

WORK OF COUNTRYSIDE CONSERVATION OFFICE

Executive Summary

1. To enhance the conservation of remote areas in the countryside, thereby protecting the natural ecology, revitalising the architectural environment of villages, and conserving cultural resources, the Chief Executive of the Hong Kong Special Administrative Region announced in the Chief Executive's 2017 Policy Address that a Countryside Conservation Office (CCO) would be established to coordinate conservation projects that promote sustainable development of remote countryside. In this connection, the Government has also earmarked \$1 billion for such conservation and revitalisation efforts, as well as minor improvement works.

2. CCO was established under the Environmental Protection Department in July 2018 and has been put under the Environment and Ecology Bureau with effect from January 2023. Major responsibilities of CCO include:

(a) *Administration of the Countryside Conservation Funding Scheme (CCFS).* In May 2018, the Legislative Council approved a funding of \$500 million for CCO in the context of the Appropriation Bill 2018. CCO launched CCFS with funding of \$500 million (i.e. half of the \$1 billion earmarked) in October 2019. The objective of CCFS is to provide financial support to local non-profit-making organisations for organising diverse and innovative conservation activities or projects in remote countryside (except Lantau). Since the launch of CCFS in October 2019 and up to October 2023, 87 applications had been received from non-profit-making organisations, of which 44 applications had been approved with approved grants of \$222 million; and

(b) *Administration of minor improvement works.* CCO explores and coordinates the implementation of suitable minor improvement works in remote countryside with the remaining \$500 million (of the \$1 billion earmarked). According to CCO, as of October 2023, there were 10 minor improvement works projects (2 completed and 8 under implementation)

Executive Summary

with a total approved project estimate of \$73.4 million and actual expenditure of \$6.7 million.

3. The Advisory Committee on Countryside Conservation (ACCC) was set up in July 2019 to advise on the priorities for conservation and revitalisation works proposals to be carried out by CCO, as well as the policy and operational matters relating to the overall administration, operation and funding approach of CCFS. To facilitate ACCC to consider CCFS applications, the Vetting Subcommittee (VSC) of ACCC was set up in October 2019. The Audit Commission (Audit) has recently conducted a review of the work of CCO.

Administration of Countryside Conservation Funding Scheme

4. *Scope for setting further timeframes for processing CCFS applications.* While CCO had set timeframe relating to the application and approval processes under CCFS (i.e. normally completed within six months after the cut-off date of application), it did not set timeframe relating to notifying the applicants of the application results after the approval/rejection by ACCC. For the 78 applications processed (i.e. 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 application results after the approval/rejection by ACCC (para. 2.6).

5. *Scope for enhancing CCFS database and e-submission options.* According to CCO, in June 2023, CCO soft launched the CCFS database to monitor the processing of CCFS applications and the progress of approved projects. Audit noted that, as of February 2024: (a) the data on the CCFS e-application forms (introduced since October 2023) could not be automatically transferred to the CCFS database. According to CCO, this was because the CCFS database was still being enhanced to allow such automatic transfer and this function was undergoing user acceptance test as of February 2024; and (b) 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 provide an enabling environment for supporting e-submission of CCFS applications. In Audit's view, there is scope for enhancing CCFS database and e-submission options (paras. 2.10 to 2.12).

Executive Summary

6. ***Scope for improvement in releasing disbursements to grantees.*** Funding disbursements (i.e. initial, interim and final disbursements) are subject to the progress and satisfactory performance of the projects (e.g. endorsement of project documents submitted by the grantees). As of October 2023, of the 44 approved CCFS projects with total approved grants of \$222 million, \$123 million (55%) had been disbursed to the grantees. Audit noted 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, with delays ranging from 0.1 to 5.6 months (averaging 1.5 months); (b) CCO had not set timeframe for releasing initial and final disbursements to the grantees; and (c) 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 (paras. 1.8 and 2.18 to 2.20).

