as the measures for issuing and managing digital stamps, etc. HKP will keep in view the reactions to digital stamps in different countries and regions and consider having regard to the actual circumstances.

- 6) **In recent years, some government departments, such as the Hong Kong Police Force, have introduced mascots which are popular among the public, and some tourists have bought their peripheral products as souvenirs. Regarding philately promotion, please advise whether HKP will consider designing mascots and launch limited edition of cute peripheral products to accumulate young supporters on the one hand, and enhance the public’s understanding of postal services and their interest in philately on the other hand, which may open up new revenue stream for HKP; if yes, the details; if not, the reasons.**

Response:

HKP has recently introduced postal mascots to promote various postal services and products, including stamps and philatelic products as well as philately, with an aim to enhance the attractiveness and raise public awareness of postal services. HKP will explore how to make better use of the mascots in promotions, especially to the younger generation, as well as the feasibility and cost-effectiveness of launching limited-edition of peripheral products so as to formulate a more diversified approach for promotion and publicity.

**PART 4: OTHER ISSUES**

- 7) **Paragraph 4.9 of the Audit Report mentioned the inadequacies in operating ShopThruPost, in which the souvenirs appeared to be unattractive with a low sales volume. Please advise:**

- (a) **the production, design and manufacturing costs of the souvenirs sold on ShopThruPost;**
- (b) **whether HKP has reviewed the reasons for the persistently low sales volume of the above souvenirs; if yes, the results; if not, whether an assessment will be conducted immediately;**
- (c) **the existing procedures and criteria adopted for determining what souvenirs are to be launched;**
- (d) **the objective assessment criteria for production and approval of the designs of the above souvenirs;**
- (e) **the mechanism to ensure that the designs and styles of the above souvenirs meet the market demand and public aesthetic standard so as to attract purchases by the public;**
- (f) **whether HKP has reviewed if there is a need to retain the souvenir sales department, given that the sales of souvenirs have been unsatisfactory for many years; and**
- (g) **any new measures to increase the sales of souvenirs; whether HKP will consider collaborating with large online marketplaces (no matter in the Mainland or in Hong Kong) with a view to increasing sales?**

Response:

ShopThruPost was established by HKP in 2004 and it mainly sold stamps and philatelic products, souvenirs of HKP and other postal administrations, postal stationery, as well as products consigned by other merchants at that time, with the aim of providing a convenient online shopping experience for the customers to purchase the aforesaid products. Later, similar local, Mainland and overseas online marketplaces had emerged rapidly and become increasingly popular, while the digital marketing technology of enterprises had also become more mature. As a result, the demand for ShopThruPost services from merchants and the public had declined continuously. HKP conducted a review in 2019 and decided that ShopThruPost would only sell stamps and philatelic products, souvenirs of HKP and other postal administrations and postal stationery starting from 1 April 2020, and the sale of products consigned by other merchants would cease since the same date.

- (a) The 14 souvenir items sold on ShopThruPost as mentioned in the Audit Report included two types of products, viz. souvenirs sold on consignment with other postal administrations and souvenirs produced by HKP. Among which, seven souvenirs were sold on consignment with other postal administrations and did not incur any cost as they were paid based on the actual sales. As for the remaining seven items produced by HKP, the total costs of production, design and manufacturing were about \$0.36 million.



- (b) In view of the rapid development of online marketplaces and keen competition, HKP conducted a comprehensive review of ShopThruPost's business directions in 2019. Taking into account the long-term operating costs and the overall business development prospects of ShopThruPost, it was then decided to reduce the business scope of ShopThruPost by discontinuing the sale of products consigned by other merchants, and focus only on selling stamps and philatelic products, souvenirs and postal stationery. As for the souvenirs of HKP and other postal administrations that were already available on ShopThruPost at that time, no special publicity and promotion will be conducted, letting them sell out gradually. Upon completion of the review, HKP carried out an internal reorganisation in accordance with the new strategy, and redeployed the manpower resources from the operation and promotion of ShopThruPost to other businesses with greater development potential and higher profitability, such as the development of non-local e-commerce services.
- (c)-(e) The souvenirs currently sold on ShopThruPost were already available for sale prior to the review conducted in 2019 (as mentioned in (b) above). They are primarily postal related products targeting at philatelists. As such, the preferences of philatelists were a major consideration in the production of the souvenirs by HKP, which were postal related and of commemorative value, such as special postal related occasions (e.g. pop-up card to commemorate the closure of the International Mail Centre) and stamp series (e.g. canvas bag of Lunar New Year special stamp design), etc. As mentioned in (b) above, having regard to the results of the review and the business directions in 2019, HKP has already stopped producing new souvenirs, and has deployed relevant manpower resources to other businesses.
- (f) As mentioned in (b) above, HKP had set up a dedicated team responsible for the operation, marketing and product sales for ShopThruPost. In view of the rapid development of online marketplaces, HKP shifted its development strategy following the review in 2019, and accordingly carried out an internal reorganisation. The human resources of the dedicated team had been redeployed to other business areas to optimise utilisation of resources.
- (g) As mentioned in (c)-(e) above, HKP has ceased the production of new souvenirs after the review in 2019 and the sale of products consigned by other merchants on ShopThruPost starting from 1 April 2020. The 14 souvenir items mentioned in the Audit Report have become less appealing as they have been put on sale for a certain period of

time. After a recent review, seven souvenirs consigned by an overseas postal administration have been removed from the website and returned. As for the remaining seven souvenirs of HKP, since they were produced many years ago and the remaining quantities are limited, coupled with their diminishing appeal, they are not suitable for sale in collaboration with large online marketplaces. In response to Audit Commission's recommendations, HKP will launch clearance programmes to sell off the remaining souvenir items as soon as possible.

**Public Hearing of the Public Accounts Committee  
of the Legislative Council on 20 May 2024**

**Director of Audit's Report No. 82  
Chapter 5: Provision and Monitoring of Rehabus Services**

**Opening Remarks by the Secretary for Labour and Welfare**

Chairman and Members,

Good morning. First of all, the Labour and Welfare Bureau (LWB) and the Transport Department (TD) would like to thank the Audit Commission for conducting the value-for-money audit on the provision and monitoring of Rehabus services to comprehensively review Rehabus services provided for persons with disabilities (PWDs) and make recommendations for improvement. We accept the comments and recommendations made by the Audit Commission in the Audit Report and will actively follow up with Rehabus operators on implementing the recommendations listed in the Report to ensure that Rehabus services are well-provided to meet the transport needs of PWDs. We will also fully co-operate at the hearings of the Public Accounts Committee, respond to the questions raised by Members and listen to Members' views.

**Introduction of Rehabus Services**

2. Our policy objective is to provide suitable support and assistance (including the provision of Rehabus services) for PWDs in need to facilitate their commuting and help them fully integrate into society. Through the two operators, we provide special transport services for PWDs who have difficulties in using regular public transport. The target users are persons with mobility impairment and their accompanying carers. Accessible transport are provided to help them to commute to work, school, vocational training, medical appointment, treatment and social activities. There are three main types of Rehabus services, including scheduled route service (SRS), feeder service and dial-a-ride service (DAR), covering the entire territory.

3. Since 1980, the Government has commissioned Operator A to provide Rehabus services through subvention. In mid-2019, Operator B was engaged to operate Rehabus feeder service. Since then, Operator A has been providing SRS and DAR while Operator B is responsible for operating feeder service.

4. In 2024-25, our estimated expenditure on Rehabus is about \$180 million, which is a 1.4-fold increase compared with the amount of \$74 million allocated 10 years ago (i.e. 2015-16). Moreover, the number of Rehabuses in service has also increased tremendously from 147 in 10 years ago (i.e. 2015-16) to 226 at present, representing an increase of more than 50% (around 54%). Currently, the two Rehabus operators altogether provide 126 SRS routes, 13 feeder bus routes and DAR. It can thus be seen that the Government has been continuously allocating additional resources to Rehabus services, with a view to meeting the transport needs of PWDs.

### **Response to Audit's Recommendations**

5. I would like to respond briefly to the Audit Commission's recommendations on Rehabus services.

6. As regards Part 2 on the monitoring of Rehabus operators and procurement of vehicles, TD has urged operators to strictly comply with the requirements stipulated in the Memorandum of Understanding on services by convening sufficient number of meetings of the Rehabus Management Committee and the Users' Liaison Group, as well as submitting financial documents in a timely manner. For the procurement procedures for Rehabuses, TD will review the guideline and formulate a detailed action checklist in the third quarter of 2024, and ensure strict compliance by operators.

7. Regarding Part 3 on the provision of SRS and DAR, TD has requested operators to complete a review on the existing SRS and other measures within the third quarter of 2024 so as to enhance the efficiency of the services and promptly arrange for the use of the related services by PWDs on the waiting list; set a "maximum number of accompanying persons" for DAR; and review individual pooled DAR service routes with low patronage. The specific implementation details will be formulated taking into account the views of stakeholders. TD targets to complete the related tasks in the second half of this year.

8. Concerning Part 4 on the provision of feeder service, TD is reviewing with the operator concerned on the hospital routes and weekend recreational routes with low patronage, with a view to drawing up appropriate optimisation measures, including adjusting routes, stops and schedules, as well as enhancing publicity and promotional arrangements, etc. so as to improve the patronage. TD targets to complete the aforementioned tasks in the second half of this year.

## **Conclusion**

9. LWB and TD will continue to closely monitor the performance of Rehabus operators to ensure that they operate in accordance with the stipulated requirements. TD will also review the operational arrangements of the Rehabus fleet from time to time, such as the number of vehicles, routes and service mode, etc., and regularly consult representative of PWDs groups, other stakeholders and users.

10. I firmly believe that as long as we earnestly implement the related recommendations, we will definitely be able to make use of the resources more effectively to benefit more people in need, thereby achieving our original aspiration of helping PWDs to fully integrate into society.

11. Chairman, my colleagues and I are pleased to accept the comments and answer the questions raised by Members.

- End -

政府總部  
勞工及福利局  
香港添馬添美道2號  
政府總部



LABOUR AND WELFARE BUREAU  
GOVERNMENT SECRETARIAT

Central Government Offices  
2 Tim Mei Avenue, Tamar  
Hong Kong

本函檔號 Our Ref. : (CR) LWB R 9/3939/23 Pt. 3  
來函檔號 Your Ref. : CB4/PAC/R82

電話號碼 Tel No. : (852) 2810 2102  
傳真號碼 Fax No. : (852) 2543 0486

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

11 June 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 5 of the Director of Audit's Report No. 82**  
**Provision and monitoring of Rehabus services**

Thank you for your letter dated 27 May 2024 to the Secretary for Labour and Welfare. I am authorised to reply on his behalf.

Having consulted the Transport Department, the Labour and Welfare Bureau's reply is set out at **Annex**.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'SM' followed by a flourish.

(Ms Susan Chan)  
for Secretary for Labour and Welfare

c.c. Commissioner for Transport (email: [comr@td.gov.hk](mailto:comr@td.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))

**Public Accounts Committee (PAC)  
Consideration of Chapter 5 of the Director of Audit's Report No. 82  
Provision and monitoring of Rehabus services**

**Letter from Clerk to PAC dated 27 May 2024**

**The Labour and Welfare Bureau's Reply**

**Part 1: Introduction**

- (a) According to paragraph 1.2 of the Audit Report, the Transport Department (TD) encourages public transport operators to make their vehicles accessible to persons with disabilities (PWDs) as far as practicable. Rehabus provides transport services for PWDs who have difficulties in using general public transport services to travel to and from their workplaces, schools, training and rehabilitation centres. In this regard, please provide the following information:
- (i) the numbers of low-floor wheelchair accessible taxis, buses, minibuses and other modes of transport in Hong Kong and the fares payable by PWDs in tabular form;

As at April 2024, the numbers of low-floor wheelchair accessible transport and the respective fares payable by PWDs are set out below:

<b>Low-floor Wheelchair Accessible Transport</b>	<b>Number</b>	<b>Related Fare</b>
Franchised buses	About 6 200 low-floor wheelchair accessible buses (Note: Except for a small number of bus models serving South Lantau which cannot use	Elderly persons and eligible PWDs can use designated public transport and services at a concessionary fare of \$2 per trip.

	low-floor buses due to topographical constraints, all franchised buses are basically low-floor buses.)	
Green minibuses	5 low-floor public light buses, mainly for hospital routes	
Wheelchair accessible barrier-free taxis	About 4 800 vehicles	<ul style="list-style-type: none"> <li>- Fares will be charged according to the meter if the taxi is not booked.</li> <li>- Where a booking service is provided, the taxi operator as the registered taxi owner may, in accordance with Regulation 38 of the Road Traffic (Public Service Vehicles) Regulations (Cap. 374D), hire the taxi for a period of time (commonly known as “hire-as-a-whole service”) at a rate based on the period during which the taxi is hired (with or without an additional charge for the mileage travelled while the taxi is hired) or on such other terms as may be agreed with the hirer. Generally, fares will be charged according to the meter plus a booking fee of about \$120, while some taxi operators charge on a “hire-as-a-whole service”</li> </ul>



		basis from \$145 for a single trip.
--	--	-------------------------------------

- (ii) **as pointed out by the Commissioner for Rehabilitation of the Labour and Welfare Bureau (LWB) at the public hearing, about 100 000 PWDs have obtained the Registration Card for People with Disabilities (Registration Card) issued by LWB, and among which, there is a distinction between “permanent” and “non-permanent”. Please provide a breakdown of “permanent” and “non-permanent” Registration Cards; whether LWB has provided a clear definition of PWDs eligible for using Rehabus (e.g. those who have difficulties in using public transport); and whether LWB has compiled statistics or estimated the number of people involved;**

LWB issues a Registration Card to persons with permanent or temporary disabilities to enable the cardholders to produce it to prove their disability status and type of disability when necessary. Persons with temporary impairment and persons aged below 18 will be issued with a Registration Card with an expiry date. As at 31 May 2024, there were about 105 000 holders of valid Registration Cards, of whom about 77 200 (74%) were holding permanent Registration Cards and about 27 800 (26%) were holding Registration Cards with expiry dates.

At present, PWDs eligible for using Operator A’s Rehabus (including scheduled route service (SRS) and dial-a-ride service (DAR)) are holders of Hong Kong Identity Cards with mobility difficulties in using general public transport, including wheelchair users, persons requiring the use of crutches or calipers, persons with multiple disabilities, persons with intellectual disabilities who have mobility difficulties, and persons with visual impairment. When registering for an account, the person concerned must hold a valid Registration Card issued by LWB or a mobility impairment certificate issued by a medical practitioner, an occupational therapist or a physiotherapist registered in Hong Kong. Apart from PWDs who can apply for registration as individual customers in their personal capacity, relevant organisations (e.g. tax-exempted charities) can also apply for registration as organisation customers to arrange DAR for PWDs using their organisations’ services.

PWDs eligible for using Operator B’s Rehabus (feeder service) are persons with mobility difficulties (including elderly persons with

mobility difficulties), such as wheelchair users, persons requiring the use of crutches or calipers, persons with multiple disabilities, persons with intellectual disabilities who have mobility difficulties, and persons with visual impairment. In principle, there is no need for users to call in advance to register or make a booking. They are only required to board at designated bus stops for feeder service according to their needs. Due to limited seating capacity, priority is given to wheelchair users (and one of their carers).

According to a territory-wide survey on PWDs and chronic diseases conducted by the Census and Statistics Department between 2019 and 2020, there were about 534 200 PWDs (excluding persons with intellectual disabilities) in Hong Kong in 2020, accounting for 7.1% of the total population. As PWDs eligible for Rehabus services include individuals and PWDs served by registered organisations, the Government is unable to provide the number of PWDs eligible for Rehabus services.

**(iii) whether the Administration will consider providing PWDs with more options in travelling (e.g. using vouchers or direct subsidies for PWDs to use wheelchair accessible transport) so as to optimise the use of public transport resources and, at the same time, provide greater flexibility and convenience for PWDs with different travel needs; if not, what are the reasons; and**

The Government is open to the suggestion of increasing the use of wheelchair accessible transport by PWDs in the form of vouchers or direct subsidy, and will explore the feasibility of providing more options for PWDs in due course.

However, it is an indisputable fact that Rehabus services facilitate the mobility of PWDs. LWB, in conjunction with TD and the operators, will actively follow up on the views and recommendations of the Audit Commission and PAC, and continue to enhance Rehabus services to meet the transport needs of PWDs.

In addition, some rehabilitation service units subvented by the Social Welfare Department (SWD) provide centre buses to transport PWDs to and from their homes/residential care homes and day centres, to attend follow-up consultations at hospitals or to participate in outdoor activities. The Government has also launched the “Public Transport Fare Concession Scheme” (\$2 Scheme) for eligible PWDs; and provided a monthly transport supplement of \$335 to

recipients, aged 12 to 64, of the Comprehensive Social Security Assistance Scheme with 100% disability and the Disability Allowance. All the above measures aim to provide different special transport services and options for PWDs.

- (iv) whether the Administration has conducted any assessment on the recipients of Rehabus services and their demand for such services (e.g. conducting surveys on the transport needs or travelling habits of PWDs); if so, what are the details; if not, what are the reasons;**

LWB and TD have been closely monitoring the changes in demand for Rehabus services. Apart from monitoring the services through passenger data, Operator A and Operator B will regularly collect information on the demand for Rehabus through the Rehabus Users' Liaison Group (ULG), which comprises of non-governmental organisations (NGOs), service users and self-help groups, etc. TD will also attend the meetings to listen to opinions.

In addition, as the Rehabus feeder service is on fixed timetable and fixed route, TD and Operator B will conduct service surveys to collect data for assessing the service demand. Operator B is arranging to conduct a new round of survey in mid-2024 (starting around end-June) to collect data on passenger travel patterns.

Noting that the travel pattern of PWDs has gradually stabilised in 2024 after the epidemic, Operator B obtained from various hospitals under the Hospital Authority in February 2024 an updated profile of the address distribution of patients in Hong Kong without disclosing the patients' personal data, so as to conduct a comprehensive review of the feeder service of different hospital routes.

- (b) According to paragraph 1.4 of the Audit Report, LWB is responsible for overseeing the overall policy and level of subvention of Rehabus services. The administration of Government subvention and monitoring of the provision of Rehabus services by the operator were initially undertaken by SWD. Since 1987, the responsibility has been taken over by TD. What is the reason for this change? As TD is not under the purview of LWB, whether this arrangement can effectively monitor the quality of Rehabus services;**

Since 1980, Rehabus services have been subvented by the Government and managed by SWD. In 1987, the management of the services had been taken over by TD. The main consideration of the arrangement at that time was that as transport services for PWDs were part of the overall transport system of Hong Kong, and TD was responsible for the coordination of all transport services in Hong Kong, it would be more appropriate for TD to take over the management of Rehabus services from SWD. In fact, it is quite a common practice for Government bureaux to assign a department outside their jurisdiction to provide services within its purview. The existing arrangement ensures that TD can make use of its expertise and relevant experience to exercise effective supervision over the Rehabus operators. In addition, the \$2 Scheme provided for the elderly and eligible PWDs by the Government is also formulated by LWB and implemented by TD.

**(c) As mentioned in paragraph 1.5 of the Audit Report, in order to allow Operator A to concentrate its resources on SRS and DAR, as well as to reduce the risks of having one sole operator for operating the expanding Rehabus services, with steers from LWB, TD first invited interested parties to submit proposals for operating the Rehabus feeder service (including weekend recreational service) in December 2018. Please explain:**

- (i) how the practice of inviting interested operators to submit proposals for only a relatively small portion of services can effectively minimise the risks of having one sole operator for services used by a relatively large number of people;**
- (ii) why the Administration has not considered inviting interested operators to submit proposals for services which are used by a large number of people; and**

(i) to (ii) – There are three types of Rehabus services, including SRS, DAR and feeder service. These three types of services have been operated by Operator A since 1978. To allow Operator A to concentrate its resources on SRS and DAR, and to better control the risks of having one sole operator for operating the expanding Rehabus services, with steers from LWB, TD explored the introduction of a second Rehabus operator. In December 2018, the Government issued an open invitation to eligible parties to submit proposals for operating the feeder service (including weekend

recreational service). After selection, Operator B started to take over the provision of feeder service in mid-2019 to date.

In selecting feeder service to invite new operators, the Government considered various factors, including the nature and scale of different types of Rehabus services, the feasibility of splitting the operation of some of the services, and the expected ability of the operator to operate the relevant services. The nature of Rehabus feeder service with fixed timetable and fixed route is relatively similar to most of the existing public transport services, and can be more easily managed by a new operator. In addition, having the same operator to operate both SRS and DAR can create synergy. For example, SRS is mainly provided during peak hours, and the operator can flexibly deploy the related vehicles to provide DAR during non-peak hours.

**(iii) whether the response to the past two invitations for interested operators to submit proposals for the feeder service was enthusiastic; and the total number of operators that submitted proposals;**

TD issued two separate open invitations to eligible parties to submit proposals for operating the feeder service in December 2018 and November 2021, and received proposals from four and two operators respectively.

**(d) According to paragraph 1.8 and Note 9 of the Audit Report, TD has entered into a Memorandum of Understanding (MOU) with Operator A and Operator B respectively. The MOUs are administrative in nature and neither create any legally enforceable rights nor impose any legally binding obligations. The Secretary for Labour and Welfare advised at the public hearing that Operator A had been operating Rehabus services with Government subvention since 1980 and was the core service provider, whereas Operator B was a relatively new NGO. In addition, according to paragraph 15.2 of the Financial Circular No. 9/2004 on “Guidelines on the Management and Control of Government Funding for Subvented Organisations”, “... Directors of Bureaux and Controlling Officers are nonetheless expected to review the existing memoranda and other instruments periodically and to take account of these guidelines in the next review”. Please advise:**

- (i) whether it is a common practice to use non-legally binding memorandum to regulate the services provided by social welfare organisations; and the circumstances under which they will be regulated by this instrument;**

SWD enters into Funding and Service Agreements (FSAs) with NGOs operating subvented welfare services, which stipulate the contents, service nature, service targets, as well as the essential service requirements and service performance standards (including output and outcome standards of the services) that the NGOs must comply with. SWD monitors the service performance of NGOs in accordance with the requirements of the FSAs, and NGOs must also comply with the conditions of subventions and other requirements as stipulated in the Lump Sum Grant Subvention Manual. In the event of non-compliance or under-performance with the FSAs and/or relevant requirements, SWD will require the NGO concerned to formulate an action plan for implementing rectification and improvement measures within a specified time frame. Depending on the nature and gravity of the non-compliance, SWD may consider issuing an advice or a warning, or even terminating the FSA.

- (ii) whether the Administration has reviewed the effectiveness of regulating Rehabus services by way of MOU; if so, what are the details; if not, what are the reasons; and whether the Administration will consider conducting a review in this regard;**

- (iii) what were the reasons for adopting the approach of signing MOU to regulate the services provided by Operator A in the past? Whether the Administration has considered adopting other legally binding instruments to replace the MOU signed with Operator A in the subsequent regular reviews, so as to ensure the proper use of public funds; and**

- (iv) given the very different backgrounds of Operator A and Operator B, why the Administration did not adopt a legally binding instrument to regulate the services of Operator B when it was appointed to provide the Rehabus feeder service in 2019 in order to enhance its management;**

(ii) to (iv) – The MOU is an administrative arrangement, the contents of which are formulated having regard to the service recipients, operational needs and circumstances of the subvented organisations. The arrangement for entering into the MOUs with the two Rehabus

operators is in compliance with the guidelines stipulated in paragraph 15.1<sup>1</sup> of the Financial Circular No. 9/2004.

The MOUs signed between TD and the two Rehabus operators set out the general principles and guidelines governing the role of the operators and the administrative arrangements of the Government, including the operation and management arrangement of Rehabus services, subvention and financial arrangements, requirements for regular submission of financial documents and operating statistics as well as performance targets, etc. The MOUs expressly provide that if the operators fail or refuse to comply fully with the MOUs, the Government may unilaterally terminate the concerned MOUs and cease to provide funding.

The monitoring of the two Rehabus operators through the MOUs is generally effective. The Government has been supervising the two Rehabus operators on the provision of Rehabus services and giving them advice as and when necessary. The Government will also review the Rehabus service arrangements with the operators and formulate appropriate monitoring measures from time to time to meet the demand of service users, while ensuring the appropriate use of public funds.

The Government will periodically review the existing MOUs and take into account the views of various stakeholders and members of PAC, so as to review the existing monitoring mechanism in a timely manner and ensure effective monitoring of the service performance of the Rehabus operators.

- (e) According to paragraph 1.8 of the Audit Report, the operators are required to provide services in order of priority according to target groups and purposes of use under the MOU. Please advise how TD monitors whether the operators have complied with these guidelines; and whether the operators have set up a mechanism for prioritising their services and properly maintained the relevant supporting documents for verification;**

---

<sup>1</sup> Paragraph 15.1 of the Financial Circular No. 9/2004 stipulates that “[t]he Controlling Officer should let the organisation receiving recurrent funding from the Government know how these and other guidelines would be applied in their cases. As a matter of good management, Directors of Bureaux or the relevant Controlling Officers should preferably enter into a Memorandum of Administrative Arrangements or a similar instrument with each organisation receiving recurrent funding from the Government under their purview. Such tailor-made instruments should, having regard to these guidelines, set out the responsibilities of all parties in the delivery and monitoring of government-funded services and capital projects.”

In principle, apart from considering applications for SRS of Rehabus services on a first-come-first-served basis, Operator A also takes into account wheelchair users and the purpose of the ride (priority is given to employment, followed by education, training, etc.). For DAR, apart from considering applications on a first-come-first-served basis, priority will also be given to transportation needs to hospitals for medical consultation. In addition, Operator B's feeder service has put in place a priority arrangement for wheelchair users (and one of their carers). Operator A and Operator B will submit monthly operational reports to TD on the applications for and utilisation of SRS, DAR and feeder service for monitoring purposes.

Regarding the retention of relevant supporting documents, at present, Operator A is required to register customer accounts for its Rehabus users. In processing customer registration and renewal, Operator A will verify the relevant supporting documents submitted by customers and record the relevant information in the computer system, including the English letter and first four digits of the Hong Kong Identity Card number, the number, expiry date and type of disability of the Registration Card (if any), or the mobility impairment certificate issued by a medical practitioner, an occupational therapist or a physiotherapist registered in Hong Kong (e.g. certifying that the person is a wheelchair user, a cane user, etc.) and its expiry date. For privacy reasons, at present, staff will not keep a record of the supporting documents after verification.

Regarding the Audit Commission's recommendation for TD to review with Operator A the retention period of the relevant supporting documents for registration and renewal of Rehabus customers, TD is actively reviewing with Operator A the retention arrangement of the relevant supporting documents for customer registration and renewal, which is expected to be completed by the third quarter of 2024.

- (f) Regarding the performance indicators in the Controlling Officer's Report of TD set out in Table 1, please provide/advise:**
- (i) the estimated number of relevant indicators for each year from 2018 to 2022, as well as the performance indicators and estimated number for 2023 in tabular form;**



Please see **Appendix 1** for the estimated and actual figures of the relevant indicators for each year from 2018 to 2023.

- (ii) the reasons for using the numbers of vehicles and passenger trips as the performance indicators; and whether the relevant indicators will in effect encourage the operators to step up their efforts in procuring new vehicles with a view to achieving the targets;**

At present, there are three performance indicators for Rehabus, namely, the number of vehicles for Rehabus services, the number of passenger trips and the number of persons waiting for SRS. The above indicators can be used to measure the expected demand for the relevant services and the adequacy of the service level.

In fact, the procurement of vehicles is mainly demand-driven, i.e. the expected demand for Rehabus services, the adequacy of the existing services and the waiting time of users, etc. In addition, there are established procedures for vetting and approving the procurement of new vehicles by the operators. After the operators have submitted the relevant proposals, TD will consider the proposals in the light of the factors mentioned above, and hence there is no question of the operators deciding on their own the procurement of new vehicles.

- (iii) whether the service performance of the two operators in the years mentioned above was up to standard; if the performance was not up to standard, what were the follow-up actions taken by TD with the operators; and**

There were differences in service performance and targets of the two operators in the years mentioned above. The differences were less pronounced before the epidemic but more obvious after 2020, mainly due to the fact that the epidemic had affected the travel demand in the relevant years.

During the years of the epidemic (i.e. 2020 to 2022), TD had adjusted downwards the annual target of the total passenger trips. However, the actual passenger trips was still lower than the annual target of the total passenger trips. This was due to the suspension of school classes/rehabilitation centres and non-emergency services of public hospitals, which led to a substantial reduction in the demand for Rehabus services. At the same time, due to the epidemic, the delivery of some of the additional vehicles was behind

the original schedule. As a result, no additional SRS routes could be introduced for passengers on the waiting list, thus affecting the waiting time for SRS.

In 2023, TD anticipated that the utilisation of Rehabus would increase following the resumption of normalcy of the society, and therefore adjusted the target upwards. However, the overall number of passenger trips has not rebounded as quickly as expected and thus the target has not been met. For example, the number of work-based SRS users has dropped significantly by 65.7% from 335 in December 2019 to 115 in December 2023, resulting in a decrease in the number of passenger trips. Reasons for this include PWDs leaving the job market or switching to work-from-home or hybrid work mode (work outside/work-from-home) under the epidemic, etc.

As regards DAR, the number of completed orders of point-to-point DAR in 2023 was more than that of 2019. Nevertheless, the number of passenger trips in 2023 has not returned to the level before the epidemic.

As the travel pattern has gradually stabilised in 2024, TD is following up with the two operators to review the operation of various Rehabus services, including exploring route consolidation and optimisation, adoption of more “Small group” shared-use arrangement, etc., with a view to improving the situation continuously.

**(iv) the reasons for the decrease in the number of passenger trips using Rehabus services but the year-on-year increase in the number of vehicles from 2020 to 2022;**

TD will take into account a basket of factors in vetting and approving the procurement of new vehicles by the operators, including the expected demand for Rehabus services, the adequacy of the existing services, the waiting time of users, etc.

During 2020 to 2022, although the epidemic had affected the overall passenger trips for Rehabus services, as mentioned in the Audit Report, there was still a certain number of persons waiting for SRS, and the number of applications for DAR has been increasing year-on-year. There was also a need to increase the number of vehicles for feeder service due to the introduction of new hospital routes.

As it was not expected at that time that the epidemic would last for such a long period of time, and taking into account the fact that it often takes about one and a half to two years to go through the procurement of vehicles and vetting of budgets, obtain funding and complete the procurement, it was advisable to plan ahead the procurement of vehicles to meet the expected service demand. At present, all vehicles procured have been put into service.

## **Part 2: Monitoring of Rehabus operators and procurement of vehicles**

- (g) **According to paragraph 2.3 of the Audit Report, TD suggested in 2019 to include additional clauses and revise some of the existing clauses of MOU A in order to reflect the operation requirements of Rehabus services and to align the requirements set out in MOU A with those set out in MOU B. However, the proposed updates had not yet been incorporated into MOU A as at December 2023. Please advise why MOU A has not been updated for more than four years; and how TD has effectively monitored the work of Operator A during this period;**

Since 2004, TD has entered into an MOU with Operator A to set out the general principles and guidelines governing the role of the operator and the administrative arrangements of the Government.

In mid-2019, TD introduced a second Rehabus operator, i.e. Operator B, to take over the operation of the Rehabus feeder service and signed an MOU with it. In order to meet the latest operational requirements after the introduction of the new operator and to maximise consistency with the requirements and wordings set out in MOU B, the Government kick-started the discussion with Operator A in March 2020 on updating MOU A, including adding additional clauses and revising some of the existing clauses therein.

As it took time for Operator A to consider the details of the terms and conditions and for both parties to negotiate, and TD focused its effort on assisting and following up on matters relating to the newer Operator B in its work priorities for 2019 to 2022, it eventually took a longer time to complete the updating of MOU A.

Nevertheless, TD has been ensuring the operation of Rehabus services in accordance with the requirements through various channels, including

maintaining close communication with the management of the operators through meetings, telephone calls, emails and other correspondences, examining and reviewing the monthly operational, financial and statistical reports submitted by the operators, conducting on-site surveys, following up on the views and complaints reflected by members of the public, as well as conducting regular spot checks on the operation and accounting records of Rehabus services.

TD completed the discussion and signed the updated MOU in April 2024 with the two Rehabus operators.

- (h) **Paragraphs 2.6, 2.9 and 2.10 of the Audit Report pointed out that the performance of Operator B was unsatisfactory in respect of the setting up of the Rehabus Management Committee (RMC) and ULG, the submission of financial documents and the number of meetings with TD. Regarding these performance discrepancies, TD explained that Operator B was a relatively new organisation and lacked experience in the relevant work. Please advise whether TD's monitoring will be relaxed because of the less experience of Operator B. Moreover, TD only held 15 regular meetings with Operator B from 2021 to 2023, while 32 regular meetings were held with Operator A during the same period. Please explain why there is such a discrepancy;**

TD has been ensuring the operation of Rehabus services in accordance with the requirements through various channels, including maintaining close communication with the management of the operators through meetings, telephone calls, emails and other correspondences, examining and reviewing the monthly operational, financial and statistical reports submitted by the operators, conducting on-site surveys, following up on the views and complaints reflected by members of the public, as well as conducting regular spot checks on the operation and accounting records of Rehabus services.

As the scale and nature of Rehabus services operated by the two Rehabus operators are different, the frequency of regular meetings between TD and the two operators also differs. TD agrees that there is a need to strengthen the monitoring of the service performance of Operator B and has been holding monthly meetings with Operator B since September 2023 to discuss service issues.

TD noted that Operator B has been actively operating the service after taking over the operation of the feeder service in 2019, including the following:

- in 2020, three feeder service hospital routes (including Hong Kong Children's Hospital Route, Shatin Route and Queen Mary Hospital Route) were consolidated; Queen Elizabeth Hospital Route and Kowloon City Route were merged to improve operational efficiency; and three new weekend recreational routes were added;
- in the first half of 2021, three new feeder service hospital routes (including Pok Oi Hospital Route, Tai Po Route and Tai Wai Route) were added;
- in 2023, the routing and stopping points of United Christian Hospital Route were consolidated; and temporary recreational routes (i.e. providing additional temporary pick-up and drop-off points in the urban area for the convenience of PWDs residing in different districts based on the destinations of the existing recreational routes) were operated after applying to and obtaining approval from TD according to the demand situation; and
- in 2024, the routing of Tai Po Route was adjusted; intermediate stops were added to Queen Elizabeth Hospital Route; and a new recreational route (Lantau Island Route B) and a new hospital route (Tseung Kwan O Route) were added. At present, Operator B is also following up on the enhancement proposals of three hospital routes with relatively low patronage, which are expected to be implemented in June to July 2024.

TD will continue to closely monitor the services provided by Operator B.

- (i) **According to paragraphs 2.7, 2.8, 3.3(b) and 4.14 of the Audit Report, the operators failed to comply with the relevant guidelines in the MOU on record keeping, submission of financial documents and setting up of bank account, and the Administration does not have the power to compel the operators to enforce the relevant guidelines. Whether the Administration considers that the monitoring of Rehabus services subvented by the Government through the signing of an MOU is a sound and effective monitoring mechanism; and how the Administration will follow up on the non-compliance of the operators with the guidelines in the MOU with deterrent effect;**

As mentioned in item (d)(ii) to (iv) above, the MOUs signed between TD and the two Rehabus operators set out the general principles and guidelines governing the role of the operators and the administrative arrangements of the Government. The MOUs expressly provide that if the operators fail or refuse to comply fully with the MOUs, the Government may unilaterally terminate the concerned MOUs and cease to provide funding. The monitoring of the two Rehabus operators through the MOUs is generally effective.

As regards the individual deficiencies and the need for improvement of the operators in record keeping, submission of financial documents and setting up of bank account, the Government has given instructions to the operators concerned and requested for improvement. The two operators have also taken follow-up actions accordingly, including:

- Regarding the Audit Commission's recommendation for TD to review with Operator A the retention period of the relevant supporting documents for registration and renewal of Rehabus customers, TD is actively reviewing with Operator A the retention arrangement of the relevant supporting documents for customer registration and renewal, which is expected to be completed by the third quarter of 2024;
- Operator B failed to submit the documents on time in the past few financial years. This could be mainly attributed to the fact that Operator B, established in April 2019, was a relatively new NGO and lacked experience in submitting financial documents to TD on the operation of Rehabus services. After TD's follow-up, Operator B submitted its annual audited accounts for 2022-23 as scheduled on 31 July 2023; and
- After TD's follow-up, Operator B also clearly separated the accounts for handling daily operation and reserve in March 2024 and arranged separate designated interest-bearing bank account to keep the accumulated reserve.

The Government will periodically review the existing MOUs and take into account the views of various stakeholders and members of PAC, so as to review the existing monitoring mechanism in a timely manner and ensure effective monitoring of the service performance of the Rehabus operators.

