

Laying of the Report Report No. 46 of the Director of Audit on the results of value for money audits was laid in the Legislative Council on 26 April 2006. The Committee's subsequent Report (Report No. 46) was tabled on 12 July 2006, thereby meeting the requirement of Rule 72 of the Rules of Procedure of the Legislative Council that the Report be tabled within three months of the Director of Audit's Report being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 46 was laid in the Legislative Council on 18 October 2006. A progress report on matters outstanding in the Government Minute was issued on 4 October 2007. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 8 below.

Management of the government fleet
(Chapter 3 of Part 4 of P.A.C. Report No. 46)

3. The Committee was informed that:

Review of manning scale of government vessels

- the Marine Department (MD), after critically reviewing the five-year rationalisation plan developed under the revised manning scale, had decided not to adopt the plan due to the problems of creation of new posts and staff redundancy. Instead, the MD would outsource the services of the government fleet, taking into consideration the MD's manpower position as well as the efficient operation of the government fleet;

Crew deployment

- the MD was upgrading the Government Fleet Operation Management Information System for completion by the end of 2007. Upon completion, the upgraded system would be able to provide user departments with real time routings and positions of vessels through a web-based display, thus enhancing their capability to make more effective deployment of the vessels and their crew;

Low utilisation of MD and departmental vessels

- the MD's efforts in the promotion of the use of the vessel "Tin Hau" had received positive response. There had been notable improvement to its utilisation rate. In 2006-2007, the average rate of usage was 6.3 occasions per month, representing a 52% increase over that in 2005-2006. The MD would continue to monitor and maximise the use of "Tin Hau" as far as possible;

- the MD would continue to discuss with various user departments to explore opportunities for outsourcing the spare and standby vessels with a low utilisation rate, with a view to reducing the number of these vessels. The MD had also transferred crew staff of vessels with a lower utilisation rate to the reserve pool for duties on board other vessels as well as in the dockyard services team;

Management of in-house maintenance work and staff

- the MD was upgrading the Government Fleet Information System (GFIS) which recorded details of all in-house maintenance work. Upon the completion of the upgrading by late 2007, the system would be able to produce monthly reports for the MD to compare the cost-effectiveness of services provided by individual in-house maintenance workshop against those by private contractors;
- separately, the MD had planned to outsource a battery workshop and a forward-base workshop by the end of 2008. The staff working in the workshops would be re-deployed to other duties after necessary retraining;

Administration of maintenance contracts

- the MD had identified two types of vessels, i.e. “Damen” type (seven vessels) and “Logistics” type (four vessels), for maintenance work to be provided through term contracts. The term contract for the maintenance of the “Damen” type vessels would be awarded in early 2008 to test out the merits. Depending on the outcome of the trial, the MD would consider extending the use of term contracts to the provision of maintenance services for other types of vessels, including the “Logistics” type;

Charging on the use of workshops by contractors

- the MD, in consultation with other relevant departments, was considering the charging scheme as well as other possible options including allocation through a ballot or restricted tender for the use of workshops by contractors;

Demerit points allotment guidelines

- the MD issued a set of revised guidelines in March 2007 to assist inspecting staff in determining the seriousness of the offences committed by maintenance contractors and deciding whether demerit points could be allotted to the contractors without prior verbal warning;

Conduct of stock review to ascertain the increase in stock level

- the MD had engaged term contractors for providing engine maintenance services as well as the required spare parts. With this arrangement, it was expected that the number and the total value of spare parts in stock would be reduced. The MD would continue to explore other alternatives for reducing the stock level;

Adjustment to the cost of spare parts recorded at zero value

- since August 2006, all spare parts procured with new vessels had been recorded with the purchase value in the GFIS. The MD had also rectified all the inventory records originally recorded at zero value;

Review of the reasons for extra downtime

- the MD would continue to maintain close communication with user departments to ensure that crew staff were available during sea trials. The MD would also ensure the stable supply of spare parts to reduce vessel downtime; and

Additional key performance measures in the Controlling Officer's Report (COR)

- the MD had already included three additional key performance measures, namely "user satisfaction with Government Dockyard's services", "successful first sea trials after vessel maintenance" and "crew staff time available for deployment", in the 2007-2008 COR to reflect the extent to which the MD met its programme aim of providing cost-effective marine transport services to government departments.