7. ***Need to ensure the timely submission of project documents by grantees.*** According to CCFS's guidelines, grantees are required to submit a number of project documents by the scheduled deadlines, and reminders (first and second) will be issued to the grantees under specified circumstances. Audit noted that, as of October 2023: (a) there were delays in submission of some project documents (due for submission from October 2019 to October 2023) by the grantees. For example, of the 116 progress reports (together with financial documents) due for submission, 6 (5%) had not been submitted (overdue for 61 to 200 days (averaging 84 days)), and 37 (32%) were submitted 1 to 169 days (averaging 45 days) after the due date; (b) of the 133 project documents (i.e. 116 progress reports + 17 completion reports), there were delays in issuing the first reminders to the grantees for submission of 61 (46%) project documents (ranging from 1 to 80 days (averaging 16 days)), and no reminders had been issued to the grantees for submission of 9 (7%) project documents; and (c) while CCFS's guidelines require the issue of second reminders to the grantees under specified circumstances, CCO did not set timeframe for issuing them (paras. 2.24 and 2.25).

8. ***Scope for improvement in conducting inspections.*** According to CCFS's guidelines, for monitoring purposes, at least one inspection should be conducted every 6 months in the course of each project, and an inspection report should be prepared within one month after the inspection. From October 2019 to October 2023, CCO conducted 149 inspections for 41 approved projects. Audit noted that: (a) for 15 (37%) of the 41 approved projects, CCO did not conduct at least one inspection every 6 months (involving a total of 22 inspections); and (b) for 28 (19%) of the 149 inspections, inspection reports were not prepared within one month after the

Executive Summary

inspections, with delays ranging from 0.1 to 7.9 months (averaging 1.6 months) (paras. 2.28 and 2.29).

Administration of minor improvement works

9. *Number of and expenditure on minor improvement works projects at a low level.* Audit noted that, as of October 2023 (i.e. about 5.3 years after the establishment of CCO in July 2018), there were only 10 minor improvement works projects (2 completed and 8 under implementation) with a total approved project estimate of \$73.4 million (i.e. 15% of \$500 million earmarked funding) and actual expenditure of \$6.7 million (9%). In addition, the 10 minor improvement works projects were all related to 2 areas (i.e. Lai Chi Wo and Sha Lo Tung) only. According to CCO, to implement minor improvement works at rural villages, it encountered different constraints, including accessibility, complicated land issues, diverse views from villagers and the availability of manpower resources. In Audit's view, CCO needs to draw on the experience gained and step up efforts in implementing minor improvement works projects with a view to enhancing public facilities in remote countryside (paras. 3.4 to 3.6).

10. *Slippage of works for some minor improvement works projects.* Regarding the 10 minor improvement works projects, Audit noted that: (a) for the 2 completed projects, 1 project was completed 1.8 months after the target completion date; and (b) for the 8 projects under implementation: (i) the works for 1 project commenced 2 months after the target works commencement date; and (ii) as of January 2024, the works for 2 projects had not yet commenced and were 7 months (see para. 11) and 33 months (according to CCO, the reasons for the delay of this project were mainly revision in the works programme and subject to further review for meeting new policy initiatives in the area concerned) behind their respective target works commencement dates (para. 3.7).

11. *Need to early commence works for a minor improvement works project and early ascertain the management and maintenance responsibility for the related works after completion.* In October 2022, a minor improvement works project involving the repairing works to trails in Sha Lo Tung (Project A) was approved at a project estimate of \$10 million. Audit noted that: (a) as of January 2024, Project A's works had not yet commenced and was 7 months behind the target works commencement date. According to CCO, in order to ensure that the proposed

Executive Summary

repairing works would have no adverse impact to the ecology of Sha Lo Tung (of high ecological significance), it has taken considerable time for the design work and the consultations with the stakeholders prior to works commencement; and (b) CCO took 6 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. In Audit's view, CCO needs to early commence works for Project A and, in implementing minor improvement works projects, early ascertain the management and maintenance responsibility for the related works after completion (paras. 3.10 to 3.13).

