

**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 2002 and the Results
of Value for Money Audits (Report No. 39) and Supplemental Report of the
Public Accounts Committee on Report No. 38 of the Director of Audit
on the Results of Value for Money Audits [P.A.C. Report No. 39]**

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 2002 and his Report No. 39 on the results of value for money audits were laid in the Legislative Council on 20 November 2002. The Committee's subsequent Report (Report No. 39) was tabled on 19 February 2003, 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. 39 was laid in the Legislative Council on 28 May 2003. A progress report on matters outstanding in the Government Minute was issued on 20 October 2003. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 53 below.

3. **Provision of slaughtering facilities for supplying fresh meat** (paragraphs 3 to 4 of Part III of P.A.C. Report No. 39). The Committee was informed that:

- the Food and Environmental Hygiene Department (FEHD) awarded a contract to a consultancy firm in October 2002 to forecast the slaughtering throughput of livestock in the territory for the coming years up to 2010, having regard to the result of a review on the demand for fresh meat on account of any changes to the eating habits of the population. The desktop research part of the consultancy study had been completed. The review on the demand for fresh meat and the eating habits of the population would commence once the result of the survey part had been obtained. The consultancy study was expected to be completed in the first quarter of 2004; and
- based on the outcome of the consultancy study, the FEHD would carry out a detailed assessment to ascertain the feasibility of centralising the slaughtering operation of livestock at the Sheung Shui Slaughterhouse (SSSH).

4. The Committee wishes to be kept informed of:

- the results of the consultancy study to forecast the slaughtering throughput of livestock in Hong Kong; and
- the results of the detailed study on the feasibility of centralising the slaughtering operation of livestock at the SSSH.

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5. **Services provided by the Official Receiver's Office** (paragraphs 3 to 4 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

General

- the Official Receiver's Office (ORO) had set up a permanent Task Force to continuously review the practices and procedures of the ORO in the administration of insolvency cases. The following measures, inter alia, had been considered and implemented by the Task Force in the past six months:
 - (a) the contracting out to private insolvency practitioners (PIPs) of the preliminary examination of bankrupts;
 - (b) a review of internal circulars with a view to further simplifying the working practices and procedures of the ORO; and
 - (c) a further review of the standard forms used by the ORO with a view to cancelling the obsolete ones and simplifying the remainder;

Guidelines on liquidators' remuneration

- a set of guidelines on liquidators' remuneration for PIPs drawn up jointly by the ORO and the Hong Kong Society of Accountants (HKSA) had been submitted to the company judge for comments. The judge had expressed her initial views on the matter during a talk she gave to the Insolvency Interest Group of the HKSA in July 2003. The views were noted by PIPs who would have to take them into account when they submitted their applications for remuneration in future; and

Consultancy study and fees of the ORO

- other recommendations of the consultancy study including the proposed "cab rank" system and licensing of PIPs were being further considered. The question of fees and cost recovery rates would be reviewed in 2004 subject to the progress of outsourcing bankruptcy cases to PIPs.

6. The Committee noted that the Bankruptcy (Amendment) Bill 2003 was introduced into the Legislative Council on 10 December 2003. One of the objectives of the Bill is to enable the Official Receiver to outsource bankruptcy cases to PIPs in specified circumstances. A bills committee was formed to examine the Bill.

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7. The Committee wishes to be kept informed of further developments on the subject including:

- the promulgation of guidelines on liquidator's remuneration for PIPs; and
- the other recommendations of the consultancy study and the issues of fees and cost recovery rates in relation to insolvency cases.

8. **Control of obscene and indecent articles by the Television and Entertainment Licensing Authority** (paragraphs 11 to 12 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

- the review by the Commerce, Industry and Technology Bureau (CITB) and the Television and Entertainment Licensing Authority (TELA) of the Control of Obscene and Indecent Articles Ordinance (COIAO) was still in progress. Though the TELA had yet to complete the review exercise, it had continued to step up enforcement work under the COIAO and actively enhanced its public education programme to strengthen the community against obscene and indecent articles; and
- one recent initiative was to sponsor the Hong Kong Internet Service Provider Association to launch the voluntary Internet Content Rating Scheme (ICRS) in Hong Kong whereby website operators could conduct self-assessment in respect of the content at their websites and then obtain the ICRS labels. Parents could freely download the ICRS filters so that their computers could only surf those websites with the ICRS labels. This would help parents select healthy Internet material for their children without affecting freedom of expression.

9. The Committee wishes to be kept informed of the progress of the review of the COIAO by the CITB and the TELA.

10. **The provision of government wholesale food markets** (paragraphs 18 to 20 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

Development of the Cheung Sha Wan Wholesale Food Market Complex Phase II Project

- the Administration was still reviewing other options of developing the Phase II site for wholesale market purpose. It would continue to keep the Panel on Food Safety and Environmental Hygiene informed of the development; and

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Progress on exploring the possibility of maximising the utilisation of the Western Wholesale Food Market site

- the Administration expected to complete the review on the need for and the development timetable of individual projects, including the reclamation of the Western District, under planning in the latter part of 2003.

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

- the development of the Cheung Sha Wan Wholesale Food Market Complex Phase II Project; and
- exploring the possibility of maximising the utilisation of the Western Wholesale Food Market site.

12. **Monitoring of charities: fund-raising and tax allowances** (paragraphs 25 to 26 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

- the Administration had continued to strengthen administrative controls over charitable fund-raising activities, to enhance their transparency and accountability. Since August 2003, the Social Welfare Department (SWD) had been conducting public consultation on a new proposed mechanism to help monitor charitable fund-raising. Under the new proposed system, the SWD would draw up a Reference Guide on Best Practices for conducting charitable fund-raising activities, covering donors' rights, fund-raising practices and accounting/auditing requirements to meet standards of transparency and public accountability. Charities which voluntarily undertook to comply with the Reference Guide might apply for listing in a Public Register for public inspection/information. Substantiated complaints against listed charities for contravening the Reference Guide would lead to removal of their names from the Public Register. This system was scheduled to be implemented by the end of 2004; and
- the 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.

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

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14. **Relocation of the General Post Office** (paragraphs 29 to 30 of Part IV of P.A.C. Report No. 39). The Committee was informed that in view of the changes in circumstances, the Administration had re-assessed the cost-benefits of the project for the relocation of the General Post Office (GPO). Taking into account the current market conditions and the much-reduced plot ratio of the site, the expected proceeds from sale of the GPO site would not be sufficient to cover the costs for reprovisioning the facilities elsewhere. The project, which included the relocation of the GPO's offices and plants, its Counter/Post Office Box Sections and its Delivery Office, was therefore no longer economically viable and had to be abandoned.

Further developments

15. The Committee considered that as market conditions changed, the price of land would fluctuate. Whereas the expected proceeds from sale of the GPO site in the current economic situation might not be sufficient to cover the reprovisioning costs, the price of the site might rise when the economic situation improved. If the project was abandoned now, the Administration might not be able to seize the opportunity to dispose of the site when the land price rose in future. The Committee therefore asked about the costs and benefits of the relocation of the GPO, as assessed by the Administration in arriving at the conclusion that the project was no longer economically viable.

