

**IV. REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
ON THE REPORTS OF THE DIRECTOR OF AUDIT ON THE ACCOUNTS OF THE  
GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION FOR THE  
YEAR ENDED 31 MARCH 2001 AND THE RESULTS OF VALUE FOR MONEY AUDITS  
(REPORT NO. 37) AND SUPPLEMENTAL REPORTS OF THE PUBLIC ACCOUNTS  
COMMITTEE ON REPORT NOS. 35 AND 36 OF THE DIRECTOR OF AUDIT ON THE  
RESULTS OF VALUE FOR MONEY AUDITS [P.A.C. REPORT NO. 37]**

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**Laying of the Report** The Director of Audit's Report on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2001 and the Report on the results of value for money audits were laid in the Legislative Council on 21 November 2001. The Committee's subsequent Report (Report No. 37) was tabled on 6 February 2002, 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. 37 was laid in the Legislative Council on 15 May 2002. A progress report on matters outstanding in the Government Minute was issued on 17 October 2002. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 67 below.

3. **Services provided by the Official Receiver's Office** (3 - 6 of Part III of P.A.C. Report No. 37). The Committee was informed that:

**General**

- the Task Force set up by the Official Receiver's Office (ORO) to oversee the implementation of the recommendations in the Committee's Report and the Director of Audit's Report had continued to review the practices and procedures in the administration of insolvency cases, and had introduced further improvement in other areas including book debt collection and public search. The ORO expected to complete the comprehensive review by the end of 2002;

**Monitoring of staff workload**

- the ORO had completed the analysis of the data collected in the six-month exercise commenced in mid-September 2000. The ORO had established productivity targets for the Financial Services and Legal Services Divisions to facilitate monitoring of progress and efficiency; and

**Consultancy study and fees charged by the ORO**

- as regards the consultancy study on the review of the role of the ORO, the Administration published a public consultation paper on the outcome of the study in June 2002. The consultation period ended on 31 August 2002. The Administration was considering the responses received from the public

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and expected to complete its analysis by the end of 2002. The Administration would look into the issues of cost-recovery rate, the fee structure and fees to be charged in relation to insolvency cases in this context.

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

- the outcome of the Task Force's comprehensive review of the practices and procedures in the administration of insolvency cases;
- the promulgation of guidelines on liquidator's remuneration for private insolvency practitioners; and
- the outcome of the consultancy study and the issues of cost-recovery rate, the fee structure and fees to be charged in relation to insolvency cases.

5. **Management of outdoor road maintenance staff** (7 - 8 of Part III of P.A.C. Report No. 37). The Committee was informed that the Highways Department (HyD) completed the study on staff productivity in mid-September 2002. The HyD was examining the findings of the study and would, based on the recommended productivity standard, consider measures to be taken with a view to providing a more efficient service to the public.

6. The Committee wishes to be kept informed of the measures taken by the HyD to improve productivity and human resources management, based on the findings of its study on staff productivity.

7. **The administration of the Judiciary** (9 - 12 of Part III of P.A.C. Report No. 37). The Committee was informed that:

#### **Court waiting time**

- for the 12-month period ending June 2002, the High Court recorded an increase of 174% in the number of bankruptcy cases (from 7,870 to 21,550) as compared with that of the previous 12-month period. This had contributed significantly to the increase of 36% in the overall civil caseload of the High Court, reaching 38,246 in the year ending June 2002. As it was

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unlikely that the increasing caseload would ease off in the near future, the Judiciary did not expect that the anticipated improvements in the waiting time for cases in the High Court arising from the increase in the civil jurisdictional limit of the District Court could be realised at this stage;

#### **Review of the financial limits of the civil jurisdiction of courts**

- for the 22-month period from 1 September 2000 (i.e. the effective date of the new civil jurisdictional limit) to 30 June 2002, the number of civil cases filed at the District Court reached 43,195, representing an increase of 18% over that of the previous 22-month period. This figure had not taken into account outstanding tax claims filed by the Inland Revenue Department;
- the Judiciary would review the existing civil jurisdictional limit of the District Court towards the end of 2002, with a view to examining whether there was a case for raising the limit further to \$1 million;

#### **Labour Tribunal**

- for the first six months of 2002, the Labour Tribunal received 5,966 cases, representing an increase of 23% as compared with 4,847 cases for the same period last year. Having regard to the current economic environment, the Judiciary did not envisage that the number of cases would drop in the near future and therefore considered it appropriate to maintain the appointment register in the meantime so that claimants could be served properly on a day-to-day basis;

#### **Court sitting hours**

- the Judiciary considered that court sitting hours were not appropriate indicators of court performance. This was supported by the preliminary findings of the research study conducted by the Legislative Council Secretariat on “Measurement of Efficiency of the Administration of the Judiciary”, which indicated that having regard to overseas experiences, utilisation of judicial time or court sitting hours did not seem to be a standard measurement of the efficiency of the administration of justice. For the time being, the Judiciary would continue to use court waiting time as performance indicators in the Controlling Officer’s Report; and

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### User satisfaction surveys on court services

- to address users suggestions as revealed by the user satisfaction survey on the services provided by the magistrates' courts, the Judiciary was improving signages in the magistrates' courts. Besides, it had extended the opening hours of the accounts offices from 4:15 pm to 5:00 pm with effect from 2 September 2002.

### Further developments

8. In respect of the cases handled by the Labour Tribunal, the Committee asked:

- whether measures would be taken to cope with the increasing caseload of the Labour Tribunal;
- the reduction of waiting time that had been achieved since the publication of the Committee's Report in June 2000 and the current average waiting time for labour tribunal cases; and
- the respective percentages of cases that were withdrawn by the claimants before filing and between filing and first hearing, in each of 2001 and 2002.

9. The **Judiciary Administrator** responded, vide his letter of 7 January 2003 in *Appendix 3*, that:

- in 2002, the Labour Tribunal received an all-time high of 12,326 cases, representing an increase of 18% over 2001 (10,450 cases), or 6% over the previous peak in 1999 (11,594 cases). To keep up with the increased demand, the Labour Tribunal had introduced the following measures:
  - (a) replacing one night court by a day court in October 2001, thereby increasing the capacity of the courts to deal with trials; and
  - (b) increasing the output of the Tribunal Officers in case preparation, thereby enabling more cases to be ready for trial;
- with the implementation of the above measures, the average waiting times at the Labour Tribunal had been maintained within targets as follows:

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		<u>Waiting Time (days)</u>		
		<u>Targets</u>	<u>2001</u>	<u>2002</u>
				<u>as at 6 January 2003</u>
From appointment to filing of a case	30	14	19	9
From filing of a case to hearing	30	24	25	20

- as regards cases withdrawn by the claimants, the information was as follows :

	<u>2001</u>	<u>2002</u>
	<u>(As a percentage of all cases filed in a year)</u>	
Before filing	9.6%	8.2%
Between filing and first hearing	6.7%	6.5%

10. The Committee wishes to be kept informed of further progress on this subject.

11. **Control of obscene and indecent articles by the Television and Entertainment Licensing Authority** (5 - 6 of Part IV of P.A.C. Report No. 37). The Committee was informed that the Television and Entertainment Licensing Authority (TELA) was considering whether and, if so, how to revise the policy proposals in the light of the public comments received in the consultation exercise on the 2000 Review of the Control of Obscene and Indecent Articles Ordinance (COIAO).