12. *Need to draw on the experience gained in constructing a smart public toilet at remote countryside.* In September 2020, a minor improvement works project involving the construction of a new public toilet in Lai Chi Wo (Project B) was approved at a project estimate of \$8.5 million, which was later increased by \$4.8 million to \$13.3 million (due to adoption of smart facilities). According to CCO, Project B would serve as a pilot project to upgrade the image of public toilet at remote countryside, and a number of smart facilities were introduced, including automatic sliding doors and air improvement photovoltaic (AIPV) panels. The works commenced in September 2021 and were substantially completed in August 2023. Audit noted that after the commencement of trial operation of the new public toilet in November 2023: (a) on 9 December 2023, a user was locked up inside the new public toilet as the automatic sliding door could not be opened by waving hands over the control panel or pressing the emergency button. According to CCO, after further review, the automatic door system had been disabled and the sliding doors were converted to fully manual operation since 21 December 2023 to restore public's confidence over the usage of the toilet; and (b) from 29 January 2024 to 2 February 2024 (i.e. 5 days), the new public toilet was closed for replacement works of AIPV panels. According to CCO, upon soft launch, 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 to the Government. In Audit's view, in implementing minor improvement works projects involving smart public toilets, CCO needs to draw on the experience gained in constructing and operating the new public toilet under Project B (paras. 3.14, 3.15, 3.17 and 3.18).

Other related issues

13. *Scope for improvement in preparation and issue of meeting materials for ACCC and VSC meetings.* CCO is responsible for preparing and issuing meeting

Executive Summary

materials for ACCC and VSC meetings (e.g. notice of meeting, agenda, meeting papers and draft meeting minutes) in accordance with the specified time pledges. Regarding the meeting materials prepared by CCO for the 9 ACCC and 8 VSC meetings held between July 2019 and October 2023, Audit noted delays in issue of: (a) notice of meeting and agenda for 4 (44%) ACCC meetings and 5 (63%) VSC meetings, ranging from 1 to 5 days; (b) meeting paper for 5 (56%) ACCC meetings and 5 (63%) VSC meetings, ranging from 1 to 5 days; and (c) draft meeting minutes for all the 9 ACCC meetings and all the 8 VSC meetings, ranging from 0.7 to 6.2 months (paras. 4.5 and 4.6).

14. ***Scope for improvement in first-tier declaration of interests for ACCC.*** The chairperson and members of ACCC shall register in writing (on a standard declaration form) their personal interest when they first join the committee, and annually thereafter (i.e. first-tier declaration). Since the establishment of ACCC in July 2019 and up to December 2023, 5 exercises of first-tier declarations (3 exercises of initial declarations (i.e. upon joining) and 2 exercises of annual declarations) were conducted for 3 terms of ACCC (paras. 4.8 and 4.9). Audit noted that:

- (a) ***First-tier declaration of interests by chairperson and ex-officio ACCC members.*** In all the 5 exercises of first-tier declarations, CCO did not request the chairperson (i.e. the Secretary for Environment and Ecology) and the 3 ex-officio ACCC members to complete and return the declaration forms. According to CCO, they (as Principal Official/civil servants) were required to declare regularly their personal interests and private investments as per prevailing government regulations (paras. 4.9(a) and 4.10(b)); and
- (b) ***First-tier declaration of interests by non-official ACCC members.*** For the 3 exercises of initial declarations, CCO requested all non-official ACCC members to complete and return the declaration forms by the specified deadlines. However: (i) the requests for the return of declaration forms for the 3 exercises were sent out by CCO 14, 15 and 123 days after the commencement of Terms 1, 2 and 3 respectively; and (ii) some non-official ACCC members of Terms 1 to 3 returned the declaration forms after the specified deadline, with delays ranging from 1 to 142 days (averaging 32 days). In addition, for the 2 exercises of annual declarations, according to CCO, while it had requested all non-official ACCC members to complete and return the declaration forms, no members returned the declaration forms. Instead, the members confirmed no updates with CCO via phone or instant messaging application (para. 4.9(b) and (c)).