16. The **Acting Government Property Administrator** responded, in his letter of 15 January 2004 in *Appendix 4*, that:

- the recommendation made by the Director of Audit in his Report No. 31 was that the GPO should be relocated to low value areas in order to release the existing GPO site in Central District (the Site) for redevelopment. It was the assumption then that the Site should have a plot ratio of 15 by comparison to nearby commercial/office developments. The Administration agreed with the recommendation and proceeded to take on the Relocation Project. Several reprovisioning options were considered;
- with time and efforts, an approach emerged that the GPO would need to be reprovisioned to three locations. The plan was to reprovision the GPO Headquarters and the Sorting Centre to a site in Chai Wan (Location One); the Delivery Office to a site zoned for government, institution or community use in Sai Ying Pun (Location Two); and the Counter and PO Box Sections to a commercial premises in Central District (Location Three). In order to fully utilise the site potential of the Chai Wan site, the Water Supplies Department (WSD) was identified to be another major joint-user in the project with the benefit of releasing WSD's under-developed site (zoned for commercial use) in North Point for sale;

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- the costs and benefits analysis (CBA) conducted in October 2002 for the Relocation Project (in the Attachment to his letter) showed that the aggregated cost of the three reprovisioning items was \$2,174 million. Together with the aggregated land cost of \$59 million for the sites and other miscellaneous costs, the total costs therefore would amount to \$2,233 million. On the benefits side, the relocation exercise would enable the release of three sites for redevelopment (i.e. two Hong Kong Post (HKP) sites and one WSD site). Rental savings would also be achieved by de-leasing some leases. The aggregated value of the three sites was estimated to be in the region of \$1,601 million. The total costs over the benefits as demonstrated in the CBA would be \$632 million, if the rental savings of about \$13 million per annum to HKP were to be excluded in the computation. (Note : Even if the rental savings of \$13 million were to be capitalised and taken into account, the capital costs would still exceed the benefits by \$479 million.);
- the main reason for undertaking the Relocation Project was that the Site was much under-utilised. In 2000, however, the land use planning of the Central District was comprehensively reviewed. As a result, the Site was included as part of a Comprehensive Development Area and subject to a height restriction of 50m above principle datum on the approved Central District (Extension) Outline Zoning Plan. The new planning criteria drastically reduced the plot ratio of the Site from 15 to about 3.6 only (representing a substantial reduction of 76%). In the meantime, the property market continued to fall and the updated estimate of capital value of the Site had to reflect the market reality; and
- having conducted the CBA, the Administration critically reviewed the position and decided to abandon the Relocation Project because there was no economic case to proceed further. It was then considered that even if the property market would rebound in future, the land sale proceeds might not cover the reprovisioning costs, given that the plot ratio had been reduced by 76%. Should there be positive change(s) in circumstances, the Administration would be prepared to review the position and assess if an economic case could be established.

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17. **Recoverability of the outstanding advances to the United Nations High Commissioner for Refugees** (paragraphs 31 to 32 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

- the Administration had continued to urge the United Nations High Commissioner for Refugees (UNHCR) to make renewed efforts to look for donations from other countries with a view to settling the amount of outstanding advances, which remained at \$1,162 million as at 30 September 2003. When the UNHCR Head of Desk, Bureau for Asia and the Pacific, accompanied by the Regional Representative for China and Mongolia visited Hong Kong in August 2003, the Secretary for Constitutional Affairs and the Deputy Secretary for Security reiterated during the meetings with them that Hong Kong community at large still expected recovery of the outstanding advances; and
- the Administration would continue to pursue early repayment of the outstanding advances.

18. The Committee wishes to be kept informed of the action taken by the Administration in pressing the UNHCR to repay as soon as possible the outstanding advances to the Government of the Hong Kong Special Administrative Region.

19. **Footbridge connections between five commercial buildings in the Central District** (paragraphs 33 to 34 of Part IV of P.A.C. Report No. 39). The Committee was informed that the owner of Building II had advised that because of the structural problems for Footbridge A to be built at a skewed angle, the Footbridge A alignment proposed by the owner of Building I was not acceptable. The owner of Building II would continue to explore possible options for the construction of Footbridge A with the owner of Building I.

Further developments

20. The Committee asked the Administration to provide a detailed account of:

- the current problems faced by the owners of Buildings I and II regarding the construction of Footbridge A;
- whether the owners of Buildings I and II are considering any other option(s) for constructing Footbridge A and if so, details of the option(s); and
- the possibility of successfully constructing Footbridge A, in the

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Administration's assessment.

21. The **Secretary for Housing, Planning and Lands** responded, in his letter of 20 January 2004 in *Appendix 5*, that:

- the owner of Building I had indicated that its building was not designed to take up the additional load arising from Footbridge A. This meant that if Footbridge A was to be connected to Building I, strengthening work (with cost implications) to the Building was required. The owner of Building I had indicated that it would not bear the costs for such work and its future maintenance. The owner of Building II did not agree that it should bear such costs;
- since the last report to the Committee, the owner of Building II had submitted a new footbridge proposal. The owner proposed to construct a footbridge which would cross Queen's Road Central, stopping immediately in front of Building I but would not link to the mezzanine floor (M/F) of Building I. Instead, staircases and lifts were proposed to take pedestrians from the Footbridge onto the street. This proposal, not requiring the consent of the owner of Building I, was found not acceptable because it would cause obstruction to the pedestrian flow at Queen's Road Central and could not achieve the original intention of linking up the two buildings; and
- there was no more new proposal from the owner of Building II. To facilitate the construction of Footbridge A, the Lands Department was exploring the feasibility of an alternative proposal of linking Building II with the southeast corner of Building I at its M/F. It would require column supports at the pavement on both sides of the Queen's Road Central. The Lands Department was consulting relevant departments on this alternative. The Administration would report the outcome of the deliberation to the Committee in due course.

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

23. **The use of energy-efficient air-conditioning systems in Hong Kong** (paragraphs 35 to 38 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

- the consultancy study for the implementation of water-cooled air-conditioning system (WACS) in Wanchai and Causeway Bay was

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scheduled for completion by end 2003. The two consultancy studies for the implementation of District Cooling Scheme (DCS) in South East Kowloon Development (SEKD) and for the territory-wide implementation of WACS were substantially completed;

- the consultancy study for the implementation of DCS in SEKD found the project technically viable. However, its financial viability was sensitive to the overall service subscription rate, the pace of development of SEKD, as well as the land related costs. The consultancy study for the territory-wide implementation of WACS had examined three schemes, namely, DCS, Central Seawater Scheme and Cooling Tower Scheme. It concluded that DCS could not co-exist with the Central Seawater Scheme and DCS was more energy-efficient and cost-effective. However, DCS could co-exist with Cooling Tower Scheme. Subject to adequate capacity of the water supply infrastructure and proper design, operation and maintenance of cooling towers, the study recommended to allow the use of fresh water for cooling towers. The study also identified a list of zones in which implementation of DCS might be financially viable. The Administration had presented the findings of the two studies to the Energy Efficiency and Conservation Sub-committee and the Panel on Environmental Affairs between December 2002 and July 2003. The majority of members supported in principle the findings of both studies;
- the Electrical and Mechanical Services Department (EMSD) had posted the executive summaries of both studies in the EMSD's website for public consultation, including the major stakeholders. The majority of comments received during the consultation period February to April 2003 supported the proposed DCS in SEKD in principle. The consultation of the consultancy study for the territory-wide implementation of WACS was underway and would end in November 2003. The Administration would consider the recommendations of the consultancy studies as well as comment and/or feedback received when the consultation had been completed;
- the Administration had introduced a pilot scheme, under the management of the EMSD, in 2000 to allow the use of fresh water in evaporative cooling to improve the energy efficiency of the air-conditioning systems of non-domestic buildings. The Administration had further expanded the scheme to cover 54 areas in August 2003. The Administration had received 48 applications and 33 of them had been approved in principle, covering about 1.5 million square metres of floor area. The estimated annual savings in electricity would be about 17.5 million kilowatt-hours. Seven installations had been completed and commissioned;

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- further to the completion of the first phase of inspection programme of all the existing cooling towers in October 2002, the EMSD had started the second phase of the programme in November 2002 to review the conditions of cooling towers found to be in poor conditions and to collect water samples for testing from those cooling towers from which samples could not be obtained in the first phase. It was anticipated that about 4,000 water samples would be collected for testing up to early October 2003;
- as a continuation of the 2002 large-scale clearance exercise to remove potentially dangerous and unauthorised appendages on external walls of buildings, including cooling tower supporting structures, the Buildings Department (BD) targeted at another 1,000 buildings in 2003. Up to September 2003, about 650 cooling towers supporting structures had been removed. The BD would prosecute defaulters for non-compliance with removal orders after the necessary warnings. It was estimated that 200 to 300 potentially dangerous cooling towers supporting structures erected outside commercial and industrial buildings would be removed each year; and
- the Administration would keep the Committee informed of the findings and recommendations of the three consultancy studies, the latest development of the pilot scheme on allowing the use of fresh water for WACS in non-domestic developments and the way forward on how to ensure proper design, operation and maintenance of cooling towers.