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

Provision of public museum services

(Chapter 4 of Part 4 of P.A.C. Report No. 46)

5. The Committee was informed that:

Acquisition and management of museum collection items

- the Leisure and Cultural Services Department (LCSD) continued its effort to clear the backlog of collection items pending accession in the Hong Kong Museum of History, the Hong Kong Heritage Museum and the Hong Kong Film Archive. Of the 257,780 backlog items, the Hong Kong Museum of

History had processed most of them leaving about 3,726 items to be accessioned in the coming two years. As for the Hong Kong Heritage Museum, it had accessioned 9,608 backlog items up to June 2007 and planned to complete accessioning of the remaining 9,142 items in two years' time. The Hong Kong Film Archive had accessioned about 22,000 backlog items and had engaged more contract staff to assist in the accessioning work. The Hong Kong Film Archive aimed at clearing the remaining approximately 414,000 items in the coming three years. The task group formed to monitor the progress of clearing collection items pending accession conducted five site inspections in the past year and would continue to closely monitor the progress of the accessioning every four months;

- the LCSD had drawn up the objective, scope of works and cost estimates in respect of the proposed Central Museum Collection Repository as a means to solve the storage problem. The LCSD would seek funding in accordance with the established procedures. In the interim, the storage space at the Cornwall House in Quarry Bay would be provided for the Hong Kong Film Archive for the collection and documentation of films and film-related items, pending completion of renovation works by March 2008. The LCSD would also continue to explore with the Government Property Agency the feasibility of identifying temporary storage space for the other museums;

Operation of LCSD museums

- as regards the disposal of unsold museum publications, the LCSD held two other special sale events, one from 16 December 2006 to 7 January 2007 during the Christmas and New Year period and another from 12 to 13 May 2007 during the International Museum Day. The total number of copies sold was 2,217, generating a revenue of \$202,902. The LCSD would continue to conduct the annual museum publications sale on the International Museum Days, and would also organise similar sales in the coming years. Moreover, museum publications were now available for sale through the Internet. The public could place an order via museums' web pages to purchase museum publications. Besides, consignment sales had been made with local publication retail companies, bookshops and video shops to promote the sale of museum publications;

Performance of LCSD museums

- the Committee on Museums (CoM) submitted its Recommendation Report to the Government on 30 May 2007. The report set out recommendations on long-term strategic plans for the development of museum facilities and services. The report together with the Government's response was presented to the Legislative Council's Panel on Home Affairs on 18 June 2007. The CoM's recommendations covered the following main areas:

- (a) development strategy of public museum services;
- (b) performance enhancement and promotion of patronage;
- (c) community involvement and partnership;
- (d) funding of public museums;
- (e) governance of public museums; and
- (f) staff development in public museums.

The Government had accepted in principle the recommendations made by the CoM, and was carefully examining the details of the recommendations with a view to working out an implementation plan. In the meantime, the LCSD would introduce improvement measures for enhancing museum operation and management as recommended by the CoM;

- the LCSD was taking action to replace the planetarium projection system in the Space Theatre of the Hong Kong Space Museum with a system of multi-language and interactive devices. The new system was expected to be ready for use in December 2008;
- the LCSD continued to promote the Museum Pass Scheme. As at July 2007, a total of 53,000 applicants had been enrolled. Moreover, the LCSD organised the “Two Leisurely Days” on 1 and 2 July 2007 by offering free admission to its museums and these events were believed to have enhanced the public’s interest in museums and helped boost future museum patronage;
- the LCSD was proceeding with the necessary administrative procedures for making available the museum facilities for hire. As a pilot scheme, the LCSD would make available the Flagstaff House Museum of Tea Ware and the Hong Kong Heritage Discovery Centre for hiring for wedding ceremonies in mid-2008; and
- a new public opinion survey on museum services had been scheduled for December 2007 and January 2008. Based on the findings of the survey, the LCSD would formulate new plans and measures for improving its museum services.

6. The Committee wishes to be kept informed of further progress on the subject.

RTHK: financial control and resource management

(Chapter 5 of Part 4 of P.A.C. Report No. 46)

7. The Committee was informed that:

Culture of compliance

Cases involving suspected irregularities and non-compliance with management rules and regulations

- Radio Television Hong Kong (RTHK) had completed the investigation into cases involving suspected non-compliance. Having regard to the advice from the Civil Service Bureau (CSB)'s Secretariat on Civil Service Discipline, RTHK had completed follow-up actions on the majority of the cases. Discussions with the CSB on some other cases were still in progress;

Management of departmental contract staff (DCS) and service providers

Fee scale table

- RTHK had implemented revised fee scale tables for DCS III and service providers. The revised fee scales had taken into account all the recommendations made by the Director of Audit (D of A), including streamlining job types and fee ranges/tiers for individual job titles, benchmarking new pay rates against civil service pay scale or market rates where appropriate. Guidelines for applying the different tiers in the fee scale tables had been developed and issued to the staff;