12. The Committee wishes to be kept informed of the TELA's policy proposals and legislative amendments after it had considered the public comments received in the consultation exercise on the 2000 Review of the COIAO.

13. **Services provided by the Social Welfare Department for offenders and children/juveniles in need of care or protection** (9 - 15 of Part IV of P.A.C. Report No. 37). The Committee was informed that following site visits, the Social Welfare Department (SWD) had drawn up an initial plan to co-locate its existing residential homes for young offenders at a site in the New Territories. Apart from addressing the

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Committee's concern over the less than optimal use of those urban sites occupied by the SWD's existing residential homes, the co-location proposal would bring about significant benefits in operational environment, service improvement and enhanced productivity. The Architectural Services Department was carrying out the usual project feasibility assessment. The SWD would then seek funding for the project under the Public Works Programme.

14. The Committee wishes to be kept informed of the progress of the SWD's plan to co-locate its existing residential homes for young offenders at a site in the New Territories.

15. **Beneficial use of construction waste for reclamation** (21 - 22 of Part IV of P.A.C. Report No. 37). The Committee was informed that:

- in the first three quarters of 2002, local construction activities produced about 11.9 million tonnes of construction and demolition (C&D) materials, 16.7% more than that for the same period in 2001. Of these, about 75.5% or 9 million tonnes of inert C&D materials (also known as public fill) were reused. In the first three quarters of 2001, the Administration reused about 83% or 8.5 million tonnes of public fill. There was a 7.5% reduction in the reuse rate compared with the same period in 2001;
- the Tseung Kwan O Area 137 Reclamation Stage II, Jordan Road Reclamation Phase III and Pak Shek Kok Reclamation had stopped accepting public fill either because the filling work had been completed or sufficient public fill had been stockpiled for the filling work. The remaining reclamation and site formation projects (i.e. the Tuen Mun Area 38 Reclamation Stage 2, Infrastructure for Penny's Bay Development including Yam O Public Transport Interchange Reclamation and North Tsing Yi Reclamation) would provide sufficient capacity to accommodate all public fill produced till end-2002. Although there was sufficient capacity territory-wide to accommodate public fill, some truck drivers did not want to deliver the public fill to the outlet at Tuen Mun after the outlets at Tseung Kwan O and Pak Shek Kok were closed. Instead, they disposed of the public fill at landfills, especially the South East New Territories landfill to avoid the long haulage. As a result, for the first three quarters of 2002, the landfills received about 2.9 million tonnes of C&D materials, 70% more than the 1.7 million tonnes for the same period in 2001;

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- the Administration had obtained funding approval for Penny's Bay Reclamation Stage 2 and Central Reclamation Phase III. These projects would provide for 20 million tonnes of public fill between 2003 and 2007. However, this would still be insufficient for all the public fill produced in the next few years. To tackle this shortfall, and to minimise the disposal of public fill at the landfills, the Civil Engineering Department (CED) had commissioned a temporary "fill bank" at Tseung Kwan O Area 137 since late October 2002 and would commission another at Tuen Mun Area 38 by early 2003;
- the Administration was promoting the use of recycled aggregates recovered from hard inert C&D materials in public works projects, and had amended the materials specifications for public works projects to allow the use of recycled aggregates in road sub-base and in concrete for secondary structures. The CED commissioned the Tuen Mun temporary recycling plant on 20 July 2002. Up to October 2002, the Administration had identified some 100 public works projects that would use about 250,000 tonnes of recycled aggregates from the plant each year and would continue to identify more projects to use recycled aggregates and promote their use in public works projects. The Administration was also discussing with the Housing Department (HD) the use of recycled aggregates in public housing projects;
- the study on setting up a temporary recycling plant at Kai Tak had found that, with landfill charging and some support measures in place, the plant might be commercially viable. The CED was preparing the contract documents and would commence the tender procedure for the plant if it was satisfied that there was sufficient demand for the recycled aggregates from the plant;
- the CED was studying the long-term arrangements to accommodate inert C&D materials. The CED had shortlisted three potential sites and was studying their conceptual layouts with different potential afteruses. The CED undertook to complete the study by end-2002;
- the temporary public filling barging points at Sai Ying Pun and Quarry Bay continued to provide convenient outlets for public fill on Hong Kong Island. The requirements for long-term barging points on Hong Kong Island were still under review in conjunction with the Western District Development. The CED was planning for two long-term barging points at Chai Wan and Kwai Chung; and
- the Administration consulted the Legislative Council (LegCo) on the details of a landfill charging scheme in May and June 2002 and would introduce to the LegCo the legislative proposals as soon as possible.

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**Further developments**

16. In response to the Committee's enquiry about the progress of the legislative proposals on the landfill charging scheme, the **Secretary for the Environment, Transport and Works** responded, vide her letter of 9 January 2003 in *Appendix 4*, that:

- landfill charging was an essential component of the Administration's waste management strategy as it provided an economic incentive for waste producers to reduce waste and carry out sorting to facilitate reuse/recycling, thereby helping to slow down the depletion of the limited landfill capacity.
- the Administration planned to adopt a phased approach and would introduce the landfill charge for the disposal of construction waste in the first phase. In May and June 2002, the Administration consulted the LegCo Panel on Environmental Affairs on the framework of the charging scheme; and
- the Administration was working on the associated arrangements and the detailed legislative proposal to effect the charging scheme. It would brief the Panel on the details in the coming months once they had been finalised. The Administration aimed to introduce the relevant Bill to the LegCo in mid-2003 and implement the charging scheme in 2004.

17. The Committee wishes to be kept informed of the progress of the legislative proposals on the landfill charging scheme.

18. **The provision of government wholesale food markets** (27 - 28 of Part IV of P.A.C. Report No. 37). The Committee was informed that:

- the Planning Department was reviewing the concept plan of the Western District Development Strategy (WDDS) in the light of comments received from public consultation. Reservation of the site at the Western Reclamation for reprovisioning the wholesale food market would have to take into account the findings of the Study on Route 7 alignment and the Mass Transit Railway Corporation Limited's West Island Line proposal; and
- the Administration was reviewing other options of developing the Phase II site of the Cheung Sha Wan Wholesale Food Market Complex (CSWWMC) for wholesale market purpose, and would continue to keep the LegCo Panel on Food Safety and Environmental Hygiene informed of the development.