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

25. **Administration of allowances in the civil service** (paragraphs 39 to 40 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

- the Administration had completed the review of job-related allowances (JRAs) payable to around 6,700 staff, involving an annual expenditure of \$46 million. As a result, the Administration had ceased certain allowances that were considered no longer justified because of changing circumstances, and had identified areas of improvements (e.g. tightening up payment criteria) for some others. The Administration estimated that the annual savings achievable were around \$17 million, representing 37% of the annual expenditure on JRAs under review;

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- in respect of the allowances which were approved for continued payment, they were subject to review within a specified time-frame of not exceeding two years. This served to ensure that payment of all JRAs was justifiable and appropriate in the prevailing circumstances;
- there were a number of Hardship Allowances which were payable for performing duties such as cleansing, drainage/sewer cleaning and handling of waste, blood or dead bodies. The annual expenditure of these allowances was around \$74 million. Due to the Severe Acute Respiratory Syndrome crisis, front-line staff engaged in these duties were facing much more arduous situation. Moreover, the Government was committed to establishing and promoting a sustainable, cross-sectoral approach to improve environmental hygiene in Hong Kong. Whether and how the nature of work and workload involved for these staff concerned might be affected were uncertain at that stage. In the light of these circumstances, and taking into account views expressed by front-line staff, the Administration had decided to defer the review of these allowances in question by six months (i.e. up to 30 November 2003). These allowances would be reviewed critically before the end of the extended period to ensure that only justified allowances would continue to be paid; and
- as regards the JRAs payable to disciplined services grades, the Administration intended to introduce a similar arrangement as that applicable to the civilian grades. In other words, in future, the continued payment of all JRAs would be subject to approval by the Civil Service Bureau on a time-limited basis having regard to the recommendation of the concerned bureaux/departments and, where applicable, review and re-approval by the end of the specified period. The Administration was discussing with the disciplined services departments details of the framework for the future review and monitoring mechanism.

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

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27. **Water purchased from Guangdong Province** (paragraphs 41 to 42 of Part IV of P.A.C. Report No. 39). 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

- pursuant to discussions at the Operation and Management Technical Sub-group Meeting held in March 2003, the Administration had obtained agreement from the Guangdong Authority to maintain a certain degree of flexible supply arrangement. As a result, from January to September 2003, the Administration had achieved savings of about HK\$4.4 million in pumping costs through reduced delivery of Dongjiang water to impounding reservoirs. The Administration would maintain close liaison with the Guangdong Authority for further flexible supply arrangements to suit Hong Kong's prevailing reservoir storage position. It would further negotiate with the Guangdong Authority for more flexibility in the medium and long-term supply arrangements, and more favourable terms in future agreements;

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

- data of the quality of Dongjiang water at Taiyuan Pumping Station provided by the Guangdong Authority indicated the continual compliance with the Environmental Quality Standard for Surface Water, Type II standard of GB3838-88. With the commissioning of the entire closed aqueduct in June 2003, Dongjiang water supplied to Hong Kong bypassed all the pollution sources along the open channel. There had been a noticeable improvement in the quality of Dongjiang water received in Hong Kong;

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

- the Administration continued to closely monitor the quality of Dongjiang water supplied to Hong Kong, and kept in view progress of the works of the Guangdong Authority in protecting Dongjiang water quality, particularly the "Guangdong Green Water Improvement Scheme";

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- the Guangdong Authority continued to provide the Water Supplies Department (WSD) with data on the quality of Dongjiang water near Taiyuan Pumping Station for publication annually at the WSD's website. The latest data published in May 2003 demonstrated that the water quality in 2002 continued to comply with the Type II standard of GB3838-88. Starting from 2003, the Guangdong Authority regularly published in the website of the Guangdong Provincial Bureau of Environmental Protection information concerning water quality of reservoirs, including Xinfengjiang, and different cross sections of major rivers, including Dongjiang. With the Administration's continued urge for more Dongjiang water quality data, the Guangdong Authority had agreed to consider the request, taking into account the latest national and provincial policies on release of water quality data; and

Monitoring actions with regard to the quality of Dongjiang water received at Muk Wu Pumping Station

- the stringent monitoring of water quality on Dongjiang water received at Muk Wu Pumping Station was a continuous exercise and included testing on the physical, chemical and microbiological parameters. The results were available to the public at the WSD's website and had been updated twice a year since end 2002.

28. The Committee wishes to be kept informed of:

- the Administration's further efforts to negotiate with the Guangdong Authority for more flexibility in the medium and long-term supply arrangements, and more favourable terms in future water supply agreements; and
- the progress of the works of the Dongjiang Water Quality Protection Special Panel under the Joint Working Group on Sustainable Development and Environmental Protection in protecting Dongjiang water quality, with a view to ensuring that the quality of Dongjiang water supplied to Hong Kong meets the Environmental Quality Standard for Surface Water, Type II standard of GB3838-88.

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29. **Interdiction of government officers** (paragraphs 43 to 44 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

Review of the disciplinary procedures practised in the Police Force

- the Police Force management was considering the recommendations of the working group formed to review the Police Force's discipline system. The Administration would inform the Committee of the outcome in due course; and

Stoppage of salary on the date of conviction

- the Administration was reviewing the issue of amending section 37(4) of the Police Force Ordinance to stop payment of the salary of an interdicted officer with effect from the date of conviction (as opposed to the following day). The Administration would inform the Committee of the outcome in due course.

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

31. **Employees Retraining Scheme** (paragraphs 45 to 48 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

- the Employees Retraining Board (ERB) had conducted a job retention survey in March 2003. The results indicated that 67% of the retrainee graduates surveyed remained in employment six months after placement. The ERB would continue to further improve the post-training follow-up services to enhance the employability of retrainee graduates. Another job retention survey was conducted in June 2003; and
- the ERB would continue to take follow-up action as one of its on-going and regular activities.

Further developments

32. In response to the Committee's enquiry, the **Executive Director of the ERB** advised, in his letter of 7 January 2004 in *Appendix 6*, that the results of the job retention

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survey conducted in June 2003 indicated that 66% of the retrainee graduates surveyed remained in employment six months after placement. Two other job retention surveys had also been conducted in September and November 2003, with retention rates of 68% and 66% respectively. The next survey was planned to be conducted in February 2004.

33. **Construction of two bridges** (paragraphs 49 to 52 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

- the Administration consulted the industry again between October and December 2002 on a proposal involving a six-month sanitisation period following the settlement of dispute or arbitration award. The Administration had proposed that during the sanitisation period, the private contracting party could withhold consent to the release of commercially-sensitive information. After the sanitisation period, the Administration would inform that party before any disclosure to the Committee and that party might request to have the commercially-sensitive information disclosed on a confidential basis. If the Administration considered the request legitimate, the Administration would refer it to the Committee to decide whether the subject matter should be discussed in confidence;
- the industry reiterated its objection to the disclosure of any confidential information concerning mediation and arbitration settlements. However, having considered the need to strike a balance between public interest and contract confidentiality, the Administration informed the industry that the Government would proceed with the proposal; and
- the Environment, Transport and Works Bureau had issued a technical circular making provisions in new construction contracts and consultancy agreements to allow the Government to disclose confidential information to the Committee under certain conditions. A copy of the technical circular is provided in the **Secretary for the Environment, Transport and Works'** letter of 13 January 2004, in *Appendix 7*.