- (j) Paragraph 2.8 of the Audit Report pointed out that there were delays in submitting the annual budgets and annual audited accounts by Operator B between 2021-22 and 2023-24, and not all the reporting details had been included in the annual budgets subsequently submitted by the operator. Please advise how TD can effectively assess the financial position of Operator B and disburse recurrent subvention in the absence of relevant information;**

TD staff follow up on the financial matters of the operators regularly, including monthly monitoring of their financial and operational reports, reserve position, etc. The financial and operational reports submitted by the operators on a monthly basis include details such as personal emoluments expenses, staff establishment, repair and maintenance costs, fuel expenses and administrative fees.

In considering the estimate of subvention, TD will examine the estimated operating expenses under the service level in the coming year based on the information on hand, including the actual expenditure in the past, and take into account various factors that affect the operating expenses of Rehabus, such as the number of new vehicles to be procured in the coming year, the corresponding increase in personal emoluments expenses, etc. in order to determine the amount of Government subvention for Rehabus in the next financial year.

TD will ensure that the annual budget for the next financial year to be submitted by the two operators at the end of November 2024 will include all the relevant information.

- (k) According to paragraphs 2.11 to 2.13 and Table 1 of the Audit Report, the Financial Services and the Treasury Bureau recommended that, when developing performance measures, performance targets should preferably be measured in terms of intended outcome (instead of input or output). The Audit Commission also recommended TD to consider setting additional performance pledges (e.g. performance targets) other than patronage and allocation of vehicles in MOUs to enhance monitoring. Please advise:**

- (i) whether the Administration agrees that the existing performance indicators (i.e. the numbers of vehicles and passenger trips) cannot be used to measure the operators' service quality and**

**effectiveness in order to know the satisfaction level of service users;**

**(ii) TD stated that it would update the MOUs with the operators for additional performance pledges. What are the relevant details and implementation timetable;**

(i) and (ii) – TD has been monitoring the service quality and effectiveness of the operators through various channels, including maintaining close communication with the management of the operators through meetings, telephone calls, emails and other correspondences, examining and reviewing the monthly operational, financial and statistical reports submitted by the operators, conducting on-site surveys, following up on the views and complaints reflected by members of the public, as well as conducting regular spot checks on the operation and accounting records of Rehabus services. TD also convenes regular meetings of the Working Group on Access to Public Transport by People with Disabilities to collect and listen to the views of PWDs, including those on Rehabus services. At present, there are three performance indicators for Rehabus, namely, the number of vehicles for Rehabus services, the number of passenger trips and the number of persons waiting for SRS. The above indicators can be used to measure the expected demand for the relevant services and the adequacy of the service level.

TD agrees to add other performance indicators (e.g. complaint rate and accident rate) for a more comprehensive assessment of its service quality and is actively following up on the matter. The relevant task is expected to be completed by the third quarter of 2024.

**(iii) whether TD will consider requiring the operators to conduct regular user surveys to understand the needs of users and their level of satisfaction with the services, and using this as one of the indicators to measure the performance of the operators; and**

**(iv) the Administration stated at the public hearing that the operators would conduct user surveys on their own initiative. Please provide the date, results and relevant reports of the most recent user survey conducted by the two operators;**



(iii) and (iv) – To understand the needs of users and their level of satisfaction with the services, both operators have conducted user opinion surveys in recent years. The most recent user opinion surveys completed by Operator A and Operator B were conducted from May to October 2023 (**Appendix 2 in Chinese version only**) and from January to May 2024 (**Appendix 3 in Chinese version only**) respectively.

Results of the user opinion survey of Operator A showed that 86% were either “very satisfied” or “satisfied” with the overall service. Among which, the overall satisfaction rate of SRS users was 94%, while that of users of DAR and the pooled DAR were 83% and 84% respectively. As for the user opinion survey of Operator B, the results showed that 96.6% of the users felt that the overall service was either “very good” or “good”.

To further understand the level of users’ satisfaction with the services concerned, TD has requested the operators to conduct user opinion surveys on a regular basis.

**(l) According to paragraphs 2.14 to 2.17 of the Audit Report on the procurement of vehicles and the deficiencies identified by the Audit Commission therein, please advise:**

**(i) how TD assesses vehicle procurement proposals submitted by the operators; and whether it has set quantitative standards and established an assessment mechanism;**

TD will take into account a basket of factors in vetting and approving the procurement of new vehicles by the operators, including the expected demand for Rehabus services, the adequacy of the existing services, the waiting time of users, etc. In vetting and approving the procurement of vehicles by the operators for replacement, TD will consider the justifications submitted by the operators for the replacement. The Electrical and Mechanical Services Department will also assist in assessing the conditions of the vehicles and advise on the need to replace the vehicles concerned.

As mentioned in the Audit Report, there is a certain number of persons waiting for SRS, and the number of applications for DAR has also been increasing year-on-year. These reflect that there is a

**\*Note by Clerk, PAC: Appendices 2 and 3 not attached.**

strong demand for Rehabus services in the community. There is also a need to increase the number of vehicles for feeder service due to the introduction of new hospital routes. Moreover, as it often takes about one and a half to two years to go through the procurement of vehicles and vetting of budgets, obtain funding and complete the procurement, it is advisable to plan ahead the procurement of vehicles to meet the expected service demand.

**(ii) how TD can ensure that relevant procurement procedures and guidelines are complied with;**

On vehicle procurement, TD and the operators have drawn up guidelines on the relevant vehicle procurement procedures. However, as mentioned in the Audit Report, there is a room for improvement in the composition of the Tender Opening Committee or the assessment records of the tender reports in the past.

TD aims to complete the review of the relevant guidelines and devise a more detailed action checklist for the procurement of Rehabus by the third quarter of 2024, and will clearly explain them to all responsible staff and the operators to ensure strict compliance with the relevant procurement requirements and procedures.

**(iii) paragraph 2.15(b) of the Audit Report mentioned that in accordance with the “Guidelines for Procurement of Rehabus Vehicles”, operators are required to form a Tender Opening Committee, a Tender Assessment Panel and a Tender Board when procuring new vehicles. Please provide information on the composition of the relevant committees and the reporting mechanism to handle conflicts of interest;**

On vehicle procurement, TD and the operators have drawn up guidelines on the relevant vehicle procurement procedures. The guidelines stipulate that the operators are required to form a Tender Opening Committee, a Tender Assessment Panel and a Tender Board for the procurement of new vehicles as set out below:

Operator A

- Tender Opening Committee shall comprise: a representative of TD (Chairman), Operator A (any two of the RMC members or Rehabus managerial grade staff) (Members);

- Tender Assessment (Technical) Panel shall comprise: Senior Manager (Rehabus) and Manger (Resource and Facility Management);
- Tender Assessment (Price) Panel shall comprise: any two of the Managers (Rehabus) or Deputy Managers (Rehabus);
- Tender Board shall comprise: Chairman or Vice-chairman of Operator A (Chairman), any two of the Executive Committee members, Chief Executive Officer, Deputy Chief Executive Officer, Directors or Senior Managers (Members);

#### Operator B

- Tender Opening Committee shall comprise: a representative of TD (Chairman), Operator B (Fleet Operations Manager and Senior Operations Officer) (Members);
- Tender Assessment (Technical) Panel shall comprise: Fleet Operations Manager, and Training and Safety Officer;
- Tender Assessment (Price) Panel shall comprise: Senior Operations Officer and Accounting Officer; and
- Tender Board shall comprise: a Board Member of Operator B (Chairman), General Manager and Company Secretary (Members).

In addition, the relevant guidelines have stipulated that all officers participating in the procurement exercise, in particular the ones who are responsible for preparing tender documents (including tender specifications), members of the Tender Assessment Panel and Tender Board must declare interests.

**(iv) according to paragraph 2.17(a)(i) of the Audit Report, a representative of TD served as a member, but not the chairman, of the Tender Opening Committee in one procurement exercise of Operator A. Please explain the reasons for such situation; how TD can fulfill its role in gatekeeping and monitoring the procurement work; and**

According to the guidelines, the Tender Opening Committee shall be chaired by a representative of TD, with two other managerial grade staff of Operator A as members. As mentioned in the Audit Report, in one of the four procurement exercises of Operator A from 2020-21 to 2022-23, the TD's representative served as a member rather than the chairman of the Tender Opening Committee. In fact, the relevant TD officer had attended the tender opening meeting to monitor the tender opening but he was not the chairman on record.

TD had instructed the staff concerned to take note of the requirements in future procurement exercises and maintain proper documentation.

TD aims to complete the review of the relevant guidelines and devise a more detailed action checklist for the procurement of Rehabus by the third quarter of 2024, and will clearly explain them to all responsible staff and the operators to ensure strict compliance with the relevant procurement requirements and procedures.

- (v) paragraph 2.17(a)(iii) of the Audit Report pointed out that there was no documentary evidence showing that the tender reports of all the four procurement exercises of Operator A had been endorsed by TD. According to TD, the tender assessments had been thoroughly discussed at regular meetings, with steers given by TD at the meetings as necessary. Whether the Administration agrees that the discussion and steers given cannot replace the formal approval work;**

TD has been closely monitoring the progress of the procurement of vehicles by the two operators. The progress of tender assessments has been reported at regular meetings and TD has given appropriate steers at the meetings as necessary.

TD agrees that there is a room for improvement in the process of vetting and approving tender reports, and making relevant records as mentioned in the Audit Report. Therefore, TD has immediately instructed all staff and the operators to procure vehicles in accordance with the “Guidelines for Procurement of Rehabus Vehicles” in future Rehabus procurement exercises, including procuring vehicles only after the receipt of written approval issued by TD.

TD aims to complete the review of the relevant guidelines and devise a more detailed action checklist for the procurement of Rehabus by the third quarter of 2024, and will clearly explain them to all responsible staff and the operators to ensure strict compliance with the relevant procurement requirements and procedures.

- (m) Whether the Administration will consider making good use of technology to strengthen the monitoring of the operators; if so, what are the details;**

TD noted members' suggestion to consider making good use of technology to assist and improve the daily operation workflows.

### **Part 3: Provision of scheduled route service and dial-a-ride service**

- (n) Regarding paragraph 3.3 of the Audit Report on the vetting of registration and renewal of Rehabus customers, please advise on the mechanism or guidelines of TD for processing renewal applications from persons with non-permanent disabilities. In addition, Operator A considered that, in view of privacy concern, the relevant supporting documents would be disposed immediately after the vetting was completed. Whether the Administration has consulted the Privacy Commissioner on the above arrangement for handling documents; if so, what are the details;**

Pursuant to MOU A, the operator should retain the documents on which it bases for compilation of the financial and operating statistics for a minimum of seven years.

In processing customer registration and renewal, Operator A will verify the relevant supporting documents submitted by customers and record the relevant information in the computer system, including the English letter and first four digits of the Hong Kong Identity Card number, the number, expiry date and type of disability of the Registration Card (if any), or the mobility impairment certificate issued by a medical practitioner, an occupational therapist or a physiotherapist registered in Hong Kong (e.g. certifying that the person is a wheelchair user, a cane user, etc.) and its expiry date. For privacy reasons, at present, staff will not keep a record of the supporting documents after verification.

Regarding the Audit Commission's recommendation for TD to review with Operator A the retention period of the relevant supporting documents for registration and renewal of Rehabus customers, TD is actively reviewing with Operator A the retention arrangement of the relevant supporting documents for customer registration and renewal, and will consult the Privacy Commissioner on the relevant arrangement. It is expected to be completed by the third quarter of 2024.

- (o) Paragraph 3.7(a) of the Audit Report mentioned that between 2019 and 2023, the average monthly number of enlisted SRS users**

decreased by 9% from 1 409 to 1 283, while the actual annual average passenger trips per route also decreased by 30% from 4 139 to 2 912. According to paragraph 3.2 of the Audit Report, as at 31 December 2023, there were 7 120 registered individual customers and 714 registered organisation customers. Please advise whether there has been a corresponding significant decrease in the number of registered customers in each year from 2019 to 2023, and provide the number of registered customers in each year during this period;

Customers registered with Operator A can apply for SRS and/or DAR according to their needs. Information on the number of registered customers of Operator A from 2019 to 2023 is set out below:

Types of Customers	Number of Registered Customers				
	2019	2020	2021	2022	2023
Individual Customer	2 770	3 194	4 136	4 961	7 120
Organisation Customer	499	520	539	546	714

- (p) According to paragraphs 3.7 and 3.8 of the Audit Report, the numbers of SRS users and passenger trips listed in paragraphs 3.7(a) and (b) have decreased, while the number of applicants on the waiting list and the waiting time have increased. Please explain:
- (i) whether TD has urged the operators to do a good job in understanding user needs, service promotion and matching; if so, what are the details of such work; if not, what are the reasons;

In 2023, as TD anticipated an increase in the number of trips taken by Rehabus users following the resumption of normalcy of the society after the epidemic, it had adjusted upwards the target number of passengers of SRS. Nevertheless, the number of passenger trips has not returned to the level before the epidemic, and the travel pattern of frequent users groups of Rehabus services has also changed after the epidemic. The number of passenger trips has not rebounded as quickly as expected.

Operator A has analysed the situation regarding the travel of SRS users and noted that the travel pattern of frequent users groups has changed after the epidemic. For example, the number of work-based users has dropped significantly by 65.7% from 335 in December 2019 to 115 in December 2023. Reasons for this include

PWDs leaving the job market or switching to work-from-home or hybrid work mode (work outside/work-from-home) under the epidemic, etc., thus resulting in a decrease in the number of passenger trips for SRS.

Except for individual applicants with specific travel time and/or destination requirements, from January to September 2023, about 92% of SRS applicants could be allocated with a route within three months, and about 93% could be allocated with a route within six months.

In fact, as some individual applicants have specific travel time and/or destination requirements, including the need to travel to and from distant areas and cross-district services at times of high service demand, and it would not be easy to arrange shared-use of vehicles for different users with similar travel patterns, thus making route allocation to these applicants more difficult and the waiting time would also be longer. If new routes are introduced specifically to cater for these less common demands, the utilisation rate of the relevant vehicles is expected to be low. Hence, a balance has to be struck between meeting passenger demand and optimising the use of resources.

TD and Operator A are reviewing the operation of SRS, including reviewing the routing of the existing service (e.g. whether routes with relatively low patronage can be consolidated) and exploring other measures (e.g. providing connection to nearby railway stations or interchanges as an option for applicants who have been waiting for some time) with a view to enhancing the service efficiency, as well as expediting the arrangement of service for applicants on the waiting list. It is expected that the related review and improvement proposal will be completed by the third quarter of 2024.

**(ii) what measures TD will implement to assist the operator in improving the routing of SRS (especially during peak travel hours) and enhancing operational efficiency;**

The Government has provided funding for Operator A to engage a suitable contractor to develop the Integrated Customer and Operations Management System (ICOMS) to enhance customer service functions (e.g. booking services through online and mobile application), and assist in handling daily operation (including vehicle scheduling, scheduling of drivers' duties, fare calculation and

preparation of financial reports, etc.). The first phase of the system (including vehicle scheduling function) has been rolled out since 5 March 2024. TD hopes that such system can assist Operator A in enhancing the efficiency of Rehabus services. TD will continue to closely monitor the utilisation of the system.

**(iii) paragraph 3.7(a)(i) of the Audit Report mentioned that the actual annual total passenger trips fell short of target as set out in MOU A (with the relevant deficiency rate reaching 18% in 2023). How TD had followed up this situation; and**

During the years of the epidemic (i.e. 2020 to 2022), the actual passenger trips was lower than the annual target of the total passenger trips. This was due to the suspension of school classes/rehabilitation centres and non-emergency services of public hospitals, which led to a substantial reduction in the demand for Rehabus services. TD maintained close communication with Operator A at that time, and some of the SRS routes (e.g. mostly for school trips) were also adjusted or suspended.

In 2023, TD anticipated an increase in the number of trips taken by Rehabus users following the resumption of normalcy of the society, and therefore adjusted the target upwards. However, the overall number of passenger trips has not rebounded as quickly as expected and thus the target has not been met. For example, the number of work-based SRS users has dropped significantly by 65.7%, resulting in a decrease in the number of passenger trips.

As the travel pattern has gradually stabilised in 2024, Operator A has started to review the existing routing of SRS (e.g. whether routes with relatively low patronage can be consolidated) and exploring other measures (e.g. providing connection to nearby railway stations or interchanges as an option for applicants who have been waiting for some time) with a view to enhancing the service efficiency. TD will closely monitor the operation of SRS.

**(iv) paragraph 3.8(e) of the Audit Report mentioned that there were difficulties in assigning routes to applicants with special travel patterns in terms of timing and location. Whether TD has discussed with Operator A on how to resolve such cases; if so, what are the details;**



TD and Operator A are reviewing the operation of SRS, including reviewing the routing of the existing service (e.g. whether routes with relatively low patronage can be consolidated) and exploring other measures (e.g. providing connection to nearby railway stations or interchanges as an option for applicants who have been waiting for some time) with a view to enhancing the service efficiency, as well as expediting the arrangement of service for applicants on the waiting list. It is expected that the related review and improvement proposal will be completed by the third quarter of 2024.

- (q) **Paragraphs 3.9 to 3.11 of the Audit Report mentioned that if a SRS user had taken less than half of the trips arranged per week for two consecutive months without a reasonable explanation, Operator A would follow up on the user's situation, including exercising the rights to terminate the use of the service. The Audit Commission analysed the summary of attendance records from September to November 2023 and found that there was no documentation showing that Operator A had duly followed up with users who failed to meet the trip usage requirements. Please advise on the follow-up actions taken by Operator A and the progress made; and how TD will strengthen the monitoring of Operator A's work in this regard;**

Generally speaking, Operator A will enquire with the users about the reasons for not using the service as scheduled for a long period of time. If the users indicate a diminishing need, they will be urged to adjust the frequency or withdraw from SRS as appropriate, depending on the reasons.

However, the travel demand of PWDs has not fully stabilised after the epidemic in 2023, and it will take a longer time for the demand for SRS in 2023 to recover (e.g. users switching from full-time to part-time jobs, hybrid mode of office and work-from-home pattern, etc.). Therefore, TD and Operator A consider it more appropriate to adopt a humanised approach in handling cases where the number of trips taken has not reached the target. For these special circumstances, Operator A has not immediately urged them to withdraw from SRS.

In response to the recommendations of the Audit Commission, Operator A is taking follow-up actions, including enquiring with those users whose number of trips taken is less than half of the original number of trips arranged per week for two consecutive months about

their reasons, so as to take appropriate follow-up actions (e.g. termination of service to the user) according to the service guidelines.

For those who have already suspended using SRS for three months, Operator A is also following up the situation and advising them to withdraw from the service as appropriate, and will keep proper records of the relevant follow-up actions. TD has requested Operator A to include the caseload and specific follow-up work of the relevant cases in its monthly operational reports submitted to TD for monitoring purposes.

- (r) **According to paragraph 3.15 and Table 8 of the Audit Report, although the number of orders received for point-to-point DAR increased from 136 151 to 174 668 between 2019 and 2023 (an increase of 28%), the rate of cancelled orders (31 969) was on the high side (18%). In this regard, whether Operator A has looked into the reasons behind and made targeted improvements; how TD urges Operator A to improve the situation; and whether TD has considered setting up a mechanism to deal with the situation, for example, by imposing penalties on those users who cancel their bookings without providing reasonable explanations;**

According to Operator A's understanding with the users, regarding the number of cancellations in 2023, 61% of the cancellations were made by users after the successful allocation of the trips. The reasons for such cancellations were mainly due to the cancellation of events, rescheduling of appointments, personal health reasons, and weather factors (accounting for 74% of the total number of cancellations), while the other reasons included decision to change to other modes of transport, time constraints, etc.

As advance booking is required for point-to-point DAR, it is understandable that users may need to change their itineraries subsequently due to personal reasons or other unforeseeable reasons, and hence there is no penalty mechanism at present. We will continue to monitor the situation and consider whether there is a need to adjust the arrangement or introduce a penalty mechanism.

- (s) **Paragraph 3.16 of the Audit Report mentioned that the average number of spare vehicles of Operator A ranged from 9 to 42 on weekdays (except public holidays) during the period from 2019 to**

**2023. Paragraph 3.17(b) of the Audit Report pointed out that in the second and the third quarters of 2023, Operator A encountered difficulties in employing sufficient drivers from the local labour market, which led to a higher number of spare vehicles and an increase in the number of rejected orders. Whether TD is aware of the difficulties encountered by Operator A; if so, what measures TD has taken to ensure that Operator A can employ sufficient drivers to enhance the utilisation rate of vehicles;**

During 2020 to 2022, school classes/rehabilitation centres and non-emergency services of public hospitals were suspended due to the epidemic. The overall passenger demand for Rehabus services had decreased, thus resulting an increase in the number of spare vehicles.

The rate of rejected orders of DAR had increased in 2023. One of the main reasons was the shortage of drivers faced by the relevant operators. Similar to other public transport operators, Operator A encountered difficulties in employing sufficient drivers from the local labour market especially in the second and the third quarters of 2023. The number of driver vacancies increased from 5 in December 2022 to 22 in June 2023, which led to a higher number of spare vehicles and an increase in the number of rejected orders.

To cope with the vacancy situation of drivers, TD has been following up with Operator A. Operator A has also introduced various measures to attract more drivers to join their services, including a pay rise of 4.65% for drivers starting from April 2023, and further improvements to the remuneration package of Rehabus drivers commencing from November 2023 (including increase in the entry bonus, referral bonus, driving safety bonus, etc.). Operator A has at the same time stepped up recruitment of drivers, such as placing recruitment advertisements on a number of different platforms and participating in job fairs organised by different organisations. The recruitment of drivers by Operator A has improved in 2024.

- (t) According to paragraphs 3.18 and 3.19 of the Audit Report, the percentage of orders arranged for shared-use of these “Small group” orders had decreased from 8.2% in 2019 to 6.1% in 2023. How TD will follow up on the situation to increase usage of shared-use arrangement; and whether a performance indicator will be set in this regard;**

TD understands that wider use of “Small group” shared-use arrangement will help utilise vehicle resources effectively. In the past, Operator A relied more on manual consolidation to arrange shared-use according to user requirements (e.g. time, destination, etc.).

At present, the first phase of ICOMS (including vehicle scheduling function) developed by Operator A has been rolled out since 5 March 2024. The system can assist Operator A in enhancing the efficiency of Rehabus services (including the “Small group” shared-use arrangement). TD will continue to monitor the arrangement of shared-use service by Operator A.

- (u) **According to paragraph 3.23 of the Audit Report, there is no limit set on the maximum number of accompanying carers to a PWD for a point-to-point DAR booking. The Audit Commission found that from 1 January to 30 September 2023, 2 201 (2%) of the 88 852 orders were with at least three carers accompanying each PWD, and in three extreme cases, a PWD was accompanied by 12 carers in each case. Whether TD will consider requiring the operators to set a cap on the number of accompanying carers, or charging accompanying carers higher fares than PWDs; and**

The nature of point-to-point DAR is different from that of SRS and the pooled DAR. Apart from medical consultation, travel itinerary includes recreational activities, attending annual or special events of groups of PWDs, etc. Therefore, Operator A adopts a more humanised and flexible approach in handling the maximum number of carers, with a view to encouraging PWDs to integrate into the society or socialise with family and friends, which is in line with the policy objective of promoting the integration of PWDs into the society.

In response to the Audit Commission’s recommendation to review the setting of a limit on the maximum number of carers allowed to accompany PWDs in using point-to-point DAR, TD will discuss with Operator A to set a “maximum number of carers” for DAR. Specific implementation details will be formulated taking into account the views of stakeholders. The target is to complete the related review and consultation by the end of 2024.

- (v) **According to paragraph 3.33 of the Audit Report, the contract for the new integrated computer system was awarded in 2019. The**

**system was originally scheduled to be completed by January 2023, but there was delay in its implementation. Phases 2 and 3 are scheduled to be rolled out in 2025. Please advise on the reasons for the delay in the implementation of the system; why it takes more than five years to complete; and what is the current progress of the development of the system?**

The Government has provided funding for Operator A to engage a suitable contractor to develop ICOMS to enhance customer service functions (e.g. booking services through online and mobile application), and assist in handling daily operation (including vehicle scheduling, scheduling of drivers' duties, fare calculation and preparation of financial reports, etc.).

The delay in the development and completion of the integrated computer system is mainly due to the complexity in consolidating different travel requirements and non-scheduled route services, and the large number of service routes (including over 120 SRS, 40 pooled DAR, pick-up and drop-off points of all routes, and over 170 000 point-to-point DAR applications annually). The system requirements are relatively complex and a lot of difficulties and problems have been encountered in the development of programme design. Due to the higher than expected complexity of the system, the implementation time has been longer, resulting in a delay.

The implementation of the integrated computer system is divided into three phases. The first phase of the system was originally launched on 10 July 2023, with full customer service functions. These functions include provision of online and mobile applications capabilities to the customer service functions, which makes it more convenient for users to flexibly handle account opening and service requests. At the same time, the system also provides vehicle scheduling functions, including telephone reservation service for the shared-use DAR and operational management.

However, due to system programme issues, technical problems (sending incorrect notifications to users) were encountered in the vehicle scheduling function after the first phase rollout, and system repair was required. As a result, the vehicle scheduling and the respective notification function have been suspended starting from 1 August 2023. The system contractor had rectified the system bug and improved the data backup arrangement. The system was relaunched on 5 March 2024 after re-testing.

The second phase of the integrated computer system mainly involves drivers scheduling and vehicle management functions, which will help enhance the efficiency in resource management. The third phase mainly involves generating reports to provide comprehensive data, thus facilitating the formulation of long-term development direction of the services.

Following the launch of the first phase on 5 March 2024, the target implementation dates of the second and the third phases will be in the first and the third quarters of 2025 respectively. TD will continue to closely monitor the overall implementation progress of the system of Operator A.

**Estimated and Actual Figures of the Performance Indicators  
in the Controlling Officer's Report of the Transport Department from 2018 to 2023**

	2018		2019		2020		2021		2022		2023	
Performance Indicators	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
<i>(i) Vehicles for</i>												
scheduled routes	106	103	106	109	115	109	130	117	133	127	137	137
full-day dial-a-ride services	49	45	49	46	52	46	49	50	54	52	58	57
feeder services	12	7	12	10	18	10	17	17	18	17	19	18
<i>(ii) Passenger trips for (Note 1)</i>												
scheduled routes	426 000	436 000	446 000	439 000	461 000	153 400	397 400	309 100	463 400	243 300	431 300	352 400
dial-a-ride services	528 000	480 000	504 000	476 000	488 000	200 100	405 300	346 900	441 400	319 800	474 100	442 100
feeder services	39 000	42 300	48 000	45 600	52 200	25 200	42 000	40 200	48 300	40 500	52 600	59 200

	2018	2019	2020	2021	2022	2023
<i>(iii) Persons waiting for scheduled route services (Note 2)</i>						
No. of persons waiting (including carers)	30	30	30	77	43	28

Note 1: The passenger trips include trips taken by persons with disabilities and their carers. According to the Transport Department (TD), the decrease in passenger trips in 2020 to 2022 was due to the suspension of school classes/rehabilitation centres and non-emergency services of public hospitals amid the COVID-19 epidemic.

Note 2: According to TD, due to the COVID-19 epidemic, the delivery of additional vehicles was behind the original schedule in 2020 to 2022. As a result, no additional routes could be introduced for passengers waiting for scheduled route services.



政府總部  
勞工及福利局  
香港添馬添美道2號  
政府總部



LABOUR AND WELFARE BUREAU  
GOVERNMENT SECRETARIAT

Central Government Offices  
2 Tim Mei Avenue, Tamar  
Hong Kong

本函檔號 Our Ref. : (CR) LWB R 9/3939/23 Pt. 3  
來函檔號 Your Ref. : CB4/PAC/R82

電話號碼 Tel No. : (852) 2810 2102  
傳真號碼 Fax No. : (852) 2543 0486

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

19 June 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 5 of the Director of Audit's Report No. 82**  
**Provision and monitoring of Rehabus services**

Thank you for your letter dated 31 May 2024 to the Secretary for Labour and Welfare. I am authorised to reply on his behalf.

Having consulted the Transport Department, the Labour and Welfare Bureau's reply is set out at **Annex**.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Susan Chan'.

(Ms Susan Chan)  
for Secretary for Labour and Welfare

c.c. Commissioner for Transport (email: [comr@td.gov.hk](mailto:comr@td.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))

**Public Accounts Committee (PAC)  
Consideration of Chapter 5 of the Director of Audit's Report No. 82  
Provision and monitoring of Rehabus services**

**Letter from Clerk to PAC dated 31 May 2024**

**The Labour and Welfare Bureau's Reply**

**Part 1: Introduction**

- (a) **According to paragraph 1.5 of the Audit Report, Rehabus services have been operated by Operator A since 1978. The Administration first invited interested parties to submit proposals for operating the Rehabus feeder service (including weekend recreational service) in December 2018. Please advise why such decision was made in 2018 and the considerations behind;**

There are three types of Rehabus services, including scheduled route service (SRS), dial-a-ride service (DAR) and feeder service. These three types of services have been operated by Operator A since 1978. In 2016, the Government received expression of interest from bus operators in operating Rehabus services. To allow Operator A to concentrate its resources on SRS and DAR, and to better control the risks of having one sole operator for operating the expanding Rehabus services, with steers from the Labour and Welfare Bureau (LWB), the Transport Department (TD) explored the introduction of a second Rehabus operator. In December 2018, the Government issued an open invitation to eligible parties to submit proposals for operating the feeder service (including weekend recreational service). After selection, Operator B started to take over the provision of feeder service in mid-2019 to date.

In selecting feeder service to invite new operators, the Government considered various factors, including the nature and scale of different types of Rehabus services, the feasibility of splitting the operation of some of the services, and the expected ability of the operator to operate the relevant services. The nature of Rehabus feeder service with fixed timetable and fixed route is relatively similar to most of the existing public transport services, and can be more easily managed by a new operator. In addition, having the same operator to operate both SRS

and DAR can create synergy. For example, SRS is mainly provided during peak hours, and the operator can flexibly deploy the related vehicles to provide DAR during non-peak hours.

- (b) **According to paragraph 1.8 and Note 8 of the Audit Report, TD, pursuant to the Financial Circular No. 9/2004 on “Guidelines on the Management and Control of Government Funding for Subvented Organisations” (Financial Circular), has entered into a Memorandum of Understanding (MOU) with the two operators to set out the general principles and guidelines governing the role of the operators and the administrative arrangements of the Government. According to the Administration’s reply letter to the Committee on 13 May 2024 (R82/5/GEN1), it was mentioned that TD would periodically review the existing MOUs in compliance with the requirements as stipulated in the Financial Circular. Please advise on the frequency and details of such review;**

#### Operator A

Since 2004, TD has entered into an MOU with Operator A to set out the general principles and guidelines governing the role of the operator and the administrative arrangements of the Government. Since then, TD has held regular meetings (e.g. the quarterly meetings of the Rehabus Management Committee) with Operator A to review the requirements stipulated in the MOU, including the operation, management, performance targets and other aspects of Rehabus services.

In mid-2019, TD introduced Operator B as the second Rehabus operator to take over the operation of the Rehabus feeder service and signed an MOU with it. In order to meet the latest operational requirements after the introduction of the new operator and to maximise consistency with the requirements and wordings set out in MOU B, TD kick-started the discussion with Operator A in March 2020 on updating MOU A, including adding additional clauses and revising some clauses. The updated MOU A was signed in April 2024.

#### Operator B

TD signed MOU B<sup>1</sup> in April 2019 for Operator B to take over the provision of feeder service in mid-2019.

---

<sup>1</sup> The service period was originally from June 2019 to May 2021, and was subsequently extended by one year to May 2022.

In view of the expiry of the first service period of the feeder service in May 2022, TD invited eligible parties to submit proposals for operating the Rehabus feeder service for the second time in November 2021. After selection, TD entered into a new MOU B with Operator B for the second service period from June 2022 to May 2027.

TD signed a supplementary agreement to MOU with Operator B in April 2024 to add relevant provisions on safeguarding national security.

- (c) **Whether the signing of MOUs instead of legally binding agreements with the operators means that the operators are not required to return the subvention for services not meeting the performance targets; and under such circumstances, how the Administration can provide incentives for the operators to strive for service improvement;**

The service performance of the two operators in terms of the number of passenger trips of Rehabus services has been different from the target in recent years. This is mainly due to the greater impact of the epidemic on travel demand. Moreover, in 2023, TD anticipated an increase in the number of trips taken by Rehabus users following the resumption of normalcy of the society, and therefore adjusted the target upwards. However, the overall number of passenger trips has not rebounded as quickly as expected and thus the target has not been met. The situation is beyond the control of the operators, and the two operators could not reduce their services accordingly, otherwise it would have caused great inconvenience to persons with disabilities (PWDs) using Rehabus services. Therefore, the Government has not required the operators to return the subvention on a pro-rata basis for not meeting the target passenger trips. However, the operators are required to place their operating surpluses into an accumulated reserve for offsetting the subvention amount in future. The Government will enhance the monitoring and urge the operators to strive to improve their services.

- (d) **The circumstances under which the Administration will terminate the MOUs signed with the operators;**

The MOUs expressly provide that if the operators fail or refuse to comply fully with the MOUs, the Government may unilaterally terminate the concerned MOUs and cease to provide funding. We will, depending on the nature and gravity of the non-compliance, consider

issuing an advice or a warning first, and require the operators to implement rectification and improvement measures. Under the provisions of the existing MOU, Operator B had been required under the MOU to return to the Government all relevant operating revenues before deduction of expenses for using the Government subvented vehicles for non-profit-making self-financing activities without TD's approval (see paragraph 4.11 of the Audit Report). TD issued a letter of serious warning and a letter of reprimand to Operator B in relation to this incident.

- (e) **Whether the Administration has estimated the current amount of subsidy per passenger trip for Rehabus services for PWDs; and given that at present many social welfare organisations provide centre buses, and there are quite a number of wheelchair accessible mode of public transport in Hong Kong, whether the Administration will review afresh the policy and positioning of Rehabus services, with a view to providing more flexible, convenient and cost-effective transport services for PWDs with genuine needs;**

The amount of subvention provided by the Government to Operator A and Operator B for Rehabus services, the total passenger trips as well as the average amount of subsidy per passenger trip in 2023-24 are set out below:

Operator	2023-24		
	Amount of subvention (\$ million)	Total passenger trips	Average amount of subsidy per passenger trip (\$)
A	124.93	809 700	154
B	15.24	62 100	245

Rehabus services are specifically provided for PWDs and cover the entire territory. It is an indisputable fact that Rehabus services facilitate the mobility of PWDs. In 2023-24, the total passenger trips of Rehabus services were over 870 000. LWB, in conjunction with TD and the operators, will actively follow up on the views and recommendations of the Audit Commission and PAC, and continue to enhance Rehabus services to meet the transport needs of PWDs.

## **Part 2: Monitoring of Rehabus operators and procurement of vehicles**

- (f) **Please provide the composition of the Rehabus Management Committee (RMC) and Users' Liaison Group (ULG) set up by the two operators, as well as the attendance of LWB and TD at the meetings of RMC and ULG respectively in the past three years;**

Please see **Appendix 1** for the composition and relevant information of RMC and ULG of the two operators.

Operator A has been holding RMC and ULG meetings as required. In the past three years, LWB and TD attended all (i.e. 12) RMC meetings, while TD also attended all (i.e. nine) ULG meetings as an observer.

As Operator B was unsuccessful in recruiting representatives during the first service period (from June 2019 to May 2022) due to the epidemic, RMC and ULG meetings had not been convened. Notwithstanding this, TD has been maintaining communication with the management of the operator through various channels such as meetings, telephone calls, emails and other correspondences. The operator has also submitted monthly operational, financial and statistical reports to TD as required. TD has conducted on-site surveys from time to time, followed up on the views and complaints reflected by members of the public, and conducted regular spot checks on the operation and accounting records to ensure that Rehabus services are operated in accordance with the requirements.

Upon commencement of the second service period (from June 2022 to May 2027), TD urged Operator B to follow up on the recruitment of necessary members from disabled groups and individual users. Operator B had taken follow-up actions, including recruiting relevant members through advertisements on vehicle compartments and its company website. However, in early 2023, Operator B reported that only a few number of individuals and one disabled group had expressed interest. TD also provided assistance at that time, including suggesting Operator B to invite members of TD's Working Group on Access to Public Transport by People with Disabilities to join. Operator B subsequently formed ULG and RMC in May and November 2023 respectively. TD has seriously urged Operator B to convene the relevant meetings as required. In the past three years, LWB and TD attended all (i.e. two) RMC meetings of Operator B, while TD also attended all (i.e. two) ULG meetings as an observer.

- (g) **According to Table 3 in paragraph 2.14 of the Audit Report, the number of vehicles procured from 2018-2019 to 2022-2023 was 124, involving a total expenditure of \$135.3 million. Please list out the number of vehicles procured by Operator A and Operator B and the amounts involved during this period respectively;**

Please see Appendix 2 for the number of Rehabuses procured by Operator A and Operator B and the amounts involved from 2018-19 to 2022-23.