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### Further developments

19. The Committee asked whether the Administration would consult the Panel on Food Safety and Environmental Hygiene on the detailed design of the Phase II project of the CSWWMC. The **Director of Agriculture, Fisheries and Conservation** responded, vide his letter of 23 December 2002 in *Appendix 5*, that:

- having regard to the objection of the wholesalers towards operating in a multi-storey market complex involving five trades and the need to detach relocation of poultry market from the project on public health ground arising from avian flu, the Administration had decided that the original five-trade proposal for the Phase II project would not be pursued; and
- the Administration was reviewing other options of developing the Phase II site for wholesale market purpose taking into account the current economic environment and land demand, the traders' concerns, as well as the need for reprovisioning of individual wholesale markets. The Administration would keep the Panel informed of its plan.

20. The Committee wishes to be kept informed of the progress of:

- the development of the CSWWMC Phase II project; and
- exploring the possibility of maximising the utilisation of the Western Wholesale Food Market.

21. **Departmental quarters for the disciplined services** (29 - 31 of Part IV of P.A.C. Report No. 37). The Committee was informed that:

#### **Police leased quarters**

- the Police had reduced its leased quarters from 24 to 16 in end-September 2002. They would delease another unit upon refurbishment of the replacement quarter;

#### **Criteria for the allocation of departmental quarters (DQs)**

- the Government Property Agency (GPA) was addressing the comments of bureaux and departments on the revised Accommodation Regulations (ARs); and

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#### Review of the grading of DQs

- following briefing of the staff side on the outcome of the grading review, the GPA implemented the new grades with effect from 1 August 2002.

#### Further developments

22. The Committee asked whether the de-leasing of leased DQs of the Police and the proposed revision to the ARs would result in the return of DQs to the GPA and, if so, how the returned DQs would be disposed of.

23. The **Government Property Administrator** responded, vide her letter of 9 January 2003 in *Appendix 6*, that:

- as at 1 November 2002, officer grade DQs of the Police stood at 586 whilst the demand was 693, resulting in a shortfall of 107. As such, the remaining 15 leased quarters out of the original 95 would only be de-leased when the provision of owned replacements so permitted. Moreover, de-leasing would not result in the return of DQs to the GPA; and
- in consultation with concerned departments and bureaux, proposals had been formulated to separately define quarters provided for specific policy purposes and those provided to meet operational requirements and to tighten the definition, designation, allocation and monitoring of the latter. Comments from bureaux/departments on the proposed revision had been addressed and the Administration was working on promulgating the revised ARs as soon as possible. However, the revision of ARs in this respect would not result in quarters being found surplus to requirements. The overall position as regards DQs in the disciplined services as at 1 November 2002 was that the supply of DQs stood at 21,908, whilst the demand was 25,935. There was an overall shortfall of over 4,000 units.

24. The Committee urges the Administration to expedite action to conclude the outstanding issue regarding the criteria for the allocation of departmental quarters as soon as possible.

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25.       **Monitoring of charities: fund-raising and tax allowances** (32 - 33 of Part IV of P.A.C. Report No. 37).   The Committee was informed that:

- the Government's aim was to strengthen administrative controls over charitable fund-raising activities with a view to enhancing their transparency and accountability.   The Social Welfare Department (SWD) was considering additional administrative measures such as developing a guide on best fund-raising practices for reference by charitable organisations.   When this was in place, SWD would consider setting up, on a voluntary basis, a public register of fund-raising organisations adopting such best practices for reference by prospective donors; and
- SWD was also working with the Hong Kong Society of Accountants to prepare a practice note on the auditing of accounts of charitable fund-raising activities other than flag days.

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

27.       **Urban Council public markets** (36 - 37 of Part IV of P.A.C. Report No. 37).   The Committee was informed that the Administration would determine the actual sale date of the Central Market site having regard to various relevant factors, including the time required for preparing the site for sale after the stallholders had moved out.

28.       The Committee wishes to be kept informed of the progress of the proposed sale of the Central Market site.

29.       **Relocation of the General Post Office** (38 - 39 of Part IV of P.A.C. Report No. 37).   The Committee was informed that the Administration considered that, with the inclusion of the General Post Office site as part of the Comprehensive Development Area (CDA) on the approved Central District (Extension) Outline Zoning Plan, the relocation did not need to be completed before 2009-10 at the earliest to dovetail with the development timetable for the CDA.

30.       The Committee wishes to be kept informed of further development on this subject.

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31. **Recoverability of the outstanding advances to the United Nations High Commissioner for Refugees** (40 - 41 of Part IV of P.A.C. Report No. 37). The Committee was informed that as at 30 September 2002, the amount of the outstanding advances to the United Nations High Commissioner for Refugees (UNHCR) remained at \$1,162 million. The Administration had continued to seek early repayment of the outstanding advances from the UNHCR. In June 2002, the Chief Secretary for Administration met the UNHCR's Regional Representative for China and Mongolia when the Representative visited Hong Kong, and reiterated that Hong Kong community still expected recovery of the outstanding advances. The Administration would continue to pursue early repayment of the outstanding advances.

32. The Committee wishes to be kept informed of the results of the action taken by the Administration in:

- pressing the UNHCR to fully repay as soon as possible the outstanding advances to the Government of the Hong Kong Special Administrative Region (HKSAR); and
- making direct appeals to donor countries for contributions to the UNHCR earmarked for repaying the Government of the HKSAR the outstanding advances.

33. **Footbridge connections between five commercial buildings in the Central District** (42 - 46 of Part IV of P.A.C. Report No. 37). The Committee was informed that the owners of Buildings I and II were discussing the construction of Footbridge A. They were considering the footbridge alignment and the connection point. The Lands Department was liaising with both parties and providing assistance as necessary. When the owners had reached agreement on the alignment of the proposed footbridge, they would proceed with the detailed design for the footbridge.

34. The Committee wishes to be kept informed of the progress of the negotiation between the owners of the Building I and II sites for the provision of Footbridge A.

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35. **The use of energy-efficient air-conditioning systems in Hong Kong** (49 - 55 of Part IV of P.A.C. Report No. 37). The Committee was informed that:

- the consultant would complete the study for the implementation of District Cooling Scheme in Wanchai and Causeway Bay by mid-2003. The consultancy studies for the implementation of District Cooling Scheme in South East Kowloon Development and for the territory-wide implementation of water-cooled air-conditioning system (WACS) were near completion. The Administration would consider the recommendations of the final reports of these studies’;
- the Administration introduced a pilot scheme in 2000 to allow the use of fresh water in evaporative cooling to improve the energy efficiencies of air-conditioning systems of non-domestic buildings. The Administration had further expanded the scheme since June 2002 to cover 28 areas. The Administration had received 13 applications and had approved in principle 12 of them, covering about 386,000 square metres of floor area. The estimated annual savings in electricity would be about 4.2 million kilowatt-hours. Three projects had been commissioned;
- the Electrical and Mechanical Services Department (EMSD) had been inspecting the existing 12,000 cooling towers and would complete the work in October 2002. The EMSD inspected the operating conditions of the cooling towers and collected water samples for testing. For those in poor conditions, EMSD advised the owners of ways to rectify them. The EMSD would, in end-2002, review the conditions of those cooling towers found to be in poor conditions to ensure that their owners had taken necessary improvement actions;
- the Buildings Department (BD) started in September 2001 another large-scale clearance exercise for the removal of potentially dangerous and unauthorised appendages, including cooling towers supporting structures, on the external walls of more than 1,500 buildings against the original target of 1,000 buildings. The exercise was on schedule. The BD had removed about 270 cooling towers supporting structures. The BD would prosecute defaulters for non-compliance with removal orders after the necessary warning. The BD had also started the next round of clearance operations targeting at more than 1,500 buildings in the first quarter of 2002. It was estimated that 400 potentially dangerous cooling towers supporting structures erected outside commercial and industrial buildings would be removed; and

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- the Administration would keep the Committee informed of the findings of the three consultancy studies, the results of the pilot scheme on relaxing the use of fresh water for WACS in non-domestic developments, and the way forward for ensuring the proper design, operation and maintenance of cooling towers.