34. **Review of the Hong Kong Sports Development Board** (paragraphs 55 to 57 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

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

- the Home Affairs Bureau was still awaiting the SDB's comments on the

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review report on the remuneration packages of SDB staff;

Utilisation of SDB's sports facilities

- on 8 July 2003, the Government announced the outcome of the Sports Policy Review which included a new sports administrative structure and a decision to dissolve the SDB and to reconstitute the Hong Kong Sports Institute (HKSI) on 1 April 2004. The redevelopment/upgrading of the SDB/HKSI facilities would be dealt with by the Government and the reconstituted HKSI after April 2004;

Contracting out of SDB's services

- in the new sports administrative structure, the HKSI would be reconstituted as an incorporated body on 1 April 2004. The SDB had decided that unless absolutely necessary, no new initiatives straddling the next financial year should be undertaken, so as to avoid pre-empting the reconstituted HKSI. Further contracting out initiatives would be contemplated by the reconstituted HKSI after it was established; and

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

- under the new sports administrative structure, the management of the Sports House and grants to the NSAs would revert to the Government after the dissolution of the SDB on 1 April 2004. The SDB would forward all the proposed improvement measures on funding policy to the Government for consideration.

35. The Committee noted that the Hong Kong Sports Development Board (Repeal) Bill was introduced into the Legislative Council on 26 November 2003. The Bill seeks to repeal the Hong Kong Sports Development Board Ordinance, to close the Hong Kong Sports Institute Trust Fund, and to dissolve the SDB and the Hong Kong Sports Institute Trust Fund Committee of Trustees established under the Ordinance. A bills committee was formed to examine the Bill.

36. The Committee wishes to be kept informed of the development in the implementation of the new sports administrative structure and the reconstitution of the HKSI.

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37. **Provision of legal aid services** (paragraphs 64 to 65 of Part IV of P.A.C. Report No. 39). The Committee was informed that:

Some measures to contain the costs of Legal aid

- the final evaluation report on the Pilot Scheme on Family Mediation, commissioned by the Judiciary and undertaken by The Hong Kong Polytechnic University, was completed in September 2003. The Steering Committee on the Pilot Scheme on Family Mediation discussed the report in early February 2004 but had yet to take a position on the recommendations contained therein. At the request of the Committee, the Judiciary had provided a copy of the report for the Committee's reference;
- the Administration would take account of the evaluation report, as well as the outcome of the consultation conducted by the Judiciary on Civil Justice Reform initiatives, in exploring the viability to use mediation to resolve disputes as a condition for receiving legal aid. The Director of Administration would consult the Legislative Council on the way forward in due course;

Means test

- as part of the continued effort to maintain the standard and consistency of means testing work, the Legal Aid Department (LAD) arranged in September 2002 three more workshops on means assessment and two experience-sharing sessions in April 2003 for its staff;
- the LAD had continued to conduct home visits in order to verify the information provided by the applicants regarding their means. Between August 2002 and March 2003, the LAD carried out some 80 more home visits in respect of both doubtful cases and cases selected on a random basis;
- conducting workshops/experience-sharing sessions and home visits had become standard practices of the LAD;

Performance indicators and overarching strategic planning

- the LAD had published its strategic plan in the Department's 2001 Annual Report, and would publish an updated strategic plan in the 2002 Annual Report (planned for publication in June 2003), and would also upload the plan onto its website. Besides, the Department had developed a number of new efficiency and effectiveness performance indicators which would also be

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published in the 2002 Annual Report; and

- the LAD would update the strategic plan and develop appropriate performance indicators on an on-going basis.

38. The Committee wishes to be kept informed of:

- the Judiciary's position on the recommendations in the final evaluation report on the Pilot Scheme on Family Mediation; and
- the viability of using the family mediation service to resolve disputes as a condition for receiving legal aid.

39. **Residential services for the elderly** (Chapter 1 of Part VII of P.A.C. Report No. 39). The Committee was informed that:

Supply of purpose-built Residential Care Home for the Elderly (RCHE) premises

- the Government announced in July 2003 a new scheme to encourage provision of purpose-built RCHE premises in new private developments. Under the scheme, eligible RCHE premises would be exempted from payment of premium in respect of land transactions relating to lease modification, land exchange and private treaty grant as long as the developers were willing to accept incorporation of certain lease conditions so that control measures to ensure the delivery of RCHE premises could be imposed;
- as at September 2003, contracts for six RCHEs were awarded providing 574 subsidised and 283 non-subsidised places;

Developing an accreditation system for RCHEs

- the two-year pilot project on the development of an accreditation system for RCHEs in Hong Kong, conducted by the Hong Kong Association of Gerontology (HKAG), had been implemented on schedule for completion by mid-2004. In light of the experience gained in phase one of the pilot exercise, the HKAG had proceeded to the second phase of the pilot exercise involving 29 RCHEs from non-governmental organisations (NGOs) and the private sector in order to refine the accreditation instrument;

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Further actions taken to reduce disparity in waiting time for admission to a subvented care and attention home and a bought-place home and to ensure that level of services provided at bought-place homes is comparable to that at subvented homes

- in the recent purchase exercise for Enhanced Bought Place Scheme (EBPS) places for 2003-04, the Social Welfare Department (SWD) had increased the required percentage of trained care workers from 50% to 75%;
- the exercise of phasing out Bought Place Scheme (BPS) places and upgrading BPS places to EBPS level was implemented as scheduled for completion in 2003-04;
- the two-year pilot project on Service Quality Group for contract and EBPS homes in Central and Western district and Kowloon City district originally planned to be implemented in mid-2003 was deferred due to the outbreak of the Severe Acute Respiratory Syndrome (SARS). The SWD planned to launch the project by end-2003;

Phasing out subsidised Home for the Aged (HFA) places

- the SWD had completed a review of the cases on the waiting lists for self-care hostel and HFA places to ascertain the genuine welfare needs of the elders concerned and match these elders to appropriate services. As at 15 August 2003, the number of elders on the waiting lists for self-care hostel and HFA places was 3,166, which represented a drop of 43.5% from the figure in end-December 2002. The drop was attributed to applicants' withdrawal of applications during case review with alternative support provided as needed;

Implementing work plan on provision of subsidised long-term care services and actions taken to address problem of allocation of resources between the Hospital Authority (HA) and SWD regarding the provision of infirmary care

- the SWD had proceeded to the final stage of upgrading its computer system to facilitate implementation of a centralised registration system for both residential and community care services provided under the social welfare system;

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- since April 2003, the upgraded centres including District Elderly Community Centres and Neighbourhood Elderly Centres had been providing expanded functions such as carer support service, promoting lifelong learning and healthy ageing, volunteer movement, etc. to serve elders and carers living in the community. As for home-based service, 1,120 places had been created in the new Integrated Home Care Services Teams to serve frail cases by providing enhanced care and services to those who were assessed to be at moderate or severe levels of impairment but chose to age in the community;
- the SWD had so far awarded contracts for six RCHEs providing a total of 574 subsidised and 283 non-subsidised places;
- in the context of the review on provision of infirmary beds, the Administration was examining in conjunction with the HA, SWD and Department of Health (DH) the experience gained in the temporary transfer of infirm elderly patients who were medically stable from hospitals to RCHEs operated by NGOs during the SARS outbreak. The experience gained would assist the Administration in the deliberation on providing infirmary service in a non-hospital setting;

Progress of implementing Audit's recommendations on monitoring of health care services of RCHEs

- as of September 2003, the SWD had offered 1,100 training places for health workers; 1,440 out of 2,160 multi-skilled training places for care workers with resources secured for 2001 to 2005; and 780 out of 1,440 training places on dementia for staff of RCHEs with resources secured for 2002 to 2006. On first aid certificate training, 1,200 training places were provided for staff of RCHEs from 2000 to 2003, which was over the planned target of 1,080 places; and
- the DH and SWD had strengthened liaison in providing support to RCHEs during the SARS outbreak. Measures included issuance of guidelines to and arrangement of special talks for RCHEs on infection control and isolation measures as necessary; distribution of protective materials and conduct of visits to provide on-the-site support, advice and counselling. Protocols had been introduced to ensure efficient information flow and effective working relationship among the DH, SWD and HA.