#### **Part 4: Provision of feeder service**

- (h) **In 2022-2023, the amounts of subvention received by Operator A and Operator B were \$112 million and \$13 million respectively (see paragraph 1.6 of the Audit Report). According to paragraph 4.2 of the Audit Report, as at 31 December 2023, Operator B had a fleet of 21 vehicles, operating 17 routes. In addition, according to Appendix V of the MOU signed between TD and Operator B, the target passenger trips and number of vehicles for the feeder service in 2022 were 48 300 passenger trips and 20 vehicles respectively. Please provide/advise:**

- (i) **the subvention amount provided to Operator A and Operator B and the operating surplus, as well as the target passenger trips, actual passenger trips (with a breakdown of PWDs and carers) and number of vehicles for services rendered for each of the financial years from 2019 to 2024 in tabular form;**

Please see Appendix 3 for the subvention amount provided to Operator A and Operator B and the operating surplus/deficit from 2019-20 to 2023-24.

Please see Appendix 4 for the target passenger trips, actual passenger trips and number of vehicles for the services (based on the Controlling Officer's Report on a calendar year basis) for Operator A and Operator B from 2019 to 2024 (January to March).

- (ii) **regarding the subvention amount provided to the operators and the target passenger trips, please elaborate on how these figures are determined, including the principles and considerations adopted therein; and how the Administration can ensure that the target passenger trips will not be**

**over-estimated for the purpose of obtaining a larger amount of subvention;**

In considering the estimate of subvention, TD will examine the estimated operating expenses under the service level in the coming year based on the information on hand, including the actual expenditure in the past, and take into account various factors that affect the operating expenses of Rehabus, such as the number of new vehicles to be procured, expected personal emoluments, fuel cost, etc. in order to determine the amount of Government subvention for Rehabus in the next financial year. In other words, TD does not simply determine the amount of subvention for the service every year based on the target passenger trips and unit subsidy rate.

In setting the target passenger trips, TD will estimate the target passenger trips for relevant services based on the past patronage, additional demand and expected service level (e.g. for feeder service, the expected number of vehicles for Rehabus services and the number of routes to be provided, etc. in the coming year).

In addition, the operation of Rehabus is non-profit-making, and the subvention received must be used entirely for Rehabus services. The operators are also required to place their operating surpluses into an accumulated reserve. If the level of accumulated reserve at the end of the previous financial year exceeds 25% of the operator's operating expenditure for that year, the Government will deduct the excess amount from the subvention to be provided in the following year.

**(iii) whether the operators are required to refund the subvention amount received if the target passenger trips cannot be met;**

The service performance of the two operators in terms of the number of passenger trips of Rehabus services has been different from the target in recent years. This is mainly due to the greater impact of the epidemic on travel demand. Moreover, in 2023, TD anticipated that an increase in the number of trips taken by Rehabus users following the resumption of normalcy of the society, and therefore adjusted the target upwards. However, the overall number of passenger trips has not rebounded as quickly as expected and thus the target has not been met. The situation is beyond the control of the operators, and the two operators could not reduce



their services accordingly, otherwise it would have caused great inconvenience to PWDs using Rehabus services. Therefore, the Government has not required the operators to return the subvention on a pro-rata basis for not meeting the target passenger trips. However, the operators are required to place their operating surpluses into an accumulated reserve for offsetting the subvention amount in future.

- (iv) regarding the subvention amount provided to the operators for Rehabus services and the operating surplus, please elaborate on the related payment and reconciliation arrangements, as well as the procedures for handling the surplus; what are the components and ceiling of the surplus; and how the Administration will handle the case if the subvention amount is insufficient; and**

According to the MOUs signed between TD and the operators, the operators shall place the surpluses of the subvention of that financial year into an accumulated reserve, which must be kept in a separate interest-bearing account with a bank licensed in Hong Kong. The level of accumulated reserve (including the interest accrued) at the end of the financial year will be capped at 25% of the operating expenditure of the operators for that year. Any amount in excess of this ceiling will have to be refunded to the Government by way of offsetting the subvention for the following year, or be dealt with in accordance with the arrangements agreed between the Government and the operators in the following financial year, unless the Government raises this ceiling upon application by the operators with justifications.

If the amount of subvention is insufficient for a particular financial year due to circumstances beyond the control of the operators and/or unforeseen events occurring at the time of submitting the application for subvention/budget, the operators may apply to the Government for drawing funds from the accumulated reserve to meet the operating expenditure of Rehabus.

- (v) according to the figures provided by TD at the public hearing, the subvention for Operator B increased from \$12 million in 2023-2024 to \$17 million in 2024-2025, but there was no significant increase in the actual number of passenger trips for feeder service during the period. Please explain the reasons behind;**

In considering the estimate of subvention, TD will examine the estimated operating expenses under the service level in the coming year based on the information on hand, including the actual expenditure in the past, and take into account various factors that affect the operating expenses of Rehabus, such as the number of new vehicles to be procured, expected personal emoluments, fuel cost, etc. in order to determine the amount of Government subvention for Rehabus in the next financial year.

The subvention for Operator B in 2023-24 and 2024-25 are \$12.4 million and \$17 million respectively, representing an increase of \$4.6 million.

The original subvention amount in 2023-24 was \$15.24 million. As the level of the accumulated reserve of Operator B at the end of the financial year 2022-23 exceeded 25% of its operating expenditure for that year, the Government had therefore requested Operator B to refund \$2.84 million from the accumulated reserve to the Government to offset the amount of recurrent subvention<sup>2</sup>. As a result, the actual amount of subvention for that financial year was adjusted to \$12.4 million. In addition, the subvention amount for 2024-25 includes the additional operating costs and expected maintenance cost incurred by Operator B for procuring an additional rehabus in the year concerned.

- (i) Paragraph 4.2 of the Audit Report stated that Operator B was responsible for operating the feeder service, including hospital routes. Whether the Administration has assessed if there is any overlap between SRS provided by Operator A and the feeder service hospital routes provided by Operator B; and whether consideration will be given to reorganising these two services in order to achieve a better allocation of resources;**

Operator A provides SRS during morning and evening peak hours on weekdays to carry users with frequent travel needs to work, school, and training or rehabilitation treatment. PWDs using the service are required to register as customers in advance and must take five or more trips per week.

---

<sup>2</sup> Under the Lump Sum Grant Subvention System, the accumulated reserve is capped at 25% of the annual operating expenditure of the subvented service of the organisation. Any accumulated reserve in excess of the cap shall be refunded to the Government.

Regarding the feeder service provided by Operator B, it normally operates from 7:30 a.m. to 7:35 p.m.<sup>3</sup> on weekdays with fixed routes and timetables for serving areas where there are high and frequent transport demands, e.g. hospitals, clinics and MTR stations, so as to facilitate travel between hospitals/clinics and MTR stations in the district. Users of the feeder service are not required to call in advance for registration or booking, and can simply board at designated bus stops for feeder service according to their needs. There is also no minimum usage requirement for this service.

It can be seen that the two services have different requirements in terms of whether prior registration is required, the weekly usage by PWDs, and the target users of the services are also different. SRS users are more likely to be those who need to use Rehabus services more frequently and regularly for commuting to work, school, and training or rehabilitation treatment, while the feeder service is mainly provided for PWDs who need to travel to and from hospitals, clinics and MTR stations at irregular intervals, such as those who need to attend medical consultation once a month. The Administration will continue to monitor the passenger demand for the two services.

**(j) According to paragraph 4.3 of the Audit Report, the average passenger trips per vehicle trip of 12 hospital routes were relatively low. The average passenger trips per vehicle trip for three of the hospital routes (i.e. Hong Kong Children’s Hospital Route, Pok Oi Hospital Route and Tuen Mun Hospital Route) were less than one. In this connection, please advise:**

**(i) how TD and Operator B determined the 12 hospital routes mentioned above;**

To meet the barrier-free transport needs of persons with mobility difficulties travelling to and from hospitals for follow-up consultations, the operator has introduced various feeder service via hospitals under different Hospital Authority (HA) clusters and district clinics, so as to cater for the travelling needs of persons with mobility difficulties residing in different districts for medical consultations. Meanwhile, in order to encourage people in need in other districts to take MTR and then interchange with the Rehabus

---

<sup>3</sup> Some feeder service routes also operate from 9:30 a.m. to 5:55 p.m. on Saturdays; and from 8:15 a.m. to 5:10 p.m. on Sundays.

feeder service mentioned above, all feeder routes are operated via MTR stations. Feeder service provide service with fixed timetables and routes. Users are not required to call in advance for registration or booking, and can simply board at designated bus stops for feeder service according to their needs.

Generally speaking, TD and Operator B will consider various factors for the provision of feeder service, such as the population development of the service area, existing provision of accessible public transport, possible impact on traffic load, resource allocation and stakeholders' views, etc.

In mid-2019, TD introduced a second Rehabus operator, i.e. Operator B, to take over the 10 feeder service hospital routes originally operated by Operator A. In 2020, Operator B consolidated three feeder service hospital routes (including Hong Kong Children's Hospital Route, Shatin Route and Queen Mary Hospital Route) and merged Queen Elizabeth Hospital Route and Kowloon City Route to improve operational efficiency. In addition, Operator B added three new feeder service hospital routes (including Pok Oi Hospital Route, Tai Po Route and Tai Wai Route) in the first half of 2021, and consolidated the routing and stopping points of United Christian Hospital Route in 2023, with a view to further enhancing services for people in different districts travelling to and from hospitals/district clinics. In March 2024, Operator B also added a new hospital route (Tseung Kwan O Route). At present, the number of feeder service hospital routes has increased to 13.

TD will continue to closely monitor the feeder service provided by Operator B and follow up with Operator B on the feasible enhancement plans for various routes.

- (ii) as mentioned by TD at the public hearing, service users of hospital routes are not required to make prior booking or produce proof of eligibility. Rehabus drivers will determine whether a user is a PWD by visual inspection. Under such circumstances, how the actual need for this service can be known and such service will not be abused;**

The target users of the Rehabus feeder service are persons with mobility difficulties (including elderly persons with mobility difficulties), holders of valid Registration Cards for People with

Disabilities (Registration Card) and their carers. In addition, wheelchair users, persons requiring the use of crutches or calipers, persons with multiple disabilities, persons with intellectual disabilities who have mobility difficulties as well as persons with visual impairment can take the Rehabus in order of priority. In case the driver on duty has doubts about the eligibility of the person requesting the service after visual inspection, he/she will request the person to produce a valid Registration Card as a proof to determine whether the person can be allowed on board so as to prevent abuse.

**(iii) whether TD has set any indicator for the number of passenger trips on the aforesaid routes; if yes, what are the details; if not, how the Administration can allocate resources appropriately so as to achieve cost-effectiveness; and**

At present, TD sets the target of the total passenger trips for the Rehabus feeder service in the Controlling Officer's Report each year. After taking over the operation of the feeder service (including hospital routes and weekend recreational routes) in 2019, Operator B has been actively operating the service and reviewing the patronage situation on an on-going basis with a view to allocating resources and improving the service as appropriate, including:

- after reviewing aspects such as the past patronage of PWDs on the relevant hospital routes and the boarding and alighting situations along the routes, in 2020, three feeder service hospital routes (including Hong Kong Children's Hospital Route, Shatin Route and Queen Mary Hospital Route) were consolidated; Queen Elizabeth Hospital Route and Kowloon City Route were merged to improve operational efficiency; and three new weekend recreational routes were added;
- to serve the travelling needs of persons with mobility difficulties in more districts for medical consultation, in the first half of 2021, three new feeder service hospital routes (including Pok Oi Hospital Route, Tai Po Route and Tai Wai Route) were added;
- in 2023, the routing and stopping points of United Christian Hospital Route were consolidated; and temporary recreational routes (i.e. providing additional temporary pick-up and

drop-off points in the urban area for the convenience of PWDs residing in different districts based on the destinations of the existing recreational routes) were operated after applying to and obtaining approval from TD according to the demand situation; and

- in 2024, the routing of Tai Po Route was adjusted; intermediate stops were added to Queen Elizabeth Hospital Route; and a new recreational route (Lantau Island Route B) and a new hospital route (Tseung Kwan O Route) were added. At present, Operator B is also following up on the enhancement proposals of three hospital routes with relatively low patronage, which are expected to be implemented in June to July 2024.

TD and Operator B will continue to closely monitor the utilisation of the feeder service and allocate resources appropriately so as to achieve cost-effectiveness.

- (iv) whether TD has, in a timely manner, requested Operator B to review the routes with relatively low patronage and take improvement measures (e.g. reorganising the frequency, increasing the number of stops, etc.); if yes, what are the details and progress;**

In view of the relatively low patronage of Hong Kong Children's Hospital Route, Pok Oi Hospital Route and Tuen Mun Hospital Route, TD has been following up with Operator B. In October 2023, TD requested Operator B to review the demand situation of these routes and propose improvement measures when the passenger demand has stabilised after the epidemic. In December 2023, Operator B submitted preliminary enhancement proposals to TD. In addition, Operator B sought members' views on the enhancement proposals of relevant routes at the ULG meeting held on 12 January 2024. Noting that ULG members had no objection to the proposals in principle, Operator B further refined and preliminarily formulated specific routing adjustment plans for the three hospital routes, including routing, stopping points and timetables, etc., and consulted ULG members on the routing adjustment plans in mid-May 2024. On the other hand, Operator B collected feedback from feeder service passengers through posting consultation information on its website, social media platforms, and vehicle compartments of the relevant routes. The consultation

was completed in mid-June 2024 and the enhancement measures are expected to be implemented progressively from late June to July 2024.

In addition, with the assistance of HA, Operator B set up booths at 16 different hospitals in Kowloon from April to June 2024 to distribute leaflets and promote the feeder service (including hospital routes and weekend recreational routes). TD and Operator B will continue to follow up with HA to arrange promotion and publicity of feeder service hospital routes and weekend recreational routes at more hospital clusters in the second half of 2024.

**(k) As mentioned in paragraph 4.5 of the Audit Report, in 2023, of the total 195 successful bookings for the five recreational routes under the feeder service, 141 bookings (72%) had been served for Lantau Island Route and only 54 bookings (28%) had been served for the remaining four routes. In this connection, please advise:**

**(i) whether TD has, in a timely manner, requested Operator B to take measures to increase the utilisation of recreational routes with relatively low utilisation rates; if yes, what are the details and effectiveness;**

Recreational routes are pre-booked transport services provided by Operator B during weekends and public holidays to carry PWDs and their carers to and from some local tourist attractions. As at the end of 2023, Operator B operated five recreational routes, including Stanley Route, Lantau Island Route, the Peak Route, Tai Mei Tuk Route and Sai Kung Pak Tam Chung Route. Users of recreational route service are required to make advance bookings through telephone/online registration, and provide details of the use of individual recreational route service including the date, time, boarding and alighting points, and number of passengers so as to facilitate the arrangement of vehicles and manpower by Operator B for the service. Operator B will not arrange and provide relevant recreational route service in case no advance booking is received.

TD and Operator B also noted that of the total 195 bookings served for the five recreational routes, 72% of the bookings had been served for Lantau Island Route, while the remaining four routes only accounted for 28% of the bookings. This reflects that Lantau

Island Route is more popular. To increase the utilisation of other recreational routes, TD is working out measures with Operator B to improve the relatively low patronage of recreational routes in various aspects. Details are set out below:

- starting from February 2024, Operator B has shortened the recreational route advance booking period from 12 working days to 7 working days to facilitate users' booking;
- Operator B will apply to and obtain approval from TD for operating temporary recreational routes (i.e. providing additional temporary pick-up and drop-off points in the urban area for the convenience of PWDs residing in different districts based on the destinations of the existing recreational routes) according to the demand situation;
- with the assistance of HA, Operator B set up booths at 16 different hospitals in Kowloon from April to June 2024 to distribute leaflets and promote the feeder service (including hospital routes and weekend recreational routes). TD and Operator B will continue to follow up with HA to arrange promotion and publicity of feeder service hospital routes and weekend recreational routes at more hospital clusters in the second half of 2024; and
- TD approved Operator B in February 2024 to add a new weekend recreational route travelling between Yuen Long and Lantau Island (via Tin Shui Wai and Tuen Mun); and urged Operator B to collect more views on the popular tourist attractions at the ULG meeting to be held in late June 2024, and to consider the expansion/setting up/adjustment of the existing routes so as to increase the patronage of the recreational routes.

**(ii) according to Table 15, although temporary routes had been served for five times only, there were 353 passenger trips. Obviously, these services were relatively more popular. Whether TD has urged Operator B to devise more flexible and diversified temporary routes to replace the existing routes with relatively low utilisation rates; if yes, what are the details; and**

From May to December 2023, Operator B received five applications from disabled groups requesting for temporary routes



(involving a total of 48 trips and 353 passenger trips). These temporary routes are mainly based on the destinations of the existing recreational routes of Operator B according to the demand situation, and additional temporary pick-up and drop-off points in the urban area are provided for the convenience of PWDs residing in different districts. Operator B must obtain prior approval before adding such temporary pick-up and drop-off points (i.e. operating “temporary routes”).

As mentioned in the reply to item (k)(i) above, users of recreational route service are required to make advance bookings through telephone/online registration, and provide details of the use of individual recreational route service including the date, time, boarding and alighting points, and number of passengers so as to facilitate the arrangement of vehicles and manpower by Operator B for the service. Operator B will not arrange and provide relevant recreational route service in case no advance booking is received. Therefore, maintaining the recreational routes with relatively low utilisation rates does not involve additional resources and can provide PWDs with options of different tourist attractions. TD will continue to explore with Operator B the provision of more flexible and diversified recreational routes.

- (iii) according to Note 37 in paragraph 4.2 of the Audit Report, the advance booking for recreational routes of at least 12 working days was shortened to 7 working days with effect from 17 February 2024. To increase the utilisation rates of recreational routes, whether TD has requested Operator B to consider further shortening the advance booking period; if yes, what are the details;**

Starting from February 2024, Operator B has shortened the recreational route advance booking period from 12 working days to 7 working days to facilitate users’ booking. TD noted the suggestion for Operator B to consider further shortening the advance booking period, and will request Operator B to further consider the suggestion as far as practicable (e.g. whether drivers can be arranged within a shorter time frame) and after listening to users’ feedback.

- (l) According to paragraphs 4.11 and 4.12 of the Audit Report, apart from operating the feeder service, Operator B also operates other**

**non-profit-making self-financing services. During different periods from 11 February to 31 May 2021 and from 20 April 2022 to 21 February 2023, Operator B used seven subvented vehicles for providing self-financing services without TD's approval. In this connection, please advise when TD became aware of such situation and TD's follow-up actions to ensure that the same situation will not occur in future;**

In following up on a complaint, TD found in March 2023 that Operator B had used the Government subvented vehicles for providing non-profit-making self-financing services without TD's approval. TD subsequently requested Operator B to submit a detailed report and relevant operational records, and conducted a comprehensive investigation and took serious follow-up actions, including issuing a serious warning to the operator's management. In response to the incident, Operator B also returned all relevant operating revenues before deduction of expenses to the Government.

In addition, TD issued a letter of reprimand to Operator B in September 2023, reiterating that according to the MOU signed between TD and Operator B, the operator shall not use the fleet of Rehabus feeder service for purposes other than those specified in the MOU for the Rehabus feeder service unless prior approval has been obtained from TD.

To ensure compliance with the relevant provisions by Operator B and proper monitoring of Rehabus services, TD has strengthened its monitoring, including increasing the frequency of monitoring surveys to ensure that Operator B has properly used the subvented vehicles in operating the feeder service; and increasing spot checks on the operation and accounting records of the relevant service so as to ensure that the operating expenditure of the relevant service is separately accounted for and properly used.

- (m) According to paragraphs 4.11 and 4.12 of the Audit Report, while the accounting and payment arrangements of direct costs incurred in the self-financing activities and the provision of feeder service have been agreed between TD and Operator B, the arrangements of indirect costs incurred, such as office rental, office staff costs have not been discussed. Please advise why such situation occurred and TD's follow-up actions and progress; and how TD can ensure that the calculation of all direct or indirect costs of self-financing activities of Operator B are separated from the expenditure of its**

**subvented feeder service and paid under different bank accounts;  
and**

The Audit Commission has recommended that indirect costs such as office rental and office staff costs of the subvented activities and self-financing activities should be separately accounted for. In this regard, TD is following up with Operator B. Operator B has engaged an independent auditor to review and recommend the apportionment ratios of the relevant accounting and payment arrangements so as to ensure that the revised arrangements comply with the financial principles for subvented organisations. Relevant arrangements are expected to be completed by July 2024.

- (n) As mentioned in paragraph 4.9(b) of the Audit Report, Operator B launched a mobile application in October 2019, with a view to providing passengers with multiple functions and information. In January 2023, there was a feedback from a passenger that the mobile application could not display the timetable of the Rehabus service. The Audit Commission also performed several trials on the mobile application in December 2023 and January 2024 and found that certain functions were not available. In this connection, please advise:**
- (i) details of the timeline for the development of the application by Operator B since 2019 and the costs involved in each period; and how the costs were paid;**
  - (ii) the reasons why Operator B has not yet succeeded in developing a mobile application for many years; whether TD is aware of the difficulties Operator B has encountered in this regard and urges Operator B to launch the mobile application as soon as possible; if yes, what are the details and how the relevant problems can be solved;**
  - (iii) whether the unsatisfactory situation as mentioned in paragraph 4.9(b)(i) of the Audit Report has been rectified; and**
  - (iv) according to paragraph 4.9(b)(ii) of the Audit Report, TD approved Operator B to undertake the revamping of the mobile application in February 2024, including the development of additional functions. Please advise on the details and whether TD has assessed the practical needs for the**

**additional functions proposed by Operator B; if yes, what are the details and progress?**

(i) to (iv) – Operator B engaged a contractor in early June 2019 to develop a mobile application immediately after taking over the operation of the Rehabus feeder service in June 2019. The development of the mobile application at that time involved \$550,000, which was rolled out in four phases and paid by Operator B directly to the contractor upon completion:

- the first phase of the mobile application was launched in October 2019, providing basic route information and application functions, such as bus stop search with map location display, estimated time of arrival and real-time bus locations, etc. The cost involved was around \$280,000;
- the second phase of the mobile application was launched in November 2019, adding route search and refining the homepage interface design, etc. The cost involved was around \$110,000;
- the third phase of the mobile application was launched in August 2020, providing vehicle management and statistics support functions, etc. The cost involved was around \$110,000; and
- the fourth phase of the mobile application was launched in December 2020, providing online payment, past search records and bookmarking frequent options functions, etc. The cost involved was around \$50,000.

Prior to the commencement of the second service period in June 2022, Operator B proposed to add additional functions to the mobile application on top of the original ones, such as the provision of various assistive features for different types of PWDs (e.g. adjustment of font size and voice-over function, etc.), real-time seat availability updates, service updates/emergency notifications, receipt of users' feedback/complaints, arrival and departure reminders and forwarding of latest traffic news, etc. We understand that these functions can further improve the users' experience and better meet the travel needs of PWDs.

Nevertheless, while researching and preparing for the introduction of additional functions, Operator B reported to TD in the second half of 2022 and the first half of 2023 that there were technical problems with the original version, including the failure to display information such as the estimated time of arrival at the bus stops and the real-time location of the buses, etc. Subsequently, it took time for Operator B to adjust the requirements of the service contract so as to rectify the problems of the original mobile application and add the extra functions at the same time.

After obtaining approval from TD, Operator B completed the tendering procedures and awarded a new service contract for the mobile application in March 2024. The cost for the overall development of the revamped mobile application is around \$1 million, which will be paid by Operator B directly to the contractor upon completion and acceptance of the mobile application. Operator B is working closely with the contractor to work out the details of the improvement and enhancement proposals. TD will continue to monitor the work of Operator B, and the new application is expected to be launched in the third quarter of 2024. Operator B will also invite ULG members to give comments on the interface and functions of the mobile application.

## Appendix 1

### **Composition and relevant information of the Rehabus Management Committee (RMC) and Users' Liaison Group (ULG)**

	<b>RMC</b>	<b>ULG</b>
<b>Purpose</b>	To oversee and monitor the management and operation of Rehabus services	<ul style="list-style-type: none"><li>• To gauge the views of passengers on Rehabus services</li><li>• To discuss daily and routine operational matters</li></ul>
<b>Required frequency of meetings</b>	At least once a quarter	<ul style="list-style-type: none"><li>• Operator A: Once every four months</li><li>• Operator B: Once every six months</li></ul>
<b>Composition</b>	<ul style="list-style-type: none"><li>• Representative(s) of operator</li><li>• Non-company representative(s) (normally refer to representative(s) from public transport industry)</li><li>• Representative(s) of PWDs groups or relevant stakeholders</li><li>• Representative(s) of the Labour and Welfare Bureau</li><li>• Representative(s) of the Transport Department (TD)</li></ul>	<ul style="list-style-type: none"><li>• Representative(s) of operator</li><li>• Representative(s) of Rehabus service users</li><li>• Representative(s) of TD in attendance as observer(s)</li></ul>

**Appendix 2**

**Number of Rehabuses procured by Operator A and Operator B  
and the amounts involved from 2018-19 to 2022-23**

	<b>Operator A</b>				<b>Operator B</b>	
	<b>Replacement of vehicles</b>	<b>Procurement of new vehicles to meet additional passenger demand</b>	<b>Total number of vehicles</b>	<b>Amount (\$ million)</b>	<b>Procurement of new vehicles to meet additional passenger demand</b>	<b>Amount (\$ million)</b>
<b>2018-19</b>	15	12	27	28.61	0	-
<b>2019-20</b>	15	0	15	16.79	0	-
<b>2020-21</b>	5	12	17	18.90	8	7.73
<b>2021-22</b>	10	12	22	24.11	0	-
<b>2022-23</b>	26	8	34	38.15	1	1.01

**Subvention amount provided to Operator A and Operator B and the operating surplus/deficit from 2019-20 to 2023-24**

	(\$ million)				
	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Subvention Amount</b>					
Operator A	83.59	99.52	108.80	112.04	124.93
Operator B	9.57 <sup>4</sup>	14.19	16.55	14.82 <sup>5</sup>	15.24 <sup>5</sup>
<b>Operating surplus/deficit<sup>6</sup></b>					
Operator A	-2.77	12.59	5.21	0.92	-0.11
Operator B	1.11	4.16	3.21	0.61	-0.72

<sup>4</sup> Operator B has taken over the operation of feeder service since June 2019. The relevant subvention amount was the subvention for the period from June 2019 to March 2020.

<sup>5</sup> The original subvention amounts for Operator B in 2022-23 and 2023-24 were \$14.82 million and \$15.24 million respectively. As the level of the accumulated reserve of Operator B exceeded the ceiling, the Government had therefore requested Operator B to refund the accumulated reserve to offset the amount of recurrent subvention, and adjusted the actual subvention amounts to \$12.82 million and \$12.40 million for the respective years.

<sup>6</sup> Operating surplus/deficit is the surplus/deficit of the operator for the financial year after deducting the total revenue from the total expenditure. According to the MOU, the operators shall place all operating surpluses into an accumulated reserve, which must be kept in a separate interest-bearing account at a designated bank, and report the situation to TD on a monthly basis. If the total revenue for that financial year is insufficient, the operators may apply to the Government for drawing funds from the accumulated reserve to meet the operating expenditure of Rehabus.



## Appendix 4

### Target passenger trips, actual passenger trips and number of vehicles for Rehabus services from 2019 to 2024 (January to March)

#### 1) Scheduled route service

Year	2019	2020	2021	2022	2023	2024 (January to March)	
<b>Target passenger trips</b>	446 000	461 000	397 400	463 400	431 300 <sup>7</sup>	90 750 <sup>8</sup>	
<b>Actual passenger trips</b>	<b>PWDs</b>	393 100	137 900	275 300	213 100	311 200	78 000
	<b>Carers</b>	45 900	15 500	33 800	30 200	41 200	11 500
	<b>Total</b>	<i>439 000</i>	<i>153 400</i>	<i>309 100</i>	<i>243 300</i>	<i>352 400<sup>7</sup></i>	<i>89 500</i>
<b>Number of vehicles</b>	109	109	117	127	137	139	

<sup>7</sup> In 2023, TD anticipated that the utilisation of Rehabus would increase following the resumption of normalcy of the society, and therefore adjusted the target upwards. With the increase in the number of vehicles, the number of SRS routes increased from 106 in 2019 to 122 in 2023. However, the overall number of passenger trips has not rebounded as quickly as expected, and the number of work-based users has dropped significantly by 65.7%. Therefore, the target has not been met.

<sup>8</sup> The full year target passenger trips for SRS in 2024 is 363 000. The pro-rata target passenger trips for the period from January to March 2024 is 90 750.

## 2) Dial-a-ride service (including pooled dial-a-ride service)

		2019	2020	2021	2022	2023	2024 (January to March)
<b>Target passenger trips</b>		504 000	488 000	405 300	441 400	474 100 <sup>9</sup>	121 475 <sup>10</sup>
<b>Actual passenger trips</b>	<b>PWDs</b>	332 700	121 900	219 500	202 000	292 400	81 400
	<b>Carers</b>	143 300	78 200	127 400	117 800	149 700	39 800
	<b>Total</b>	476 000	200 100	346 900	319 800	442 100 <sup>9</sup>	121 200
<b>Number of vehicles</b>		46	46	50	52	57	63

## 3) Feeder service

		2019 (June to December)	2020	2021	2022	2023	2024 (January to March)
<b>Target passenger trips</b>		28 000 <sup>11</sup>	52 200	42 000	48 300	52 600	15 800 <sup>12</sup>
<b>Actual passenger trips</b>	<b>PWDs</b>	16 700	14 700	23 200	23 900	34 500	9 600
	<b>Carers</b>	11 300	10 500	17 000	16 600	24 700	6 800
	<b>Total</b>	28 000	25 200	40 200	40 500	59 200	16 400
<b>Number of vehicles</b>		10	10	17	17	18	19

<sup>9</sup> With the increase in the number of vehicles, the number of completed orders of point-to-point DAR in 2023 was more than that of 2019. However, the number of passenger trips in 2023 has not returned to the level before the epidemic. Therefore, the overall number of passenger trips could not meet the target.

<sup>10</sup> The full year target passenger trips for DAR in 2024 is 485 900. The pro-rata target passenger trips for the period from January to March 2024 is 121 475.

<sup>11</sup> The target passenger trips for the feeder service in 2019 was 48 000. Operator B has taken over the operation of the feeder service since June 2019, and the pro-rata target passenger trips for that year was 28 000.

<sup>12</sup> The full year target passenger trips for the feeder service in 2024 is 63 200. The pro-rata target passenger trips for the period from January to March 2024 is 15 800.

政府總部  
勞工及福利局  
香港添馬添美道2號  
政府總部



LABOUR AND WELFARE BUREAU  
GOVERNMENT SECRETARIAT

Central Government Offices  
2 Tim Mei Avenue, Tamar  
Hong Kong

本函檔號 Our Ref. : (CR) LWB R 9/3939/23 Pt. 2  
來函檔號 Your Ref. : CB4/PAC/R82

電話號碼 Tel No. : (852) 2810 3020  
傳真號碼 Fax No. : (852) 2543 0486

**By email (hhchan@legco.gov.hk)**

13 May 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 5 of the Director of Audit's Report No. 82**  
**Provision and monitoring of Rehabus services**

Thank you for your letter dated 30 April 2024 on the captioned subject. We enclose herewith the relevant information for the perusal of the Public Accounts Committee –

- (a) The main texts of the Financial Circular No. 9/2004 (FC No. 9/2004) and “Guidelines on the Management and Control of Government Funding for Subvented Organisations” are at **Annex I**.
- (b) The Memorandum of Understanding (MOU) signed between the Transport Department (TD) and the two Rehabus Operators on Rehabus services are at **Annexes II and III**. Since the MOU is a non-legally binding agreement between the two parties, the relevant documents are provided for the perusal of the Public Accounts Committee and not for public disclosure.

**\*Note by Clerk, PAC: Annexes I to III not attached.**

- (c) The MOU signed between TD and the two Rehabus Operators sets out the general principles and guidelines governing the role of the Operators and the administrative arrangements of the Government, including the operation and management arrangement of Rehabus services, subvention and financial arrangements, requirements for regular submission of financial documents and operating statistics as well as performance target, etc.. The MOU expressly provides that if the Operators fail or refuse to comply fully with the MOU, the Government may unilaterally terminate the concerned MOU and cease to provide funding.

The arrangement for entering into the MOU with the two Rehabus Operators is in compliance with the guidelines stipulated in paragraph 15.1<sup>1</sup> of FC No. 9/2004. The monitoring of the two Rehabus Operators vide the MOU is generally effective. The Government has been supervising the two Rehabus Operators on the provision of Rehabus services and giving them advice as and when necessary. The Government will also review the Rehabus service arrangements with the operators and formulate appropriate monitoring measures from time to time to meet the demand of service users, while ensuring the appropriate use of public funds.

- (d) TD will periodically review the existing MOU as required under FC No. 9/2004. To this end, the Government will take into account the views of various stakeholders and the members of the Public Accounts Committee, so as to review the existing monitoring mechanism in a timely manner and ensure effective monitoring of the service performance of the Rehabus Operators.

Yours sincerely,



(Lawrence Lau)

for Secretary for Labour and Welfare

c.c. Commissioner for Transport (email: comr@td.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> Paragraph 15.1 of FC No. 9/2004 states that “The Controlling Officer should let the organisation receiving recurrent funding from the Government know how these and other guidelines would be applied in their cases. As a matter of good management, Directors of Bureaux or the relevant Controlling Officers should preferably enter into a Memorandum of Administrative Arrangements or a similar instrument with each organisation receiving recurrent funding from the Government under their purview. Such tailor-made instruments should, having regard to these guidelines, set out the responsibilities of all parties in the delivery and monitoring of government-funded services and capital projects.”

財經事務及庫務局局長

香港添馬添美道2號  
政府總部24樓



SECRETARY FOR FINANCIAL  
SERVICES AND THE TREASURY

24/F, Central Government Offices,  
2 Tim Mei Avenue,  
Tamar, Hong Kong

電話號碼 Tel. No. : 2810 2583  
本函檔號 Our Ref. : TsyB C 372/520-1/13  
來函檔號 Your Ref. : CB4/PAC/R82

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

13 June 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 5 of the Director of Audit's Report No. 82**  
**Provision and monitoring of Rehabus services**

Thank you for your letter of 31 May 2024 on the captioned. Our response is set out below for the perusal of the Public Accounts Committee (PAC) –

- (a) Paragraphs 1.6 and 1.7 of the “Guidelines on the Management and Control of Government Funding for Subvented Organisations” (hereinafter referred as “the Guidelines”) attached to Financial Circular No. 9/2004 underline the need for Controlling Officers to duly perform their statutory responsibilities under the Public Finance Ordinance (Cap. 2), including that in all circumstances, they should satisfy themselves that an appropriate system of cost control and monitoring is in place for overseeing the spending of public money by subvented organisations having regard to economy, efficiency and effectiveness in the delivery of public service with a view to safeguarding the proper use of public funds. Given the differing nature and circumstances of individual subvented organisations, Controlling Officers may consider and draw up appropriate measures for monitoring individual organisations taking into account the specific circumstances.

Part 15 of the Guidelines seeks to remind Directors of Bureaux or Controlling Officers of the need to consider entering into instruments with the organisations receiving recurrent funding from the Government, setting out the responsibilities of all parties in the delivery and monitoring of government-funded services and capital projects. Paragraph 1.2 also stipulates that the Guidelines will not override the measures and terms of instruments that have been drawn up by the relevant Directors of Bureaux or Controlling Officers for individual subvented organisations. In accordance with the Guidelines including the principles mentioned above, Directors of Bureaux or Controlling Officers should, after taking into account the different nature and circumstances of individual subvented organisations and the public services delivered by the relevant organisations, draw up instruments for the effective monitoring of these organisations.

In response to the concerns raised by the PAC on Chapter 5 of Director of Audit's Report No. 82, we are reviewing the Guidelines, in particular Part 15, with a view to further reminding Controlling Officers of the aforementioned principles and the need to draw up instruments for the effective monitoring of the subvented organisations in order to ensure proper use of public funds. We will complete the review and update the Guidelines as soon as practicable. With regard to the case mentioned in Chapter 5 of the Director of Audit's Report No. 82, we trust that relevant Director of Bureau and Controlling Officer, taking into account the views of PAC, will review the existing instruments and monitoring mechanism in a timely manner so as to ensure effective monitoring of the subvented organisations concerned.

- (b) Details of the periodic reviews of the Guidelines conducted in the past 10 years are set out in the Annex.
- (c) Section 88 of the Inland Revenue Ordinance (Cap. 112) (IRO) provides that a charitable institution or trust of a public character (collectively referred to as "charity") is exempted from profits tax subject to the fulfilment of certain conditions in relation to the trade or business carried on by the charity concerned. The Inland Revenue Department (IRD) is mainly responsible for assessment and collection of taxes in accordance with the IRO, including processing applications for recognition of tax exemption status under section 88 of the IRO filed by charities. When processing such applications, IRD has to consider whether the organisation is a charity at law, i.e. the institution or trust must be established for purposes which are exclusively charitable and these purposes are charitable in the strict legal sense, and for public benefit. Section 88 of the IRO concerns the exemption of tax liability of charities. It does not empower IRD to monitor and regulate charities' operations or governance.