#### Further developments

36. The Committee asked whether the findings of the respective consultancy studies for the implementation of District Cooling Scheme in Wanchai and Causeway Bay and in South East Kowloon Development would be taken into consideration in designing the air-conditioning systems in the Tamar Development Project which covered the design and construction of, inter alia, the Central Government Complex and the Legislative Council Complex.

37. In response, the **Director of Electrical and Mechanical Services** advised, vide his letter of 9 January 2003 in *Appendix 7*, that

- the consultancy study for the implementation of a District Cooling Scheme for South East Kowloon Development had just been substantially completed and the findings were presented to the LegCo's Panel on Environmental Affairs on 20 December 2002. The consultancy study in respect of Wanchai and Causeway Bay districts was still in progress. The Tamar Development Project, however, lied outside the study areas of these two consultancy studies; and
- air-conditioning to the Central Government Complex, the Legislative Council Complex, and the ancillary building blocks would be served by chilled water generated from a centralised chiller plant using seawater cooling and distributed through a pipe network. The air-conditioning system design, technically, resembled that of a district cooling system.

38. The Committee wishes to be kept informed of further development on this subject.

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39. **Administration of allowances in the civil service** (61 - 62 of Part IV of P.A.C. Report No. 37). The Committee was informed that:

#### **Policy and review mechanism**

- taking into account the views obtained from the consultation exercise on the recommendations of the Standing Commission on Civil Service Salaries and Conditions of Service and the Standing Committee on Disciplined Services Salaries and Conditions of Service regarding job-related allowances payable to civilian staff and disciplined services staff respectively, the Civil Service Bureau (CSB) had drawn up specific proposals on the way forward. The CSB issued a consultation note to staff representatives and departmental management on 12 September 2002 to seek their views on the proposed way forward. The consultation ended in early October 2002. The CSB would take forward the review in the light of any further comments received; and

#### **Duty mileage allowance**

- the CSB was consulting the staff side on proposed improvements to the current mechanism for the determination and revision from time to time of the duty mileage allowance rates, as well as the priority of methods of conveyance for duty travel. In the light of the feedback from the staff side, the CSB would finalise the proposal and seek the Finance Committee's approval of the new mechanism for determining and revising duty mileage allowance rates.

40. The Committee wishes to be kept informed of further development on this subject.

41. **Water purchased from Guangdong Province** (65 - 67 of Part IV of P.A.C. Report No. 37). The Committee was informed that:

#### **Further efforts to incorporate more favourable terms in future water supply agreements, including medium to long-term flexible supply arrangements**

- during the period from January to September 2002, the Guangdong Authority continued with the flexible water supply arrangement and the Administration had achieved savings of about HK\$6.8 million of pumping costs through reduced delivery of Dongjiang water to impounding reservoirs. The reservoir storage at the end of September 2002 was at a healthy level. The

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Administration would continue to monitor the reservoir storage level to ensure a healthy supply position at all times;

- meanwhile, the Administration would continue to negotiate with the Guangdong Authority for medium and long-term flexible supply arrangements while striving for more favourable terms in future agreements;

#### **The progress of the measures taken to ensure that the quality of water supplied to Hong Kong meets the 1988 Environmental Quality Standard for Surface Water**

- the quality of Dongjiang water at Taiyuan Pumping Station continued to comply with the Environmental Quality Standard for Surface Water, Type II standard of GB3838-88. The progress of construction of the closed aqueduct had been good. The first stage of the project (the section from Taiyuan to Tangxia), which would reduce over 50% of the enroute pollution, was scheduled for completion by the end of 2002 for commissioning in early 2003. The whole project was on schedule for commissioning by end-2003;

#### **The outcome of the consultancy study on alternative sources of water supply**

- the feasibility studies on alternative sources of water supply concluded that Dongjiang water remained the most cost-attractive option under the present circumstance. The Administration would keep in view the development and cost trend of desalination, the second most cost-attractive option, while continuing its efforts to negotiate for a reasonably-priced and quality supply of Dongjiang water;

#### **The progress of action plans formulated to improve the quality of Dongjiang water at the Joint Working Group on Sustainable Development and Environmental Protection**

- the Joint Working Group on Sustainable Development and Environmental Protection and the Dongjiang Water Quality Protection Special Panel met respectively in April and August 2002. At the meetings, there were exchanges of further views on issues concerning protection of the quality of Dongjiang water supply. The Guangdong Authority continued to report that the two major water quality improvement schemes entitled “Guangdong Green Water Improvement Scheme” and “Comprehensive Wastewater Management Scheme for the Catchment of Shima River” were in good progress. The items of work under the former scheme were targeted to strengthen the protection of Dongjiang water quality. The latter scheme was



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aimed at reducing the pollution loading to Shima River, and would effectively improve the quality of Dongjiang water supply to Hong Kong before the full commissioning of the closed aqueduct; and

- the Guangdong Authority continued to provide the Water Supplies Department (WSD) with the Dongjiang water quality data near Taiyuan Pumping Station for annual publication at the WSD's web site. The last publication in April 2002 demonstrated that the water quality in 2001 continued to comply with the Type II standard of GB3838-88. The Administration would continue to liaise with the Guangdong Authority for the release of Dongjiang water quality data, and to monitor closely Dongjiang water quality at the reception point of Muk Wu Pumping Station.

42. The Committee wishes to be kept informed of:

- the Administration's further efforts to negotiate with the Guangdong Authority for medium and long-term flexible supply arrangements while striving for more favourable terms in future water supply agreements;
- the progress of the measures taken, including the commissioning of the closed aqueduct and its critical sections, to ensure the quality of water supplied to Hong Kong meets the 1988 Environmental Quality Standard for Surface Water;
- the actions taken by the Joint Working Group on Sustainable Development and Environmental Protection and the Dongjiang Water Quality Protection Special Panel to closely monitor the quality of the Dongjiang water and discuss further improvement measures; and
- the monitoring actions taken by the Administration with regard to the quality of Dongjiang water received at the Hong Kong's reception point of Muk Wu Pumping Station.