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

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subject.

41. **The Customs and Excise Department's efforts to protect government revenue from dutiable commodities** (Chapter 2 of Part VII of P.A.C. Report No. 39). The Committee was informed that:

Preventing, detecting and deterring abuses of cigarette duty-free concessions

- the Customs and Excise Department (C&ED) continued with its stringent enforcement actions to detect and deter abuses of cigarette duty-free concessions by incoming passengers. With the aid of the new verification mechanism, the C&ED's stepped-up inspections on incoming passengers had yielded successful enforcement results;
- the C&ED had installed computer workstations at Lowu Control Point, Lok Ma Chau Control Point and Hong Kong-Macau Ferry Terminal to enable Customs officers to conduct verification on returning Hong Kong residents efficiently on their eligibility for cigarette duty-free concessions. It was planning to install computer workstations at all other control points by June 2004;
- during the period from April to July 2003, there was a monthly average of 5,337 passengers declaring possession of excessive duty-free cigarettes — an increase of 103% when compared to 2,624 in January 2003. There was also a monthly average of 99 incoming passengers arrested for bringing in undeclared excessive duty-free cigarettes — an increase of 160% when compared to 38 in January 2003. Passengers declaring possession of excessive duty-free cigarettes either paid duty or gave up the excessive cigarettes while passengers caught not having declared excessive duty-free cigarettes were prosecuted or fined under the compounding scheme;
- the C&ED would conduct a trial scheme on “Red and Green Channels” as an additional measure to assist Customs officers in detecting incoming passengers not declaring possession of excessive quantities of duty-free cigarettes and liquors;
- the new verification procedures and revised licence conditions for the Duty Free Shop (DFS) had proved to be effective. The C&ED would continue to monitor the sales activities of the DFS closely. The C&ED regularly conducted surprise checks on the DFS and found no irregularity. The licensee of DFS also had not expressed any problem in complying with the revised licence conditions;

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- the C&ED would continue with the above measures and closely monitor their effectiveness in preventing passengers from bringing in an excessive number of duty-free cigarettes illegally;

Combating illegal vehicle refuelling activities

- with the C&ED's stringent enforcement efforts, the problem of illegal vehicle refuelling activities had been kept under control;
- the C&ED was studying the UK's "Registered Dealers in Marked Oil System" and examining the feasibility of adopting a similar system in Hong Kong to prevent the illicit use of marked oil;

Managing the risk of illicit transfers of Mainland diesel

- between April and July 2003, the C&ED conducted three territory-wide fuel tank checks operations. As a result, 381 vehicles were checked and no vehicle was found using suspected Mainland diesel;
- in the same period, the C&ED also conducted spot checks on the fuel tanks of 5,701 incoming vehicles at control points. 58 vehicles (1% of 5,701 vehicles) were found to have brought in a total of 2,710 litres of diesel in excess of the duty-free concessions, representing an average of only 46 litres of excessive diesel in each case. Out of the 58 cases, three cases led to subsequent prosecutions while duty was recovered in the other 55 cases;
- the C&ED would continue to monitor the situation and would step up enforcement actions whenever necessary;

Implementation of the Open Bond System (OBS)

- the OBS had been running smoothly since its implementation on 1 April 2003 and no anomaly had been detected so far. Between April and July 2003, the C&ED conducted surprise supervision on average on 12% of loading and unloading of dutiable commodities activities. No sign of revenue fraud was detected. The C&ED would continue to flexibly deploy its resources to closely monitor the situation, in particular of those high risk traders;
- in July 2003, the Independent Commission Against Corruption and the C&ED started the post-implementation reviews on the OBS. Results of the

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reviews were pending;

Customs control of river trade vessels

- the C&ED was now able to use the enhanced Customs Control System and the Marine Department (MD)'s River Trade Cargo Vessel Port Formality System to conduct risk assessment in the selection of river trade vessels for Customs actions. During April to July 2003, the C&ED referred two cases of non-compliance with the pre-arrival notification requirement to the MD for follow-up actions. The C&ED would continue to conduct risk assessment and refer cases to the MD for follow-up action when necessary;

Monitoring and performance measurement

- according to intelligence, the black market situation of illicit cigarettes remained stable in the past few months. The C&ED would continue to combat illicit cigarettes at all levels through flexible deployment of resources and constant revision of enforcement strategy; and

Customs audits of oil companies

- the post-implementation reviews on the OBS were in progress. The C&ED would study the applicability of the system-based approach in auditing oil companies in the light of the results of the reviews.

42. The Committee wishes to be kept informed of:

- the progress made by the C&ED in combating illegal vehicle refuelling activities, managing the risk of illicit transfers of Mainland diesel, implementing the OBS and adopting the system-based approach in customs audits of oil companies; and
- the development of the C&ED's trial scheme on "Red and Green Channels" as an additional measure to assist Customs officers in detecting incoming passengers not declaring possession of excessive quantities of duty-free cigarettes and liquors.

43. **Special Finance Scheme for small and medium enterprises** (Chapter 3 of Part VII of P.A.C. Report No. 39). The Committee was informed that all government guarantees under the Special Finance Scheme (SFS) had expired. The Treasury was now processing and reviewing claims for compensation with the assistance of the Department of

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Justice and the Hong Kong Monetary Authority as necessary. As at 23 October 2003, 702 claims involving a total of \$296 million had been settled. Another 1,056 claims involving a total of \$122 million were being processed.

44. The Committee wishes to be kept informed of further progress and the result of the Treasury's review of the remaining claims for compensation under the SFS.

45. **Small house grants in the New Territories** (Chapter 4 of Part VII of P.A.C. Report No. 39). The Committee was informed that:

Implementation of the small house policy

- the Administration was continuing with its deliberations on the various issues relating to the small house policy with a view to identifying initial options for further consultation with stakeholders;
- the discussion with the Heung Yee Kuk (HYK) on the proposed across the board three-year moratorium on assignment of small houses continued. The HYK maintained its stance against any moratorium. The Administration would continue to discuss the way forward with the HYK;

Checking of indigenous villagers' status

- the Lands Department (Lands D) had formulated new procedures for checking indigenous villagers' status and would implement them at the earliest opportunity after completing consultation with the HYK; and

Processing of small house grant applications

- the Lands D had amended the wordings in the 2003 performance pledge and removed the ambiguity and inconsistency of wordings used in the performance pledge and the information leaflet. The Lands D had prepared a draft 2004 pledge which reflected the time taken by the Department to process the applications having regard to the steps that were within the control of the Department. The Lands D was consulting the HYK on the change. When the pledge had been finalised, the Lands D would also amend the Lands Administration Office Instruction in respect of the waiting time and the processing time for small house applications.

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46. The Committee urges the Secretary for Housing, Planning and Lands to expedite the pace of the deliberations on the various issues relating to the small house policy and the discussion with the HYK on the proposal to introduce a moratorium on small house assignments.

47. The Committee wishes to be kept informed of the progress of the review of the small house policy, the discussion with the HYK and the various courses of action taken by the Administration.