To protect revenue, IRD conducts regular reviews on tax-exempt charities. In the course of review, IRD will call for their accounts, annual reports, other relevant documents and information (including details of their activities) to ascertain whether their objects are still charitable; whether their acts or activities

are compatible with their objects stated in their governing instruments; whether any trade or business has been carried on; and whether there are any other events that may have an impact on the recognition of their tax exemption status.

All charities newly recognised with tax exemption status are subject to first review two years after the recognition, whereas reviews for existing tax-exempt charities are conducted at least once every three years. If it is found that the acts or activities of a tax-exempt charity are not compatible with its stated charitable objects; its income and assets are not wholly applied towards charitable purposes; or there are any other events having an impact on the recognition of its tax exemption status, IRD would request the charity to provide further information for considering whether the recognition of its tax exemption status should be continued or withdrawn.

Yours sincerely,



( Ms Conise Wong )  
for Secretary for Financial Services  
and the Treasury

Encl.

c.c. Secretary for Labour and Welfare (email: slwo@lwb.gov.hk)  
Commissioner for Transport (email: comr@td.gov.hk)  
Director of Audit (email: ncylam@aud.gov.hk)

**Periodic Reviews of Financial Circular No. 9/2004  
“Guidelines on the Management and Control of Government Funding for  
Subvented Organisations” Conducted in the Past 10 Years**

<b>Timing for Launching the Reviews</b>	<b>Remarks</b>
Q4 2014	No update after review
Q4 2015	No update after review
Q4 2016	No update after review
Q4 2017	No update after review
Q4 2018	Updated the main text of the “Guidelines on the Management and Control of Government Funding for Subvented Organisations” (hereinafter referred as “the Guidelines”) including paragraphs 3.6(b), 4.2, and 16.1; and promulgated the updates in March 2019. Tracked version of the main text of the Guidelines is at <b><u>Appendix 1</u></b> .
Q4 2019	No update after review
Q4 2020	Updated the list of organisations receiving recurrent funding from the Government at Annex 1 to the Guidelines, and promulgated the updates in January 2021. Tracked version of Annex 1 is at <b><u>Appendix 2</u></b> .
Q4 2021	No update after review
Q2 2022 *	Updated the list of organisations receiving recurrent funding from the Government at Annex 1 to the Guidelines, and promulgated the updates in July 2022. Tracked version of Annex 1 is at <b><u>Appendix 3</u></b> .
Q4 2023	Updated the list of organisations receiving recurrent funding from the Government at Annex 1 to the Guidelines, and promulgated the updates in January 2024. Tracked version of Annex 1 is at <b><u>Appendix 4</u></b> .

\* The periodic review concerned was advanced to Q2 2022 having regard to the reorganisation of Government Structure with effect from 1 July 2022.



## **Guidelines on the Management and Control of Government Funding for Subvented Organisations**

### **Table of Contents**

1. Introduction
2. Setting objectives
3. Budget requirements
4. Examination of an organisation's budget
5. Changes to the budget
6. The organisation's budget and Government's  
annual estimates
7. Capital subventions
8. Reserves
9. Treatment of other income
10. Submission of audited accounts
11. Access to records and accounts
12. Anti-corruption procedures
13. Self-financing activities
14. Payment of subvention
15. Memorandum of Administrative Arrangements  
and Other Instruments

The Treasury Branch  
Financial Services and the Treasury Bureau  
September 2004

# **Guidelines on the Management and Control of Government Funding for Subvented Organisations**

## **1. Introduction**

1.1 These guidelines are intended to provide a reference to Directors of Bureaux and Controlling Officers on how to manage and control government funding for subvented organisations to ensure that public money is used properly and cost-effectively.

1.2 These guidelines are administrative in nature. Where they are in conflict with statutory provisions, decisions of the Chief Executive in Council or decisions of the Finance Committee (FC) of the Legislative Council governing the operation and control of a subvented organisation, those provisions or decisions should prevail. Nor do these guidelines override the terms of existing Memorandum of Administrative Arrangements and other tailor-made instruments on the management and control of individual organisations receiving recurrent funding from the Government (as explained in section 15 below).

### **Ambit**

1.3 For the purpose of these guidelines, subvented organisations are organisations receiving grants from the Government on a **recurrent** basis. The grants contribute towards the organisations' operational expenses, in exchange for their services to the public. They may take the form of deficiency grants (provided to honour any Government's undertaking to meet in full the organisation's funding requirement in specific areas) or discretionary grants (provided at the discretion of the Government to support in part or in whole the organisation's funding requirement). The recurrent grant may account for the bulk of the organisation's income or may just be a token contribution/sponsorship forming a small percentage of the organisation's total income.

1.4 Organisations which are only receiving recurrent funding from the Government in the form of membership fees/subscriptions or refunds of rent and rates are not regarded as subvented organisations for the purposes of these guidelines. Likewise, international organisations to which the Government makes a recurrent contribution as a gesture of support are not regarded as subvented organisations. This notwithstanding, Controlling Officers are expected to exercise the usual financial discipline of defining the objectives of and assessing the value for money obtained from proposals involving recurrent funding. The guidelines also do not cover or preclude control mechanisms that may be required when the Government enters into ad hoc project-specific procurement, sponsorship or other forms of agreements with organisations which may or may not themselves be subvented organisations as defined in paragraph 1.3 above.

/1.5 .....

1.5 For reference, the current list of organisations receiving recurrent funding from the Government (other than those mentioned in paragraph 1.4 above) is attached at the **Annex 1**. Directors of Bureaux are requested to notify the Financial Services and the Treasury Bureau (The Treasury Branch) of additions to/deletions from the list. In the case of additions, Directors of Bureaux should consult the Treasury Branch which would advise on possible read-across implications and the presentation under the “subventions” category in the annual estimates. As a general guideline, the Government should only consider recurrent funding for an outside organisation which is non-profit making and which is delivering a service in the public interest, under objectives and programmes to which the Government may provide input.

## **Role of Directors of Bureaux and Controlling Officers**

1.6 In accordance with section 12 of the Public Finance Ordinance (Cap. 2), Controlling Officers are responsible and accountable for the proper use of public funds under their control. In exercising their statutory authority, and having regard to the diverse nature of subvented organisations, Controlling Officers have the discretion to decide whether any part of these general guidelines should not be applied or applied with modifications to individual subvented organisations (typically for those receiving recurrent subvention through a notional contribution/sponsorship). They can also prescribe additional measures necessary to safeguard public interest. They should, however, see to it that any deviation from the guidelines is justified and publicly defensible. In all circumstances, they should satisfy themselves that an appropriate system of cost control and monitoring is in place for overseeing the spending of public money by subvented organisations, having regard to economy, efficiency and effectiveness in the delivery of public service and use of public funds.

1.7 Relevant Directors of Bureaux with overall policy and monitoring responsibility for subvented organisations under their purview should familiarise themselves with these guidelines. They should satisfy themselves that an effective system is in place to safeguard the proper use of public funds.

## **2. Setting objectives**

2.1 A Controlling Officer, in consultation with the relevant Director of Bureau and subvented organisation as appropriate, should -

- (a) formally define the objectives (with quantifiable results, if possible) that the Government expects to achieve by payment of the subvention;

/(b) .....

- (b) review achievements against those objectives and assess the value for money obtained from the subvention no less frequently than annually; and
- (c) review the objectives themselves no less frequently than once every three years.

2.2 In some cases the objectives of the organisation are set out in the legislation establishing that organisation. Such objectives may, in some cases, be too broad to allow for effective management of the subvention. The Controlling Officer should consider whether more detailed objectives are necessary and, where appropriate and consistent with the relevant legislation, agree with the organisation on specific objectives and review mechanism as suggested in paragraph 2.1 above.

### **3. Budget requirements**

3.1 Prior to the disbursement of funds, the Controlling Officer should require the relevant organisation to produce annually a programme of activities and budget for **subvented programmes** undertaken by the organisation, i.e. programmes fully or partly funded by government subvention.

3.2 The Controlling Officer should agree with the subvented organisation the timing and manner (including whether the budget should be presented on a cash basis or on an accrual basis) in which the budget should be prepared.

3.3 The budget proposed by the organisation should be fully justified by reference to the organisation's objectives and performance indicators in respect of the subvented programmes in the period to which the budget relates. Achievements in the last (i.e. fully audited) year and in the current year, as well as any changes in performance indicators, should also be reported for comparison.

3.4 The budget should contain information on all revenue and expenditure in respect of the subvented programmes. Each revenue and expenditure item should show estimates for the forthcoming year, original and revised estimates for the current year and actual outturn (on audited basis) for the previous year. Any material variations between years should be explained.

#### **Revenue estimates**

3.5 Income for the subvented programmes should cover both the subventions from the Government and income from other sources. It should be divided into categories such as government subventions (differentiated between

/recurrent .....

recurrent subvention and one-off capital subvention), fees and charges collected, investment/interest income, donations, etc. The basis for estimating the income

from other sources, including the considerations for scale of fees for a subvented service and the assumed rate of return on investment (e.g. interest rate on fixed deposits), where applicable, should be explained. This will help the Controlling Officer assess whether there is scope for the organisation to increase income from other sources and reduce reliance on subvention.

## **Expenditure estimates**

3.6 The Controlling Officer may find it useful to take reference from the Government's methods for analysing and controlling expenditure. The expenditure estimates should give information on the following –

(a) *Staff expenses:* A breakdown of staff expenses by items should be included. Examples of typical items are salaries, other benefits (including the organisations' contribution to provident funds, contract gratuity, passages, housing allowances, cash allowances, bonuses, etc.) and job-related allowances. Apart from explaining variations in the total expenditure for staff expenses between the years, the organisation should provide supplementary information on staff size and the distribution by staff categories. It should also explain any changes in staff size and in its policy on remuneration packages.

(b) *Other recurrent expenses:* This covers a detailed list of expenditure of a recurrent nature other than staff expenses. Certain non-recurrent expenditure items **each** costing less than a prescribed amount **per item, as set out in prevailing circular memorandum related to annual estimates**, may be regarded as recurrent expenditure for this purpose, in line with general practices on categorisation of recurrent and non-recurrent expenditure. **For reference, Government's non-recurrent expenditure items costing \$150,000 or less are generally counted as recurrent expenditure under the annual estimates.** Examples of typical expenditure classifications are –

- (i) Administration, e.g. fuel, light and power; maintenance of computer systems; cleaning service;
- (ii) Accommodation, e.g. rent; management/maintenance fees;
- (iii) Stores and equipment;
- (iv) Transport, e.g. running expenses of vehicles; travelling expenses; and
- (v) Training and development.

/(c) .....

(c) *Non-recurrent expenditure:* This covers items of non-recurrent expenditure each of which exceeds the limit prescribed in (b) above or any single project involving maintenance, repair, re-equipment or

re-furnishing costing more than the prescribed amount for the complete project. For example, furnishing and equipping a recreation hall would be regarded as one project.

3.7 An organisation may show depreciation of capital assets in its income and expenditure accounts but such information must be shown separately. The information should not be taken into account in the determination of a level of subvention.

#### **4. Examination of an organisation's budget**

4.1 The Controlling Officer should take into account the organisation's budget (including the level of reserve, if any) when recommending the amount of subvention for inclusion in the annual estimates of the Government. In recommending the amount, the Controlling Officer should be satisfied that the organisation is being operated in a cost-effective manner and that the budget presented (including the amount of subvention requested of the Government) is not excessive. The fact that a subvented organisation has projected a year-end deficit does not oblige the Government to provide additional funding. The relevant Controlling Officer should examine whether the deficit budget is justified and whether the organisation is able to manage the deficit with its reserve (section 8 below). If not, the Controlling Officer should take up with the Director of Bureau to consider a viable and sustainable way forward.

4.2 On the expenditure side, the test is whether a subvented organisation has exercised due diligence to improve the value for money it obtains from the subvention. On matters of staffing, the Controlling Officer should make reference to any prevailing guidelines, currently those issued by the Director of Administration for the control and monitoring of remuneration practices in respect of senior executives in subvented bodies ([Ref. CSO/ADM CR 2/1136/01 dated 28 March 2003 Administration Wing Circular Memorandum No. 11/2018 dated 27 August 2018](#)). The Controlling Officer should also remind the subvented organisation to observe the principle of fairness and transparency in recruiting staff to fill posts under a subvented programme. On other operational costs, the Controlling Officer should assess whether the organisation has actively looked for opportunities to reduce overheads and to enhance productivity, e.g. through more extensive use of information technology. To avoid any hidden subsidy by other sources of government funding, subvented organisations are normally expected to pay full costs for services rendered by government departments.

4.3 The Controlling Officer should remind the subvented organisation to put in place a procurement policy which is transparent, fair and cost-effective,

/making .....

making references to practices in the Government. Emphasis should be placed on the promotion of level playing field and competitive bidding. Procurement by single tender should be fully justified.

4.4 Subvented organisations should be reminded that if they want to bid for a government contract, they should notify the relevant Controlling Officer overseeing the subventions. The Controlling Officer should guard against subvented resources being siphoned off to programme areas falling outside the approved scope for subvention. To facilitate cost comparison on a level playing field, subvented organisations bidding for government contracts should also bid on the basis of the full (versus subvented) cost of their services.

4.5 On the revenue side, the Controlling Officer should assess whether the subvented organisation has made convincing efforts to raise funds and maximise revenue from sources other than the Government, for example, from charging fees and the sale of products and services, where this is not inconsistent with relevant provisions in law and with approved objectives. To avoid hidden subsidy by government subventions, subvented organisations should charge full costs for services provided on a self-financing basis to other organisations.

## **5. Changes to the budget**

5.1 Without prejudice to relevant statutory provisions, the Controlling Officer should agree with the organisation the extent to which the Director of Bureau or the Controlling Officer will have authority over the budget submitted, e.g. whether, as a condition of subvention, the budget requires approval of the Director of Bureau/Controlling Officer, or whether the budget is only for reference purpose. Where approval is required, and subject to paragraph 6.2 below, the Director of Bureau/Controlling Officer should agree with the organisation the extent to which subsequent variations are allowed, e.g. whether the organisation may vire funds from one expenditure item to another.

5.2 The Controlling Officer should have an understanding with the subvented organisation on circumstances under which the provision of additional subvention may be considered during the year, as well as circumstances under which surplus subvention may be clawed back (notwithstanding any arrangements for the keeping of reserves under section 8 below). Without pre-empting the understanding between the Controlling Officer and the subvented organisation, such adjustments may arise from –

- (a) upward or downward price adjustment in the course of the year to reflect latest decision on annual civil service pay adjustment (it should be noted that the agreement between the organisation and the Controlling Officer will not pre-empt the Financial Services and the Treasury Bureau acting as the Centre from price-adjusting the relevant operating expenditure envelope to reflect civil service pay adjustment, where applicable);

/(b) .....

- (b) new or additional services requested by the Government, or curtailment/cessation of agreed services in the course of the year;
- (c) changes in statutory obligations; and
- (d) unforeseen contingencies beyond the control of the organisation.

5.3 In general, where recurrent subvention is provided on a deficiency basis or in the case of capital subventions granted (section 7 below), any surplus should be returned to the Government.

5.4 The Controlling Officer should make it clear to the subvented organisation that there is no obligation on the part of the Government to bail out an organisation running into a deficit.

## **6. The organisation's budget and Government's annual estimates**

6.1 The amount of subvention appropriated for an organisation each year is reflected in the Government's annual estimates. Currently, recurrent subvention and non-recurrent subvention other than capital subventions are reflected under *Subhead 000 Operational expenses* and appropriate *Non-recurrent subheads* respectively under the Operating Account of the relevant head of expenditure in the General Revenue Account (GRA). Capital subventions (section 7 below) are reflected in the Capital Account of the GRA or the Capital Works Reserve Fund (CWRP) depending on their nature and the amount involved.

6.2 In all instances, the Controlling Officer should see to it that subvention is only used for the purposes for which it is voted. Where the variations to an organisation's approved budget (paragraph 5.1 above) will result in changes to the Estimates of the Government, they can only be permitted with the approval of the FC of the Legislative Council or the relevant authority acting under authority delegated by the FC, in accordance with section 8 of the Public Finance Ordinance (Cap. 2). In this regard, it is noted that some subvented organisations have been using recurrent subventions received from the Government to fund items of a non-recurrent nature. This in itself will not necessarily constitute a change to the Estimates of the Government, as it is accepted that a subvented organisation should be given some flexibility over the use of Government's recurrent subvention in supporting its day-to-day operation. The Controlling Officer and the subvented organisation should, however, observe the following ground rules –

- (a) any recurrent subvention approved specifically for individual recurrent programmes should not be used to fund activities outside the programmes. Such usage will constitute a change to the scope of the approved recurrent subvention for which prior approval of the approving authority is required;

/(b) .....



- (b) the recurrent subvention should not be redeployed to fund capital works items which should fall under the purview of the CWRF. Such redeployment, which will have the effect of changing the Government's global estimates for the GRA and the CWRF, requires the prior agreement of the Financial Services and the Treasury Bureau (The Treasury Branch);
- (c) the recurrent subvention should not be diverted to provide top-up funding for non-recurrent items the estimates for which have already been approved by the FC or the Administration under delegated authority. Such diversion will constitute a change to the approved project estimates for which the Controlling Officer should seek the prior approval of the approving authority; and
- (d) in no circumstances should recurrent subvention be diverted to support items/activities for which the Government has already expressed difficulties in giving policy or funding support for reasons other than lack of funding (for funding support, see also paragraphs 7.2 to 7.5 below).

## 7. Capital subventions

7.1 For the purposes of these guidelines, capital subventions are taken to mean non-recurrent funding for **construction, repairs, maintenance, refurbishment and other works projects or the acquisition/construction of systems and equipment**. Capital subventions may be charged to the CWRF or the capital account of relevant expenditure head in the GRA, depending on the nature and cost estimate of individual projects.

### Resource allocation

7.2 A subvented organisation may apply to the Controlling Officer for new money in the form of capital subventions. The recommendations of the Controlling Officer will be considered by the Financial Services and the Treasury Bureau (The Treasury Branch) under relevant resource allocation exercises.

7.3 As a general rule, the Controlling Officer should ensure that capital subventions (whether new money or recurrent funding redeployed for the purposes) are spent in a cost-effective manner on worthy projects in support of the subvented organisations' stated objectives. Before recommending an application for capital subvention to the Treasury Branch, the Controlling Officer should assess the justification and cost-effectiveness of the project, the capability of the organisation to manage the project and whether recurrent consequences arising from the project can be absorbed by the organisation or the operating expenditure

/envelope .....

envelope for the relevant Director of Bureau. The Controlling Officer should also assess whether the organisation has put in due efforts to contribute to the capital costs of the project. In this regard, the target is for organisations to contribute at least 20% of the project cost where possible.

7.4 The Controlling Officer should note that the resource allocation exercise will only decide whether funding for the project should be earmarked internally within the Government. The allocation of funding will be subject to the approval of the Legislative Council in the context of the annual Appropriation Bill or through separate submissions to the FC/public officers acting under authority delegated by the FC, whichever is appropriate. The Controlling Officer should therefore remind the subvented organisation not to enter into any contractual commitment in respect of the project before funding has been approved by the relevant authority. Subvented organisations will have to take full responsibility for any financial consequences arising from their premature commitment.

7.5 Where the Government has earmarked funding internally on the understanding that a certain amount or percentage of the cost will be met from outside the Government, the Controlling Officer should, before applying to the relevant approving authority for funding, satisfy himself that the subvented organisation has either raised its share of contribution or that the contribution is clearly forthcoming.

### **Disbursement of capital subventions and project monitoring**

7.6 After the capital subvention is approved, the Controlling Officer should release funding on a need basis or based on pre-agreed milestones, subject to the approved capital subvention and scope of works not being exceeded and the payment having been duly certified by the organisation, in consultation with the relevant works departments as necessary. The Controlling Officer should also ensure that the organisation would seek prior approval from the appropriate authority for increases in approved project estimates before committing any government funding. Prior approval from the appropriate authority on changes in the approved scope of works is also required before commencement of the relevant works.

7.7 To safeguard the interest of the Government in the event of default/abortion of subvented projects, the Controlling Officer shall require the subvented organisation to exhaust any non-government funding committed and received before drawing upon the capital subvention approved for the project. The amount of non-government funding expended will not be reimbursed in case the project is cancelled/curtailed for one reason or another.

/7.8 .....

7.8 The Controlling Officer shall require the subvented organisation to submit project progress reports together with updated budget forecasts and outturn income and expenditure statements upon approval of capital subventions and thereafter at quarterly intervals (unless for short-term projects).

### **Technical support**

7.9 The Controlling Officer should, at various stages of the projects, seek the technical advice of relevant professional departments (notably Architectural Services Department in the case of subvented building projects including construction, repair, maintenance or refurbishment works, and Office of the Government Chief Information Officer in respect of IT projects) on the acceptability of the projects for subvention purposes. Areas on which the professional departments may be consulted include project feasibility, design, scope, cost and selection of consultants/contractors, etc.

### **Finalisation of accounts**

7.10 The Controlling Officer should require the concerned subvented organisation to submit final project accounts, as duly certified by the senior management of the organisation and relevant professionals, on completion of a subvented project in a timely manner. The Controlling Officer should assess whether the project has been satisfactorily completed and assess the final cost which qualifies for subvention, in consultation with relevant professional departments as necessary. If it is revealed that the actual project cost is lower than the original project estimate based on which capital subvention is approved, the Controlling Officer should ensure that all surplus capital subvention if already disbursed (i.e. difference between funding disbursed and the actual project cost less amount of outside contribution pledged) is returned to the Government.

## **8. Reserves**

8.1 Subject to the provisions of relevant legislation or funding agreement (including the considerations in paragraph 5.2 above), a subvented organisation may place surpluses<sup>1</sup> arising from subvented programmes into a reserve. The keeping of reserve gives organisations an incentive to economise. It also provides organisations with a buffer to meet contingency. This section does not normally apply to surpluses arising from recurrent subventions which are provided on a deficiency basis or capital subventions (covered by paragraph 5.3 above).

/8.2 .....

---

<sup>1</sup> It is noted that the surpluses may come from unspent subvention or unspent income from other sources supporting a subvented programme. For the purpose of this section on keeping reserves, all surplus arising from a subvented programme upon finalisation of the audited account for that accounting year is deemed to be unspent subvention.

8.2 The Controlling Officer should, in consultation with the Financial Services and the Treasury Bureau (The Treasury Branch), set an appropriate reserve ceiling for funds so carried forward. The objective is to prevent an organisation from accumulating more than is necessary, at the expense of other worthy causes which may have been supported by public funds had the “underspending” in subvention been returned to the Government. The reserve ceilings may differ between organisations, but they should be set at reasonable levels having regard to the susceptibility of the concerned organisations to fluctuations in income and expenditure and the demand for time-limited funding from time to time. For transparency, Controlling Officers are advised to communicate the level of reserve to the Legislative Council which approves the appropriation of funds for the relevant subvention.

8.3 Any surplus in excess of the agreed reserve ceiling should be returned to the Government (by way of offsetting from next year’s subvention or returning to General Revenue), or dealt with in accordance with arrangements agreed between the Controlling Officer and the organisation.

8.4 The Controlling Officer should agree with the subvented organisation the general ambit of a reserve accumulated from underspending on subvented programmes, and the authority of the organisation over the use of the reserve. Generally the reserve should be ploughed back into programmes which are normally supported by public funds. Where the use of reserve would generate additional financial consequences for the Government, the organisation must seek the prior agreement of the Controlling Officer before committing to spend from the reserve.

8.5 To facilitate monitoring and control, a subvented organisation should keep separate accounts of its reserve accumulated from underspending on subvented programmes (to which this section applies) and any reserve attributable to surplus income generated from self-financing activities.

## **9. Treatment of other income**

### **Fees and charges**

9.1 The Controlling Officer should agree with the subvented organisation the principles and conditions governing the administration of fees and charges in support of a subvented programme, e.g. whether the introduction and revision of fees and charges require the prior approval of the Controlling Officer and to what extent subvented organisations are allowed to deploy the income at their discretion. As a general rule, when operating income-generating activities in support of a subvented programme, subvented organisations should ensure that the activities are in line with relevant government policies, the objectives of the subvented programme and relevant legal requirements. In no circumstances should the subvented programme be compromised.

**/Donations .....**

## **Donations**

9.2 The Controlling Officer should agree with the subvented organisation the circumstances under which donations may be accepted and retained. The acceptance of donations by a subvented organisation for running services/undertaking capital projects may have recurrent/time-limited financial implications. The Controlling Officer should make it clear to the subvented organisation that such financial consequences have to be borne by the organisation from its available resources, unless the organisation, before acceptance of the donations, has obtained the Controlling Officer's agreement to provide additional funding for the purposes.

9.3 In some cases, the donors have not specified the uses of the donations. For organisations which run both subvented and non-subvented programmes, as well as organisations running solely subvented programmes funded on different bases, the application of the non-designated donations should be agreed with the Controlling Officer. In the discussions, the Controlling Officer should strike a balance between the desirability of applying these non-designated donations to subvented programmes with a view to reducing the organisations' reliance on public funding and the expectation of the subvented organisations for having a say over donations which they have solicited. The Controlling Officer should guard against any consequential reduction in the level of subvention becoming a disincentive for the subvented organisations to solicit donations.

## **10. Submission of audited accounts**

10.1 The Controlling Officer should require each subvented organisation to submit, before a prescribed date, the audited annual financial statements of the organisation (which should include balance sheet, income statement, cash flow statement, and accounting policies and explanatory notes), and an audited annual financial report showing –

- (a) the income and expenditure of the organisation's subvented programmes (the Controlling Officer to decide whether there should be one consolidated income and expenditure analysis for all subvented programmes or separate analyses for each distinctly separate subvented service); and
- (b) where applicable, the movements in the reserve of unspent subvention retained and assets acquired under the subvented programmes.

/10.2 .....

10.2 The annual financial statements and annual financial report in paragraph 10.1 above should be certified by the Chairman of the subvented organisation or equivalent and audited by professional accountants registered under section 22 of the Professional Accountants Ordinance (Cap. 50) in accordance with standards issued by the Hong Kong Institute of Certified Public Accountants (formerly called the Hong Kong Society of Accountants).

10.3 The detailed requirements and presentation of the annual financial report to be submitted may be determined by the Controlling Officer taking into account any specific requirements and, where necessary, in consultation with the Director of Accounting Services.

10.4 The auditors' report accompanying the annual financial statements and annual financial report submitted should contain an expression of opinion as to –

**On the annual financial statements of the subvented organisation**

–

whether they give a true and fair view of the state of affairs of the subvented organisation as at the balance sheet date and of its financial result and cash flows for the year then ended.

**On the annual financial report of the subvented programme(s) being audited –**

whether the subvented organisation has complied with, in all material respects, the requirements set by the Government (including the requirements to keep proper books and records and to prepare annual financial report of the subvented programme(s) in accordance with the books and records) and all the terms and conditions of the subvention as specified in the relevant subvention guidelines and other relevant documents.

10.5 The subvented organisation should agree with the auditors the terms of the audit engagement, such as the objectives, scope and form of report, etc. To avoid misunderstanding, the agreed terms should be recorded in an engagement letter.

10.6 The Controlling Officer should remind the organisation to provide the auditors with all the relevant subvention guidelines and other relevant documents.

/11. ....

## **11. Access to records and accounts**

11.1 The Controlling Officer should ensure that he or she and the Director of Audit will have unhindered access to the records and accounts of a subvented organisation, as a condition of subvention if not already provided by law. When so requested in this connection, the organisation will be obliged to explain to the Controlling Officer and the Director of Audit any matters relating to the receipt, expenditure or custody of any money derived from public funds.

11.2 In accordance with the scope of value for money audits agreed between the Public Accounts Committee of the Legislative Council and the Director of Audit and accepted by the Administration, the Director of Audit may carry out value for money studies in any organisation which receives more than 50% of its income from public moneys. The Director of Audit may also, by prior agreement between the Controlling Officer and a subvented organisation as a condition of subvention, carry out similar studies in organisations which receive 50% or less of their income from public moneys.

## **12. Anti-corruption procedures**

12.1 The Commissioner of the Independent Commission Against Corruption (ICAC) may examine the management and control procedures in a subvented organisation with a view to providing corruption prevention advice to the executive committee. The organisation is expected to heed the advice given by the ICAC and to take such remedial actions as are appropriate.

12.2 It is the responsibility of each subvented organisation to ensure that its management and staff conform with the requirements of the Prevention of Bribery Ordinance (Cap. 201).

## **13. Self-financing activities**

13.1 Some subvented organisations run self-financing activities without any subvention from the Government. The organisation should keep a separate set of accounts for these activities and ensure that there is no cross-subsidisation of self-financing activities by the subvented programmes in money or in kind.

## **14. Payment of subvention**

14.1 The Controlling Officer should avoid disbursing an annual subvention in one go, unless this is essential for meeting the operational needs of the organisation. The subvention should normally be paid by instalments, e.g. monthly or quarterly, having regard to the cashflow requirements of the subvented organisations, the amount of funding involved, etc.

**/15. ....**

## **15. Memorandum of Administrative Arrangements and other instruments**

15.1 The Controlling Officer should let the organisation receiving recurrent funding from the Government know how these and other guidelines would be applied in their cases. As a matter of good management, Directors of Bureaux or the relevant Controlling Officers should preferably enter into a Memorandum of Administrative Arrangements or a similar instrument with each organisation receiving recurrent funding from the Government under their purview. Such tailor-made instruments should, having regard to these guidelines, set out the responsibilities of all parties in the delivery and monitoring of government-funded services and capital projects.

15.2 These guidelines do not override the terms of **existing** Memorandum of Administrative Arrangements and other tailor-made instruments on the management and control of individual organisations receiving recurrent funding from the Government, e.g. Code of Aid for aided schools, Lump Sum Grant Manual for welfare services, UGC Notes on Procedures. Relevant Directors of Bureaux and Controlling Officers are nonetheless expected to review the existing memoranda and other instruments periodically and to take account of these guidelines in the next review.

## **16. Useful reference**

16.1 A list of other relevant circulars and documents is also attached at **Annex 2** for reference by the Directors of Bureaux and Controlling Officers in respect of the management of subvented organisations.

---

The Treasury Branch  
Financial Services and the Treasury Bureau  
September 2004



Updated on 29 January 2021

## Annex 1

**Organisations receiving recurrent funding from the Government in 2020-21 (Note)**

(as at 31 October 2020)

<b>Organisation</b>	<b>Head</b>	<b>Director of Bureau or Envelope Holder / Controlling Officer</b>
Duty Lawyer Service	H142	D of Adm
Legal Aid Services Council		
Legislative Council Commission	H112	D of Adm/SG, LegCo Secretariat
Office of The Ombudsman	H114	D of Adm/The Ombudsman
Consumer Council	H152	SCED/PS(CIT)
Competition Commission		
Hong Kong Tourism Board		
Hong Kong Trade Development Council		
Hong Kong-Japan Business Co-operation Committee		
Equal Opportunities Commission	H144	SCMA/PSCMA
Office of the Privacy Commissioner for Personal Data		
Vocational Training Council (vocational education)	H156	SED/PS(Ed)
Schools and other subvented education bodies – <ul style="list-style-type: none"> <li>• Kindergartens</li> <li>• Aided schools</li> <li>• Caput schools</li> </ul>		

Organisation	Head	Director of Bureau or Envelope Holder / Controlling Officer
<ul style="list-style-type: none"> <li>• Schools under Direct Subsidy Scheme</li> <li>• English Schools Foundation schools</li> <li>• Other bodies receiving subventions for miscellaneous education services</li> </ul>	H156	SED/PS(Ed)
University Grants Committee – funded universities	H190	SED/SG, UGC
World Wide Fund for Nature Hong Kong	H22	SEN/DAFC
Kadoorie Farm and Botanic Garden Corporation	H22	SEN/DAFC
Society for the Prevention of Cruelty to Animals (Hong Kong)	H22	SFH/DAFC
The Family Planning Association of Hong Kong	H37	SFH/D of Health
Hong Kong Red Cross		
Hong Kong Council on Smoking and Health		
Hong Kong St. John Ambulance		
Tung Wah Group of Hospitals – Chinese Medicine Clinics		
Caritas Hong Kong – Wong Yiu Nam Centre	H37	S for S/D of Health
The Society for the Aid and Rehabilitation of Drug Abusers		
Hong Kong Christian Service – Jockey Club Lodge of Rising Sun		
Hospital Authority	H140	SFH/PS(Health)
Prince Philip Dental Hospital		
Hong Kong Genome Institute		

Organisation	Head	Director of Bureau or Envelope Holder / Controlling Officer
Hong Kong Productivity Council	H155	S for IT/C for IT
Hong Kong Applied Science and Technology Research Institute Company Limited		
Independent Police Complaints Council	H121	S for S/SG, IPCC
Financial Services Development Council	H148	SFST/PS(FS)
Hong Kong Academy for Performing Arts	H53	SHA/PSHA
Hong Kong Arts Development Council		
Outward Bound Trust of Hong Kong		
Major Performing Arts Groups		
Sports Federation & Olympic Committee of Hong Kong, China		
<b>Management Company of Olympic House Limited</b>		
Uniformed groups and other youth organisations		
District sports and arts associations	H63	SHA/DHA
New Territories organisations		
Hong Kong Archaeological Society	<b>H95 H159</b>	SDEV/ <b>DLCS PSDEV(W)</b>
Non-government Organisation (NGO) camps	H95	SHA/DLCS
Arts and sports organisations subvented by the Leisure and Cultural Services Department – <ul style="list-style-type: none"> <li>• Hong Kong Arts Festival Society Ltd.</li> <li>• National Sports Associations</li> </ul>		

<b>Organisation</b>	<b>Head</b>	<b>Director of Bureau or Envelope Holder / Controlling Officer</b>
Hong Kong Society for Rehabilitation (Rehabus Scheme)	H186	SLW/C for T
<b>Kwoon Chung Inclusive and Accessible Transport Services Company Limited</b>		
Welfare NGOs	H170	SLW/DSW S for S/DSW SHA/DSW
Guardianship Board	H141	SLW/PSLW
Environmental Advisory Service		
Shine Skills Centres		
Vocational Training Council (vocational training)		

*Note: The list excludes (a) organisations which are only receiving recurrent funding in the form of membership fees/subscriptions or refunds of rent and rates; and (b) international organisations to which the Government makes a recurrent contribution as a gesture of support. The applicability of the Guidelines to individual organisations on the list may differ.*

Updated on 1 July 2022

## Annex 1

**Organisations receiving recurrent funding from the Government in 2022-23 (Note)**

(as at 1 July 2022)

<b>Organisation</b>	<b>Head</b>	<b>Director of Bureau or Envelope Holder / Controlling Officer</b>
Duty Lawyer Service	H142	D of Adm
Legal Aid Services Council		
Legislative Council Commission	H112	D of Adm/ SG, LegCo Secretariat
Office of The Ombudsman	H114	D of Adm/ The Ombudsman
Consumer Council	H152	SCED/ <del>PS(CIT)</del> <u>PSCED</u>
Competition Commission		
Hong Kong Trade Development Council		
Hong Kong-Japan Business Co-operation Committee		
Hong Kong Tourism Board	<del>H152</del> <del>H132</del>	<del>SCED/PS(CIT)</del> <del>SCST / PSCST</del>
Equal Opportunities Commission	H144	SCMA/PSCMA
Office of the Privacy Commissioner for Personal Data		

Organisation	Head	Director of Bureau or Envelope Holder / Controlling Officer
Vocational Training Council (vocational education)	H156	SED/PS(Ed)
Schools and other subvented education bodies – <ul style="list-style-type: none"> <li>• Kindergartens</li> <li>• Aided schools</li> <li>• Caput schools</li> <li>• Schools under Direct Subsidy Scheme</li> <li>• English Schools Foundation schools</li> <li>• Other bodies receiving subventions for miscellaneous education services</li> </ul>		
University Grants Committee – funded universities	H190	SED/SG, UGC
World Wide Fund for Nature Hong Kong	H22	<del>SEN SEE</del> / DAFC
Kadoorie Farm and Botanic Garden Corporation		
Society for the Prevention of Cruelty to Animals (Hong Kong)		
The Family Planning Association of Hong Kong	H37	<del>SFH S for Health</del> / D of Health
Hong Kong Red Cross		
Hong Kong Council on Smoking and Health		
Hong Kong St. John Ambulance		
Tung Wah Group of Hospitals – Chinese Medicine Clinics		