43. **Interdiction of government officers** (70 - 71 of Part IV of P.A.C. Report No. 37). The Committee was informed that:

#### **Profile and duration of interdiction cases**

- in 2000-01 and 2001-02, the Administration concluded 231 disciplinary cases which involved interdiction. Staff of the disciplined services accounted for over 70% of these cases. Most of them arose as a result of criminal

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proceedings started by the Police Force or the Independent Commission Against Corruption. The time spent on such proceedings was beyond the disciplinary authority's control. For the 231 cases, the Administration took, on average, about 9.5 months to complete the related disciplinary proceedings;

- since the inception of the Secretariat on Civil Service Discipline (SCSD — which centrally processes disciplinary cases under the Public Service (Administration) Order using streamlined procedures) in April 2000, the processing time for disciplinary cases had progressively improved. In 2001-02, the SCSD completed action on 112 cases. Over 80% of them could be disposed of within 12 months;

#### **Review of the disciplinary procedures practised in the Police Force**

- to enhance the professionalism of staff in handling disciplinary proceedings, the Police Force would conduct further training on an annual basis;
- the steering group formed to review the Police Force's discipline system was examining the short, medium and long-term improvements to the discipline system. The Administration would keep the Committee informed of the recommendations of the review in due course; and

#### **Stoppage of salary on the date of conviction**

- the Administration had included the issue of amending section 37(4) of the Police Force Ordinance to stop the salary of an interdicted officer with effect from the date of conviction (as opposed to the following day) in the review of the Police Force's discipline system. The Administration would keep the Committee informed of the outcome in due course.

44. The Committee wishes to be kept informed of further development on this subject.

45. **Employees Retraining Scheme** (72 - 73 of Part IV of P.A.C. Report No. 37). The Committee was informed that all training bodies which conducted retraining courses under the Employees Retraining Scheme submitted to the Employees Retraining Board (ERB) annual returns on measures taken to ensure the structural and fire safety of each and every training venue. The ERB staff also conducted regularly management audit visits to retraining centres to inspect safety measures among other things.

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#### Further developments

46. The Committee noted that the Education and Manpower Bureau and the ERB had agreed on an additional performance indicator of 60% retention rate for six months after placement of retrainees and since April 2001, the ERB had begun conducting regular quarterly job retention surveys. The Committee enquired about the results of the job retention surveys conducted since April 2001 and whether the ERB had achieved the performance indicator of 60% retention rate for six months after placement of retrainees.

47. The **Acting Executive Director, ERB**, advised, vide his letter of 30 December 2002 in *Appendix 8*, that:

- the ERB had conducted job retention surveys since April 2001. In each survey, the sample of graduate retrainees taken was those who had completed a full-time day course during the half month period nine months before the survey and subsequently been placed into employment. A time lapse of nine months was allowed because the post-course placement period was three months. Also, the number of graduates in half a month (and not a full month or longer) was considered representative enough, bearing in mind the cost of the survey. As surveys were conducted four times a year, the total number of full-time graduates covered was those of two months, or one-sixth of the total; and
- seven surveys had been conducted as of December 2002. In all the seven surveys, the ERB had achieved the performance indicator of 60% retention rate for six months after placement of retrainees. Some percentages even stood over 70%.

48. The Committee wishes to be kept informed of the results of the job retention surveys conducted by the ERB.

49. **Construction of two bridges** (Chapter 1 of Part VII of P.A.C. Report No. 37). The Committee was informed that:

- the Administration had fully taken on board the Director of Audit's recommendations. The Highways Department had amended the Structures Design Manual and promulgated it in April 2002. The Highways Department had also finalised the reference material on design-and-build contracts in August 2002; and

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- concerning the disclosure of terms of dispute settlement, the Administration had consulted the industry on the set of draft contract provisions to enable the Administration to disclose terms of dispute settlement to the Committee under specific conditions. The industry was not supportive of the proposal. Having considered the comments received, the Administration would consult the industry again in early October 2002 on a revised proposal.

#### **Further developments**

50. The Committee considers that it is of utmost importance to amend contract provisions on confidentiality of the terms of dispute settlement to enable the Administration to disclose such information to the Committee and finds the present progress of the matter unacceptable. In this connection, the Committee asked:

- how the construction industry was consulted and whether any consultation(s) paper had been issued;
- the industry's reasons for not supporting the proposal; and
- the result of the consultation conducted in October 2002 on the revised proposal.

51. The **Secretary for the Environment, Transport and Works** responded, vide the letter of 3 January 2003 in **Appendix 9**, that:

- a circulation letter with proposed amendments to the standard forms of contract and consultancy agreement used by the Government was issued on 7 May 2002 to trade associations of the construction industry. The proposed amendments involved modifications to the Government's Mediation Rules and the Arbitration Rules promulgated by the Hong Kong International Arbitration Centre. By introducing those amendments, the Government would be able to disclose terms of dispute settlement to the Legislative Council on condition that the contractor/consultant might request the Government to disclose commercially sensitive information on a confidential basis;
- the contractor associations vigorously objected to the proposal. The construction industry considered that the proposal to disclose terms of arbitration awards and mediation settlements with commercially sensitive information was contrary to the fundamental principle that the two processes

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were conducted privately and should remain private and confidential. The industry insisted that disclosure could take place only with the consent of the contracting parties. The consultant association categorically objected to the proposal on similar grounds. It raised the concern that the proposal would have a serious impact on the ability of consulting firms to obtain professional indemnity insurance. It was also concerned about the possibility of sensitive information being published and abused, jeopardising the business status of the concerned consulting firms. It considered that the proposal would also lead to higher construction cost;

- the Hong Kong International Arbitration Centre had also written to the Government on its own accord. The Centre was strongly of the view that the proposal would undermine the fundamentals of the two dispute resolution mechanisms, and destroy the confidence the construction industry had had in adopting the process in resolving dispute with the Government; and
- the second round of consultation originally scheduled for October 2002 was deferred due to delay in replies from trade associations on the initial proposal. A revised proposal was issued on 2 December 2002. A requirement for the Government to obtain consent from the other contracting party had been included if disclosure was made within six months of settlement, beyond which the contractor/consultant might still request that sensitive information should be disclosed on a confidential basis. As the proposed amendments changed the existing practice which had been in use for more than 20 years, the Administration considered it prudent to allow sufficient time for the industry to fully express their views and concern. The Administration had not yet received responses to the second round of consultation from the trade associations except the contractor association which had already indicated their objection to the revised proposal.

52. The Committee wishes to be kept informed of the further developments of the issue concerning the disclosure of terms of dispute settlement.