48. **Primary education - Planning and provision of primary school places** (Chapter 5 of Part VII of P.A.C. Report No. 39). The Committee was informed that:

Planning and provision of public-sector primary school places

To explore measures to address the problem of expected serious excess supply of school places

- in case of “over-provision” in individual districts, the Education and Manpower Bureau (EMB) would make use of the opportunity to upgrade the quality of primary education, by phasing out schools in sub-standard school buildings and schools with low enrolment. In the 2003-04 school year, a total of 51 schools had ceased operating Primary One (P1) classes due to low intake in the allocation exercise. Many of these schools were in sub-standard school buildings;

To review the school building programme

- the EMB completed a review in the last quarter of 2002, resulting in dropping a total of 14 school projects. For existing schools, the EMB would launch a rolling programme from 2003-04 school year onwards to re-provision or redevelop schools which were substantially below present-day standards, subject to the availability of both funding and land resources. The EMB would continue to conduct critical reviews of the school building programme on an on-going basis with reference to the latest population forecast and the need for re-provisioning and redeveloping existing schools;

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To consult parties concerned regarding the revised criteria for operating P1 classes

- after collecting views from the Subsidised Primary Schools Council and other concerned parties, the EMB had informed aided and government primary schools of the revised criteria and associated arrangements in writing in January and March 2003. Application of the tightened criteria for approving the operation of P1 classes (i.e. 23 pupils or more) had already started from the 2003-04 school year. In addition, the EMB would keep the number of unfilled P1 places in each school net below the size of one class as far as possible, except for nets with an indication of a larger than usual in-year student influx;

Enrolment and class size

To ensure compliance with standard class size

- the EMB had advised all schools concerned to observe the standard class size when admitting new applicants. The EMB considered it counter-productive to strictly prohibit schools from any over-enrolment as these schools were popular and generally offered better quality education. The EMB would continue to closely monitor the enrolment of the schools;

Progress of the study on small class teaching

- the EMB presented the paper on the design of the Study on Effective Strategies of Small Class and Group Teaching in Primary Schools to the Panel on Education in May and June 2003. The Study started in July 2003 with a questionnaire survey on the existing practices of small class and group teaching in primary schools. The EMB would revert to the Panel on Education in early 2004 to report the preliminary findings of this survey. Interim reports would be produced in late 2004 and late 2005. The Study would be completed by 2006;

School Improvement Programme (SIP)

To explore ways to make use of the vacant classrooms temporarily, pending full implementation of whole-day primary schooling

- where situation allowed, the vacant classrooms might be considered for accommodating students from schools which needed to be temporarily

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decanted for in-situ redevelopment, or for advance opening of new schools where there was a demand. For instance, the advance opening of LST Leung Kau Kui Primary School in September 2003 was realised by making use of vacant classrooms of another school in the same district;

To re-examine the SIP plans for schools which had many vacant classrooms and, where feasible, convert the existing vacant classrooms into various function rooms, instead of building additional floor areas

- where possible, the vacant classrooms would be converted into other facilities for functional use rather than providing additional floor areas. For example, eight classrooms of St Matthew's Lutheran School would be so converted within the 2003-04 school year. The EMB would continue to liaise with the schools concerned on alternative conversion options;

To shelve the SIP works or reduce the scope of the works to be carried out for schools that would be closed down in the near future, having regard to the remaining life span of the schools concerned

- the EMB had completed a review on the individual projects under the SIP. As a result, nine projects involving a funding of some \$178 million had been deleted from the SIP, in view of the cost-effectiveness consideration and the demand and supply of school places. Except for projects already commenced, the EMB would not conduct the SIP for schools unless there was clear and demonstrable need for their continued operation;

Rural primary schools

- the EMB was reviewing the future development of rural schools which would be completed in early 2004;

Government primary schools

- in Hong Kong East, four half-day government primary schools would be converted into three whole-day schools. Upon completion of this conversion, the number of government primary schools would be reduced by one; and

Primary One Admission (POA) system

- the EMB had taken actions to provide the public with additional information about the POA system starting from the 2003 POA cycle, including the quota

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of discretionary places and the tentative number of places available for central allocation in individual schools for parents' reference, and a quick link to information on the POA system on the front page of the EMB's website to facilitate easy access.

49. The Committee wishes to be kept informed of:

- the progress of the study on small class teaching;
- the progress made by the EMB in phasing out rural schools;
- the outcome of the review of the future development of rural primary schools; and
- the outcome of the review on the role, provision and development of government primary schools.

50. **Primary education - The administration of primary schools** (Chapter 6 of Part VII of P.A.C. Report No. 39 and Chapter 1 of Part IV of P.A.C. Report No. 40). The Committee was informed that:

Strategic planning and financial management

Review of the level of surplus funds of the Operating Expenses Block Grant (OEBG) for aided schools and the Subject and Curriculum Block Grant (SCBG) for government schools, including measures taken to help schools plan the optimum use of the surplus funds, and fundamental review of grants to schools

- the Education and Manpower Bureau (EMB) allowed aided and government schools to retain a surplus of up to 12 months' provision of OEBG and SCBG respectively. The level of surplus was required to provide schools with sufficient capacity for starting school-based initiatives and developing long-term strategies for school development. This was particularly so when, starting from the 2003-04 school year, schools were required to set out their strategic planning in a School Development Plan (SDP) covering normally a period of three years. EMB officers worked in partnership with schools in school development and improvement, including offering advice on the use of surplus funds available under OEBG/SCBG;

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- to ensure more effective use of public funds, the EMB was conducting a review of school subventions with a view to consolidating various grants into lump sum grants, including surplus that schools were allowed to retain for school development purposes. The EMB would consult the school sector in the 2003-04 school year, as well as the Legislative Council in the course of the review. If supported by the parties concerned, the EMB planned to implement the new arrangements in the 2004-05 school year;

Strategic planning and self-evaluation of schools

- school self-evaluation (SSE) had been a key area of concern since the launch of the Quality Assurance (QA) Framework in September 1997. Under the QA Framework, SSE as an internal QA process was complemented by external review including QA inspections and focus inspections. The EMB had since publicised inspection findings annually to raise schools' awareness of the importance of planning and evaluation as key processes of school development work;
- based on the QA Framework, the EMB had developed a School Development and Accountability (SDA) Framework to promote systematic, rigorous and data-driven SSE and to introduce an audit mode of external school review to validate SSE. Such a development was a response to the feedback from the education sector that schools needed further support for SSE in terms of tools, processes and school performance data and that external school review needed to be conducted within a timeframe consistent with a school's development cycle. According to the SDA Framework, planning, implementation and monitoring, evaluation and review were seen as interrelated SSE processes;
- the EMB introduced the SDA Framework to schools in May 2003. Public sector schools were required to strengthen strategic planning for school development. They needed to carry out self-evaluation that entailed setting of targets and success criteria, use of evaluation tools and data, and on-going monitoring and evaluation of school programmes. They also needed to report on their performance annually using school data and to undergo the above-said audit mode of external school review conducted by the EMB in a four-year cycle. An increasing amount of territory data would be generated through this new mode of external review for use by schools to further strengthen their SSE;
- measures to support and strengthen schools' self-evaluation and strategic

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planning included:

Development of tools for SSE

- (a) the EMB would provide schools with the necessary tools, including a common set of key performance measures (KPM) and standard stakeholder survey questionnaires. Both schools and the EMB would use multiple sources of data and make reference to KPM to substantiate judgment on school performance and to gauge schools' progress and determine follow-up actions. A draft set of survey questionnaires was tried out in the pilot external school review in May and June 2003 and was in the process of refinement. The EMB would make all standard stakeholder survey questionnaires available on its Homepage in October 2003 and require schools to administer the surveys annually as part of SSE. The EMB would organise seminars on administration of stakeholder surveys and use of KPM in October/November 2003 to better support schools in this respect;

Training for schools in SSE

- (b) the EMB completed in July 2003 the provision of training in SSE for 100 collegiate schools that would undergo external school review starting from February 2004;

Provision of reference materials on SSE

- (c) the EMB would issue to schools in October 2003 a reference manual on SSE (in CD-ROM format), capturing essential elements of school planning, reporting and performance management with emphasis on use of data and evidences for sustaining school development and improving learning outcomes. The manual would also be made accessible on the EMB Homepage;

Provision of guidelines for schools

- (d) the EMB had made available on its Homepage a set of guidelines, together with templates for drafting school plans and reports, for schools' reference. These would support schools' strategic development planning and direct their attention to the need to manage and report on their performance with use of multiple sources of data;

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Telephone hotlines

- (e) the EMB had set up telephone hotlines to handle schools' enquiries about the SDA Framework, and to advise schools on matters relating to strategic planning and SSE;