Executive Summary

According to CCO, at every ACCC and VSC meeting, the chairperson asked all members to declare interests before discussion of each agenda item. In Audit's view, there is scope for improvement in first-tier declaration of interests for the chairperson and members of ACCC (paras. 4.10(a) and 4.11).

15. *Scope for enhancing performance measures.* Audit noted that: (a) no performance measures were set for CCO's work; and (b) CCO did not compile management information based on the completion reports of CCFS projects (which contained project results) submitted by the grantees (e.g. summarising results and achievements of completed projects) (paras. 4.25 and 4.26).

16. *Scope for preparing an overarching action plan.* Audit noted that CCO had prepared various plans which mainly covered the strategy and approach for taking forward its work and the work for specific sites. According to CCO, it is consolidating the experience gathered in the first 5 years of work. Audit considers that there is merit for CCO, based on its experience gained, to prepare an overarching action plan underpinning and updating as needed the strategy and approach for its work and consolidating and updating as needed its plans for specific sites (paras. 4.28 and 4.29).

Audit recommendations

17. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has *recommended* that the Secretary for Environment and Ecology should:**

Administration of CCFS

- (a) **consider setting further timeframes for processing CCFS applications (para. 2.15(a));**
- (b) **early complete the enhancement of the CCFS database relating to the automatic transfer of data on the e-application forms to the CCFS database (para. 2.15(c));**
- (c) **continue to explore measures to enhance the e-submission options for making CCFS applications (para. 2.15(d));**

Executive Summary

- (d) **take measures to ensure that disbursements are released to the grantees within the timeframe set by CCO and consider setting timeframe for releasing the initial and final disbursements to the grantees (para. 2.22(a) and (b));**
- (e) **ascertain the reasons for the cases taking long time in endorsement of project documents submitted by the grantees and take measures to address the matter (para. 2.22(c));**
- (f) **strengthen measures to ensure that the grantees submit project documents by the required due dates (para. 2.32(a));**
- (g) **consider setting timeframe for the issue of the second reminders to the grantees for submission of project documents (para. 2.32(b));**
- (h) **take measures to ensure that the required frequency of inspections for approved projects is met and inspection reports are timely prepared in accordance with CCFS's guidelines (para. 2.32(e) and (f));**

Administration of minor improvement works

- (i) **draw on the experience gained and step up efforts in implementing minor improvement works projects (para. 3.19(a));**
- (j) **take measures to ensure the timely commencement and completion of minor improvement works projects (including early commencing works for Project A) (para. 3.19(b));**
- (k) **in implementing minor improvement works projects, early ascertain the management and maintenance responsibility for the related works after completion (para. 3.19(c));**
- (l) **in implementing minor improvement works projects involving smart public toilets, draw on the experience gained in constructing and operating the new public toilet under Project B (para. 3.19(e));**

Executive Summary

Other related issues

- (m) **take measures to ensure that meeting materials for ACCC and VSC meetings are timely prepared and issued (para. 4.15(b)(i));**
- (n) **require CCO staff to make timely requests to the chairperson and members of ACCC for making declaration of interests and strengthen measures to ensure that the chairperson and all members of ACCC declare interests upon joining ACCC and annually thereafter in a timely manner by completing the standard declaration forms properly in accordance with the related requirements (para. 4.15(c));**
- (o) **consider setting performance measures for CCO's work and compiling management information based on the completion reports of CCFS projects on a regular basis (para. 4.30(a) and (b)); and**
- (p) **consider preparing an overarching action plan underpinning and updating as needed the strategy and approach for CCO's work and consolidating and updating as needed CCO's plans for specific sites (para. 4.30(c)).**

Response from the Government

18. The Secretary for Environment and Ecology thanks Audit for conducting the audit review on the work of CCO and agrees with the audit recommendations.