53. **Follow-up review on control of utility openings** (Chapter 2 of Part VII of P.A.C. Report No. 37). The Committee was informed that:

- the Director of Highways established a Control of Road Opening Monitoring Group (CROMG) in February 2002. He personally chaired the CROMG to monitor the progress of the follow-up actions as recommended by the Committee;

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#### **Proposed legislative amendments to the Land (Miscellaneous Provisions) Ordinance**

- the Land (Miscellaneous Provisions) (Amendment) Bill 2002 was being examined by the relevant Bills Committee of the Legislative Council;

#### **Implementation of audit inspection procedures**

- the Highways Department (HyD) had set up dedicated teams for carrying out audit inspections in all regional offices. A systematic set of training courses and a quality control system on audit inspections were now in place. The Department had established a system for periodic review of the Guidance Notes on Audit Inspection of Utility Sites;

#### **Frequency of audit inspections**

- with the establishment of the dedicated audit inspection teams in all regional offices, the HyD had now raised audit inspection frequency to around one inspection per eight days from one inspection per ten days. With additional staff resources allocated, the HyD expected to achieve a target frequency of one inspection per seven days by end-2003;

#### **Compliance with advance notification requirement**

- following regular discussions with the utility undertakings (UUs) in both the Utilities Technical Liaison Committee and the Joint Utilities Policy Group (JUPG), the UUs had markedly improved compliance with the requirement of two-day advance notification before commencement of street excavation. The compliance rate had increased drastically to above 83% in the first half of 2002, as compared to 47% in the same period of 2001 and the overall rate of 60% in the year 2001;

#### **Statistics of damage to underground utilities**

- the HyD had recommended to UUs tools such as warning letters and performance reports, which might affect the contractors' chance in tenders, to control their contractors' performance. The HyD had also recommended UUs to train up their contractors in using advanced detection equipment to locate underground utilities. The number of damage incidents decreased to 196 in the first half of 2002, as compared to 236 in the same period in 2001 and a total of 457 in the year 2001;

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#### **Streamlined excavation permit application procedures**

- the HyD had been working closely with other relevant government departments with a view to streamlining the EP application procedures to ensure that UUs could start work on site once an excavation permit (EP) was issued. The Hong Kong Region started to implement the streamlined EP application process on 15 May 2002. The Kowloon and New Territories Regions would soon follow;

#### **Guidelines on the accuracy of utility records**

- a working group formed under the JUPG had finalised the guidelines on the accuracy of utility records that served as the minimum standard for UUs to keep their as-built utility records. The HyD had promulgated the guidelines for implementation with effect from 1 June 2002;

#### **Implementation of an Electronic Mark Plant Circulation**

- the Electronic Mark Plant Circulation Stage 1 System was a computer system that facilitated the circulation of electronic utility records. Subject to satisfactory completion of the system acceptance tests, the HyD would roll out the system in October 2002; and

#### **Study on the feasibility of implementing common utility enclosures**

- the Administration commissioned, in March 2002, a consultancy study on the feasibility of implementing common utility tunnels, ducts and chambers, collectively called Common Utility Enclosures. The consultant would complete the study by December 2002.

54. The Committee wishes to be kept informed of further development on this subject.

55. **Review of the Hong Kong Sports Development Board** (Chapter 3 of Part VII of P.A.C. Report No. 37). The Committee was informed that:

#### **Remuneration packages of Hong Kong Sports Development Board (SDB) staff**

- the Home Affairs Bureau (HAB) had reviewed the remuneration packages of the SDB staff in consultation with the Financial Services and the Treasury

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Bureau and the Civil Service Bureau. Pending the outcome of a related review on remuneration package of public organisations, the HAB would finalise the conclusions and discuss them with the SDB with a view to implementing suitable measures;

#### **Utilisation of the SDB's sports facilities**

- the overall usage rate of the sports facilities of the Hong Kong Sports Institute (HKSI) in 2001-02 was 44.6%, which was 4.6% higher than the usage rate of 2000-01;
- as regards upgrading of sports facilities within the HKSI, the SDB was of the view that the Government's report on Sports Policy Review which, among other things, touched on the provision of elite training facilities, might had a bearing on the HKSI's improvement plan. For this reason, the SDB had yet to make concrete proposals on the redevelopment/upgrading of the HKSI's facilities;

#### **Contracting out of the SDB's services**

- at present, SDB had contracted out security and carpark management services. The SDB had originally drawn up plans to contract out other services by phases, namely cleaning services, horticultural services, routine building maintenance services and Sports Residence operations in 2002-03 and 2003-04. In August 2002, the SDB decided to suspend the contracting out of the HKSI's general cleaning services because of the uncertainty about the future of the SDB;

#### **Management of Sports House and grants to National Sports Associations (NSAs)**

- the SDB had proposed new guidelines governing the funding of staffing for NSAs. The SDB had consulted the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) and NSAs on the above proposals and incorporated these proposals into its proposed funding policy as appropriate. The SDB was of the view that the Government's report on Sports Policy Review which, among other things, touched on the funding mechanism, might had a bearing on the SDB's future funding policy. For this reason, the SDB had decided to put on hold the implementation of the new measures pending the outcome of the Sports Policy Review;



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- having reviewed the NSAs' objections to the administration pooling proposal and the current pool service provided to NSAs at the Sports House, the management of SDB decided not to implement the pooling of administrative/clerical staff at the Sports House;
- the SDB would expand the scope of its random internal audits to include a review of the SDB's activities and spot checks on the use of grants by NSAs; and
- the HAB would continue to conduct regular inspections of the Sports House's books, accounts and other accounting records to ensure that the Government's requirements specified in the tenancy agreement of the Sports House were complied with.

#### Further developments

56. In respect of the HAB's review of the remuneration packages of SDB staff, the Committee asked when the conclusions of the review would be available and whether they would be announced. The **Secretary for Home Affairs** responded, vide his letter of 4 January 2003 in *Appendix 10*, that the HAB had reviewed the remuneration packages of SDB staff in consultation with the Financial Services and Treasury Bureau and the Civil Service Bureau. However, the timeframe for the conclusion of the HAB's review would depend on the outcome of a related review on remuneration package of public organisations being conducted by the Director of Administration. The HAB would inform the Committee of the findings and recommendations of the HAB's review as soon as it was finalised, hopefully in the first quarter of 2003.

57. The Committee wishes to be kept informed of:

- the outcome of the HAB's review of the terms and conditions of the service of SDB staff;
- the Government's strategic policy for future sports development in Hong Kong after the public consultation;
- the SDB's decision on the redevelopment/upgrading proposals of the HKSI's sports facilities;
- the long-term plan to upgrade and/or redevelop the SDB's sports facilities;
- the outcome of the contracting-out exercise; and

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- the progress of implementation of the recommendations on the management of the Sports House and grants to NSAs.

