

Laying of the Report Report No. 42 of the Director of Audit on the results of value for money audits was laid in the Legislative Council on 21 April 2004. The Committee's subsequent Report (Report No. 42) was tabled on 23 June 2004, 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. 42 was laid in the Legislative Council on 20 October 2004. A progress report on matters outstanding in the Government Minute was issued on 13 October 2005. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 11 below.

Harbour Area Treatment Scheme Stage I (Chapter 3 of Part IV of P.A.C. Report No. 42)

3. The Committee was informed that:

- the Administration had renamed Stage I as Stage 1 to tie in with the use of Stage 2A and Stage 2B to refer to the further stages of the Harbour Area Treatment Scheme (HATS);

Post-implementation review of HATS Stage 1

- the Administration had reported the review findings and recommendations to the Legislative Council (LegCo) Panel on Planning, Lands and Works on 29 June 2004. Most of the recommended improvement measures had been effected, with the remainder in place within 2005. With reference to the recommendation of the post-implementation review, the Drainage Services Department (DSD) had issued DSD Technical Circular No. 8/2004 in October 2004 to replace DSD Technical Circular No. 9/2000 with updated guidelines for improving project management and budgetary control of similar time-critical projects;

Provision of contract instruments and progress payment

- the DSD Technical Circular No. 8/2004 had laid down realistic time limits for overseas companies to submit the required contract instruments such as parent company guarantee and performance bond and to strictly enforce the contract conditions with respect to the time limits for provision of the required contract instruments. It had also included guidelines to ensure that payments were made, as far as possible, in line with the actual progress of works to avoid front-loading of contract payment by contractor;

The use of forfeited plant in completion contracts

- the Environment, Transport and Works Bureau (ETWB) had promulgated new technical circulars in May and September 2004 setting out guidelines to deal with plant ownership and the use of forfeited plant on completion contracts respectively;

Budgetary control over government contracts

- the DSD would regularly re-circulate the internal instruction to remind officers to strengthen budgetary control over government contracts;
- to facilitate the LegCo's monitoring of the use of funds for works projects, starting from February 2005, the Administration had been providing the LegCo with quarterly reports on those contracts awarded when the difference between the accepted tender prices and original estimated provisions in the approved project estimate equalled/exceeded \$15 million or 10% of the latter, whichever was the greater;
- to enhance accountability and transparency, the ETWB had promulgated in October 2003 a technical circular setting out the conditions under which government departments might disclose to the Committee information in connection with dispute settlements;

Site investigation for works projects

- the Geotechnical Engineering Office (GEO) of the Civil Engineering and Development Department had made reference to the experience gained from HATS Stage 1 and issued in January 2005 GEO Technical Guidance Note (TGN) No. 24 which provided guidelines on improved methodology for conducting site investigations for tunnel projects. The DSD would follow the TGN and consult the GEO regularly to conduct comprehensive site investigation for HATS Stage 2;

Monitoring of impact of HATS Stage 1 on the water quality of Victoria Harbour

- the monitoring results obtained by the Environmental Protection Department (EPD) in 2004 indicated that water quality improvements in the central and eastern parts of Victoria Harbour brought by the HATS Stage 1 at the end of 2001 were sustained. In parallel, the E. coli levels in the western part of the Harbour and the Tsuen Wan beaches in 2004 were similar to those in 2003. The EPD would continue to monitor the impact of the HATS discharge on the water quality of Victoria Harbour;

Warning the public not to swim at the closed gazetted beaches

- the Leisure and Cultural Services Department continued to make on-site announcement and display notices at the closed gazetted beaches;

Provision of disinfection facility in HATS Stage 2

- the Administration had completed the public consultation on the way forward for the HATS Stage 2 in November 2004 and had informed the LegCo Panel on Environmental Affairs regarding the results of the consultation and the way forward. The implementation of the HATS Stage 2 was subject to acceptance by the community that the full recurrent costs of the scheme would be recovered through sewage charges; and
- in July 2005, the DSD had commenced an environmental impact assessment study for the advance disinfection facilities. The study was expected to be completed in June 2006.

4. The Committee wishes to be kept informed of the progress of the various courses of action taken by the Administration.