Organisation	Head	Director of Bureau or Envelope Holder / Controlling Officer
Caritas Hong Kong – Wong Yiu Nam Centre	H37	S for S/D of Health
The Society for the Aid and Rehabilitation of Drug Abusers		
Hong Kong Christian Service – Jockey Club Lodge of Rising Sun		
Hospital Authority	H140	SFH S for Health /PS(Health)
Prince Philip Dental Hospital		
Hong Kong Genome Institute		
Hong Kong Productivity Council	H155	S for IT SITI/C for IT
Hong Kong Applied Science and Technology Research Institute Company Limited		
Independent Police Complaints Council	H121	S for S/SG, IPCC
Financial Services Development Council	H148	SFST/PS(FS)
Hong Kong Academy for Performing Arts	H53 H132	SHA/PSHA SCST/PSCST
Hong Kong Arts Development Council		
Outward Bound Trust of Hong Kong		
Major Performing Arts Groups		
Sports Federation & Olympic Committee of Hong Kong, China		
Management Company of Olympic House Limited		
Hong Kong Paralympic Committee	H53	SHA/PSHA SHYA/PSHYA
Uniformed groups and other youth organisations	H53	SHA/PSHA SHYA/PSHYA

<b>Organisation</b>	<b>Head</b>	<b>Director of Bureau or Envelope Holder / Controlling Officer</b>
District sports and arts associations	H63	<del>SHA SHYA</del> /DHA
New Territories organisations		
Hong Kong Archaeological Society	H159	SDEV/ PSDEV(W)
Non-government Organisation (NGO) camps	H95	<del>SHA SCST</del> /DLCS
Arts and sports organisations subvented by the Leisure and Cultural Services Department – <ul style="list-style-type: none"> <li>• Hong Kong Arts Festival Society Ltd.</li> <li>• National Sports Associations</li> </ul>		
Hong Kong Society for Rehabilitation (Rehabus Scheme)	H186	SLW/C for T
Kwoon Chung Inclusive and Accessible Transport Services Company Limited		
Welfare NGOs	H170	SLW/DSW S for S/DSW <del>SHA SHYA</del> /DSW
Guardianship Board	H141	SLW/PSLW
Environmental Advisory Service		
Shine Skills Centres		
Vocational Training Council (vocational training)		

*Note: The list excludes (a) organisations which are only receiving recurrent funding in the form of membership fees/subscriptions or refunds of rent and rates; and (b) international organisations to which the Government makes a recurrent contribution as a gesture of support. The applicability of the Guidelines to individual organisations on the list may differ.*



Updated on 10 January 2024

## Annex 1

**Organisations receiving recurrent funding from the Government in 2023-24 (Note)**

(as at 1 January 2024)

<b>Organisation</b>	<b>Head</b>	<b>Director of Bureau or Envelope Holder / Controlling Officer</b>
Duty Lawyer Service	H142	D of Adm
Legal Aid Services Council		
Legislative Council Commission	H112	D of Adm / SG, LegCo Secretariat
Office of The Ombudsman	H114	D of Adm / The Ombudsman
Consumer Council	H152	SCED / PSCED
Competition Commission		
Hong Kong Trade Development Council		
Hong Kong-Japan Business Co-operation Committee		
Hong Kong Tourism Board	H132	SCST / PSCST
Equal Opportunities Commission	H144	SCMA / PSCMA
Office of the Privacy Commissioner for Personal Data		

<b>Organisation</b>	<b>Head</b>	<b>Director of Bureau or Envelope Holder / Controlling Officer</b>
Vocational Training Council (vocational education)	H156	SED / PS(Ed)
Schools and other subvented education bodies – <ul style="list-style-type: none"> <li>• Kindergartens</li> <li>• Aided schools</li> <li>• Caput schools</li> <li>• Schools under Direct Subsidy Scheme</li> <li>• English Schools Foundation schools</li> <li>• Other bodies receiving subventions for miscellaneous education services</li> </ul>		
University Grants Committee – funded universities	H190	SED / SG, UGC
World Wide Fund for Nature Hong Kong	H22	SEE / DAFC
Kadoorie Farm and Botanic Garden Corporation		
Society for the Prevention of Cruelty to Animals (Hong Kong)		
The Family Planning Association of Hong Kong	H37	S for Health / D of Health
Hong Kong Red Cross		
Hong Kong Council on Smoking and Health		
Hong Kong St. John Ambulance		
Tung Wah Group of Hospitals – Chinese Medicine Clinics		

Organisation	Head	Director of Bureau or Envelope Holder / Controlling Officer
Caritas Hong Kong – Wong Yiu Nam Centre	H37	S for S / D of Health
The Society for the Aid and Rehabilitation of Drug Abusers		
Hong Kong Christian Service – Jockey Club Lodge of Rising Sun		
Hospital Authority	H140	S for Health / PS(Health)
Prince Philip Dental Hospital		
Hong Kong Genome Institute		
Hong Kong Productivity Council	H155	SITI / CIT
Hong Kong Applied Science and Technology Research Institute Company Limited		
Independent Police Complaints Council	H121	S for S / SG, IPCC
Financial Services Development Council	H148	SFST / PS(FS)
Hong Kong Academy for Performing Arts	H132	SCST / PSCST
Hong Kong Arts Development Council		
Outward Bound Trust of Hong Kong		
Major Performing Arts Groups		
Sports Federation & Olympic Committee of Hong Kong, China		
Management Company of Olympic House Limited		
Hong Kong Paralympic Committee		
Anti-Doping Organization of Hong Kong, China Limited		

<b>Organisation</b>	<b>Head</b>	<b>Director of Bureau or Envelope Holder / Controlling Officer</b>
Uniformed groups and other youth organisations	H53	SHYA / PSHYA
District sports and arts associations	H63	SHYA / DHA
New Territories organisations		
Hong Kong Archaeological Society	H159	SDEV / PSDEV(W)
Non-government Organisation (NGO) camps	H95	SCST / DLCS
Arts and sports organisations subvented by the Leisure and Cultural Services Department – <ul style="list-style-type: none"> <li>• Hong Kong Arts Festival Society Ltd.</li> <li>• National Sports Associations</li> </ul>		
Hong Kong Society for Rehabilitation (Rehabus Scheme)	H186	SLW / C for T
Kwoon Chung Inclusive and Accessible Transport Services Company Limited		
Welfare NGOs	H170	SLW / DSW S for S / DSW SHYA / DSW

<b>Organisation</b>	<b>Head</b>	<b>Director of Bureau or Envelope Holder / Controlling Officer</b>
Guardianship Board	H141	SLW / PSLW
Environmental Advisory Service		
Shine Skills Centres		
Vocational Training Council (vocational training)		

*Note: The list excludes (a) organisations which are only receiving recurrent funding in the form of membership fees/subscriptions or refunds of rent and rates; and (b) international organisations to which the Government makes a recurrent contribution as a gesture of support. The applicability of the Guidelines to individual organisations on the list may differ.*

政府總部  
勞工及福利局  
香港添馬添美道2號  
政府總部



LABOUR AND WELFARE BUREAU  
GOVERNMENT SECRETARIAT

Central Government Offices  
2 Tim Mei Avenue, Tamar  
Hong Kong

本函檔號 Our Ref. : (CR) LWB R 9/3939/23 Pt. 3  
來函檔號 Your Ref. : CB4/PAC/R82

電話號碼 Tel No. : (852) 2810 2102  
傳真號碼 Fax No. : (852) 2543 0486

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

19 June 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 5 of the Director of Audit's Report No. 82**  
**Provision and monitoring of Rehabus services**

Thank you for your letter dated 4 June 2024 to the Secretary for Labour and Welfare. I am authorised to reply on his behalf.

Having consulted the Transport Department, the Labour and Welfare Bureau's reply is set out at **Annex**.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Susan Chan'.

(Ms Susan Chan)

for Secretary for Labour and Welfare

c.c. Commissioner for Transport (email: [comr@td.gov.hk](mailto:comr@td.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))

**Public Accounts Committee (PAC)  
Consideration of Chapter 5 of the Director of Audit's Report No. 82  
Provision and monitoring of Rehabus services**

**Letter from Clerk to PAC dated 4 June 2024**

**The Labour and Welfare Bureau's Reply**

**(a) According to paragraphs 1.5, 1.8 and 2.3 of Chapter 5 of the Director of Audit's Report No. 82 (the Audit Report), please advise:**

**(i) whether the Transport Department (TD) had set a service period when signing the Memorandum of Understanding (MOU) with Operator A in January 2004; if not, what are the reasons; and**

**(ii) paragraph 2.3(a) of the Audit Report pointed out that in 2019, in order to reflect the operation requirements of Rehabus services and to align with the requirements of MOU B, TD suggested to include additional clauses and revise some of the existing clauses of MOU A. Why TD has not suggested revising the service period of Operator A with a view to aligning it with the relevant terms of Operator B (i.e. a service period of five years); and whether such revision will be considered;**

(i) to (ii) – Rebus services have been operated by Operator A since 1978 and subvented by the Government since 1980. In view of the above historical factors and considering that there was no other non-profit-making organisation in the market with sufficient capacity to operate the Rebus scheduled route service (SRS) and dial-a-ride service (DAR), the Rebus services operated by Operator A had not been provided for a service period. Nevertheless, the MOU expressly provides that if the operator fails or refuses to comply fully with the MOU, the Government may unilaterally terminate the concerned MOU and cease to provide funding.

At present, the monitoring of Operator A is generally effective. The Government will periodically review the existing MOU and

take into account the views of various stakeholders and members of PAC, so as to review the existing monitoring mechanism in a timely manner and ensure effective monitoring of the service performance of the Rehabus operators.

**(b) According to paragraphs 2.4 to 2.6 of the Audit Report, owing to the impact of the epidemic, Operator B had yet to set up a Rehabus Management Committee (RMC) and a Users' Liaison Group (ULG) during the first service period from June 2019 to May 2022. After the commencement of the second service period on 1 June 2022, in response to TD's request, Operator B set up ULG and RMC in May and November 2023 respectively. Please advise:**

**(i) how Operator B operated during the period (i.e. June 2019 to November 2023) when RMC had not been set up; and whether the role of supervising and monitoring Operator B was taken up by TD only; and**

Although Operator B had yet to set up RMC during the period from June 2019 to November 2023, TD had been discussing and maintaining close communication with the management of the operator on service operation through various channels, including meetings, telephone calls, emails and other correspondences. TD also examined and reviewed the monthly operational, financial and statistical reports submitted by the operator, conducted on-site surveys, followed up on the views and complaints reflected by members of the public, and conducted regular spot checks on the operation and accounting records of Rehabus services to ensure that Rehabus services were operated in accordance with the requirements.

**(ii) how Operator B collected feedback from passengers on Rehabus services in the absence of ULG; and what views Operator B had taken into account in formulating service routes and contents during this period;**

Before ULG was set up, Operator B collected and listened to the views of users on route re-organisation through posting proposal notices on its website and vehicle compartments of the relevant routes, as well as distributing questionnaires, etc.



In addition, TD regularly exchanged views with persons with disabilities (PWDs) on transport matters (including Rehabus services) at various meetings, collected relevant opinions, and shared the information related to Rehabus services with the two operators for their review and consideration of appropriate service enhancement proposals.

**(c) Regarding the vetting of registration and renewal of SRS users as mentioned in paragraphs 3.2 to 3.6 of the Audit Report, please advise:**

**(i) whether Operator A has set up a mechanism to verify and regularly review the eligibility of customers using Rehabus services; if so, what are the details; and**

In order to set up a mechanism to verify and regularly review the eligibility of customers using Rehabus services, Operator A requires Rehabus users to register as customers. When registering for an account, the person concerned must hold a valid Registration Card for People with Disabilities (Registration Card) issued by the Labour and Welfare Bureau or a mobility impairment certificate issued by a medical practitioner, an occupational therapist or a physiotherapist registered in Hong Kong. Apart from PWDs who can apply for registration as individual customers in their personal capacity, relevant organisations (e.g. tax-exempted charities) can also apply for registration as organisation customers to arrange DAR for PWDs using their organisations' services.

In processing customer registration and renewal of PWDs, Operator A will verify the relevant supporting documents submitted by customers and record the relevant information in the computer system, including the English letter and first four digits of the Hong Kong Identity Card number, the number, expiry date and type of disability of the Registration Card (if any), or the mobility impairment certificate issued by a medical practitioner, an occupational therapist or a physiotherapist registered in Hong Kong (e.g. certifying that the person is a wheelchair user, a cane user, etc.) and its expiry date. For privacy reasons, at present, staff will not keep a record of the supporting documents after verification.

With the commissioning of the first phase of the new computer system of Operator A in March 2024, the computer system will

now automatically remind relevant users of the impending expiry of their mobility impairment certificates by sending text messages or making voice calls 60 days, 45 days, and 30 days before the expiry date of the relevant certificates respectively. The system will also notify Operator A for further follow-up after the expiry of the validity period of relevant user's certificate. With the introduction of the alert function on certificate expiry in the new computer system, we believe that Operator A's arrangement for user account registration/renewal will be improved.

Separately, regarding the Audit Commission's recommendation for TD to review with Operator A the retention period of the relevant supporting documents for registration and renewal of Rehabus customers, TD is actively following up with Operator A on the retention arrangement of the relevant supporting documents for customer registration and renewal, which is expected to be completed by the third quarter of 2024.

- (ii) according to TD, written guidelines on the vetting procedures for the registration and renewal of Rehabus customers would be issued (paragraph 3.6 of the Audit Report). What is the progress of the related work; and whether there is a timetable for the implementation of the guidelines;**

Regarding registration and renewal of Rehabus customers for SRS and DAR, TD is actively following up with Operator A on the formulation of written internal guidelines on the vetting procedures for customer registration and renewal. The guidelines will set out the ranks of approving officers, the renewal application workflow and how to handle cases where valid supporting documents cannot be provided for the renewal applications. TD aims to complete the written guidelines by the third quarter of 2024.

- (d) Please provide the relevant details and latest position of the six cases of PWDs who have been on the waiting list for more than one year as mentioned in paragraph 3.7(b) of the Audit Report;**

Regarding the six cases of PWDs who have been waiting for SRS for more than one year, as at March 2024, Operator A has completed the follow-up actions on these cases. Among them, a PWD has successfully joined the relevant route after adjusting the application requirements, while others have voluntarily withdrawn their applications

as the service could not meet their requirements. Details of these cases are set out in **Appendix 1**.

In fact, as some individual applicants have specific travel time and/or destination requirements, including the need to travel to and from distant areas and cross-district services at times of high service demand, and it would not be easy to arrange shared-use of vehicles for different users with similar travel patterns, thus making route allocation to these applicants more difficult and the waiting time would also be longer. If new routes are introduced specifically to cater for these less common demands, the utilisation rate of the relevant vehicles is expected to be low. Hence, a balance has to be struck between meeting passenger demand and optimising the use of resources.

- (e) **According to paragraph 3.30 of the Audit Report, would TD please provide the latest progress and implementation timetable for the provision of sites for parking, maintenance and vehicle servicing of Rehabus services for longer term use;**

In response to TD's request in December 2023 for Operator A to submit further information regarding the proposal on fleet parking, maintenance and vehicle servicing, Operator A submitted the relevant information in May 2024. TD will review the latest information provided by Operator A within July 2024, and then communicate and follow up with the relevant departments with a view to identifying suitable sites for parking and maintenance/servicing facilities for use by the Rehabus operator. As the progress is subject to the actual land supply situation, the implementation timetable for the provision of suitable sites is not available at this stage.

- (f) **According to paragraph 4.2(b) of the Audit Report, please advise how Operator B verifies the eligibility of users of recreational route service so as to ensure that resources will not be abused;**

At present, users of recreational route service are required to make advance bookings through telephone/online registration, and provide details of the use including the date, time, boarding and alighting points, and number of passengers (including the number of wheelchair users, non-wheelchair users with disabilities, and their carers) so as to facilitate

the arrangement of vehicles and manpower by Operator B for the service.

When passengers use the recreational route service, if the driver on duty has doubts about the eligibility of the person requesting the service after visual inspection, he/she will request the person to produce a valid Registration Card as a proof to determine whether the person can be allowed on board so as to prevent abuse.

- (g) **According to paragraph 4.11(b) and Note 40 of the Audit Report, before June 2023, costs incurred in self-financing activities of Operator B would firstly be charged to the subvented account and reimbursed from the self-financing account afterwards. Operator B had paid drivers' salary, fuel expense and tunnel toll incurred for self-financing activities from self-financing account direct effective from June, July and August 2023 respectively. TD had requested Operator B to pay back the possible interest cost arising from the delay in reimbursing the costs related to the self-financing activities. Please advise on the latest progress of the above work;**

In June, July and August 2023, Operator B had paid directly from its self-financing account the drivers' salary, fuel expense and tunnel toll of the self-financing activities respectively. After checking the records with TD, Operator B had also returned to the Government in February 2024 the interest costs that may be incurred arising from the expenditure of the self-financing activities.

- (h) **According to paragraph 4.14 of the Audit Report, the operators are required to place surpluses into a reserve, and the accumulated reserve must be kept in a separate interest-bearing account with a licensed bank. Up to December 2023, no designated bank account had been set up by Operator B for keeping the accumulated reserve separately. Please advise on the progress of setting up a designated bank account, including whether Operator B has placed the interest receivable from the accumulated reserve into the designated interest-bearing bank account newly set up during the period from June 2019 to the date on which the designated bank account was set up; and**

Operator B reviewed its workflow and account arrangements, and clearly separated the accounts for handling daily operating funds and

reserve funds in March 2024. A separate designated interest-bearing bank account was arranged for keeping the reserve funds. TD is following up with Operator B on verifying the interest accrued on the accumulated reserve between June 2019 and the setting up of the designated account, so that the relevant interest receivable will be deposited into the designated interest-bearing bank account newly set up. TD aims to complete the relevant task within the third quarter of 2024.

- (i) The current Audit Report has identified a number of deficiencies in Rehabus services, and TD has agreed to review the services. Please advise on the review checklist and contents, and the timetable for conducting the various reviews.**

TD agrees with the Audit Commission's recommendations and has prepared a follow-up checklist based on the recommendations (**Appendix 2**). TD will continue to follow up on these matters with the two Rehabus operators according to the respective target completion dates, and implement the relevant improvement work. As for the improvement work relating to daily operation, such as ensuring that the number of relevant meetings complies with the requirements, TD will continue to monitor and urge the operators concerned to ensure that the relevant arrangements are in compliance with the requirements continuously.

**Details of the six cases of persons with disabilities  
who have been waiting for scheduled route service for more than one year  
as mentioned in paragraph 3.7(b) of the Audit Report**

	<b>Purpose of travel</b>	<b>Waiting time as at September 2023 (in months)</b>	<b>Origin/destination</b>	<b>Latest situation</b>
1	Training*	22.7	Tai Tong Road, Yuen Long District ↔ Tin Shui Wai	Operator A had already assigned a SRS to the applicant at the end of December 2023. As the applicant considered that the timing was not suitable, the applicant had withdrawn the application in January 2024.
2	Training*	21.2	Yau Tam Mei Village, Yuen Long District ↔ Tin Shui Wai	The applicant withdrew the application in March 2024.
3	Education*	21.1	Kennedy Town ↔ Sai Kung	The applicant withdrew the application in March 2024.
4	Education*	13.1	Hong Lok Yuen, Tai Po District ↔ Kwai Chung	Due to home relocation, the applicant withdrew the application in February 2024.
5	Employment	12.7	Tin King Estate, Tuen Mun District ↔ Upper Albert Road, Central	The applicant had recovered and withdrew the application in March 2024.
6	Employment	12.2	Tai Po District ↔ Man Kam To, Sheung Shui	Due to change of jobs and the need to update the service destination, the applicant successfully joined the relevant route (from Tai Po District to Tai Po Nethersole Hospital) on 1 March 2024.

\*Wheelchair user

## Appendix 2

### Follow-up checklist based on the recommendations in the Audit Report

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
Recommendation (1) [Paragraphs 2.5-2.6, 2.12(a) of the Audit Report]	TD should take measures to ensure that the <b>meeting frequencies of the Rehabus Management Committee (RMC) and Users' Liaison Group (ULG)</b> comply with the stipulated requirements.	<p>TD has urged the operators to strictly comply with and follow the requirements of the Memorandum of Understanding (MOU) by convening a sufficient number of RMC and ULG meetings.</p> <p>In response to the request of TD, Operator B set up ULG and RMC in May and November 2023 respectively, and convened the second ULG and RMC meetings on 12 January 2024 and 14 March 2024 respectively.</p>	Completed and on-going
Recommendation (2) [Paragraphs 2.7-2.8, 2.12(b) of the Audit Report]	TD should take measures to ensure that the <b>annual budgets and annual audited accounts</b> with reporting details set out in MOUs are timely submitted by Rehabus operators.	The latest submissions of the annual budgets for 2024-25 (in November 2023) and the annual audited accounts for 2022-23 (in July 2023) by the two operators were generally on time. TD will closely follow up on the 2024 submissions.	Improved since 2023 and on-going
Recommendation (3) [Paragraphs 2.10, 2.12(c) of the Audit Report]	TD should strengthen its monitoring on the performance of Operator B, for example, by increasing the <b>frequency of regular meetings</b> .	Since September 2023, TD has been regularly holding monthly meetings with Operator B to strengthen the monitoring on the performance of Operator B.	Completed and on-going

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
Recommendation (4) [Paragraphs 2.11, 2.12(d) of the Audit Report]	TD should consider setting additional <b>performance pledges</b> other than patronage and allocation of vehicles in MOUs for enhancing TD's monitoring on the operators' performance.	TD will follow up with the Rehabus operators and incorporate other performance indicators in MOUs.	Third quarter of 2024
<p>Recommendation (5)(i) [Paragraphs 2.16, 2.19(a)(i) of the Audit Report]</p> <p>Recommendation (5)(ii) [Paragraphs 2.17, 2.19(a)(ii) of the Audit Report]</p>	<p>In arranging the procurement of vehicles for Rehabus services, TD should require the Rehabus operators to <b>provide additional relevant information in the procurement proposals</b> for TD's assessment; and</p> <p>TD should take measures <b>to ensure that the "Guidelines for Procurement of Rehabus Vehicles" are complied with.</b></p>	<p>TD had requested the Rehabus operators to provide additional relevant information for TD's consideration (e.g. the utilisation of the existing fleet) when submitting their proposals for the procurement of new Rehabus in May 2024.</p> <p>TD will review the relevant guidelines and devise a more detailed action checklist for the procurement of Rehabus. All of which will be clearly explained to all responsible staff and the operators to ensure strict compliance with the relevant procurement requirements and procedures.</p>	<p>Completed and on-going</p> <p>Third quarter of 2024</p>
Recommendation (6) [Paragraphs 2.18, 2.19(b) of the Audit Report]	TD should <b>keep in view the development of the new vehicle specifications</b> for improving Rehabus operation.	TD will continue to keep in view the new development in the market, such as vehicle models or user-friendly designs, and will consider the feasibility of introducing new vehicle models in a timely manner.	On-going



Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
Recommendation (7) [Paragraphs 3.3(a), 3.5(a) of the Audit Report]	TD should step up the oversight of Operator A in strengthening the <b>vetting of the registration and renewal of Rehabus customers</b> , and laying down <b>written guidelines</b> on the vetting procedures.	TD is actively following up with Operator A on the formulation of written internal guidelines on the vetting procedures for customer registration and renewal.	Third quarter of 2024
Recommendation (8) [Paragraphs 3.3(b), 3.5(b) of the Audit Report]	TD should step up the oversight of Operator A in reviewing the <b>retention periods of the supporting documents</b> for registration and renewal of Rehabus customers.	TD is actively reviewing with Operator A the retention arrangement (including the retention period) of the relevant supporting documents for customer registration and renewal, with a view to striking a balance between record retention, verification of users' eligibility and protection of personal data privacy.	Third quarter of 2024
Recommendation (9) [Paragraphs 3.8, 3.12(a) of the Audit Report]	TD should require Operator A to review the <b>routings of its existing routes</b> with a view to enhancing efficiency in operating SRS.	TD will closely monitor the operation of SRS. Operator A is reviewing the routing of the existing service (e.g. whether routes with relatively low patronage can be consolidated) and exploring other measures (e.g. providing connection to nearby railway stations or interchanges as an option for applicants who have been waiting for some time) with a view to enhancing the service efficiency, as well as expediting the arrangement of assigning relevant routes for applicants on the waiting list.	Third quarter of 2024

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
Recommendation (10) [Paragraphs 3.11, 3.12(b) of the Audit Report]	TD should require Operator A to take follow-up actions on the enlisted SRS users <b>not meeting the trip usage requirements.</b>	Operator A is taking follow-up actions, including enquiring with those users whose number of trips taken is less than half of the original number of trips arranged per week for two consecutive months about their reasons, so as to take appropriate follow-up actions (e.g. termination of service to the user) according to the service guidelines.	On-going
<p>Recommendation (11)(i) [Paragraphs 3.16-3.17, 3.27(a)(i) of the Audit Report]</p> <p>Recommendation (11)(ii) [Paragraphs 3.19, 3.27(a)(ii) of the Audit Report]</p>	<p>To address the increasing demand for point-to-point dial-a-ride service (DAR), TD should require Operator A to enhance the <b>utilisation of vehicles deployed for providing point-to-point DAR</b>; and</p> <p>TD should require Operator A to <b>achieve a wider adoption of shared-use arrangement of point-to-point DAR.</b></p>	<p>To address the increase in percentage of rejected orders of DAR due to the shortage of drivers, TD has been following up with the operator. The operator has also introduced various measures to attract more drivers to join the Rehabus services.</p> <p>Phase 1 of the Integrated Customer and Operations Management System (ICOMS) (including vehicle scheduling function) developed by Operator A has been rolled out since 5 March 2024. The system can assist Operator A in enhancing the efficiency of Rehabus services (including the "Small group" shared-use arrangement). TD will continue to monitor the arrangement of shared-use service by the operator, and discuss with the operator whether there are measures to further achieve a wider adoption of shared-use arrangement in the second half of 2024.</p>	<p>On-going</p> <p>Second half of 2024</p>

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
<p>Recommendation (12) [Paragraphs 3.22, 3.27(b) of the Audit Report]</p>	<p>TD should require Operator A to investigate <b>“Large group” passenger bookings for point-to-point DAR with actual number of passengers not meeting the required number for making the bookings</b> and take measures to address the irregularities.</p>	<p>The operator has deployed manpower to strictly follow up on cases where the actual number of passengers in the “Large group” did not meet the booking requirement of five passengers or more.</p> <p>TD has requested Operator A to include the number of follow-up cases and report the specific follow-up actions in their monthly operational reports.</p> <p>As required by TD, Operator A will remind users to comply with the booking requirements on the number of passengers and the follow-up arrangements of Operator A at the ULG meeting to be held at the end of June 2024, and will continue to remind users through channels such as the relevant meetings thereafter.</p>	<p>On-going</p>
<p>Recommendation (13) [Paragraphs 3.23-3.24, 3.27(c) of the Audit Report]</p>	<p>TD should review the practicability of <b>setting a limit on the maximum number of carers allowed to accompany a person with disabilities (PWD) in using point-to-point DAR</b> taking into account the views of stakeholders.</p>	<p>TD will set a “maximum number of carers” for point-to-point DAR. Specific implementation details will be formulated taking into account the views of stakeholders.</p>	<p>End of 2024</p>

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
Recommendation (14) [Paragraphs 3.26, 3.27(d) of the Audit Report]	TD should require Operator A to <b>review pooled dial-a-ride service (PDAR) routes with low patronage.</b>	TD has requested the operator to review the relatively low patronage situation of individual PDAR routes, and to review the service for these routes, including considering the need for route re-structuring.	Second half of 2024
Recommendation (15) [Paragraphs 3.29-3.30, 3.34(a) of the Audit Report]	TD should in collaboration with Operator A, examine the need and timeframe of <b>providing sites for parking, maintenance and vehicle servicing of Rehabus services for longer term use.</b>	TD will communicate and follow up with the relevant departments with a view to identifying suitable sites for parking and maintenance/ servicing facilities for use by the Rehabus operator.	On-going
Recommendation (16) [Paragraphs 3.32-3.33, 3.34(b) of the Audit Report]	TD should closely monitor the progress of <b>ICOMS</b> under development by Operator A with its contractor, with a view to expediting the system implementation as far as practicable.	Phase 1 of the ICOMS has been rolled out since 5 March 2024. TD will continue to closely monitor the overall implementation progress of the system by the operator with a view to comprehensively enhancing the customer service and efficiency of Rehabus services as soon as possible.	On-going (Phase 1: rolled out on 5 March 2024  Phase 2: March 2025  Phase 3: Third quarter of 2025)
Recommendation (17) [Paragraphs 4.3-4.4, 4.7(a) of the Audit Report]	TD should require Operator B to expeditiously complete the service performance review on <b>hospital routes with low patronage</b> and draw up improvement measures as appropriate.	To address the relatively low average patronage on the Tuen Mun Hospital Route, Pok Oi Hospital Route, and Hong Kong Children's Hospital Route, Operator B consulted ULG members on the routing adjustment plans in mid-May 2024. Operator B also collected feedback from feeder service passengers through posting consultation	June to July 2024

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
		<p>information on its website, social media platforms, and vehicle compartments of the relevant routes. The consultation was completed in mid-June 2024 and the enhancement measures are expected to be implemented progressively from late June to July 2024.</p> <p>In addition, TD has requested Operator B to enhance the publicity and promotion efforts. With the assistance of the Hospital Authority (HA), Operator B set up booths at 16 different hospitals in Kowloon from April to June 2024 to distribute leaflets and promote the feeder service (including hospital routes and weekend recreational routes). TD and Operator B will continue to follow up with HA to arrange promotion and publicity of feeder service hospital routes and weekend recreational routes at more hospital clusters in the second half of 2024.</p>	On-going
Recommendation (18) [Paragraphs 4.5, 4.7(b) of the Audit Report]	TD should require Operator B to take measures to improve the patronage of <b>recreational routes with low utilisation.</b>	TD has reviewed various improvement measures with Operator B and will continue to examine ways to add additional pick-up and drop-off points in the urban area for the existing recreational route service. It will also collect more views on the popular tourist attractions, and consider expanding the existing routes.	Third quarter of 2024

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
Recommendation (19) [Paragraphs 4.6, 4.7(c) of the Audit Report]	TD should require Operator B to review the requirement on <b>maximum number of carers accompanying a PWD in using recreational route service.</b>	TD will review with Operator B the requirements and details on maximum number of carers accompanying a PWD in using recreational route service.	Third quarter of 2024
Recommendation (20) [Paragraphs 4.9(a), 4.15(a) of the Audit Report]  [Paragraphs 4.9(b), 4.15(a) of the Audit Report]	TD should require Operator B to expedite the implementation of the service improvement measures included in MOU B as far as practicable –  (i) <b>Analysis and forecasting of demand and travelling needs of passengers;</b>  (ii) <b>Mobile application;</b> and	In February 2024, Operator B obtained from various hospitals under HA the profile of the address distribution of patients without disclosing the patients' personal data, and is following up with HA. In addition, Operator B is arranging a tender exercise for conducting a survey on the feeder service.  In March 2024, Operator B completed the tendering procedures and awarded a new service contract for the mobile application. Operator B is working closely with the contractor to work out the details of the improvement and enhancement proposals. TD will continue to monitor the work of Operator B.	Survey to be conducted in June/July 2024 while analysis and forecasting to be completed by the fourth quarter of 2024  Third quarter of 2024

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
[Paragraphs 4.9(c) , 4.15(a) of the Audit Report]	(iii) <b>Development of multi-purpose bus.</b>	TD has been closely monitoring the market developments. Operator B has also noted that another non-governmental organisation is carrying out a trial scheme for electric Rehabuses, and will study the practicability of introducing electric Rehabuses. TD will closely monitor the results of the trial scheme and will urge the operators to consider launching a trial scheme for electric multi-purpose buses at an appropriate time.	On-going
Recommendation (21) [Paragraphs 4.13(a), 4.15(b) of the Audit Report]	TD should strengthen preventive measures to <b>ensure that subvented vehicles will not be used for self-financing activities in future except with TD's approval.</b>	TD will conduct service surveys and spot checks on the operational records, such as verifying the deployment records of drivers and vehicles, etc., from time to time so as to ensure that the operator will properly use the subvented vehicles in operating the feeder service.	On-going
Recommendation (22) [Paragraphs 4.12, 4.13(b), 4.15(c) of the Audit Report]	TD should strengthen measures to ensure that <b>the costs (direct or indirect) of subvented activities and self-financing activities are separately accounted for</b> and paid under different bank accounts as far as practicable.	TD has agreed with Operator B on the accounting and payment arrangements of direct costs incurred in the self-financing activities and the provision of feeder service.  As for the recommendation of the Audit Commission that indirect costs such as office rental and office staff costs of the subvented activities and self-financing activities should be separately accounted for, TD is following up with Operator B.	July 2024

Audit Commission's recommendation	Content of Audit Commission's recommendation	Transport Department (TD)/ Operators' follow-up action	Target completion date
		Operator B has engaged an independent auditor to review and recommend the apportionment ratios of the relevant accounting and payment arrangements.	
Recommendation (23) [Paragraphs 4.14, 4.15(d) of the Audit Report]	TD should require Operator B to set up a <b>designated interest-bearing bank account</b> for keeping the accumulated reserve separately.	Operator B reviewed its workflow and account arrangements, and clearly separated the accounts for handling daily operating funds and reserve funds in March 2024. A separate designated interest-bearing bank account was arranged for keeping the reserve funds.	Completed in March 2024



漁農自然護理署

九龍長沙灣道三〇三號  
長沙灣政府合署五樓



AGRICULTURE, FISHERIES AND  
CONSERVATION DEPARTMENT

Cheung Sha Wan Government Offices  
5th floor, 303 Cheung Sha Wan Road  
Kowloon, Hong Kong

本署檔案 Our Ref. : ( ) in AF CR 1-160/74/4  
來函檔案 Your Ref. : CB4/PAC/R82  
電話號碼 Tel. No. : (852) 2150 6601  
傳真號碼 Fax No. : (852) 2311 3731  
電郵地址 E-mail Address: : mailbox@afcd.gov.hk

7 June 2024

The 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**  
**Consideration of Chapter 6 of the Director of Audit's Report No. 82**  
**Support measures for agricultural industry**  
**by the Agriculture, Fisheries and Conservation Department**

Thank you for your letter of 20 May 2024 concerning the captioned Audit Report. We are pleased to provide the requested information and our responses in the Annex.

For any further questions, please contact the undersigned or our Assistant Director (Agriculture), Mr. MA Wai-chung at 2150 6603.

Yours sincerely,



(LAI Chuen-chi)

for Director of Agriculture, Fisheries and Conservation

Encl.

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)

**Chapter 6 of the Director of Audit’s Report No. 82**

Questions and Requested Information on

“Support Measures for Agricultural Industry by the Agriculture, Fisheries and Conservation Department”

**Part 1: Introduction**

- 1) According to paragraph 1.5(b) of the Report No. 82 of the Director of Audit (“the Audit Report”) regarding the consultancy study on agricultural land, other than examining suitable agricultural land, would the department have conducted further general survey on agricultural land across Hong Kong, including investigations on usage rate, vacancy rate, and other related aspects. Please provide more detailed information on this matter.**

According to the survey on agricultural land use conducted by the Agriculture, Fisheries and Conservation Department (AFCD), the total area of land for agricultural use in Hong Kong as at December 2023 was around 3,900 hectares. The estimated area of agricultural land in active farming use over the past 3 years is tabulated by district below.

District	Estimated Area in active farming use (hectare)		
	2021	2022	2023
North	272	248	252
Yuen Long	263	260	250
Tai Po	91	91	90
Tuen Mun	44	44	46
Islands	33	33	33
Sai Kung	24	24	24
Tsuen Wan	19	18	19
Others	17	15	15
Total	763	733	729

In 2023, there are about 3,188 ha of abandoned farmland in Hong Kong. According to the figures of 2023, the usage rate of farmland in Hong Kong is about 19%.

## **Part 2: Planning and Development of Agricultural Areas**

- 2) According to paragraph 2.9(b) of the Audit Report regarding the progress of land leasing for the Agricultural Park (Agri-Park) Phase 1, please provide reasons for the flooding problems on two plots of agricultural land. The report mentions that AFCD had carried out several mitigation measures to alleviate the flooding problem. Apart from installation of flood barriers and improving the drainage ditches, please list out the mitigation measures that had been carried out to alleviate flooding problem.**

Having discovered the flooding problem in the concerned farmland, AFCD immediately consulted relevant departments for remedial measures and sought their assistance. It was found that a large amount of silt accumulated at the streambed next to the concerned farmland, which raised the water level of the stream course. Therefore, flooding may easily occur because of the water backflow from the stream into the farmland during heavy rains. Relevant departments subsequently recommended AFCD to install water flood gates and improve drainage conditions, and to arrange de-silting work. In mid-May 2024, AFCD finished all the recommended improvement works and arranged another de-silting work in the stream course with a view to improving the drainage conditions of the streams and reducing the risk of flooding in agricultural land.