Seminars and workshops

- (f) the EMB held a series of experience-sharing seminars and workshops on strategic planning and SSE and external school reviews in June and July 2003 to familiarise schools with the related processes. Relevant materials had been uploaded onto the EMB Homepage for schools' reference; and

"Saturday clinics"

- (g) the EMB would organise consultation service for schools in the form of "Saturday clinics" in support of the implementation of the SDA Framework at the school level every Saturday in November and December 2003 to answer enquiries on external school review. The necessity for continuing the "Saturday clinics" would be reviewed after December 2003;

Use of information technology (IT) equipment in schools

- each school was required to work out its own IT in Education (ITEd) plan containing long-term goals and annual targets with reference to its aims and needs of students. The school then implemented its ITEd plan, monitored progress and conducted annual evaluation. The EMB's Regional Support Section and the ITEd Centres of Excellence conducted school visits on a regular basis to advise schools on ways to put IT infrastructure to good use for learning and teaching purposes. The EMB also published information and best practices on the application of IT in education. It also organised workshops and seminars for teachers to enhance sharing of knowledge and experience on application of IT in key learning areas, developing school plans having regard to the use of IT and implementing collaborative project-based learning, etc;
- the EMB was mapping out the strategic directions for the further development of IT in education in the light of experience gained under the present ITEd strategy and the needs for the future. Under the new strategy,

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it was envisaged that teachers and school heads would be further empowered in integrating IT into classroom learning and teaching. It was also expected that much emphasis would be placed on continuous professional development and increased collaboration between the Government and the private sector in developing and using IT-based education support;

External audit arrangements of aided schools

- in June 2003, the EMB issued to schools in receipt of education subventions a set of guidelines on the engagement of auditors. The guidelines required schools to adopt a competitive selection process when seeking audit services and to agree with their auditors on the terms of audit engagement, which should cover specific requirements laid down by the Bureau regarding the audit of school accounts. They also required the schools to record the agreed terms in an audit engagement letter;

Human resource management

Procedures for the appointment and dismissal of teaching staff in schools

- the EMB reminded aided schools in June 2003 that they should adopt an open, fair and competitive appointment system and should comply with relevant provisions in the Education Ordinance and its subsidiary legislation in the recruitment of teachers. The EMB had also revised, to this effect, the prescribed form used by aided schools for reporting new teacher appointments. If the EMB came across cases of improper teacher appointments through, for example, appointment forms returned from schools, complaints received or school visits/inspections, it would ensure rectification of irregularities and prevent recurrence;
- the Education (Amendment) Bill 2002, which was gazetted on 22 November 2002, aimed to introduce the school-based management (SBM) governance framework to all aided schools. The management committee of an aided school would be required to incorporate under the Education Ordinance within five years after the enactment of the Bill. The sponsoring body of the aided school would be required to submit to the Permanent Secretary for Education and Manpower a draft of the constitution of the proposed incorporated management committee (IMC) for approval;
- the Bill also provided that the IMC constitution should set out the procedures for appointing members of the principal selection committee and the powers of the IMC, which included the power to employ and dismiss teaching staff

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in accordance with the procedures set out in the Education Ordinance, the Codes of Aid and any direction given by the Permanent Secretary for Education and Manpower;

Review of the distribution of school holidays throughout the school year

- the EMB had, with effect from the 2003-04 school year, given schools more flexibility over the number and the distribution of school days to suit the specific needs of students and their circumstances. Instead of continuing the previous practice of specifying the 90 days which school supervisors should normally include in their school holiday list, the EMB had set out the minimum requirements that:
 - (a) all general holidays must be specified as school holidays;
 - (b) the total number of school days in a school year should not be less than 190 days for whole-day schools, or 209 days for bi-sessional primary schools where students had to attend school every alternate Saturday; and
 - (c) the proposed school holiday list must be approved by the School Management Committee (SMC) and had the support of the parents;
- in addition, schools had been advised to consider increasing the number of active school days and to maximise the learning time for students when setting the school calendar for the 2003-04 school year. Possible ways for schools to maximise learning time for students had also been suggested. The EMB would further review the situation in the light of the holiday arrangements of schools for the 2003-04 school year;

Arrangements for the stepping down of senior teachers

- starting from September 2003, redundant senior teachers on stepping down to the basic rank would not be granted any salary increments until they were reinstated to the senior rank;

Outsourcing of janitor services and action taken to improve the cost-effectiveness of janitor services in schools

- the EMB would meet schools councils, associations of school heads and major school sponsors in the 2003-04 school year to request them to assess the costs and benefits of outsourcing their janitor services. The EMB would also continue to encourage schools to recruit multi-skilled janitor staff and provide

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appropriate training opportunities to enrich the job skills of janitors employed;

Procurement procedures and asset management

Procedures in procuring goods and services and in providing procurement services for students and parents

- the EMB conducted seminars in December 2002 to equip school personnel with more knowledge about the principles and rules to be observed in tendering and purchasing and to disseminate best practices relating to corruption prevention. The EMB had also uploaded relevant reference materials onto its Homepage for reference by schools;

Use of school premises by profit-making organisations and schools' arrangements for letting out their premises

- the EMB reminded government and aided schools in June 2003 that as a general rule, no organisation should make use of the facilities in their schools without being charged as this represented a hidden subsidy to the organisation. Clear guidelines for charging were issued to these schools. The nature and the purpose of activities were the criteria for deciding whether hire charges should be levied at the standard or the reduced rate, or whether the accommodation should be provided free. Examples included levying no charges on non-profit-making uniformed organisations for holding training/educational activities and charges at reduced rates on these organisations for other activities. Profit-making organisations were not entitled to use the school premises free of charge;

Management of student matters

Donations from textbook publishers and other suppliers

- the EMB had updated schools with the general principles on the acceptance of advantages and donations. In exceptional circumstances where there were compelling reasons for schools to accept donations from trading operators/suppliers/textbook publishers, the acceptance should be fully justified, approved by SMCs in advance and properly documented. Furthermore, aided schools were required to record details of the donations received in their School Report, which would, under the SDA Framework, be uploaded onto their own homepage from the 2003-04 school year. In addition, proper donation records should be made available at all times for public inquiry and for inspections by the EMB;

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- in the specific case of donations from textbook publishers, the EMB had reminded schools of the above requirements via an annual circular issued in April 2003. The circular specified that schools should not allow the choice of textbooks to be in any way influenced by a donation. Earlier, in the seminars for subject panel-chairpersons and curriculum leaders conducted by the EMB in October 2002, teachers were reminded of the same;
- in the up-coming EMB's joint meetings with the two publishers' associations scheduled for November 2003, the EMB would continue to urge publishers not to make donations to schools to avoid any possible influence on schools' choice of textbooks and to avoid additional cost on textbooks;

Trading operations/activities in schools

- the EMB was empowered under the Education Regulations to exercise control over trading operations/activities in schools. The set of revised guidelines on the subject issued in March 2003 by the EMB set out the relevant requirements for making trading arrangements, including the profit permitted. Schools would be reminded of the requirements from time to time and when seeking the Permanent Secretary for Education and Manpower's approval to new/revised trading arrangements;

Weight of school bags

- the EMB issued to schools in June 2003 an updated Guidelines on Reducing the Weight of School Bags, together with a pamphlet for parents. Both the guidelines and the pamphlet carried the recommendation of the Department of Health that, as a precautionary measure, students should avoid carrying school bags which exceeded 15% of their body weight. Schools were reminded via the guidelines to take actions in reducing the weight of school bags, e.g. advising students on packing of school bags, obtaining parents' co-operation, reviewing timetable, choosing appropriate textbooks and designing a variety of approaches and styles of homework assignment. Some examples of good practices were also included in the guidelines for schools' reference; and

Support to schools

Other actions taken by the EMB to enhance support to schools

- support measures given to schools other than those mentioned above

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included:

Direct support at district level

- (a) the EMB would continue to provide direct support to schools at district level in various aspects of school development, catering for the needs of individual schools;

Post-inspection action planning

- (b) the EMB would continue to provide professional support to schools inspected. It would conduct action-planning workshops for the school personnel concerned for the purpose of helping them draw up an action plan in response to inspection findings. The action plan would be incorporated into the schools' SDP; and

Dissemination of good practices

- (c) the EMB would continue to disseminate the good practices identified during QA inspections through experience-sharing seminars and by inviting schools to share their good practices on the EMB Homepage.