Maintenance of attendance records of DCS/service providers

- RTHK had implemented a revised mechanism on attendance recording for its non-civil service contract (NCSC) staff, DCS and service providers. Attendance record forms had been devised for use. The role and responsibilities of parties in certifying the attendance record forms were spelt out. Post-implementation review had been performed and continuous improvements were being made to the mechanism with a view to balancing monitoring needs and administrative efficiency;

Practice of seeking covering approval

- after reminding all staff of the related rules and regulations of seeking prior approval for overtime (OT) work and additional work, RTHK had checked the compliance in this respect. The situation had significantly improved. However, covering approval for OT work, arising from urgent operational requirement, was sometimes inevitable. In such cases, covering approval was normally sought within a week after OT work had been carried out;

- on service contracts for service providers, RTHK had made continuous effort to improve the contract preparation and administration processes. Monthly reports on the number of service contracts signed after work had commenced were produced for the management's review and monitoring. There were exceptional instances that RTHK might not be able to sign the contracts before work commenced. For example, RTHK needed to engage overseas correspondents for providing urgent news coverage happening on the same day. Nevertheless, RTHK would endeavour to sustain its effort and maintain vigilance of its staff to avoid covering contracts. In addition, RTHK had completed the feasibility study on an e-process to streamline contract preparation. System design was under way;

Efforts to rationalise DCS structure

- migration of DCS III to NCSC structure had started since January 2007. Existing full-time and part-time DCS III would be offered NCSC terms if they met service needs and the conditions for contract renewal. The complete phasing out of DCS III would be concluded by January 2008;
- regarding DCS I, the CSB considered, having regard to the ambit of NCSC staff scheme, that the employment of the remaining 18 DCS I staff on existing terms was regarded as more appropriate at this stage;

Management of outsourcing activities

Compliance with the terms of outside broadcast (OB) contracts

- the concerned OB term contracts expired in August 2006. Prior to their expiry, RTHK had strengthened its contract monitoring procedures to ensure that the staff supplied by the contractor met the experience requirement specified in the contracts. For similar OB term contracts in future, RTHK would ensure that the contractors complied with all contract terms;

Management of the Technical Services Agreement (TSA)

- TSA contract expired in September 2006. Before the expiry, RTHK had worked with TSA contractor to reduce standby-for-booking hours and OT payments. Under the new Broadcasting Services Contract, charging for production operation services, including regular OB services, was based on actual usage hours;

Management of drivers' OT work

- after implementing various measures to better manage drivers' OT work since June 2006, RTHK had been conducting random checks on drivers' OT and holiday work, meal break arrangements, completion of vehicle logbooks,

parking of vehicles at RTHK Headquarters, etc. The results were generally satisfactory. In addition, RTHK had also conducted regular random checks on OT work registers of different sections within the Department;

- RTHK had arranged bulk contracts for newspaper delivery to the Newsrooms and other sections. This arrangement was working well;

Stores and procurement matters

- all recommendations in the Government Logistics Department's system survey report had been implemented, including but not limited to:
 - (a) putting in place new procedures relating to purchases not exceeding \$1,000 to reduce covering orders;
 - (b) increasing use of bulk contracts and purchasing cards; and
 - (c) issuing revised departmental instructions on procurement;
- RTHK had completed its 2005-2006 annual inventory check. It had also issued a set of new departmental guideline on good management of inventory and conducted briefings and workshops for its staff;
- the handover of TSA inventories had been completed and around 500 lost items were identified. RTHK had, in consultation with the Financial Services and the Treasury Bureau, worked out the methodology to calculate the indemnity for the lost items. RTHK had also reached agreement with TSA contractor on the compensation amount based on the agreed methodology;

Entertainment expenses

- the revised guidelines on the reimbursement of entertainment expenses for programme liaison had been promulgated. RTHK had also revised the claim limits on programme-related entertainment in line with the spending limits on official entertainment;
- RTHK held a Lunar New Year gathering with other electronic media in February 2007. RTHK management had carefully considered the need for holding the gathering. The justifications and approval for the gathering were properly documented; and

Management of sponsorship

- the Commerce and Economic Development Bureau was reviewing the Policy Guidelines on RTHK's Acceptance of Sponsorship for Programmes in consultation with RTHK. It would make reference to international practices and take into account the local context when considering whether the Policy Guidelines should be amended.

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