- 3) According to paragraph 2.12 of the Audit Report, out of the 15 leased farms, only 3 were in full operation, while 10 were partially operational with agricultural land utilisation ranging from 14% to 93%. On average, 66% of agricultural land were laid fallow. Given that the issue of agricultural land lying fallow in Agri-Park leading to a decline in agricultural productivity has caught the attention of the public, has AFCD undertaken an investigation into the issue of abandonment and idle land in the Agri-Park. Although AFCD and other relevant departments have taken measures to address the issue, the effectiveness of these measures has not been satisfactory. Has AFCD evaluated the effectiveness of these measures and reviewed regularly?**

Some of the farmers of the Agri-Park encountered difficulties when they started cultivating new agricultural land, especially in wet soil conditions after last year's rainy season and adverse weather conditions, which resulted in their failure to plow, sow or weed as scheduled. As a result, their whole production cycle was postponed.

AFCD regularly conducts inspections and closely monitors the use of farmland in the Agri-Park. Currently, except for the pieces of farmland affected by flooding, the overall agricultural land utilisation rate in the Agri-Park has been significantly improved with over 90% of agricultural land utilised. AFCD also provides technical support to the farmers in the Agri-Park, and issues advice or warning to those who have failed to make proper use of the farmland for production. If they fail to make improvement within the specified timeframe, AFCD will consider early termination of their tenancy agreements.

- 4) According to paragraph 2.18(b) of the Audit Report, AFCD conducted annual review on farm production for the 10 farms and found that out of the 10 farms, 9 of them (90%) did not meet the target production yields, with shortfall ranging from 15% to 97%. Does this reflect the issues of AFCD in monitoring of farm operations? What specific measures does AFCD have in place to strengthen farm supervision? Does AFCD know the reasons why the majority of farms not meeting the target yields? If so, please provide details.**

The results of the annual production review mentioned in paragraph 2.18(b) of the audit report refer to the production of the first batch of farmers who started farm operations in the Agri-Park. Prior to the commencement of crop production, the farmers concerned had already invested a lot of time and resources in the new agricultural land but unfortunately, their farm operations were seriously hit by the last year's adverse weather conditions particularly the unprecedented heavy rainfall in September. As a result, they failed to achieve the pledged production targets for the first year.

AFCD will continue to conduct regular inspections, closely monitor the operations and productivity of the farmers in the Agri-Park, and provide technical support to help them achieve production targets. For farmers whose farm operating conditions are unsatisfactory, AFCD will also issue advice or warning to request them to improve their farm productivity.

- 5) According to paragraph 2.34 of the Audit Report, the consultancy study on Agricultural Priority Areas was expected to be completed in 2024, which has a delay of approximately two years than originally scheduled, and as of now, the study has not yet been completed. Has AFCD followed up with the consultants regarding a definite completion date for the study?**

As the number of factors mentioned in paragraph 2.35 of the Audit Report, including the wide expansion of scope of study after its commencement, the outbreak of the COVID-19 epidemic, and the need to coordinate with the Northern Metropolis Development Strategy etc., which resulted in the requirement of additional time to complete the consultancy study. AFCD has revised the timetable for the consultancy study in a timely manner and to keep the progress of the consultancy study under monitoring. The Government plans to consult stakeholders on the recommendations of the study by the end of 2024.

- 6) According to paragraph 2.37 of the Audit Report, the consultant's late submission rate for work documents ranges from 80% to 100%. Does AFCD have the work and monitoring arrangements in terms of administrative improvements, such as introducing a penalty system?**

The Consultant needs to consider the recommendations provided by various bureaux/departments on the above-mentioned factors in (5) when compiling the reports. In this regard, the time required for submission of the reports would be extended accordingly. The Consultancy Agreement stipulates that if the Consultants have not completed the reports to the satisfaction of the Government, they will not be able to receive consultancy fees at the relevant stages of work. Besides, AFCD is required to regularly submit to the related consultant selection board the performance report of the Consultants, which reflects the study progress and the performance of the Consultants. Any record of unsatisfactory performance would affect the chance of the relevant consultant or consulting firm to bid for new contracts from AFCD or other government departments in future.

### **Part 3: Financial Support Measures**

- 7) According to paragraph 3.6 of Audit report, the amount of approved grant under the Sustainable Agricultural Development Fund (SADF) is lower than the original estimated cash flow. It is also observed that there is a decrease in number of applications and low approval rate for general application. Are these situations due to complicated application procedures and requirements for applicants? Do some applicants tend to withdraw their applications because of a long processing process? Does AFCD provide practical technical support and guidance to the potential applicant? Has**

**AFCD studied those issues in details and find possible solutions to increase number of applications and approval rate?**

Some SADF applications were rejected because the anticipated targets of those applications did not fulfill the objectives and principles of SADF, and they failed to bring overall benefits to the local agricultural industry. In addition, some applicants had decided to withdraw the applications during the application process due to the different reasons. One of the reasons was that some applicants might encounter difficulty in allocating sufficient resources and manpower to deliver his/her proposed projects.

To enhance the number and approval rate of SADF applications, AFCD has put up a series of enhancement measures as follows:

- (a) to suitably expand the coverage of SADF, including (i) to add a new project category of “Support Service Projects”, and (ii) to increase the maximum matching basis between the Government and the applicant for “Innovative Projects” involving commercial elements to two-dollar-for-a-dollar;
- (b) to streamline the application process, including (i) to simplify the application form and the required financial information, and (ii) to provide templates of application forms;
- (c) to speed up the assessment process, including (i) to arrange meetings with the applicants to explain our requests for additional information, so as to limit the frequency of requesting applicants to submit additional information to two times, and (ii) for the application with simpler content or at a lower grant (at or below \$2 million) will be assessed by the SADF Advisory Committee through paper circulation;
- (d) to provide practical support and guidance to the applicants, including (i) to set up a special “Task Force” from AFCD representatives to clearly explain the objectives and principles of the Fund to the potential applicants before formally submitting their applications, and provide technical and financial advice and appropriate support on enhancing the application and preparing the required documents; and (ii) to assist potential applicants in writing proposals under the new “Support Service Projects” category;
- (e) to strengthen publicity, including (i) to establish a dedicated and informative official website containing necessary information, documents and templates, (ii) to organise briefing sessions, seminars and liaison meetings to introduce the fund-related application procedures, assessment criteria and promote

enhancement measures to local farmers and relevant associations, (iii) to share with the stakeholders the promotion videos via various channels, including AFCD official website, social media platforms and stakeholder meetings, and (iv) to conduct one-to-one consultation meetings with interested applicants.

**8) According to paragraph 3.10 of Audit report, AFCD has a pledge that processing of an application with all necessary information provided would be completed within 6 months according to application guidelines. However, among 9 general applications received and approved in the period from 2018-19 to 2023-24, 7 applications were approved before implementation of the enhancement measures. For 5 applications, the time lapse was more than 6 months and up to about 18 months. In addition, 2 applications were approved after implementation of the enhancement measures. The time lapse for 1 application was about 12.3 months. The figures show that application processing period do not comply with the pledge. What are the reasons behind and any suggestions for improvement? How does AFCD closely monitor the progress of approved projects?**

In general, for an application provided with all necessary information, SADF Secretariat anticipates that the assessment and release of application result would be done within 6 months. Based on AFCD's experience, it may take longer to process applications in certain situations such as the following:

- (a) Some applications are technically complicated, so the applicants may require more time to seek professional advice from AFCD or other government departments; or
- (b) some applicants may lack resource and manpower and as a result, they take longer time to respond to comments from AFCD and other government departments, and to submit the required information and documents.

Regarding the question why 12.3 months was required for assessing one application even it was after implementation of the enhancement measures, this new application was an extension of one of the approved projects which involved special circumstances and required a longer processing time. Since the applicant had applied for budget virement under the approved project, AFCD had to process the request of budget virement before proceeding financial assessment of the new application. Therefore, this application required a longer processing time.

AFCD will continue to implement measures to shorten processing time of applications. Please refer to answer of Question 7 for the measures.

In addition, AFCD has implemented measures to continuously monitor the progress of approved projects, which include:

- (a) AFCD regularly arranges on-site inspection with grantee to closely review the project progress;
- (b) AFCD requires the grantee to submit progress reports and financial statements (or audited accounts) according to the schedule for assessment;
- (c) AFCD prepares progress reports to be reviewed by the SADF Advisory Committee so as to monitor project progress and financial status;
- (d) AFCD and the Advisory Committee conduct monitoring meetings and surprise inspections with the grantees to examine the project progress;
- (e) AFCD only disburses the grant by instalments in accordance with the timetable specified in the signed agreement upon acceptance of report by the Advisory Committee; and
- (f) when the grantee completes the project and releases the results, AFCD will require the grantee to use a questionnaire to understand the industry's opinions on adopting the project results; and AFCD will also continue to promote and review the industry's adoption of the project results.

#### **Part 4: Other Support Measures**

- 9) According to the Director of Audit's Report paragraph 4.3, would the Agriculture, Fisheries and Conservation Department indicate what percentage of completed registrations under the Local Vegetable Farm Voluntary Registration Scheme; and whether the Department has any data on the number of vegetable farms that have not yet been registered?**

According to the land use survey conducted by AFCD, there were about 2,000 vegetable farms in Hong Kong in 2022, of which 1,950 had already joined the Local Vegetable Farm Voluntary Registration Scheme. The Department is also aware of the locations of the remaining unregistered farms.

- 10) According to the Director of Audit's Report paragraph 4.6, the Vegetable Marketing Organization (VMO) used the "Good Farmer" image to promote accredited vegetables in 1998, with the original intention of facilitating the public in identifying accredited**



**vegetables. However, with the changing times, the public has a vague impression of the logo of this accredited farm, or even has not even heard of it. Should the Department move with the times and update its brand to meet the current market demands; what marketing and sales strategies does the Department have for the accredited farms?**

The AFCD and the Vegetable Marketing Organization (VMO) have been actively assisting the trade to establish and promote quality accredited vegetables and will explore more diversified channels to publicise and promote the brand of accredited vegetables to enhance the competitiveness of the trade through the following measures:

- (a) AFCD and VMO jointly organise a series of carnivals featuring local agricultural and fisheries products to publicise and promote quality local agricultural and fisheries products, including accredited vegetables. The largest of these is the annual FarmFest held at the Fa Hui Park, the recent one has attracted more than 160 000 visitors from 5 to 7 January 2024;
- (b) VMO exhibits and markets accredited vegetables through various food exhibitions, including the Vegetarian Food Asia, the Food Expo and the HOFEX, etc.;
- (c) AFCD in 2022 provided a full grant of about \$15 million via the Sustainable Agricultural Development Fund (SADF) to the FVMCS to launch a three-year Local Accredited Vegetable Programme to promote the brand of “HKVEGGIE” at vegetable stalls in major wet markets, and to assist in the provision of freshly-picked local accredited vegetables on a daily basis;
- (d) VMO provide support to FVMCS to set up a farmers market in Lam Tei Farmers' Market to showcase and sell local accredited vegetables on a weekly basis; and
- (e) VMO promotes and sells accredited vegetables through the mobile application “Local Fresh” developed by the VMO and the “Local Fresh” physical stall set up in D-PARK at Tsuen Wan.

Under the “Blueprint for the Sustainable Development of Agriculture and Fisheries”, AFCD will continue to assume the role of a “leader” and a “facilitator” by encouraging and assisting agricultural organisations to actively participate in programmes that promote the development of the agricultural and fisheries industries through new technologies and brand building, while continuing to assist the trade in making the best use of the financial support of the SADF to further promote the branding of local vegetables as being of high quality, freshness and traceability.

**11) According to the Director of Audit's Report paragraph 4.17 Table 4, the total output and production value of hydroponic farms have been decreasing in the past 5 years. Has the Agriculture, Fisheries and Conservation Department (AFCD) analysed the reasons for the decrease? In particular, the threefold decrease in total production value shows that consumer demand for hydroponic produce decreases. What are the measures implemented by AFCD to cope with the aforementioned situation?**

The main reason for the decline in total output and production value of hydroponic farms was the decrease in market demand for hydroponic produce due to the outbreak of the COVID-19 epidemic. Airlines, hotels, and restaurants, which were major consumers of hydroponic crops, reduced their demands or cancelled orders, resulting in a reduction in production scale or even closure of some hydroponic farms. In addition, closure of some farms was also caused by land resumption, resulting in the decline in total output and production value.

To promote the sustainable development of hydroponic agriculture, AFCD has spared no effort in assisting the industry to promote local hydroponic produce through the organization of large-scale promotional activities and publicity campaigns such as the annual Farmfest event and together with the Vegetable Marketing Organization, the participation in food exhibitions in Hong Kong, such as the Vegetarian Food Asia, the Food Expo and HOFEX. At the same time, the Controlled Environment Hydroponic Research and Development Centre (CEHRDC) under the AFCD provides technical support as well as promotes crop varieties with market potential and agricultural technologies suitable for local adoption to the hydroponic industry, in order to increase crop yield and quality. Besides, the CEHRDC has also launched the Hydroponic Cultivation Attachment Programme, which provides professional knowledge in operating indoor controlled environment hydroponic farms and opportunities for hands-on experience to potential investors and start-up farmers who are interested in joining the local hydroponic agricultural sector, with a view to promoting the sustainable development of the industry.

The land resources in Hong Kong are scarce. The adoption of modern technology and intensive mode of production, including hydroponic cultivation, can complement the development of urban farming. The Government will implement measures related to urban farming through a multipronged approach, including launching a pilot project on modernised urban farming in Ma On Shan Sai Sha Road Garden, and

introducing urban farming elements into the planning stage of New Development Areas (NDAs), making effective use of urban spaces in the Northern Metropolis and other NDAs. The Government will also set up modernised hydroponic farms and stalls on suitable rooftops of public markets. The concept of “harvest-to-sale” will first be adopted in Tin Shui Wai Public Market, which is under construction.

**12) According to paragraph 4.26 of the Audit Report, the number of applications for Agricultural Land Rehabilitation Scheme (ALRS) has been high in the past 5 years but there are very few successful cases. Does the Department have any further promotion strategies and will it improve the application guidelines?**

Most farmland in Hong Kong is privately owned and whether the land be leased for farming rest with the landowners. In recent years, the government has carried out many large-scale public works in the New Territories, which involve the requisition of private farmland. Landowners generally do not want to lease their farmland to farmers. As a consequence, there is a reduction in successful cases for farmland leased out through the Agricultural Land Rehabilitation Scheme (ALRS). AFCD will continue to perform the role of a “facilitator” by actively assisting and encouraging landowners and farmers to match.



香港特別行政區政府 The Government of the Hong Kong Special Administrative Region  
渠務署 Drainage Services Department

香港灣仔告士打道 5 號稅務大樓 43 樓 43/F, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong

來函檔號 Your Ref: CB4/PAC/R82  
本署檔號 Our Ref: (0157G0) in CRC 4/35/1/26 Pt.  
電話 Tel: (852) 2594 7068  
傳真 Fax: (852) 3103 0006

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

29 May 2024

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

(Attn: Ms. Shirley CHAN)

Dear Ms. CHAN,

**Public Accounts Committee**

**Consideration of Chapter 7 of the Director of Audit's Report No. 82**

**Upgrading and operation of San Wai Sewage Treatment Works**

Thanks for your letter dated 16 May 2024 regarding the captioned.

I attach an Appendix stating our response for your attention please.

Yours sincerely,

( LEE Wai-man, Raymond )  
for Director of Drainage Services

Encl.

c.c. Secretary for the Environment & Ecology (email: [see@eeb.gov.hk](mailto:see@eeb.gov.hk))  
Secretary for Development (email: [sdev@devb.gov.hk](mailto:sdev@devb.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))

**Director of Audit's Report No. 82 – Chapter 7**

**" Upgrading and Operation of San Wai Sewage Treatment Works"**

**DSD's Response to Enquiries**

***Part 2: Upgrading works of San Wai Sewage Treatment Works***

***1) As stated in paragraph 2.7 of the Director of Audit's Report No. 82 ("Audit Report"), according to Consultant X, the original design of the upgraded San Wai Sewage Treatment Works (SWSTW) was completed mainly based on the as-built records as of November 2016. Please advise us of the following:***

***(a) What is the meaning of "completed mainly based on the as-built records as of November 2016";***

***(b) Why the original design was completed based on the as-built records as of November 2016; and***

***(c) How were the similar works designed in the past?***

**DSD's response:**

According to Contract A, for the upgrading works of the SWSTW, Contractor A shall be responsible for the detailed design and construction of the proposed stormwater drainage system within the sewage treatment works. The proposed stormwater drainage system shall be connected to the existing drainage system outside the sewage treatment works. The existing drainage system was completed back in 1993. In November 2016, Contractor A conducted an on-site survey on the existing drainage system to ascertain its latest conditions so as to facilitate the detailed design of the proposed stormwater drainage system. However, after a rainstorm in 2017, a section of the step channel tens of metres downstream of the existing drainage system was found seriously deteriorated and collapsed, and its condition was beyond repair. Having considered the technical feasibility of various schemes, Contractor A adopted the design scheme with an alternative alignment of drainage pipes and completed the works accordingly. Our response to Enquiry (1) is as follows:

(a) "The as-built records as of November 2016" refers to the result of the on-site survey conducted by Contractor A in November 2016.

(b) The proposed stormwater drainage system of the upgraded SWSTW is required to be connected to the abovementioned existing drainage system. In order to carry out the detailed design of the proposed drainage system, Contractor A has to ascertain the latest conditions of the existing drainage system. The as-built records as of November 2016 contain key engineering data and the latest conditions of the existing drainage system. Therefore, the original detailed design of Contractor A was completed based on the as-built records as of November 2016.

(c) It is reasonable for Contractor A to conduct the original design of the proposed drainage system based on the as-built records as of November 2016. When similar works were carried out in the past, contractors were also required to conduct detailed investigation in the vicinity of the site concerned, with particular attention to the existing facilities which were completed years ago. The extent of the detailed investigation is determined on a case-by-case basis. The Department will consider

requiring contractors to conduct comprehensive investigations into the existing drainage systems downstream of the sites as far as possible.

- 2) ***According to paragraph 2.24(c) of the Audit Report, DSD requested Consultant X to conduct an investigation to ascertain the reasons for the recurring leakage and ponding problems at various buildings of the upgraded SWSTW. Please advise whether the investigation has been completed. If yes, what is the investigation result? If no, what is the target completion date for the investigation?***

**DSD's response:**

Consultant X has completed the investigation into the leakage and ponding problems at the buildings of the upgraded SWSTW. The investigation revealed that the uneven roofing of some buildings, coupled with heavy rain, resulted in ponding, and leakage occurred because the ponding water permeated into the interiors of buildings through hair cracks on the concrete surfaces. Contractor A has completed the rectification works of the hair cracks and fixed the uneven roofing. The Department will continue to monitor the concerned spots where there were leakage and ponding problems, and to monitor Contractor A's repair and maintenance work for the buildings of the sewage treatment works in accordance with Contract A.

- 3) ***According to paragraph 2.26 of the Audit Report, DSD considered it unsatisfactory and expressed concern on the slow progress in completing certain outstanding obligations of the design and construction phase by Consultant X and Contractor A. Please advise us of the following:***
- (a) ***Are there any DSD works contracts for which Consultant X is currently responsible? If so, how many are there and what is the amount of money involved in these works?***
  - (b) ***Are there any DSD works contracts for which Contractor A is currently responsible? If so, how many are there and what is the amount of money involved in these works?***
  - (c) ***Have Consultant X and Contractor A been punished or held responsible for their unsatisfactory performance?***

**DSD's response:**

- (a) As of May 2024, DSD engaged Consultant X to execute a total of 22 consultancy contracts, including the consultancy contract for the investigation, design and construction of the upgrading works of SWSTW (Consultancy X), with consultancy fees totalling about \$721 million.
- (b) Contractor A is a joint venture formed by three contractors. As of May 2024, apart from the contract for the design, construction and operation of SWSTW (Contract A), DSD did not engage Contractor A in other works contracts.
- (c) As mentioned in Note 26 of the Audit Report, poor rating was given in achievement of objectives and targets aspect in Consultant X's quarterly performance report from July to September 2023 to reflect its poor performance in completing certain outstanding obligations of the design and construction phase. According to the Engineering & Associated Consultants Selection Board (EACSB) Handbook issued

by the Development Bureau, the quarterly performance reports on the consultants will be taken as one of the assessing criteria when they bid for Government consultancy contracts in the future.

As mentioned in Note 27 of the Audit Report, poor rating was given in relevant aspects (e.g. adequacy of planning of work, attention to submission of accounts/valuation, and quality and promptness of design submission) in a total of seven quarterly performance reports on Contractor A, from December 2021 to August 2023, to reflect its poor performance in completing certain outstanding obligations of the design and construction phase. According to the relevant technical circulars issued by the Development Bureau, the quarterly performance reports on the contractors will be taken as one of the assessing criteria when they bid for Government works contract in the future.

***Part 3: Monitoring of operation of upgraded SWSTW***

- 4) ***According to paragraph 3.9 of the Audit Report, the Audit Commission (Audit) noted that there were inconsistencies between provisions related to the demerit point mechanism in Contract A. Please advise whether DSD has standardised the contracts or the contract provisions related to the demerit point mechanism accordingly. If so, what are the details? If not, what are the reasons?***

**DSD's response:**

According to paragraph 3.10(c) of the Audit Report, the Department informed Audit that notwithstanding that the contract provisions related to the demerit point mechanism of the upgraded SWSTW might give rise to inconsistent interpretation, there had not been any problems in the actual application of them so far. Nevertheless, the Department will review and enhance the relevant provisions of similar contracts in the future with a view to avoiding any inconsistent interpretation.

- 5) ***Please advise us of the follow-up actions taken by DSD in response to the three recommendations in paragraph 3.16 of the Audit Report.***

**DSD's response:**

Regarding the under-performance notices (UPNs) issued to Contractor A by the Department in February 2024 for the 16 under-performance events, the Department has affirmed the UPNs to Contractor A in accordance with the contract requirements and deducted the corresponding payment. Besides, as regards the two cases mentioned in paragraph 3.15 of the Audit Report concerning late issuing/affirming of UPNs and adjustment of operation payments, the Department rectified the assignment of demerit points in the relevant reporting months, but the assignment of additional demerit points in the relevant cases did not give rise to any adjustment of the operation payments in those relevant months under the current contract provisions. The Department will continue, in accordance with the contract provisions, to issue and affirm UPNs regarding under-performance events in a timely manner and to adjust relevant operation payments as appropriate for continuous enhancement of contract management.

**Part 4: Other Related Issues**

6) *According to paragraph 4.11(b) of the Audit Report, DSD issued a letter to Contractor A in January 2024, stating that it was the obligation of Contractor A to submit, on behalf of DSD, the documentation required for the approvals for the storage and use of ferric chloride solution granted under the Dangerous Goods Ordinance. Contractor A was also required to submit a siting plan of dangerous goods store and a formal application to the Fire Services Department (FSD) for the approvals for the storage and use of dangerous goods, consult with FSD for applicable transitional arrangement and submit an outlined plan to DSD. Please advise us of the following:*

- (a) Has Contractor A replied to DSD and followed up the issue? If so, please provide the details; and*
- (b) What follow-up actions has DSD taken to ensure Contractor A's fulfilment of the aforementioned obligations?*

**DSD's response:**

Contractor A replied to the Department positively at the operation meeting in February 2024 and collaborated with the Department to discuss the work plan and prepare the necessary construction drawings for the application concerned. Subsequently, under the guidance of the Department, Contractor A fulfilled the fire safety requirements imposed by FSD on dangerous goods stores and obtained the relevant approvals within the grace period under the amended ordinance, thereby ensuring that the workplace complies with the statutory requirements.



政府總部  
環境及生態局  
(環境科)

香港添馬添美道2號  
政府總部東翼15至16樓



**ENVIRONMENT AND ECOLOGY BUREAU  
(ENVIRONMENT BRANCH)  
GOVERNMENT SECRETARIAT**

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

本函檔號 Our Ref.: EEB(EB) CR 9/15/46  
來函檔號 Your Ref.: CB4/PAC/R82

電話號碼 Tel. No.: 3151 7160  
傳真號碼 Fax No.: 3151 7263

By E-mail

(hhchan@legco.gov.hk, kmho@legco.gov.hk, pkwlai@legco.gov.hk)

3 June 2024

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

Dear Ms CHAN,

**Public Accounts Committee**

**Consideration of Chapter 8 of the Director of Audit's Report No. 82  
Work of Countryside Conservation Office**

Your letter dated 16 May 2024 to the Secretary for Environment and Ecology requesting information on the captioned report refers. Please find enclosed our response for consideration by the Public Accounts Committee.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Desmond WU', written over a light blue circular stamp.

(Desmond WU)

for Secretary for Environment and Ecology

Encl.

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

**Chapter 8 of the Director of Audit’s Report No. 82  
“Work of Countryside Conservation Office”**

**Environment and Ecology Bureau’s Response to Public Accounts Committee’s Questions**

**Part 1: Introduction**

- 1) **With reference to paragraphs 1.6 to 1.8 and Table 1 of Report No. 82 of the Director of Audit (the Audit Report), in relation to the management of the Countryside Conservation Funding Scheme (CCFS), a new project type “Proactive Conservation” was introduced in February 2023, please advise:**
- (a) **the number of applications for Proactive Conservation projects processed since its introduction;**
  - (b) **the progress of the concerned application(s); and**
  - (c) **the approved grant and disbursed funds of the concerned application(s).**

For deepening the sustainable conservation and revitalisation efforts for the countryside, a new project type entitled “Proactive Conservation” (PC) was introduced under the Countryside Conservation Funding Scheme (CCFS) in February 2023. The PC projects are initiated by the Countryside Conservation Office (CCO) in collaboration with relevant Government Bureaux/Departments to proactively identify sites worthy of conservation, and implement targeted conservation work. The PC projects would be run by local non-profit-making organisations (NPOs), selection of which follows the established procurement and tendering procedures of the Government.

As of May 2024, one application for PC project was processed and approved. The project title is “Provision of Proactive Habitat Management and Related Services at Sha Lo Tung”. The project proponents were CCO and the Agriculture, Fisheries and Conservation Department (AFCD). The application was approved with a grant of \$13,466,000 by the Advisory Committee on Countryside Conservation (ACCC) in September 2023 after going through the established vetting procedures of the CCFS. The project commenced on 1 May 2024 with a competent contractor selected through the established procurement and tendering procedures of the Government. The fund will be disbursed according to the payment schedule of the contract. As of May 2024, there was no funding due for disbursement under the project yet.

- 2) **With reference to Table 1 of paragraph 1.7, paragraphs 1.8, 2.17 to 2.19, and Table 2 of the Audit Report, as of October 2023, there were 44 approved projects under the CCFS, and the total funding approved and disbursed were \$222 million and \$123 million respectively. In this regard, please advise:**
- (a) **the dates of initial disbursements, interim disbursements and final disbursements for the 44 approved projects;**
  - (b) **the number of projects that have overdue submission of progress reports for different reporting periods; and**
  - (c) **the longest overdue period for submission of report.**

(a) According to the CCFS “Guide to Application” (Guide), the release of approved grants includes “Initial disbursement” (normally lies between 20% and 50% of the approved grant), “Interim disbursements” (normally divided equally by the number of half-yearly progress reports required) and “Final disbursement” (10% of the approved grant).

As at 31 October 2023, amongst the 44 approved CCFS projects, the Initial disbursement of 43 projects were released (the Initial disbursement of the remaining project was also released on 1 December 2023); the Interim disbursements of 38 projects were released; and the Final disbursement of 4 projects were released. Please refer to **Annex 1** for more details.

(b) According to the Guide, the project organisations are required to submit project documents during the project period. Project documents include Inception report to be submitted within 1 month after commencement of the project; Half-yearly progress report to be submitted within 2 months upon the end of the relevant 6-month period; Completion report to be submitted within 2 months upon completion of the project.

As at 31 October 2023, a total of 158 project documents (including Inception reports, Half-yearly progress reports and Completion reports) should have been submitted under the 44 approved CCFS projects, which 44 project documents of 21 projects were overdue.

(c) Amongst the approved projects, the longest overdue period for submission of report was 200 days. During the overdue period, CCO managed to get apprised of the progress of the project through on-site inspection and other measures, and noted that the project organisation was liaising with stakeholders including land owners on land rental and project renewal issues. In this regard, CCO arranged meetings between the project organisation and stakeholders to facilitate the liaison. Regarding the overdue submission of report, CCO had urged the project organisation repeatedly through different means including email and letters, as well as meeting with the person-in-charge of the project organisation.

CCO has accepted the recommendation of the Audit Commission and will take enhanced measures to ensure timely submission of project documents by grantees. CCO has introduced suitable management and monitoring measures to assist the follow up actions, including the use of electronic database to highlight overdue cases; enhanced regular analysis work on overdue cases, and offering support to facilitate project organisations concerned to submit project documents according to the established requirements; and escalated measures at suitable juncture to handle overdue cases, including meeting with the person-in-charge of the project organisation to find out the overdue reasons and solutions. Furthermore, any late returns without reasonable justifications may affect the chance of success of any future funding application of the organisation concerned.

**3) With reference to paragraphs 1.9, 3.3 to 3.7 of the Audit Report, regarding the 10 minor improvement works projects implemented by the Countryside Conservation Office (CCO) since its establishment, please advise:**

- (a) for the two completed minor improvement works projects, the application date, construction commencement date and completion date, as well as details of the project and expenditures involved;**
- (b) for the eight minor improvement works projects yet to be completed, the application date, construction commencement date and anticipated completion date, as well as details of the project and expenditures involved; and**
- (c) the reasons for the CCO implemented only 10 minor improvement works projects in two locations since its establishment for more than 5 years.**

CCO is utilising the earmarked funding of \$500 million to coordinate and implement suitable minor improvement works in remote countryside. CCO would apply for funding in accordance with established government procedures to carry out relevant minor improvement works after

obtaining funding approval. The relevant details of the 10 minor improvement works projects with the time of funding approval are as follows:

(a) 2 minor improvement works projects were completed as of October 2023 (i.e. the period covered by the Audit Report on the work of CCO):

<b>Minor Improvement Works Project</b>	<b>Funding Approval Date</b>	<b>Expenditure Involved (Actual Expenditure)</b>	<b>Scope of Works</b>	<b>Works Commencement Date</b>	<b>Works Completion Date</b>
Improvement works to a footpath with ancillary facilities linking Lai Chi Wo (LCW) with Mui Tsz Lam and Kap Tong	31/8/2020	\$1.97 million	To improve an existing footpath linking LCW with Mui Tsz Lam and Kop Tong.	November 2020	May 2021
Site and ground investigations and engineering surveys for a sewerage infrastructure in LCW	7/5/2021	\$0.5 million	To carry out topography, utility, house and septic tank survey for preliminary design of proposed sewerage infrastructure works.	August 2021	March 2022

(b) 8 minor improvement works projects were not completed as of October 2023 (i.e. the period covered by the Audit Report on the work of CCO):

<b>Minor Improvement Works Project</b>	<b>Funding Approval Date</b>	<b>Expenditure Involved (Approved Project Estimate)</b>	<b>Scope of Works</b>	<b>Works Commencement Date</b>	<b>Anticipated Works Completion Date</b>
Construction of a smart public toilet in LCW	30/9/2020	\$8.5 million	To construct a new public toilet near an ex-aqua privy as an extension to the existing LCW public toilet.	September 2021	August 2023 (Substantial Completion)  November 2023 (Soft-launching)

<b>Minor Improvement Works Project</b>	<b>Funding Approval Date</b>	<b>Expenditure Involved (Approved Project Estimate)</b>	<b>Scope of Works</b>	<b>Works Commencement Date</b>	<b>Anticipated Works Completion Date</b>
	13/10/2022	\$4.8 million (Increase in Approved Project Estimate)	To optimise the construction of LCW Eco-Smart Public Toilet through smart technology to achieve the Advancing Net Zero carbon emission target in response to the call for Green Building Zero Carbon Emissions Target in the Hong Kong Climate Action Plan 2050.		
Improvement works to village aqua privy in Sha Lo Tung (SLT)	12/4/2021	\$9 million	To demolish the existing Aqua Privy and convert it to a flushing toilet.	Preliminary design completed. Construction works are targeted to commence by 2025.	Under Review*
Feasibility study of drainage improvements and farmland irrigation facilities in LCW	7/6/2021	\$3 million	To study flooding risks and propose relevant minor improvement works to mitigate flooding impacts and facilitate farmland irrigation.	November 2021	Q3 2024
Site survey of drainage improvements and farmland irrigation facilities in LCW	10/6/2022	\$2.8 million	To carry out flow, rainfall, tidal, topography survey in LCW to collect hydraulic model data.	August 2022	March 2024 (Actual Completion Date)

<b>Minor Improvement Works Project</b>	<b>Funding Approval Date</b>	<b>Expenditure Involved (Approved Project Estimate)</b>	<b>Scope of Works</b>	<b>Works Commencement Date</b>	<b>Anticipated Works Completion Date</b>
Consultancy for design and construction of a sewerage infrastructure in LCW	17/5/2023	\$4.8 million	To carry out design and construction consultancy for the provision of sewerage infrastructure in LCW Phase 1.	June 2023	Q4 2026 (including construction period)
Repairing works to trails in SLT	17/10/2022	\$10 million	To repair 2-km long trails and provision of display/signage facilities in SLT to conserve the ecological value and wildlife in the long run and facilitate visitors to appreciate the natural ecology in SLT.	Preliminary design and stakeholders consultation completed. Design being optimised based on stakeholders' feedback.	Under Review*
Technical study on pre-construction works for nature conservation facilities in SLT	19/10/2023	\$3 million	To assist the Government in carrying out the ecological impact assessment, the landscape impact assessment and schematic design and the necessary planning application under section 16 of the Town Planning Ordinance for the proposed nature conservation facilities in SLT.	Tendering in progress. Technical study is targeted to commence by Q4 2024.	Under Review*

<b>Minor Improvement Works Project</b>	<b>Funding Approval Date</b>	<b>Expenditure Involved (Approved Project Estimate)</b>	<b>Scope of Works</b>	<b>Works Commencement Date</b>	<b>Anticipated Works Completion Date</b>
Construction of visitor facilities cum management office in SLT	25/10/2023	\$25 million	To carry out the design and construction of Visitor Facilities cum Management Office in SLT.	Feasibility study completed, preliminary design in progress	Under Review*

\*After the non-in-situ land exchange of SLT in July 2022, CCO has been collaborating with AFCD on the long-term vision to position SLT as an Insect Paradise in Hong Kong serving three major functions of (i) nature conservation; (ii) scientific research; and (iii) public enjoyment. The Government also established the Expert Group on Conservation of SLT on 1 March 2024 to assist the Government in mapping out the long-term strategies for conservation of ecology and biodiversity in SLT, advising the Government on measures to promote scientific research and eco-recreation in SLT, as well as steering the implementation of conservation studies and projects carried out in SLT. CCO will consult the Expert Group on Conservation of SLT regarding the minor improvement works projects in SLT, and will prudently consider the advice of the Expert Group to review and implement the works scheme.

(c) According to the Chief Executive's 2017 Policy Address, as a priority, CCO would take forward the planning of enhanced effort on countryside revitalisation in LCW, and implement an ecological conservation project in SLT. CCO is utilising the earmarked funding of \$500 million to explore and coordinate the implementation of suitable minor improvement works in remote countryside, including these two locations of LCW and SLT. As implementing minor improvement works in the remote countryside for countryside revitalisation was a new policy initiative in the Government, staff from CCO needed time to familiarise themselves with the status of the basic infrastructure of remote villages, build up connection with the villagers and relevant works departments, and identify key issues to be encountered for implementing minor improvement works. The initial focus of the CCO was on improving the drainage system, sewerage system and providing smart toilets in LCW, as well as the footpath connecting LCW, Mui Tsz Lam and Kap Tong. In implementing minor improvement works in remote villages, there was a need to tackle issues such as accessibility, complicated land issues, diverse views from villagers or other stakeholders, and the need to avoid excessive disruptions to environmentally sensitive areas. With the limited manpower resources, the CCO will expand the scope of the minor improvement works projects in a timely manner.

## **Part 2: Administration of the Countryside Conservation Funding Scheme**

- 4) **With reference to paragraphs 2.3 to 2.5 of the Audit Report regarding the general procedures for processing CCFS applications, please advise:**
- (a) **among the 87 CCFS applications received, the number of invitations to applicants for attending the Vetting Subcommittee (VSC) meetings of the Advisory Committee on Countryside Conservation (ACCC), and the number of applications involved;**
  - (b) **the number of debriefing meetings arranged by the CCO on rejected applications and the number of applications involved; and**
  - (c) **in connection with the above, the number of applications changed the status to approval after the debriefing meeting was arranged.**

(a) According to the CCFS Guide, all eligible CCFS applications received will first be assessed by the Assessment Panel (AP). AP will submit the application information and assessment summaries to the Vetting Subcommittee (VSC) under ACCC. After reviewing all the applications, if VSC would like to meet with the applicant organisations for better understanding of the application to facilitate their assessment, CCO will arrange relevant applicant organisations to attend VSC meeting virtually and answer enquiries. VSC will discuss the applications and make recommendations to ACCC for consideration of the applications and the funding amount.

As at 31 October 2023, there were 8 rounds of CCFS applications with a total of 87 applications received. Amongst which 20 applications were invited by VSC to attend the VSC meetings and answer enquiries.