58. **Administration of the Quality Education Fund** (Chapter 5 of Part VII of P.A.C. Report No. 37). The Committee was informed that:

#### **Overall developments**

- in 2002, apart from internal and regular reviews to improve the Quality Education Fund (QEF) operation, the QEF Steering Committee had launched three reviews which, together, would cover all salient aspects of the Fund's operation. To enhance the objectivity of the reviews, the QEF Steering Committee had commissioned experts to conduct them. The reviews were:
  - (a) a review of the entirety of the QEF processes, from invitation of applications to the monitoring of approved projects, conducted by the Management Services Agency (MSA);
  - (b) a perception survey of all QEF applicants (irrespective of whether they were successful in their applications) on different aspects of the Fund's operation, conducted by a private sector firm specialised in carrying out opinion surveys; and
  - (c) the development of performance indicators and evaluation methodology by Melbourne University Private which comprised internationally renowned educational professionals on assessment and evaluation issues.
- the three reviews had included in their scope, among other topics, the need to take another look at the costs and benefits of the various types of projects funded in the past, the need for better coordination among various education-related sources of funding, the need to improve the assessment and monitoring processes as well as the need to develop performance indicators and evaluation methodology for approved projects;
- both the MSA study and the QEF survey had just been completed. The QEF Steering Committee was now considering the findings. The consultancy study on performance indicators and evaluation methodology would take a few more weeks. The Administration would keep the Legislative Council (LegCo) Panel on Education posted of the Steering Committee's review of the operation and strategy of the QEF;

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#### **Monitoring research projects of tertiary institutions and large-scale Education Department projects**

- the Administration would continue to monitor closely the projects concerned as an on-going activity of the QEF;

#### **Notification to the LegCo of grants exceeding \$10 million**

- in the context of deliberating on the future funding strategy of the QEF upon the completion of the three reviews above, the QEF Steering Committee would also consider the mechanism for reporting grants exceeding \$10 million to the LegCo Panel on Education;

#### **Development of dissemination strategy and improvement of dissemination practices**

- the working group formed to review the existing dissemination practices had recommended a number of measures to enhance and improve QEF dissemination activities. The improvement measures endorsed by the QEF Steering Committee were being implemented. An example was the organisation of workshops and seminars on a thematic basis to enhance appeal to target participants and to enhance the effectiveness of the experience sharing. Other improvements in the pipeline included the holding of larger-scale conferences on a variety of educational topics to facilitate coordination in the promotion of good practices with other educational bodies, and the upgrading of QEF websites to facilitate access by the school community and the public to QEF data;
- the Melbourne University Private would advise the QEF Steering Committee on the strategy for effective dissemination of good practices;

#### **Coordination between grants and investment programmes**

- in early 2002, the Administration had introduced a reporting system to strengthen the coordination between investment and funding aspects of the QEF. The Administration made the first report on the financial position of the Fund to the QEF Steering Committee on 30 January 2002 and the second report on 7 August 2002. The reporting was on a half-yearly basis; and

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### **Outstanding Teachers Award (OTA)**

- subject to the final deliberation of the Advisory Committee on Teacher Education and Qualification on their proposal to award accomplished teachers, the QEF Steering Committee would make a decision on the way forward for the OTA.

### **Further developments**

59. In respect of the mechanism for the Administration to report QEF grants exceeding \$10 million to the LegCo Panel on Education, the Committee asked whether the Administration had finalised its consideration of the matter.

60. The **Secretary for Education and Manpower** responded, vide the letter of 9 January 2003 in *Appendix 11*, that:

- for the sixth call for applications which was underway, the QEF had adopted a number of measures based on the recommendations of the reviews conducted on its operation in 2002. Amongst others was the setting of a maximum grant of \$0.5 million each for approved projects of general nature, and \$5 million each for projects of exceptional merits; and
- given the above policy, it was not envisaged that there would be grants exceeding \$10 million per project in the sixth call for applications. However, should there be any change in policy whereby QEF grants exceeded \$10 million per project in the future, the Administration would draw them to the attention of the LegCo Panel on Education.

61. The Committee wishes to be kept informed of further development on this subject.

62. **Radio Television Hong Kong: Performance and resource management** (Chapter 9 of Part VII of P.A.C. Report No. 37). The Committee was informed that:

### **Performance measurement and reporting**

- following the completion of the consultancy study on key performance indicators (KPIs) for Radio Television Hong Kong (RTHK), the Department

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had formed three internal working groups to develop and recommend additional KPIs including those concerning staff productivity. The RTHK management was considering the working groups' preliminary reports completed in August 2002;

- in developing KPIs for RTHK, the working groups had made reference to the experience of international broadcasters. In particular, they would explore the development of more qualitative measurement for RTHK's Radio Service for the purpose of better reflecting its role as a public service broadcaster. RTHK aimed to set targets and standards of performance when introducing new KPIs;
- for the purpose of monitoring RTHK's prime and fringe time programme viewership on television, RTHK was negotiating with ACNielsen, an independent research company, to subscribe for public viewership information;

#### **Budgetary control**

- to enhance resource management at the micro level, RTHK was in the process of decentralising the budgetary control responsibility in the Radio Division down to Section/Unit Head level. In parallel, the Department was also improving its costing system to provide more up-to-date cost information to these budget controllers. In addition, the overall budget and actual spending data for each radio channel were consolidated to facilitate budgetary monitoring on a channel basis by Channel Heads;

#### **Procurement of services**

- RTHK was studying the development of a computerised procurement system. Its Supplies Officer was meeting departmental users on a regular basis to remind them to comply with Government procurement regulations. In addition, RTHK had reminded its Section Heads to immediately rectify any irregularities detected;
- since March 2002, RTHK's Art Services Section had implemented a marking scheme for the procurement of scenic services;

#### **Management of overtime work**

- RTHK had carried out follow-up investigation after the Audit Commission's inspection in 2001. It had found one officer in the Scenic Services Unit, in addition to six previously identified, who had made improper claims for overtime allowance. RTHK had recovered the overpayment promptly;

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- on the advice of the Civil Service Bureau (CSB), RTHK was instituting formal disciplinary action against the seven officers. Meanwhile, the CSB was looking into any related responsibility of the supervisors of these seven officers;

#### **Outsourcing opportunities**

- one of the above-mentioned working groups had reviewed and recommended long term manpower plan and strategies for RTHK. The RTHK management was considering the working group's preliminary report completed in August 2002 and a long-term commissioning strategy;

#### **Educational Television (ETV) service for primary and secondary schools**

- to facilitate the flexible use of ETV resources, the Education Department (ED) was converting the secondary school ETV programmes to digitised format on video compact discs (VCDs). As at end-August 2002, 109 secondary school programmes were provided to schools on VCDs. Another batch of about 100 programmes in VCD format would be provided to secondary schools in September 2003. By that time, each secondary school would have four copies of the full set of ETV resources (programmes and supplementary materials) in digitised format for use by teachers and pupils. These resources could be viewed directly on a television screen or incorporated into other teaching materials to be delivered using a computer;
- the ED had digitised the full stock of 447 primary school ETV programmes. All primary schools had five copies of the full collection on VCDs since June 2002. Teachers might use the resources to support teaching in the classroom and pupils might borrow them to reinforce learning at home;

#### **Outsourcing of school ETV production**

- at present, RTHK had outsourced 21% of its school ETV production work. RTHK had agreed with the ED to transfer 5% of the current production budget to the ED for further outsourcing school ETV production in 2003-04, with a view to achieving the target of 25% outsourcing. With the resources, the ED planned to produce nine programmes. RTHK would reduce its production target by 5% to 166 programmes. The ED would undertake the administrative work relating to programme outsourcing and monitor the quality of the outsourced production. The ED anticipated some savings upon outsourcing, and would deploy the resources on producing programmes for pre-primary schools and on developing multi-media learning packages for pupils; and

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### **Monitoring school ETV service**

- the Standing Committee on the Development of the ETV Service was formed in January 2002. Its focus of work for 2002 and 2003 was to review the ETV service. The committee had met three times so far and the key items discussed included:
  - (a) the background and limitations of the ETV service;
  - (b) performance indicators;
  - (c) the future direction of the ETV service;
  - (d) the views of primary school teachers on the ETV service;
  - (e) migration to multimedia and outsourcing strategy; and
  - (f) production of ETV programmes.