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

52. **Primary education - Delivery of effective primary education** (Chapter 7 of Part VII of P.A.C. Report No. 39). The Committee was informed that:

- the EMB issued a circular in September 2003 to all public sector primary schools informing them of the main observations of the Director of Audit and the Committee's conclusions and recommendations;

Actions to promote extra-curricular activities and school-based curriculum development

- the EMB had established a Life-wide Learning (LWL) Section to oversee the overall development of LWL and to provide support and professional guidance in extra-curricular activities (ECA). The section was managing the Jockey Club Life-wide Learning Fund, which was established to encourage needy students to participate in LWL activities/ECA. In the 2002-03 school year, the Fund helped more than 35,000 students (from Primary Four to Secondary Three level). It was expected that 120,000

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- students would benefit in the 2003-04 school year;
- a network school scheme was launched in October 2002 to research and develop strategies and quality frameworks for LWL. Good practices of the ECA and LWL had been identified and shared among the network schools. Experience-sharing sessions were also held during the 2002-03 school year;
 - seminars and school-based workshops were held in collaboration with organisations such as Extra-curricular Activities Masters' Association and the Hong Kong Productivity Council in the 2002-03 school year to train teachers to develop ECA under the framework of LWL and to promote quality LWL practices. A long-term LWL professional development strategy had been developed and would be implemented in the 2003-04 school year;
 - the EMB had continued to give support to primary schools in school-based curriculum development by providing each of them with an additional teacher post for five years. In addition to the 231 public-sector primary schools which were provided with the posts in the 2002-03 school year, the EMB had allocated the additional teacher posts to 235 more public-sector primary schools for the 2003-04 school year;

Guidance Notes to encourage secondary schools to take into account students' other potential in addition to academic performance

- the EMB issued in November 2002 the annual guide on "Points to Note in Handling Applications for Discretionary Places" to secondary schools for reference. The guide encouraged schools to consider the performance of the applicant students in all aspects, including their academic attainment, extra-curricular activities and social services, etc. It advised schools to avoid using students' academic achievement as the only admission criterion. Schools should display information on the admission criteria and their weightings in a prominent place of the school premises for parents' reference during the discretionary places application period;

Encouraging schools to make use of the Leisure and Cultural Services Department (LCSD)'s venues to organise sports events

- the EMB and LCSD maintained close liaison with schools to promote the Free Use Scheme (under which schools were allowed to use selected LCSD's sports facilities free of charge during non-peak hours), collect schools' views and improve the booking policies and procedures so as to cater for the needs of schools better. Apart from according higher priority to schools in

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booking during non-peak hours, the LCSD had streamlined the booking procedures so that schools could submit applications on 1 June each year for use of leisure facilities under the Free Use Scheme for the following whole school year. The LCSD would then consider and approve the applications in one go. This measure had facilitated advance planning and organisation of classes by schools to meet the need of their curriculum and class schedule;

- in the 2002-03 school year, about 90,000 students from 443 primary schools took part in the various School Sports Programme activities. The LCSD planned to expand the services to 500 primary schools and 120,000 students in the 2003-04 school year;

Surveys on students' physical fitness status and participation in sports activities

- the survey on secondary school students' physical fitness status and their participation in sports activities was completed in the 2002-03 school year. The EMB was examining the draft report received in September 2003;

Performance indicators for schools to assess and report their performance

- to help primary schools to better evaluate the performance of their students especially in the affective and social domains, the EMB had provided schools with an assessment tool "Assessment Programme for Affective and Social Outcomes", which was developed from a Quality Education Fund project. The Hong Kong Institute of Education completed a series of workshops in June 2003 to familiarise schools with the use of the "Assessment Programme for Affective and Social Outcomes". About 88% of primary schools participated in the workshops. Similar workshops would be repeated annually for primary schools. From the 2003-04 school year onwards, schools would be required to use the tool annually to assess their students' affective and social outcomes as part of the self-evaluation process;
- the EMB introduced the "Hong Kong Indicators for Inclusion: Catering for Students with Diverse Needs" to schools together with training on school self-evaluation in May 2003. In July 2003, ten schools (including five secondary and five primary) participated in the tryout of the Indicators;

Disclosure of performance in annual reports/school profiles

- the EMB had issued a circular to advise schools on arrangements for planning, self-evaluation and reporting under the enhanced school

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development and accountability framework with effect from the 2003-04 school year. Schools were required to include key performance measures in their annual reports;

Whole-school approach to support students with diverse needs

- the EMB had formulated a new funding model with a view to replacing, by phases, the current provision of Intensive Remedial Teaching Programmes and Integrated Education programme in support of students with special educational needs. 25 primary schools would participate in the pilot in the 2003-04 school year. The EMB intended to consult the education sector on the new funding model in March 2004, and to launch it in the 2004-05 school year;

Enhancing the effectiveness of the assessment mechanism in facilitating learning and teaching

- the EMB introduced the Student Assessment service covering Primary Three to Primary Six to all primary schools in June 2003. The service would be introduced to secondary schools progressively from the 2003-04 school year onwards. In order to provide more assistance to schools, the EMB was also developing an Assessment for Learning Resource Bank that consisted of on-line learning and teaching materials and other supportive resources for teachers to complement the Student Assessment service. As to the System Assessment, the EMB was now developing the first System Assessment which would be administered in Primary Three in July 2004. Upon introduction of the System Assessment, the Secured Hong Kong Attainment Test at Primary Three and Primary Five would be discontinued in 2004;

Strategic plans for schools

- in June 2003, the EMB uploaded the revised guidelines on compilation of school development plan, annual school plan and school report onto its homepage;

Promoting Teachers' Professional Development

- the EMB had planned over 110 professional development programmes on curriculum development for primary school heads and teachers for the 2003-04 school year;

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Encouraging schools to draw up staff development policies

- the EMB requested schools to draw up their own policy for staff development in consultation with staff. The EMB advised them to set up a staff development committee to identify their own staff development needs and formulate school-based staff development programmes;

Allocation of lesson time among eight key learning areas

- schools were advised to include time-tabling arrangement and homework policy in Primary School Profiles 2003 published in September 2003 by the Committee on Home-School Co-operation (CHSC);

Promotion campaigns to convey to parents the importance of participation in their children's school activities

- a webpage for "Good Practice Sharing on Web" was set up on the CHSC's website at the end of July 2003. Schools and parent-teacher associations (PTAs) were invited to contribute quality projects in mid-July 2003;
- the CHSC organised a seminar "The Role of Parents in Educating their Children in the light of Curriculum Reform" in April 2003 to promote quality home-school co-operation and to encourage parents to actively participate in school activities;
- a new Family Volunteering Scheme, which emphasised training schools/PTA personnel and recruiting families through schools for voluntary services, was formally launched in March 2003. The Presentation Ceremony of the Parent-Also-Appreciate Teachers Drive was also held in July 2003;

Requiring schools to upload their annual school plans, annual reports and school profiles onto their websites

- to enhance transparency and accountability, the EMB had required schools to upload onto their websites the school development plan, annual school plan and school report with effect from the 2003-04 school year; and

Introducing self-evaluation arrangements for schools

- the EMB held a series of experience-sharing seminars on school self-evaluation (SSE) and external school reviews in June and July 2003 to

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familiarise schools with related processes. In July 2003, training in SSE for 100 collegiate schools that would undergo external school reviews starting from February 2004 was completed. The EMB uploaded a reference manual on SSE onto its website in September 2003.

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