(b) As mentioned in (a), according to the CCFS Guide, all eligible CCFS applications received will be assessed by AP, vetted by VSC and considered by ACCC for approval or rejection. CCO will inform the applicants of their application results. For rejected applications, CCO will inform the relevant organisations of the reasons of rejection and offer to arrange debriefings subject to their need for them to have a better understanding about the strengths and weaknesses of their proposals.

As at 31 October 2023, there were 8 rounds of CCFS applications with a total of 87 applications received. Amongst which 34 applications were rejected and debriefings were arranged for 11 applicant organisations upon their request to explain the views of ACCC on their proposals. This allowed applicant organisations to have a better understanding on the strengths and weaknesses of their proposals, and the comments of ACCC, such that the organisation could know more about the main focus of CCFS and submit proposals of higher quality in future.

(c) There was no change to the number of approved applications after arranging the debriefings. The purpose of debriefing was to allow the applicant organisations, through face-to-face meeting, to have a better understanding on the views of ACCC on the rejected applications, the strengths and weaknesses of their proposals, and other comments of ACCC. This allowed applicant organisations to know more about the main focus of CCFS for submitting proposals of higher quality in future. If applicant organisations would like to refine their rejected proposals and re-submit application, CCO would take such applications as new applications and process together with other new applications.

**5) With reference to paragraph 2.6 of the Audit Report, regarding the timeframe for the CCO to notify applicants of the application results, please advise:**

- (a) the reasons that no timeframe is set for the notification;**
- (b) among the 78 processed applications, the durations for notifying the applicants the results of the five applications with the longest notification time; and**
- (c) the reason why it takes an average of 30 days to notify applicants.**

(a) According to the CCFS Guide, the application and approval processes of CCFS will normally be completed within 6 months after the cut-off date of application.

CCO has been attaching great importance to management of CCFS, which all applications were processed within the 6-month timeframe so far. To further enhance relevant management, CCO will follow the audit recommendation to review the notification procedures of the application results, setting and listing timeframe for notifying the application results, and to provide more reference information to applicants.



(b) As at 31 October 2023, the average time for notifying the application results of CCFS was 30 days. The longest time was 83 days involving 10 applications. All these 10 applications were under to the same round of application, which CCO had to contact and follow up with the projects organisations on introduction of Key Performance Indicators (KPIs) for their CCFS projects following the instruction of ACCC raised at the meeting. In light of the time spent on formulation of KPIs, it took a longer notification time for that round of application.

(c) Regarding the need to take 30 days on average for notifying the application results, CCO has taken into account the administration procedures and time involved in notification of the application results (e.g. arrangement on funding disbursement, preparation of the written notification on application result and updating the information of CCO webpages) in setting the 6-month timeframe for completion of application assessment after the cut-off date of application. Since its launch, all CCFS applications assessments were completed within the above-mentioned timeframe.

**6) With reference to paragraphs 2.8 and 2.9 of the Audit Report, the reasons for the rejection of 34 CCFS applications.**

CCFS was launched in October 2019. As at 31 October 2023, a total of 78 applications were submitted to ACCC for consideration and a total of 34 applications were rejected after vetting. Key reasons for rejection include: the applicant organisations could not provide documentary proof on their local non-profit-making status, or could not provide documentary proof on management agreements with landowners or tenants of the target site for Nature Conservation Management Agreement (MA) projects; the proposals could not demonstrate obvious enhancement or benefits on ecological conservation/village revitalisation; the project site did not fall under the specified sites of CCFS, or the land status of the project site was unclear; there was doubt on the feasibility of the project, or the project overlapped with other completed/ongoing CCFS projects.

**7) With reference to paragraphs 2.11 and 2.12 of the Audit Report, regarding the introduction of electronic application forms by the CCO in October 2023, please advise:**

- (a) the number of applications used the electronic application forms and the rate over the total applications since the launch of electronic application forms;**
- (b) the number of applications for which applicants were required to submit the application in both hard and soft copies, and the rate over the total applications; and**
- (c) the content, number of updates and completion timetable of the enhanced CCFS database.**

(a) CCO introduced electronic application forms in October 2023 to facilitate applicant organisations to properly fill in the CCFS application forms and ensure that the essential documents are submitted with the application. Applicant organisations may submit the completed electronic application form to the CCFS Secretariat via email. Since the introduction of the electronic application forms, there was only one round of CCFS application (the cut-off date was 24 November 2023) with a total of 13 applications received. All of which had used electronic application forms, with a rate of 100%.

(b) According to the Electronic Transactions Ordinance (Cap. 553), for electronic transactions involving Government entities, a signature requirement under the law can be satisfied by digital

signature supported by a recognised digital certificate. Since the introduction of the electronic application forms, CCFS applicants submitted hard copy of the completed application form along with the soft copy to authenticate their identity. All 13 applications received have submitted application forms in both hard and soft copies, with a rate of 100%. As stated under the 2024-25 Budget, the Government would set up a “digital identity of enterprises” platform, i.e. the business version of “iAM Smart”. The target was to roll out the platform progressively from end-2026 onwards to enable authentication of identity and verification of signature of enterprises using electronic government services or conducting online business transactions. CCO will keep track of the relevant development.

(c) CCO has established an electronic CCFS database (the database) to monitor the processing of CCFS applications and the progress of approved projects. The database was soft launched in June 2023. Upon input of application and submission status of project documents by the subject officers of CCO, the database records were updated instantly. Since September 2023, the database has been generating management reports on submission progress of project documents of approved projects regularly. Overdue cases were highlighted to facilitate CCO in taking follow-up actions. CCO initiated further enhancement of the database in October 2023, including new automatic data transfer function from electronic application forms and inspection report to the database. The enhancement functions were launched in April 2024 after completion of the user acceptance test in March 2024.

**8) With reference to paragraph 2.20 of the Audit Report, regarding the releasing of disbursement, please advise:**

- (a) the reasons for 19 interim disbursements could not be released by the CCO within the 2-month timeframe;**
- (b) the reasons for only setting timeframe for interim payments; and**
- (c) Among the 120 project documents submitted by the grantees as mentioned in paragraph 2.20(c)(i), the reasons for taking up to 523 days for endorsement, which is nearly one and a half years.**

(a) According to the Guide, the release of approved grants includes “Initial disbursement”, “Interim disbursements” and “Final disbursement”. The “Initial disbursement” is released in two parts. The 1<sup>st</sup> part (capped at 25% of the approved grant) is released upon signing of agreement while the 2<sup>nd</sup> part will be released upon acceptance of the Inception report. The “Interim disbursement” is released according to the number of Half-yearly progress reports required and relevant grants are released within two months upon acceptance of relevant Half-yearly progress report. Upon completion of project, the “Final disbursement” (10% of the approved grant) will be released upon acceptance of relevant Completion report.

CCFS was launched in October 2019. As at 31 October 2023, the CCO released a total of 55 Interim disbursements and 19 of them were not released within the relevant two-month timeframe. It was mainly due to accounting problems noted by CCO officers during the review process and the time involved in following up with the project organisation.

(b) According to the Guide, CCO set a two-month timeframe for release of Interim disbursement, but did not set timeframe for release of Initial disbursement and Final disbursement. It is because the 1<sup>st</sup> part of “Initial disbursement” would be normally released once the agreement is signed and the 2<sup>nd</sup> part of “Initial disbursement” would be released once the Inception report is accepted, which could provide timely funding in adequate amount for commencing the project. In respect of “Interim disbursement”, as different projects have different progress and budget estimates, the timeframe set by CCO can ensure the project organisations to have adequate fund

for implementing the project activities. In respect of the “Final disbursement” (10% of the approved grant), although there is currently no stipulated release timeframe, CCO makes timely release arrangement once the Completion report is accepted. In order to allow the project organisations to have better knowledge about the funding release arrangement and timeframe, CCO will follow the audit recommendation to review and set up the release timeframes for “Initial disbursement” and “Final disbursement”.

(c) CCO will review report content, associated statements of account and annual audited accounts of various reports submitted by the project organisations. For any incorrect/missing content or information of the report, CCO will require the project organisations to supplement and correct.

The project document with longest endorsement time referred to a progress report in 2021 of an MA project. CCO raised two rounds of comments when reviewing the report concerned. However, the project organisation took 66 days and 122 days to give responses to the comments received and submit the revised report. CCO had been urging the project organisation to submit project documents on time through several rounds of verbal and written reminders. After two rounds of revisions, CCO confirmed that the report content met the requirements and instructed the project organisation to submit the final signed copy of the progress report. However, after repeated urging by CCO, it took 139 days for the project organisation to submit the signed copy of the document. The delay in submitting the returns will be taken into account in any future funding application to be submitted by the organisation concerned.

CCO recognised that the long processing time of project document was undesirable, and thus suitable management and monitoring measures had already been introduced, which included: the use of electronic database to highlight overdue cases in order to facilitate CCO in taking follow-up actions; the reinforced analysis of the overdue cases on regular basis, and offering of further support to the project organisations concerned in order to facilitate them in the submission of project documents in accordance with the prescribed requirements; and the timely escalation on handling of the overdue cases, which included arranging meetings with the person-in-charge of the project organisations in order to understand the reasons and solutions for the delay.

**9) With reference to paragraph 2.25 of the Audit Report, regarding the progress of project documents due for submission by the grantee from October 2019 to October 2023, please advise:**

- (a) the reasons why the CCO could not issue the first reminders to the grantees with project document due for submission within the three weeks’ timeframe;**
- (b) for “follow up the outstanding submissions with the grantees by various means (e.g. email and telephone call)” mentioned in paragraph 2.25(e), what are the means which “various means” were referring to;**
- (c) in connection with the above, the number of times to follow up with grantees on overdue submissions through “various means”, and the number of project documents involved; and**
- (d) in connection with the above, the lapse time between the CCO issued the first reminder and initiated following up action through “various means”.**

(a) According to the “Procedural Guidelines”, CCO will issue the first reminder to the grantees with reporting period ending in three weeks for submission of the project documents. The grantees should submit the project documents to CCO within two months after completion of the reporting period. If the grantees do not submit the project documents three weeks after the scheduled deadlines, CCO will issue a second reminder to them through various means.

As of 31 October 2023, there were 35 project documents that had not been submitted by the grantees more than 3 weeks beyond the scheduled deadlines. Amongst which, 5 of the project documents had not been issued with written second reminders in 3 weeks' time as individual CCO officers did not follow the "Procedural Guidelines" to issue written reminders to the grantees with late submission in arranging their work. However, the frontline colleagues had also made the best effort to follow up continuously through phone calls. Eventually, CCO received the said 5 project documents on an average 5.5 weeks after the scheduled deadlines.

(b) For grantees do not submit the progress reports or completion reports three weeks after the scheduled deadlines without justifications, CCO will issue a second reminder through various means and/or request the grantees to provide the reasons for late submissions. These "various means" include e-mails, phone calls and meetings.

(c) As of 31 October 2023, CCO exercised a total of 53 follow-ups through e-mails and meetings regarding the 30 overdue project documents with deadlines falling within the period from October 2019 to October 2023 for 13 projects.

(d) As mentioned above, CCO will issue the first reminder to the grantees with reporting period ending in three weeks for submission of project documents; if the project documents are still outstanding three weeks after the scheduled deadlines, CCO will issue a second reminder. Subsequently, CCO will continuously issue the third and subsequent reminders through e-mail and meeting apart from phone calls, and that the interval between the second and third reminders was on average 31 days.

**10) With reference to paragraphs 2.28 and 2.29 of the Audit Report, regarding the "Procedural Guidelines" of the CCO, please advise:**

- (a) among the 15 projects that have no inspection conducted at least once every 6 months, the longest period without inspection;**
- (b) In 2023, the number of projects required to conduct at least one inspection in every 6 months according to the guidelines, and the number of projects could not meet the target; and**
- (c) Between October 2019 and October 2023, CCO could not prepare inspection reports within one month after the inspections for 28 out of the 149 inspections conducted for 41 approved projects. What were the reasons?**

(a) There are several monitoring measures implemented by CCO, including regular and surprise on-site inspections, participating in project activities, attending working meetings, and vetting project reports, statements of account and annual audited accounts submitted by project organisations. Relevant funding will be disbursed only after verification of project progress and performance of the project organisation.

For the 15 projects with no inspection conducted at least once every 6 months, they involved 22 inspections between 2020 to 2022. During the period, CCO was supposed to conduct not less than 87 inspections according to the guidelines. However, special operation arrangements had to be adopted for some projects due to the coronavirus disease 2019 epidemic and not all the required inspections could be arranged. For better understanding of the implementation status of the projects during the epidemic, CCO verified the proper progress and performance of the projects through other means including continual communications with project staff and review of the project progress reports.

(b) In 2023, CCO conducted a total of 79 inspections for 33 ongoing approved projects, i.e. all projects were inspected at least once every 6 months in accordance with the “Procedural Guidelines”.

(c) The main reason for some inspection reports took longer preparation time than that specified in the guidelines was that individual CCO officers did not prepare the inspection reports for the projects after the inspection in accordance with the timeframe set out in the guidelines during arrangement of work. CCO was aware of the situation last year and had specifically included “to-do list” in the electronic CCFS database to regularly remind every CCO officer to prepare inspection reports in a timely manner. The said function was soft-launched in June 2023. In addition, since September 2023, the database has been generating management reports to highlight all overdue cases for supervisors to monitor the progress of inspection report preparation. Relevant measures have been working well and effectively improved the performance on inspection report preparation. Between September 2023 and April 2024, CCO conducted a total of 50 inspections for 25 ongoing approved projects, of which all inspection reports were prepared within 1 month after the inspection in accordance with the “Procedural Guidelines”.

### **Part 3: Administration of Minor Improvement Works**

**11) With reference to paragraphs 3.3, 3.4 to 3.7 of the Audit Report, regarding the 10 minor improvement works projects implemented by the CCO since its establishment, please advise:**

- (a) among the two completed projects, the reason for one of the projects completed after the target completion date;**
- (b) among the 8 projects under implementation, the reason for one of the projects commenced 2 months after the target works commencement date;**
- (c) the reason for the 10 minor improvement works projects only involved Lai Chi Wo and Sha Lo Tung; and**
- (d) in connection with the above, did CCO look for other locations for carrying out minor improvement works projects; if so, of the details; and if not, the reasons for that.**

(a) For the two completed projects, one of them involved improvement works to a footpath with ancillary facilities linking LCW with Mui Tsz Lam and Kap Tong. The main reason for the 1.8-month delay in completion was the need to accommodate the village representatives’ request to conduct a ritual ceremony on a designated day before the works could proceed, as well as the adverse weather conditions encountered during the construction period, which affected the progress of the works.

(b) For the eight projects under implementation, one of them involved the feasibility study of drainage improvements and farmland irrigation facilities in LCW. The main reason for the 2-month delay in the commencement of works was that the time required for tender preparation work was slightly longer than expected.

(c) According to the Chief Executive’s 2017 Policy Address, as a priority, CCO would take forward the planning of enhanced effort on countryside revitalisation in LCW, and implement an ecological conservation project in SLT. The implementation of the initiative and the effectiveness of these projects would be kept under review from time to time, and the initiative would be extended progressively to other remote countryside areas. The initial focus of the CCO was on improving the drainage system, sewerage system and providing smart toilets in LCW, as well as the footpath connecting LCW, Mui Tsz Lam and Kap Tong. In implementing minor improvement

works in remote villages, CCO needs to tackle issues such as accessibility, complicated land issues, diverse views from villagers or other stakeholders, and the need to avoid excessive disruptions to the environmentally sensitive areas. After accumulating sufficient experience, the CCO will expand the scope of minor improvement works projects in a timely manner.

(d) In addition to implementing minor improvement works projects in LCW and SLT, the CCO has also collaborated with various departments to implement minor improvement works projects in other locations. These include, in collaboration with the North District Office of Home Affairs Department (HAD), completing the improvement works for a section of footpath between Fung Hang and Kuk Po as well as implementing improvement works for the playground at Mui Tsz Lam in Sha Tau Kok, with funding being provided by the HAD. CCO is also working closely with the relevant bureaux/departments such as Development Bureau, Water Supplies Department, Architectural Services Department (ArchSD), and Food and Environmental Hygiene Department (FEHD) for the provision of water supply and toilet facilities for flushing toilets in Mui Tsz Lam, Sha Tau Kok. In addition, CCO is developing a smart countryside conservation trail in Kuk Po with interactive information signage to support eco-tourism and exhibit countryside revitalisation.

**12) With reference to paragraphs 3.10 to 3.13 of the Audit Report, regarding the repairing works of the Sha Lo Tung footpath, please advise:**

- (a) CCO's latest progress and project schedule of the pre-construction works;**
- (b) After a consensus was reached between CCO and the Agriculture, Fisheries and Conservation Department in September 2023, the detail changes of the project as compared with the original proposal; and**
- (c) expenditure involved in updating the project design.**

(a) SLT has very high ecological value, ranking second among the 12 Priority Sites for Enhanced Conservation under the New Nature Conservation Policy. In order to ensure that the proposed repairing works to trails would have no adverse impact on the ecology of SLT, CCO has conducted detailed study during the design stage of the project. During December 2023 and January 2024, CCO consulted various stakeholders, including villagers and green groups. CCO is currently compiling the views of different stakeholders on the repairing works to trails. As mentioned in the response to (3b) above, CCO will consult the Expert Group on Conservation of SLT regarding the improvement works to trails, and will prudently consider the advice of the Expert Group to review the works scheme accordingly. Subsequently, CCO will consult the stakeholders again to seek their support. The relevant works schedule is currently under assessment.

(b)&(c) CCO reached a consensus with AFCD in September 2023 on the management and maintenance responsibilities after completion of the SLT trail repairing works. During the discussions between CCO and AFCD on the future maintenance responsibilities for the trails, no altering of the original design was involved. Hence, there were no costs associated with updating the design.

**13) With reference to paragraphs 3.14 to 3.17 of the Audit Report, regarding the Lai Chi Wo Eco-smart Public Toilet, please advise:**

- (a) details of pre-commencement testing for the smart facilities and installations of the public toilets, such as number of tests, number of failures and details, etc.;**

- (b) **details of the works to optimize the design with an additional allocation of \$4.8 million for achieving higher environmental design standards;**
- (c) **details of the contractor's on-site inspection on the day after the user locked up incident on 9 December 2023;**
- (d) **the reason for CCO, after the above-mentioned incident, to deactivate the automatic sliding door system until 21 December 2023 and whether there is plan to re-activate the automatic sliding door;**
- (e) **data related to the air improvement photovoltaic (AIPV) panels not meeting the design standards in term of harvesting renewable energy; and**
- (f) **details regarding the replacement of automatic sliding doors and AIPV panels by the contractor, including timetable and replacement content.**

(a) In LCW Eco-Smart Public (the Project), CCO is the project proponent, ArchSD is the works agent, and FEHD is the operation department upon the completion of the Project. Before the soft launch of the public toilet, the contractor carried out testing and commissioning of its smart facilities and associated building services installations in July and October 2023 respectively with the details below: -

- i. Smart facilities  
Population flow sensors, consumable sensors, occupancy sensors, air quality monitoring sensors, ultrasonic sensors, energy meters and automatic sliding doors system etc.
- ii. Associated building services installations  
Electrical installation, mechanical ventilation installation and vacuum pump flushing system etc.

The testing and commissioning works include the functional and operational tests of individual systems. All tests were carried out under the supervision and witness of resident site staff from ArchSD. Test results revealed that the operation of all the above smart facilities and installations was found to be normal.

(b) In order to bring a new image to the countryside areas and in answer to the call for the net-zero carbon emission target in green buildings set out in Hong Kong's Climate Action Plan 2050, LCW Eco-Smart Public Toilet is a pilot project in which CCO introduced a number of smart facilities and measures which contributed to the reduction of carbon emission with an aim to achieve the Advancing Net Zero (ANZ) carbon emission standard as defined by the World Green Building Council. The additional funding for the relevant enhancement works was approximately \$4.8 million and the major scope of works is listed below:

- i. adoption of low carbon construction materials and modular integrated construction (MiC) method, including enhanced components for MiC construction, use of green materials, such as the use of Pulverised Fuel Ash in concrete for footings, re-use recycled timber and recycled rockfill, etc. to reduce carbon emission;
- ii. adoption of energy efficient building services systems together with smart facilities and installation including all kinds of sensors as well as Internet of Things (IoT) technology to collect operational data, including usage rate of the toilets, environmental data, usage rate of consumables and operating status of building services installations, etc. for enhancing the operational efficiency and reducing operational carbon;

- iii. adoption of renewable energy installation, including air improvement photovoltaic panel (AIPV) installation and the associated electrical installation, etc.; and
- iv. engagement of environmental consultants to carry out the carbon audit for the Project.

(c) The contractor carried out a site inspection in the morning of the following day for reviewing the operation of the automatic sliding door system and replacing the break glass unit of the emergency button. Upon checking, the automatic sliding door system was found to be working properly.

Subsequently, CCO familiarised the users on the proper use of the relevant systems through social media and posting notice on-site.

(d) Although the automatic sliding door system was found to be working properly upon checking, it was reckoned that the unfortunate incident had captured public attention, with many casting doubt over the operation of the relevant systems which were prone to malfunction due to the outdoor environment. In order to restore public's confidence over the usage of the public toilet, with due consideration, all the automatic sliding doors system of the toilet cubicles were converted to manual operation since 21 December 2023 onwards.

Currently there is no plan from CCO to resume the relevant system.

(e) The project team found in October 2023 that the electricity generation performance of AIPV system was not up to normal operation standard. The contractor was required to follow up immediately and rectify the defect.

After investigation and assessment, it was found that the contractor underestimated the shading effect of surrounding trees on the electricity generation performance of the AIPV system. Subsequently, the contractor replaced the relevant AIPV system with a new one with an improved circuit design catering for the external factors to achieve its normal performance of electricity generation. The Government is not required to bear any additional cost for this defect in the AIPV system.

(f) Automatic sliding door system

After the incident on 9 December 2023, the contractor replaced the break glass unit of the emergency button on the following day. From 21 December 2023 onwards, the automatic sliding door system of the toilet cubicles was converted to manual operation by CCO and FEHD.

AIPV

The project team found in October 2023 that the electricity generation performance of AIPV system was not up to normal operation standard. The contractor was required to review the operation of the AIPV system and improve the design immediately. On the premise that it did not affect the normal operation needs, the Project was soft-launched for public use in November 2023.

The contractor started to manufacture the new AIPV panels in early January 2024 according to the improved design. The new AIPV panels were delivered to Hong Kong in mid-January 2024. To minimise the public inconvenience caused, CCO coordinated with FEHD and decided to close the toilets during the weekdays from 29 January to 2 February 2024 for replacement of AIPV panels.



#### **Part 4: Other Related Issues**

**14) With reference to paragraph 4.6 of the Audit Report, regarding the preparation of meeting documents by CCO, please advise:**

- (a) the reasons for most of the notices of meeting, agendas, meeting papers, and draft meeting minutes could not be issued to ACCC members on time; and**
- (b) whether there is any plan to review the relevant procedures and timeframe for issuing the documents; if so, of the details; and if not, the reasons for that.**

(a) According to the ACCC “House Rules”, CCO should issue the notice of meeting, agenda and meeting papers to the members generally one week before the meeting day, or as far as practicable; and issue the draft meeting minutes to the members within 1 month after the meeting is held.

The reasons for not adhering to the prescribed timeframe for issuing the meeting documents to the members one week before the meeting day as stated above were due to the fact that, during the initial stage of CCO establishment, the new postings were not filled up immediately. Besides, the newly reported officers required time to take up the work as well as the coordination of the information related to the different categories of CCFS and works projects as submitted by various teams, and thus CCO could not timely prepare and issue the notice of meeting, agenda and meeting paper during the peak time of meeting preparation. Upon the gradual filling up of the new postings in CCO and the officers were getting familiar with the work of various teams of CCO and familiarisation of the work of various teams of CCO and ACCC of officers, the delay was substantially reduced in terms of the number of times and the days involved. EEB has accepted the audit recommendations and has required all members of CCO to strictly enforce the requirements on preparation of meeting documents and the required materials as stipulated in the ACCC “House Rules”, in order to ensure the issuance of meeting documents within the prescribed timeframe by CCO.

The reason for not issuing the draft meeting minutes within one month after the ACCC meeting was due to the fact that, the officers had not accorded sufficient priorities in timely preparation of the meeting minutes after the meeting while being preoccupied by other urgent tasks. CCO has already required the officers to make reference to the requirements of the ACCC “House Rules”, while the management officers will strengthen monitoring of the work of the Secretariat, in order to strictly ensure the issuance of the draft meeting minutes to members within the prescribed timeframe from now on.

(b) EEB agrees that CCO should strictly adhere to the “House Rules”, and has urged officers make to make reference to the requirements of the ACCC “House Rules” while the management officers will also strengthen monitoring of the work of the Secretariat, in order to strictly ensure the issuance of draft meeting minutes to members within the prescribed timeframe from now on.

**15) With reference to paragraph 4.9 of the Audit Report, regarding the declaration of interests by ACCC members, please advise:**

- (a) the reasons of CCO did not require the ACCC chairperson and the three ex-officio ACCC members to complete and return the declaration forms;**
- (b) the reasons why the first-tier declaration for Term 3 of the ACCC was issued to non-official ACCC members 123 days after the commencement of the term;**
- (c) the reasons for one of the non-official ACCC members returned the**

- declaration form 142 days after the deadline;**
- (d) the reasons why the non-official ACCC members of the three terms were required to submit the declaration form on different timeframes; and**
  - (e) in connection with the above, whether there is any plan to standardise the timeframe for non-official members to submit declaration forms, and follow-up measures should ACCC members fail to submit declarations on time?**

(a) to (e) According to the ACCC “House Rules”, ACCC adopts a two-tier system in making declaration of interest. Under the first-tier declaration, the chairperson and all members shall register in writing to declare their personal interest and private investments when they first join the committee, and annually thereafter; under the second-tier declaration, before discussion of each agenda item during each ACCC meeting, the chairperson and members shall first declare interests if there are any personal interests and private investments relevant to the item, and all the declaration will be put to record in the relevant meeting minutes. Since its establishment, CCO has all along been strictly enforcing the second-tier declaration of interests for all ACCC members.

The reasons for CCO did not require the ACCC chairperson and the three ex-officio ACCC members to declare personal interest and private investments register in writing as per the requirements of the first-tier declaration is due to the insufficient knowledge on the system of declaration of interest among the officers handling the matter, who based on the assumption that the ACCC chairperson had already declared his investment and interest on appointment, and annually thereafter in accordance with the “Code for Officials under the Political Appointment System”; and the three ex-officio ACCC members had already declared as well in accordance with the “Summary of the Regulatory Regime on Prevention of Conflict of Interest concerning Civil Servants” by the Civil Service Bureau, and did not require the ACCC chairperson and the three ex-officio ACCC members to complete the declaration form. EEB recognises the importance of the two-tier reporting system for managing conflict of interests, and has accepted the audit recommendation, and has already strictly complied with all the requirements stipulated under the two-tier reporting system. CCO has already carried out the procedures stipulated in the first-tier declaration related to the completion and return of declaration forms by the ACCC chairperson and the three ex-officio ACCC members earlier this year, and will also complete the first-tier declaration for the relevant members when they first join the committee, or annually thereafter.

The reasons for one of the first term non-official ACCC members returning the declaration form 142 days after the deadline, the first-tier declaration for the third term ACCC being issued to non-official ACCC members 123 days after commencement of the term, and non-official ACCC members of the three terms required to submit the declaration form on different timeframes, were due to the fact that the officers handling the matter did not send out the request for the return of declaration forms on time, and did not issue reminders on time to the ACCC members whose return of declaration forms were still outstanding after the specified deadline, causing delay in completing the requirements relevant to the reporting system for declaration of interest. CCO has already urged the officers to make reference to the requirements of the ACCC “House Rules”, and timely issue and remind the ACCC members to complete the declaration of interest forms. Management officers will also strengthen monitoring of the work of the Secretariat, to ensure that all the declaration of interest will be strictly completed on time from now on.

To ensure a robust system of declaration of interest in a more comprehensive manner, CCO will outline the procedural guidelines on the request of declaration forms by the ACCC chairperson and all members (including the ex-officio and non-official members), stipulating the date of request to the ACCC chairperson and all members, the deadline, and the follow-up actions in case of outstanding reply after the specified deadline regarding the first-tier declaration. Actions may

include contacting with relevant members to understand the reasons for the outstanding reply. Whereas for the second-tier declaration, CCO will continue with the prevailing practice, i.e. before discussion of each agenda item during each ACCC meeting, the chairperson and members shall first declare interests if there are any personal interests and private investments relevant to the item, and all the declaration will be put to record in the relevant meeting minutes.

**16) With reference to paragraph 4.18 of the Audit Report, regarding the publicity of countryside conservation, please advise:**

- (a) details of the publicity activities organised by the CCO since 2019, including event dates, formats, content and number of participants;**
- (b) details of the use of online video sharing platforms by CCO for publicity since July 2021, including the names of platform, dates, content, video length and cumulative number of views for all uploaded publicity videos; and**
- (c) in connection with the above, considering that there was a publicity video with only 20 cumulative views, does the CCO plan to set targets for production of publicity activities or videos to ensure the effectiveness of publicity; if so, of the details; and if not, the reasons for that.**

(a) Since its establishment in 2019, CCO has been promoting countryside conservation and village revitalisation to the public at different levels by actively organising different types of publicity activities, including talks, workshops, guided tours, photo and video competitions, exhibitions, seminars, as well as publicising and promoting countryside conservation through various channels, including social media platforms, newspapers and magazines, radio, television and websites. From 2019 to 2023, CCO organised more than 80 promotional activities with about 10,000 participants. Details of the publicity programmes are at **Annex 2**.

(b) CCO uses a free online video platform to share its video collection with the public. The videos are related to the theme of countryside conservation. As of end 2023, a total of 38 videos were uploaded, details of which are at **Annex 3**.

(c) The video mentioned in the question with only 20 viewings was not a dedicated publicity video produced by CCO for promoting countryside conservation, but a video recording of the speech and presentation made by one of the guests in the first “Countryside Conservation Conference” held in March 2023. Although more than 700 participants were recorded on-site and online to watch the speeches and discussions of the guests on the day of the seminar, CCO has uploaded the video recording of the day as 20 clips on YouTube for the convenience of the audience to review the topics and speeches according to their own interests, or rewatch them if they were not able to participate in the seminar on the day. As of May 2024, the cumulative total number of views of the 20 video clips of the seminar exceeded 1,400, with one of the video clips being viewed 23 times.

The CCO collects public views for review after organising publicity activities. For example, during the seven-day exhibition “Future Captured” under our “Back to Our Countryside” campaign, a total of 2,853 visitors and 145 questionnaires were received, of which about 98% of the respondents indicated that the exhibition had helped to enhance their understanding of Hong Kong’s countryside. In the questionnaire survey of the “Walk for Forests: Experimental Greening Scheme for Tai Po Country Trail”, all the respondents indicated that they liked the programme. In “Countryside Conservation Conference”, more than 700 participants were recorded online and 95 questionnaires were received. 97% of the respondents indicated that the seminar had deepened their understanding of rural conservation. The roving exhibition “Explore the Enchanting

Countryside” recorded over 6,400 visitors and received over 1,300 questionnaires. Over 86% of the responses rated the exhibition 4 to 5 out of 5, with 98% of the respondents agreeing that the exhibition had enhanced their understanding of countryside conservation.

In addition, CCO also stipulates under CCFS that all approved grants must be used to organise suitable educational and publicity activities for the projects to promote the message of countryside conservation and rehabilitation in the community. Organisations under CCFS have so far organised over 1,600 activities with over 380,000 participants.

CCO is now reviewing and formulating its work plan for the next five years, which also includes examining ways to enhance publicity and promotion of countryside conservation, with a view to enhancing the effectiveness of the relevant activities.

**17) With reference to paragraph 4.20 of the Audit Report, regarding the dissemination of information on CCO’s webpage, please advise the updating times, dates and relevant content of the Conservation section of the Environment and Ecology Bureau’s website since CCO’s establishment.**

The “Countryside Conservation” and CCFS webpages under the Conservation section of the Environment and Ecology Bureau’s website are managed by CCO. The webpages include an introduction of CCO, information on ACCC, latest news of CCFS, application documents for CCFS, information on approved projects, event information and photo albums of CCFS projects, etc. CCO would update the contents regularly with reference to the nature of the webpages concerned. For example, the Event Information and Event Photo Gallery webpages are updated at least once a month. Information on other webpages is updated in a timely manner based on the latest situation and as needed. A list summarising CCO’s updating of the webpages, including number of times, dates and relevant content, is shown in **Annex 4**.

**Release Date of Initial Disbursements,  
Interim Disbursements and Final Disbursement under CCFS**  
(as at 31 October 2023)

No.	Project title	Type of disbursement	Release date	Additional information
1	Balancing Ecological Sensitivity and Enhancing Experience: Experiments for the Deep Bay Outer Ramsar Site	Initial disbursement <sup>1</sup> (1 <sup>st</sup> part)	29/9/2021	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$0.9 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (1 <sup>st</sup> phase) was not required under the Guide of CCFS.
		Initial disbursement (2 <sup>nd</sup> part)	7/4/2022	
		Interim disbursement (1 <sup>st</sup> phase)	Release of grant not required	
2	Sai Kung Catholic Churches and Villages Cultural Walks Construction Program	Initial disbursement	12/3/2021	Project completed. As at 31 October 2023, a total of four disbursements were released involving around \$1.4 million. Processing for the release of Final disbursement was in progress.
		Interim disbursement (1 <sup>st</sup> phase)	30/12/2021	
		Interim disbursement (2 <sup>nd</sup> phase)	26/1/2023	
		Interim disbursement (3 <sup>rd</sup> phase)	21/3/2023	
3	Co-Building Kuk Po: Creating, Sharing, Learning & Enjoying	Initial disbursement (1 <sup>st</sup> part)	11/8/2023	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$1.2 million.
		Interim disbursement (2 <sup>nd</sup> part)	6/12/2023	
4	Countryside Conservation Education Program	Initial disbursement (1 <sup>st</sup> part)	11/8/2023	Project in progress. As at 31 October 2023, one disbursement was released, involving \$0.68 million.
5	Hong Kong Got Fishpond – Eco-fishpond Management Agreement Scheme (2021-2023)	Initial disbursement	16/3/2021	Project completed. As at 31 October 2023, a total of three disbursements were released, involving \$6.12 million.
		Interim disbursement (1 <sup>st</sup> phase)	25/3/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	1/2/2023	

<sup>1</sup> For CCFS projects implemented in August 2021 onwards, the Initial disbursement was released to respective project organisation in two parts.