The Administration expected to complete the review of the ETV service by October 2003.

63. The Committee wishes to be kept informed of further development on this subject.

64. **Provision of legal aid services** (Chapter 10 of Part VII of P.A.C. Report No. 37).  
The Committee was informed that:

### **Some measures to contain the costs of legal aid**

- the Judiciary would submit the final report on the Pilot Scheme on Family Mediation to the Committee in August 2003. Based on the findings and final evaluation of the Pilot Scheme, the Administration would explore the viability of requiring applicants in matrimonial cases to use the family mediation service to resolve disputes before receiving legal aid. The Director of Administration (D of Adm) would consult the Legislative Council on the way forward in due course;

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#### **Access to information on legal aid files**

- since the end of March 2002, the Director of Legal Aid had had a standing arrangement for seeking consent from legal aid applicants at times of application, to permit access of their case files to the Director of Audit (D of A), or his representative, for the purpose of conducting audits in future. The new arrangement had been operating smoothly;

#### **Means test**

- since March 2002, the Legal Aid Department (LAD) had organised a total of six means testing workshops for those staff involved in such work. They included law clerks and professional officers at both the basic as well as senior ranks. The LAD would hold further workshops and experience sharing sessions to maintain the standard and consistency of means testing work among staff;
- in accordance with the recommendation of the D of A, the LAD had been selecting cases for conducting home visits on a random basis since March 2002. Up to the end of July 2002, the LAD had carried out 54 home visits in respect of both doubtful cases and cases selected on a random basis;

#### **Documentation of merits testing**

- the D of A had recommended that, in cases where the estimated legal aid costs were significant, the justifications for the grant of legal aid should be properly documented. In this regard, the LAD had used new checklists to enhance proper documentation of such case details since April 2002. The new arrangement had been operating smoothly; and

#### **Performance indicators and overarching strategic planning**

- the LAD had, in consultation with the D of Adm, formulated a strategic plan and included it in the LAD's 2001 Annual Report. The LAD aimed to update its strategic plan in the 2002 Annual Report and the Controlling Officer's Report in the 2003-04 Estimates of Expenditure. Discussions on new efficiency and effectiveness performance indicators were underway.



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65. The Committee wishes to be kept informed of the progress made, in particular on:
- the findings and final evaluation of the Pilot Scheme on Family Mediation, and the viability of requiring applicants in matrimonial cases to use the family mediation service to resolve disputes before receiving legal aid; and
  - the development of the new efficiency and effectiveness performance indicators.
66. **Management of medical equipment** (Chapter 11 of Part VII of P.A.C. Report No. 37). The Committee was informed that:

#### **Review of the scale of provision (SOP) for commonly-used medical equipment**

- the Hospital Authority (HA) had commenced reviewing the SOP for commonly-used medical equipment since September 2002. It aimed to complete the review by March 2003. The HA had separately established dedicated sets of criteria for the provision of different types of high-value medical equipment (such as computerised tomography scanner, magnetic resonance imaging scanner and linear accelerator) for benchmarking purposes. So far, the HA had developed 30 sets of criteria for 30 types of such equipment. The HA would continue to develop more indicators to assess the provision and rationalise the distribution of high-value medical equipment;

#### **Procurement of medical equipment**

- the Corporate Procurement and Supplies Management Unit (CPSMU) of the HA had stepped up the pace of centralised bulk contracting services. During the first three quarters of 2002, it had issued over 30 bulk tenders for medical equipment, instrument and hospital furniture with an estimated aggregate value of \$120 million;
- the HA had centralised procurement in the Hong Kong East, Kowloon East, New Territories East and New Territories West Clusters. The clusters procurement units assumed the integrated functions of supplies logistics, vendor performance monitoring, inventory control and non-stock purchase. The HA would roll out cluster procurement functions to the remaining three clusters, namely the Hong Kong West, Kowloon Central and Kowloon West Clusters in the fourth quarter of 2002;

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- the CPSMU had completed the review of the HA's Procurement and Materials Management Manual. Tender procedures had been standardised and procurement guidelines updated. The Manual would be submitted to the Finance Committee of the HA for approval in November 2002. The HA planned to implement the standardised tender procedures and the revised guidelines on procurement in all the HA hospitals in the fourth quarter of 2002;
- the HA was discussing with the Government Supplies Department the feasibility of the HA taking up the tendering functions;

#### **Utilisation of medical equipment**

- the computerised inventory data of the Queen Elizabeth Hospital (QEH) was being migrated to the HA-wide Asset Management System (AMS). The QEH would implement the corporate-wide AMS by the fourth quarter of 2002 as scheduled;
- the HA was enhancing its AMS to generate exception reports with benchmark information on under-utilised major medical equipment. The enhancement was scheduled for completion by the fourth quarter of 2002. The enhanced AMS would facilitate the cluster management in strengthening the monitoring of the utilisation of major and selected medical equipment, and the planning of acquisition of major equipment;

#### **Maintenance of medical equipment**

- the HA was conducting a review of the variations in the maintenance costs of X-ray equipment among the HA hospitals which would be completed by the fourth quarter of 2002. As for the review of maintenance service of non X-ray equipment, the Electrical and Mechanical Services Trading Fund, the HA's maintenance agent, was providing the HA with detailed maintenance cost data. The HA planned to complete the review on non X-ray equipment by the end of 2002;
- the HA Head Office had coordinated the procurement of bulk contracts of X-ray equipment maintenance services for all the HA hospitals since early 2002. So far, the HA had awarded six bulk contracts with a total aggregate contract value of approximately \$130 million. The HA had issued a bulk tender for the outsourcing of the maintenance service for 6,000 pieces of non X-ray equipment in the third quarter of 2002. The HA would continue to adopt the open tender approach with a view to ensuring cost-effective procurement of maintenance services; and

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- the HA was in the process of developing a consistent set of maintenance procedures for its medical equipment by risk type. In this connection, the HA had classified all medical equipment into high-risk, medium-risk and low-risk grades based on internationally recognised standards. The HA was developing recommendations for the adoption of preventive and/or corrective maintenance support having regard to the risk level of medical equipment.

67. The Committee wishes to be kept informed of further development on this subject.