No.	Project title	Type of disbursement	Release date	Additional information
6	Hong Kong Got Fishpond - Eco-fishpond Management Agreement Scheme (2023-2025)	Initial disbursement (1 <sup>st</sup> part)	24/3/2023	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving \$3.7 million.
		Initial disbursement (2 <sup>nd</sup> part)	11/10/2023	
7	From Valley to Plain: Conservation and Revitalisation from 'Ng To' to Kuk Po River and Plain via Multi-disciplinary, Educational and Action Research	Initial disbursement (1 <sup>st</sup> part)	28/10/2021	Project in progress. As at 31 October 2023, a total of five disbursements were released, involving \$2.25 million.
		Initial disbursement (2 <sup>nd</sup> part)	22/2/2022	
		Interim disbursement (1 <sup>st</sup> phase)	28/9/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	24/2/2023	
		Interim disbursement (3 <sup>rd</sup> phase)	1/9/2023	
8	From Valley to Plain II: Architectural Rehabilitation for Integrated, Co-creative Eco-living Experience in Tin Sum Village, Kuk Po	Initial disbursement (1 <sup>st</sup> part)	5/7/2023	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$1.2 million.
		Initial disbursement (2 <sup>nd</sup> part)	5/12/2023	
9	Cultural Revitalisation Project at Fu Tei Au Tsuen	Initial disbursement	4/2/2021	Project completed. As at 31 October 2023, a total of four disbursements of different stages were released, involving \$1.63 million. Processing for the release of Final disbursement was in progress.
		Interim disbursement (1 <sup>st</sup> phase)	28/3/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	20/1/2023	
		Interim disbursement (3 <sup>rd</sup> phase)	9/5/2023	
10	Management Agreement on the Private Land with High Conservation Value at Fung Yuen Valley Site of Special Scientific Interest in Tai Po, Hong Kong (2021-2024)	Initial disbursement	9/7/2021	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving \$5.46 million.
		Interim disbursement (1 <sup>st</sup> phase)	27/2/2023	

No.	Project title	Type of disbursement	Release date	Additional information
11	Conservation and Revitalisation Strategies for Historical and Ecological Heritages of Grass Island: A Case Study of a More Than 400 Years of History Island's Sustainability	Initial disbursement (1 <sup>st</sup> part)	28/3/2022	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$1.2 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (1 <sup>st</sup> phase) was not required under the Guide of CCFS.
		Initial disbursement (2 <sup>nd</sup> part)	9/8/2022	
		Interim disbursement (1 <sup>st</sup> phase)	Release of grant not required	
12	Conservation and Revitalisation Strategies for Architecture and Landscape of Hakka Village Spaces in Sha Tau Kok	Initial disbursement	24/3/2021	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$1 million.
		Interim disbursement (1 <sup>st</sup> phase)	28/12/2021	
13	Villagers' Management Agreement Project with Hygiene Theme	Initial disbursement (1 <sup>st</sup> part)	23/9/2021	Project completed. As at 31 October 2023, a total of four disbursements were released, involving \$1.81 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (3 <sup>rd</sup> phase) was not required. Processing for the release of Final disbursement was in progress.
		Initial disbursement (2 <sup>nd</sup> part)	22/2/2022	
		Interim disbursement (1 <sup>st</sup> phase)	6/10/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	3/3/2023	
		Interim disbursement (3 <sup>rd</sup> phase)	Release of grant not required	
14	Image Reinforcement: Rehabilitation of Lai Chi Wo "Pailou's", the Gateways to the Village, and the Placemaking of the Space Around	Initial disbursement (1 <sup>st</sup> part)	4/10/2023	Project in progress. As at 31 October 2023, one disbursement was released, involving \$0.75 million.
15	A Catalyst Project for Kuk Po Village: Restoration of Architecture and Built-Environment for the Annex Block of Kai Choi School	Initial disbursement (1 <sup>st</sup> part)	28/3/2022	Project in progress. As at 31 October 2023, a total of four disbursements were released, involving \$2.25 million.
		Initial disbursement (2 <sup>nd</sup> part)	28/7/2022	
		Interim disbursement (1 <sup>st</sup> phase)	5/5/2023	
		Interim disbursement (2 <sup>nd</sup> phase)	11/12/2023	

No.	Project title	Type of disbursement	Release date	Additional information
16	Management Agreement Scheme at Lai Chi Wo Enclave (2021-2024)	Initial disbursement (1 <sup>st</sup> part)	23/9/2021	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$7.5 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (1 <sup>st</sup> phase) was not required under the Guide of CCFS.
		Initial disbursement (2 <sup>nd</sup> part)	25/3/2022	
		Interim disbursement (1 <sup>st</sup> phase)	Release of grant not required	
17	Lai Chi Wo Children Play Theatre 【Children Theatre Workshop + Art Tech Performance】	Initial disbursement (1 <sup>st</sup> part)	6/10/2021	Project completed. As at 31 October 2023, a total of five disbursements were released, involving \$2.82 million.
		Initial disbursement (2 <sup>nd</sup> part)	19/1/2022	
		Interim disbursement (1 <sup>st</sup> phase)	19/10/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	23/3/2023	
		Final disbursement	26/7/2023	
18	Feasibility Study of Licensed Food Business in Remote Old Villages	Initial disbursement	24/12/2020	Project completed. As at 31 October 2023, a total of five disbursements were released, involving \$1.75 million. Processing for the release of Final disbursement was in progress.
		Interim disbursement (1 <sup>st</sup> phase)	6/10/2021	
		Interim disbursement (2 <sup>nd</sup> phase)	14/7/2022	
		Interim disbursement (3 <sup>rd</sup> phase)	13/3/2023	
		Interim disbursement (4 <sup>th</sup> phase)	17/8/2023	
19	Nature and Human in Harmony – Nature Conservation Management for Ho Sheung Heung, Long Valley (2020-2023)	Initial disbursement	29/9/2020	Project in progress. As at 31 October 2023, a total of four disbursements were released, involving around \$8.1 million.
		Interim disbursement (1 <sup>st</sup> phase)	13/9/2021	
		Interim disbursement (2 <sup>nd</sup> phase)	28/3/2022	
		Interim disbursement (3 <sup>rd</sup> phase)	27/2/2023	



No.	Project title	Type of disbursement	Release date	Additional information
20	Micro-renewal of Architectural Landscape for Ruin Gardens: Re-habitation of Tree-House Courtyards and Revitalisation of Communal Spaces for Lo Wai in Kuk Po Village	Initial disbursement (1 <sup>st</sup> part)	1/11/2022	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving \$1.35 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (1st phase) was not required under the Guide of CCFS.
		Initial disbursement (2 <sup>nd</sup> part)	22/2/2023	
		Interim disbursement (1 <sup>st</sup> phase)	Release of grant not required	
21	Ma On Shan Village “Mountain Lab” Project	Initial disbursement (1 <sup>st</sup> part)	23/6/2023	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving \$1.04 million.
		Initial disbursement (2 <sup>nd</sup> part)	5/10/2023	
22	Oral History Documentary, Illustration and Design for Kuk Po: “Re-connect Kuk Po: The Past, Present and Future Sustainability”	Initial disbursement (1 <sup>st</sup> part)	23/9/2021	Project completed. As at 31 October 2023, a total of five disbursements were released, involving around \$2.7 million. Processing for the release of Final disbursement was in progress.
		Initial disbursement (2 <sup>nd</sup> part)	5/1/2022	
		Interim disbursement (1 <sup>st</sup> phase)	3/3/2023	
		Interim disbursement (2 <sup>nd</sup> phase)	21/3/2023	
		Interim disbursement (3 <sup>rd</sup> phase)	29/9/2023	
23	Participatory Action Research (PAR) on Countryside Conservation and Revitalisation at Mui Tsz Lam, Hing Chun Yeuk	Initial disbursement	28/3/2022	Project completed. As at 31 October 2023, a total of three disbursements of different stages were released, involving \$1.14 million.
		Interim disbursement (1 <sup>st</sup> phase)	14/6/2022	
		Final disbursement	7/9/2023	
24	Prevention of Deterioration of Built Environment and Landscape Improvement in Lai Chi Wo Village	Initial disbursement (1 <sup>st</sup> part)	23/9/2021	Project completed. As at 31 October 2023, a total of four disbursements were released, involving around \$2.4 million. Processing for the release of Final payment was in progress.
		Initial disbursement (2 <sup>nd</sup> part)	16/3/2022	
		Interim disbursement (1 <sup>st</sup> phase)	5/10/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	3/3/2023	

<b>No.</b>	<b>Project title</b>	<b>Type of disbursement</b>	<b>Release date</b>	<b>Additional information</b>
25	Project Plum Grove: Revitalising Mui Tsz Lam with Experimental Restorations	Initial disbursement	6/11/2020	Project completed. As at 31 October 2023, a total of five disbursements of different stages were released, involving around \$2 million.
		Interim disbursement (1 <sup>st</sup> phase)	10/11/2021	
		Interim disbursement (2 <sup>nd</sup> phase)	3/5/2022	
		Interim disbursement (3 <sup>rd</sup> phase)	6/12/2022	
		Final disbursement	21/3/2023	
26	Project Plum Grove II: Restoring Old House for Village Community	Initial disbursement (1 <sup>st</sup> part)	21/11/2022	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$1.5 million.
		Initial disbursement (2 <sup>nd</sup> part)	8/3/2023	
27	Hong Kong Got Fishpond – Eco-fishpond Management Agreement Scheme (2021-2023)	Initial disbursement	16/3/2021	Project completed. As at 31 October 2023, a total of three disbursements were released, involving \$7.23 million.
		Interim disbursement (1 <sup>st</sup> phase)	25/3/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	18/1/2023	
28	Hong Kong Got Fishpond - Eco-fishpond Management Agreement Scheme (2023-2025)	Initial disbursement (1 <sup>st</sup> part)	24/3/2023	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving \$4.06 million.
		Initial disbursement (2 <sup>nd</sup> part)	11/10/2023	
29	Re-telling the Yung Shue Au Story: Co-creating Rural Place with Experimental Communal Hub and Eco-Cultural Trail	Initial disbursement (1 <sup>st</sup> part)	15/6/2023	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$1.5 million.
		Initial disbursement (2 <sup>nd</sup> part)	4/10/2023	

No.	Project title	Type of disbursement	Release date	Additional information
30	Rural Common for Countryside Revitalisation	Initial disbursement (1 <sup>st</sup> part)	25/10/2021	Project completed. As at 31 October 2023, a total of four disbursements were released, involving around \$2.7 million. Processing for the release of Final payment was in progress.
		Initial disbursement (2 <sup>nd</sup> part)	16/3/2022	
		Interim disbursement (1st phase)	22/8/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	23/3/2023	
31	Rural Common: Interactive Platform for Countryside Revitalisation (Phase II)	Initial disbursement (1 <sup>st</sup> part)	15/6/2023	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving around \$1.5 million.
		Initial disbursement (2 <sup>nd</sup> part)	11/10/2023	
32	Rehabilitation Project for Sai Wan Area 2020-2023	Initial disbursement	4/3/2020	Project in progress. As at 31 October 2023, a total of five disbursements were released, involving \$10.24 million.
		Interim disbursement (1 <sup>st</sup> phase)	30/3/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	30/6/2022	
		Interim disbursement (3 <sup>rd</sup> phase)	29/3/2023	
		Interim disbursement (4 <sup>th</sup> phase)	29/3/2023	
33	Habitat and Biodiversity Conservation Scheme in Sha Lo Tung 2020-2022	Initial disbursement	19/3/2020	Project completed. As at 31 October 2023, a total of three disbursements were released, involving \$5.53 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (3 <sup>rd</sup> phase) was not required under the Guide of CCFS.
		Interim disbursement (1 <sup>st</sup> phase)	22/12/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	22/12/2022	
		Interim disbursement (3 <sup>rd</sup> phase)	Release of grant not required	
34	Habitat and Biodiversity Conservation Scheme in Sha Lo Tung (2022-2024)	Initial disbursement (1 <sup>st</sup> part)	25/3/2022	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving \$4.98 million.
		Interim disbursement (2 <sup>nd</sup> phase)	2/11/2022	

<b>No.</b>	<b>Project title</b>	<b>Type of disbursement</b>	<b>Release date</b>	<b>Additional information</b>
35	Sham Chung Haven: Restoring the Relationship between Nature, Ecology and Human	Initial disbursement	9/12/2020	Project completed. As at 31 October 2023, a total of three disbursements of different stages were released, involving \$1.98 million.
		Interim disbursement (1 <sup>st</sup> phase)	23/9/2021	
		Final disbursement	28/7/2022	
36	“Smart Wetland” - Where Traditional Management Meets Innovation & Technology	Initial disbursement (1 <sup>st</sup> part)	6/12/2022	Project in progress. As at 31 October 2023, a total of two disbursements were released, involving \$1.44 million.
		Initial disbursement (2 <sup>nd</sup> part)	25/9/2023	
37	Re-imagine and Co-create: Action Research on Developing Sustainable Tourism Model in Yan Chau Tong Eco-recreation and Tourism Circle	Initial disbursement (1 <sup>st</sup> part)	12/9/2023	Project in progress. As at 31 October 2023, one disbursement was released, involving \$0.38 million.
38	Forest Village: Mui Tsz Lam and Kop Tong Sustainable Village Programme (2021-2024)	Initial disbursement	29/1/2021	Project in progress. As at 31 October 2023, a total of four disbursements were released, involving \$10.49 million.
		Interim disbursement (1 <sup>st</sup> phase)	20/12/2021	
		Interim disbursement (2 <sup>nd</sup> phase)	28/9/2022	
		Interim disbursement (3 <sup>rd</sup> phase)	27/2/2023	
39	Towards Sustainable and Inclusive Conservation and Revitalisation in Hing Chun Yeuk Seven Villages, Kuk Po and Fung Hang, Hong Kong	Initial disbursement	11/8/2021	Project completed. As at 31 October 2023, a total of two disbursements were released, involving \$1.78 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (2nd phase) was not required under the Guide of CCFS.
		Interim disbursement (1 <sup>st</sup> phase)	8/7/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	Release of grant not required	
40	Traditional Craftsmanship and Cultural Inheritance in Lai Chi Wo	Initial disbursement	4/1/2021	Project completed. As at 31 October 2023, a total of three disbursements were released, involving \$1.51 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (3 <sup>rd</sup> and 4 <sup>th</sup> phases) was not required
		Interim disbursement (1 <sup>st</sup> phase)	4/11/2021	
		Interim disbursement (2 <sup>nd</sup> phase)	30/8/2022	

No.	Project title	Type of disbursement	Release date	Additional information
		Interim disbursement (3 <sup>rd</sup> phase)	Release of grant not required	under the Guide of CCFS.
		Interim disbursement (4 <sup>th</sup> phase)	Release of grant not required	
41	Village Commoning: Developing a Community-led Model in Countryside Revitalisation	Initial disbursement (1 <sup>st</sup> part)	25/10/2021	Project in progress. As at 31 October 2023, a total of four disbursements were released, involving \$1.33 million.
		Initial disbursement (2 <sup>nd</sup> part)	28/3/2022	
		Interim disbursement (1 <sup>st</sup> phase)	16/11/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	23/3/2023	
42	Feasibility Study and Pilot Scheme of Water Bus for Inter-village and Coastal Eco-tour Service for Lai Chi Wo and Nearby Villages	Initial disbursement	18/6/2021	Project completed. As at 31 October 2023, a total of three disbursements were released, involving around \$1.6 million. As there was sufficient cash flow for implementing the project activities, the release of Interim disbursement (3 <sup>rd</sup> phase) was not required under the Guide of CCFS.
		Interim disbursement (1 <sup>st</sup> phase)	23/9/2022	
		Interim disbursement (2 <sup>nd</sup> phase)	13/3/2023	
		Interim disbursement (3 <sup>rd</sup> phase)	Release of grant not required	
43	Community-based Narratives and Public Experiential Engagement for Cultural and Historical Heritage Conservation and Revitalisation of Yim Tin Tsai, Sai Kung	Initial disbursement (1 <sup>st</sup> part)	15/12/2021	Project in progress. As at 31 October 2023, a total of three disbursements were released, involving \$1.38 million.
		Initial disbursement (2 <sup>nd</sup> part)	17/3/2022	
		Interim disbursement (1 <sup>st</sup> phase)	24/2/2023	
44	Nature and Human in Harmony – Nature Conservation Management for Ho Sheung Heung (2023 - 2026)	Initial disbursement (1 <sup>st</sup> part)	1/12/2023	Project in progress. Under the Guide of CCFS, no disbursement was released. [Note: Initial disbursement (1 <sup>st</sup> part) was released on 1 December 2023.]

## Public activities / events hosted and participated by CCO

<b>Year 2019</b>			
<b>Nature of activity</b>	<b>Date</b>	<b>Public activities / events hosted and participated by CCO (e.g. Workshop, exhibition, seminar, tours)</b>	<b>No. of participants</b>
Tour	26/4/2019	Mui Tsz Lam guided tour for the representatives of the University of Hong Kong	3
Hing Chun Yeuk Da Chiu campaign	5/10/2019	Lai Chi Wo village cleaning day	34
	17/10/2019	Lai Chi Wo stream restoration day	17
	27/10/2019	Tour on bio-diversity	22
	10/11/2019	Tour on secret scene photography	20
	23/11/2019	Talk on Lai Chi Wo history	110
	30/11/2019	Talk on ancient trails in North District	103
	1/12/2019	Workshop on bamboo weaving	20
	1/12/2019	Talk in Heritage Discovery Centre	95
	8/12/2019	Workshop on botanical print	18
	8/12/2019	Workshop on sketching	23
	11/2019 - 1/2020	Installations of exhibits in 5 villages	50
<b>Total</b>			<b>515</b>

<b>Year 2020</b>			
<b>Nature of activity</b>	<b>Date</b>	<b>Public activities / events hosted and participated by CCO (e.g. Workshop, exhibition, seminar, tours)</b>	<b>No. of participants</b>
Hing Chun Yeuk Da Chiu campaign	4/1/2020	Talk – on the Hidden Paradise in Hong Kong	130
Tour	7/5/2020	Visit & facilitate video production for SEE Network in Lai Chi Wo	5
	3/7/2020	Tour & voluntary Work in Siu Tan with students of Hong Kong Institute of Construction	26
<b>Total</b>			<b>161</b>

<b>Year 2021</b>			
<b>Nature of activity</b>	<b>Date</b>	<b>Public activities / events hosted and participated by CCO (e.g. Workshop, exhibition, seminar, tours)</b>	<b>No. of participants</b>
Tour	15/1/2021	Visit with hospitality group representatives in Lai Chi Wo	3
	29/1/2021	Visit with members of ACCC Vetting Sub-Committee in Lai Chi Wo	5
	27/2/2021	Chief Executive's visit to Lai Chi Wo	12
	29/5/2021	Lai Chi Wo Visit with members of PGBC, HKIUD & HKAC	24
	16/10/2021	Lai Chi Wo Visit with members of CABC & MIT	21
	1/12/2021	Tour & voluntary work in Siu Tan with students of Hong Kong Institute of Construction	25
	6/12/2021	Lai Chi Wo Visit with media experts	9
Talks / Sharing	20/5/2021	Webinar talk to members of PGBC, HKIUD & HKAC	30
	6/7/2021	Webinar talk to members of Architectural Services Dept.	23
	27/7/2021	Webinar talk to members of Business Environment Council	35
	25/8/2021	Talk on countryside conservation for students of Hong Kong Institute of Construction	23
	2/10/2021	Talk on village revitalisation at Central Market	25
	9/11/2021	Webinar talk to members of Hong Kong Institute of Surveyors	45
<b>Total</b>			<b>280</b>

<b>Year 2022</b>			
<b>Nature of activity</b>	<b>Date</b>	<b>Public activities / events hosted (e.g. Workshop, exhibition, seminar, tours)</b>	<b>No. of participants</b>
Talks / Sharing	1/6/2022	Webinar talk to students of HKU CUSUP	140
	8/6/2022	Webinar talk on Smart Conservation in Sha Lo Tung	26
	21/8/2022	Webinar talk to members of Hong Kong Institute of Architects	100
Participating conference / ceremony / exhibition	27/8/2022	As VIP guest in Urban Planning & Design, HKU Conference	100
	14/10/2022	As VIP guest in HKIS Building Surveying Conference	200
	24/10/2022	As VIP guest in Sustainability Conference	1,700
	26/11/2022	As VIP guest in UABB(HK) Symposium	22
	17/12/2022	As VIP guest in “Hakka Life Experience Village @ Lai Chi Wo” Opening Ceremony	100
Tour	16/10/2022	Lai Chi Wo Visit with LegCo Members	6
Photo-cum-Video Competition and Associated Events	1/4/2022-15/8/2022	4 no. Online tours, competition & exhibition, total 6 events	4,672
Event Management Service for trail near Tai Po Country Trail	16/7/2022 - 27/8/2022	Talk, visit and 2 workshops, total 4 events	93
<b>Total</b>			<b>7,159</b>



<b>Year 2023</b>			
<b>Nature of activity</b>	<b>Date</b>	<b>Public activities / events hosted and participated by CCO (e.g. Workshop, exhibition, seminar, tours)</b>	<b>No. of participants</b>
Participating conference / ceremony / exhibition	20/4/2023	As VIP guest in Sha Tau Kok District Rural Committee ceremony	60
	8/6/2023	As VIP guest in CUHK 'Architectural Regeneration in Rural Areas' Conference	40
	17/6/2023	As VIP guest in AIRI Conference	120
	24/8/2023	As VIP guest in CUHK WZQ Rural Revitalization Symposium	120
	14/10/2023	As VIP guest in “Beautiful Hong Kong - Greater Bay Area Eco-Learning Tour for Hong Kong Youths” Kick-off Ceremony	45
	15/11/2023	As VIP guest in HKIA annual ball cum annual awards presentation 2022/23	200
	27/11/2023	Organize YMCA Sustainable Planet Green Exhibition	320
	28/11/2023	As VIP guest in WWF Jockey Club Mai Po Peter Scott Visitor Centre Opening Ceremony and Wetland Conservation Forum	100
Tour	26/2/2023	Villages tour with Wu Zhi Qiao Foundation	25
	20/4/2023	Visit VAR LIVE on VR technologies	10
	13/5/2023	Lai Chi Wo Visit with LegCo Members	8
	19/7/2023	Job-shadowing programme’s visit to Lai Chi Wo	4
	23/8/2023	Villages visit with Wu Zhi Qiao Foundation representatives	20
	15/9/2023	Visit Billion Group headquarters on smart technologies	9
	25/11/2023	Lai Chi Wo Visit with HKIS members	24
Talks / Sharing	29/11/2023	Talk to members of Hong Kong Institute of Surveyors	34
Countryside Conservation Conference	3/3/2023	Hybrid mode of conference - am and pm, two sessions	756
	18/3/2023	Tours for Conference supporting organizations to Kuk Po and Lai Chi Wo	59
2023 National Ecology Day 2023	15/8/2023	Ceremony & exhibition	109
<b>Total</b>			<b>2,063</b>

## Media Interviews

<b>Date</b>	<b>Organisation</b>
24/8/2021	East Week
18/9/2021	RTHK Radio 1
15/11/2021	Sing Tao Newspaper
11/4/2022	RTHK Cultural Express
22/5/2022	RTHK – Celebration of the 25 <sup>th</sup> anniversary of the establishment of the HKSAR
16/8/2022	RTHK
14/11/2022	SCMP
28/12/2022	HKU Knowledge Exchange Office
10/1/2023	China Today
30/5/2023	RTHK : Open Line Open View
4/6/2023	Phoenix TV
21/6/2023	TVB Pearl: Pearl Magazine
21/7/2023	Phoenix TV: On Nature

**Online Video Sharing Platform**  
(Videos uploaded as of end 2023)

<b>Serial Number</b>	<b>Video Title</b>	<b>Date</b>	<b>Content</b>	<b>Video Length</b>	<b>Accumulated Views (Note)</b>
1	“Back to Our Countryside” Campaign Promotional Video	12/4/2022	“Back to Our Countryside” Campaign Promotional Video	4:17	16,492
2	“Back to Our Countryside” Photo and Video Competition 【Judges' Sharing】	12/4/2022	“Back to Our Countryside” Photo and Video Competition 【Judges' Sharing】 (4 judges)	4 episodes with length of 1:16, 0:55, 1:03 and 0:58	4 episodes, 293 total
3	Back to Our Countryside Online Tour – Lai Chi Wo	12/5/2022	Back to Our Countryside Online Tour – Lai Chi Wo	49:39	414
4	Back to Our Countryside Online Tour – Sham Chung	17/5/2022	Back to Our Countryside Online Tour – Sham Chung	59:48	196
5	Back to Our Countryside Online Tour – Sha Lo Tung	24/5/2022	Back to Our Countryside Online Tour – Sha Lo Tung	56:32	595
6	Back to Our Countryside Online Tour – Kuk Po	2/6/2022	Back to Our Countryside Online Tour – Kuk Po	58:19	284
7	Tai Po Country Tail Restoration Project	15/6/2022	Tai Po Country Tail Restoration Project	2:46	159
8	Planting Programme in Tai Po Country Tail	19/9/2022	Planting Programme in Tai Po Country Tail	4:20	41
9	"Retaining the Past" photo and video competition awards presentation ceremony	28/9/2022	"Retaining the Past" photo and video competition awards presentation ceremony	3:54	33
10	New Look of Mui Tsz Lam Village Houses	9/11/2022	New Look of Mui Tsz Lam Village Houses	5:26	3,974
11	Countryside Conservation Conference 2023	27/2/2023	Countryside Conservation Conference 2023 (Promotional Video)	1:10	448
12	Countryside Conservation Conference 2023 - Closing Remarks	15/3/2023	Countryside Conservation Conference 2023 - Closing Remarks	20:14	69

<b>Serial Number</b>	<b>Video Title</b>	<b>Date</b>	<b>Content</b>	<b>Video Length</b>	<b>Accumulated Views (Note)</b>
13	Countryside Conservation Conference 2023   Panel Discussion (PM)	15/3/2023	Countryside Conservation Conference 2023   Panel Discussion	24:04	45
14	Countryside Conservation Conference 2023 - Road ahead for Countryside Sustainability - Proactive Conservation Plan, Laymen's Licensing Guide, and Advancing Net Zero	15/3/2023	Countryside Conservation Conference 2023 - Road ahead for Countryside Sustainability - Proactive Conservation Plan, Laymen's Licensing Guide, and Advancing Net Zero	21:24	71
15	Countryside Conservation Conference 2023 - Revitalising Rural Charm: Unlocking Possibilities for Countryside Revitalisation by Cultural Tourism	15/3/2023	Countryside Conservation Conference 2023 - Revitalising Rural Charm: Unlocking Possibilities for Countryside Revitalisation by Cultural Tourism	20:15	85
16	Countryside Conservation Conference 2023 - Rural Common – Telling Rural Story through Social Media	15/3/2023	Countryside Conservation Conference 2023 - Rural Common – Telling Rural Story through Social Media	15:15	65
17	Countryside Conservation Conference 2023 - Art and Culture in Village Revitalisation	15/3/2023	Countryside Conservation Conference 2023 - Art and Culture in Village Revitalisation	20:10	62
18	Countryside Conservation Conference 2023 – Living Heritage: Design as a Vehicle to Reconnect Communities with their Local Heritage	15/3/2023	Countryside Conservation Conference 2023 - Living Heritage: Design as a Vehicle to Reconnect Communities with their Local Heritage	16:37	53
19	Countryside Conservation Conference 2023 - Kuk Po Vision and Beyond	15/3/2023	Countryside Conservation Conference 2023 - Kuk Po Vision and Beyond	23:09	89

<b>Serial Number</b>	<b>Video Title</b>	<b>Date</b>	<b>Content</b>	<b>Video Length</b>	<b>Accumulated Views (Note)</b>
20	Countryside Conservation Conference 2023   Panel Discussion (AM)	15/3/2023	Countryside Conservation Conference 2023   Panel Discussion (AM)	41:00	64
21	Countryside Conservation Conference 2023 - Building a modern “Yeuk (alliance)” in Hong Kong’s countryside	15/3/2023	Countryside Conservation Conference 2023 - Building a modern “Yeuk (alliance)” in Hong Kong’s countryside	20:40	63
22	Countryside Conservation Conference 2023 - From 300 to 100,000 Mu - The Development of Government-Enterprise Cooperation in Agroecology	15/3/2023	Countryside Conservation Conference 2023 - From 300 to 100,000 Mu - The Development of Government-Enterprise Cooperation in Agroecology	18:10	93
23	Countryside Conservation Conference 2023 - Nature-culture Linkage in Shirakawa-go: Changes Caused by Corona Disaster	15/3/2023	Countryside Conservation Conference 2023 - Nature-culture Linkage in Shirakawa-go: Changes Caused by Corona Disaster	16:39	57
24	Countryside Conservation Conference 2023   Countryside Conservation Video (Part 1)	15/3/2023	Countryside Conservation Conference 2023   Countryside Conservation Video (Part 1)	6:11	43
25	Countryside Conservation Conference 2023 – “Butterfly Effect” in Conservation	15/3/2023	Countryside Conservation Conference 2023 – “Butterfly Effect” in Conservation	18:36	76
26	Countryside Conservation Conference 2023 - From Rural Revitalisation to Sustainable Communities	15/3/2023	Countryside Conservation Conference 2023 - From Rural Revitalisation to Sustainable Communities	16:50	65

<b>Serial Number</b>	<b>Video Title</b>	<b>Date</b>	<b>Content</b>	<b>Video Length</b>	<b>Accumulated Views (Note)</b>
27	Countryside Conservation Conference 2023 - Countryside Conservation in Hong Kong UNESCO Global Geopark	15/3/2023	Countryside Conservation Conference 2023 - Countryside Conservation in Hong Kong UNESCO Global Geopark	12:04	118
28	Countryside Conservation Conference 2023   Congratulatory Video	15/3/2023	Countryside Conservation Conference 2023   Congratulatory Video	2:27	23
29	Countryside Conservation Conference 2023   Opening Remarks	15/3/2023	Countryside Conservation Conference 2023   Opening Remarks	10:24	94
30	Countryside Conservation Conference 2023   Welcome Remarks	15/3/2023	Countryside Conservation Conference 2023   Welcome Remarks	3:46	116
31	Countryside Conservation Conference 2023   Congratulations Video	15/3/2023	Countryside Conservation Conference 2023   Congratulations Video	1:41	56
32	Countryside Conservation Conference 2023   Congratulatory Video	15/3/2023	Countryside Conservation Conference 2023   Congratulatory Video	1:58	56
33	Countryside Conservation Conference 2023   Countryside Conservation Video (Part 2)	15/3/2023	Countryside Conservation Conference 2023   Countryside Conservation Video (Part 2)	17:39	52
34	National Ecology Day Video	25/8/2023	National Ecology Day Video	1:36	29
35	National Ecology Day Highlight	11/9/2023	National Ecology Day Highlight	2:58	28

Note: Only the number of accumulated views of Youtube Channel as at 17 May 2024 is listed. Since July 2021, the Countryside Conservation Office has established dedicated social media pages for promoting countryside conservation. As of May 2024, a total of 350 and 190 posts have been shared on Facebook and Instagram respectively, with approximately 5,000 and 4,200 followers.

**Updating Times, Date and Content**  
**of the Conservation Section of the Environment and Ecology Bureau**  
(as at 31 May 2024)

**“Countryside Conservation” Webpages**

<b>Webpage</b>	<b>Updating Date</b>	<b>Updated Content</b>
<b>Homepage</b>	2/7/2019	Introduced a new dedicated page to provide information on countryside conservation policy
	18/8/2023	Introduced a new link to the “What’s New” page
	8/3/2024	Introduced a new link to the “Expert Group on Conservation for Sha Lo Tung” (SLT Expert Group) page
	12/3/2024	Updated introduction of the SLT Expert Group
<b>What’s New</b>	18/8/2023	Introduced new pages to provide latest news on countryside conservation policy and information on the commencement of the “Third Party Certification” in Guesthouse and Food Business Premises
	29/8/2023	Updated the Guideline of the “Third Party Certification”
	8/3/2024	The establishment of the SLT Expert Group
	12/3/2024	Updated information of the SLT Expert Group
<b>Countryside Conservation Office</b>	4/5/2020	Introduced a new page to introduce the Countryside Conservation Office
<b>Advisory Committee on Countryside Conservation</b>	2/7/2019	Introduced a new page to provide information of the Advisory Committee on Countryside Conservation (ACCC)
	1/7/2021	Updated the membership lists of the new term of ACCC and Vetting Subcommittee (VSC)
	28/4/2023	Updated the information of the ACCC Secretary
	1/7/2023	Updated the membership lists of the new term of ACCC and VSC
	5/4/2024	Updated ACCC information
<b>Expert Group on Conservation for Sha Lo Tung</b>	8/3/2024	Introduced a new page to provide information of the SLT Expert Group
	12/3/2024	Updated the introduction of the SLT Expert Group
	<b>Total 16 times</b>	

## “Countryside Conservation Funding Scheme” Webpages

Webpage	Updating Date	Updated Content
<b>Homepage</b>	4/5/2020	Introduced a new dedicated page to provide information on the Countryside Conservation Funding Scheme (CCFS)
	3/5/2022	Introduced a new link to the “Event Information” webpage
	16/8/2022	Introduced a new link to the “Event Photo Gallery” webpage
	23/12/2022	Introduced a new link to the “Project Summary” webpage
	21/7/2023	Updated the introduction of CCFS, including the newly added “Proactive Conservation” project type
<b>What’s New</b>	8/6/2020 to 7/12/2023 (Total 18 times)	Providing the latest news of CCFS, including the cut-off dates of individual round of application and details of the application briefing
<b>CCFS Application</b>	18/10/2019	Uploaded the Guide to Application (Version 1.0, October 2019), Application Form, Progress Report Form, Completion Report Form and Sample Auditor’s Report, and Notes for Auditors
	6/5/2020	Updated the Guide to Application (Version 1.1, May 2020)
	8/9/2020	Updated the Guide to Application (Version 1.2, September 2020)
	21/2/2021	Updated the Guide to Application (Version 1.3, February 2021)
	30/8/2021	Updated the Guide to Application (Version 1.4, August 2021)
	29/11/2021	Uploaded the Sample Statement of Account
	25/2/2022	Updated the Guide to Application (Version 1.5, February 2022)
	28/9/2022	Updated the Guide to Application (Version 1.6, September 2022)
	25/9/2023	Updated the Eng. version of the Guide to Application (Version 1.7, September 2023)
	1/10/2023	Updated the Application Form and Sample Statement of Account
	6/10/2023	Updated the Sample Statement of Account
	7/11/2023	Updated of the Chinese version of the Guide to Application (Version 1.7, September 2023)



<b>Webpage</b>	<b>Updating Date</b>	<b>Updated Content</b>
<b>Approved Projects</b>	4/5/2020	Introduced a new page to provide information of the approved projects
	9/9/2020	Uploaded information of the latest round of approved projects and updated information of some projects
	21/2/2021	Uploaded information of the latest round of approved projects and updated information of some projects
	26/8/2021	Uploaded information of the latest round of approved projects and updated information of some projects
	25/2/2022	Uploaded information of the latest round of approved projects and updated information of some projects
	28/9/2022	Uploaded information of the latest round of approved projects and updated information of some projects
	31/10/2023	Uploaded information of the latest round of approved projects and updated information of some projects
	25/1/2024	Updated information of some projects
	18/3/2024	Updated information of some projects
	21/3/2021	Updated information of some projects
	10/4/2024	Updated information of some projects
	17/4/2024	Updated information of some projects
<b>FAQ</b>	9/9/2020	Introduced a new page to provide frequently asked questions on CCFS
<b>Projects Summary</b>	23/12/2022	Introduced a new page to provide CCFS project summary
	28/4/2023	Updated Information of CCFS project summary
	31/10/2023	Updated Information of CCFS project summary, including the newly added “Proactive Conservation” project type
	2/1/2024	Fine-tuning of webpage layout
<b>Event Information</b>	3/5/2022	Introduced a new page for uploading information of public events organised by the approved projects during the period from May to July 2022
	5/2022 to 5/2024	Uploading or updating information of public events organised by the approved projects to be held in the

<b>Webpage</b>	<b>Updating Date</b>	<b>Updated Content</b>
	(At least once a month for a total of 36 times)	coming three months
<b>Event Photo Gallery</b>	16/8/2022	Introduced a new webpage to provide event photos of the public events held in May and June 2022
	9/2022 to 5/2024 (Once a month for a total of 22 times)	Uploaded event photos of the public events organised by the approved projects in the past two months
<b>Contact Us</b>	4/5/2020	Introduced a new page to provide the contact information of CCFS Secretariat
	<b>Total 113 times</b>	

## ACRONYMS AND ABBREVIATIONS

---

AEO	Hong Kong Authorized Economic Operator
AFCD	Agriculture, Fisheries and Conservation Department
Agri-Park	Agricultural Park
AIPV	Air improvement photovoltaic
APAs	Agricultural Priority Areas
APE	Approved project estimate
Audit	Audit Commission
C&ED	Customs and Excise Department
CCF	Community Care Fund
CCFS	Countryside Conservation Funding Scheme
CCO	Countryside Conservation Office
CEDB	Commerce and Economic Development Bureau
CMM System	Computerised Maintenance Management System
CSEPs	Civil service eligible persons
DAR	Dial-a-ride service
DBO	Design-build-operate
DCHK	Dental Council of Hong Kong
DEs	Day care centres
DH	Department of Health
DSD	Drainage Services Department
EDAP	Elderly Dental Assistance Programme
EDB	Education Bureau
EHCVs	Elderly Health Care Vouchers
EHVS	Elderly Health Care Voucher Scheme
e-lock	Electronic lock
FSA	Funding and Service Agreement

## ACRONYMS AND ABBREVIATIONS

---

FSTB	Financial Services and the Treasury Bureau
FTA Scheme	Free Trade Agreement Transhipment Facilitation Scheme
GE Fund	Gifted Education Fund
GP	General Public
HA	Hospital Authority
HHB	Health Bureau
HKAGE	The Hong Kong Academy for Gifted Education
HKP	Hongkong Post
HKU-SZH	University of Hong Kong-Shenzhen Hospital
IRD	Inland Revenue Department
IRO	Inland Revenue Ordinance (Cap. 112)
LegCo	Legislative Council
LWB	Labour and Welfare Bureau
MFDC	Mona Fong Dental Clinic in Sai Kung
MOU	Memorandum of Understanding
MRAs	Mutual Recognition Arrangements
NGOs	Non-governmental organizations
ODCP	Outreach Dental Care Programme for the Elderly
OMSDCs	Oral Maxillofacial Surgery and Dental Clinics
OSALPs	Off-school Advanced Learning Programmes
PGAs	Participating government agencies
PWDs	Persons with disabilities
RCHEs	Residential care homes for the elderly
RMC	Rehabus Management Committee
SAC	Stamp Advisory Committee
SADF	Sustainable Agricultural Development Fund

## ACRONYMS AND ABBREVIATIONS

---

SDCS	School Dental Care Service
SELS	Single E-lock Scheme
SRS	Scheduled route service
SWD	Social Welfare Department
SWSTW	San Wai Sewage Treatment Works
TD	Transport Department
TSW	Trade Single Window
UCH	United Christian Hospital
ULG	Rehabus Users' Liaison Group