Hong Kong Harbour Fest

(Chapter 4 of Part IV of P.A.C. Report No. 42)

5. The Committee was informed that:

Liaison with the American Chamber of Commerce in Hong Kong (AmCham) on the Government's access to all records on Harbour Fest in order to facilitate any necessary follow-up actions by the Government and the Audit Commission

- after conducting an investigation into Harbour Fest, the Independent Commission Against Corruption (ICAC) decided not to pursue the subject. Taking into account the ICAC's decision, the Director of Audit did not consider it worthwhile to re-examine the records of AmCham and Red Canvas Limited on Harbour Fest;

Consideration of conducting a value for money audit by the Director of Audit on other events and activities sponsored by Invest Hong Kong (InvestHK)

- the Director of Audit was keeping in view the need to conduct a value for money audit on other events and activities sponsored by InvestHK;

The case for considering disciplinary action against any civil servant

- an officer had been subject to disciplinary proceedings. The Administration would give an account of the outcome to the Legislative Council (LegCo) and the general public as soon as the proceedings were completed;

Outstanding tasks relating to Harbour Fest

Broadcast of the Harbour Fest TV video

- since February 2004, the Harbour Fest video had been broadcast on the MTV and MTV2 channels, the Star World International and Star World India channels, and locally on the TVB Pearl channel. It had been further broadcast on the Phoenix TV Chinese channel during Chinese New Year on 9, 10 and 13 February 2005. Geographically, the Phoenix TV covered the mainland of China (including Macau), Singapore, Malaysia, Indonesia, Brunei and the Philippines. According to Phoenix TV, the approximate viewership on Sunday morning (for airtime at the broadcast schedule on 13 February) was 300,000. It did not have breakdown figures for individual weekdays;
- so far, the Harbour Fest video had been broadcast in different markets in the US, Europe, the Middle East and over 30 countries in Asia (including Mainland China and Hong Kong). Since not all the TV channels kept viewership ratings for the programme, an aggregated figure was not available;
- the broadcast of the video was subject to TV rights granted by artists featured in the programme. As revealed by the Independent Panel of Inquiry on Harbour Fest, the time limit for TV broadcast varied from 12 to 24 months. Against this background and given the long lapse of time since the Harbour Fest event took place in autumn 2003, there was no plan for further broadcasting the video on other TV channels. Indeed, any further broadcast on TV might entail substantial editing down of the 45-minute programme, which was considered not cost-effective;

Maximising the use of the performing artists' images for promotion of Hong Kong

- InvestHK had explored the feasibility of using the video footage of Harbour Fest for promotional efforts other than the Economic Relaunch Programme;
- during the four weeks of Harbour Fest, the organisers had distributed clippings of the Harbour Fest shows in the form of video news release to TV network worldwide for free broadcast to promote the event. As outlined above, the TV programme had been widely broadcast in a number of major markets, both overseas and locally. Besides, the Hong Kong Tourism Board

(HKTB) had incorporated some shots of the lively ambience of the full-house stadium at the Harbour Fest venue in one of its promotional videos (without featuring any particular artists). These should have given sufficient exposure of Hong Kong as being the host city of Harbour Fest. At the moment, both the Government and the HKTB did not have further plan to use any of the Harbour Fest video footages for promoting Hong Kong;

- in November 2004, AmCham had confirmed that its contracts with the performing artists did not provide for the use of the video footages for other promotional purposes. After evaluating other legal options available, the Government saw neither significant value nor legitimate ground to pursue the matter any further; and

Hand-over of intellectual property rights in relation to Harbour Fest to the Government

- under clause 8 of the Sponsorship Agreement, AmCham shall be the custodian of all rights and privileges granted, assigned or transferred to AmCham by the Government in relation to Harbour Fest until 31 December 2008. In March 2004, AmCham had indicated its intention to relinquish all such rights and privileges to the Government before 2008. Since then, InvestHK had completed all necessary legal formalities in respect of the transfer of trademarks and domain names of Harbour Fest (registered in the name of Red Canvas Limited) to the Government. The Government was not aware of any other rights. AmCham had also executed a Deed of Assignment, prepared by InvestHK in consultation with the Department of Justice and the Intellectual Property Department, as a matter of legal formality to wrap up the issue of custodianship of rights in pursuance with clause 8 of the Sponsorship Agreement.

Updated position of the disciplinary proceedings

6. In view of the long time taken to complete the disciplinary proceedings relating to the Harbour Fest, the Committee wrote to the Administration, drawing its attention to the fact that it had advised the Committee in May 2005 that the proceedings were expected to be completed by mid-2005 and it would give an account of the outcome to the LegCo. Yet, the LegCo had still not been informed of the outcome. The Committee asked about the reasons for the delay and the current position of the proceedings. The **Secretary for the Civil Service (SCS)** advised, in his letter of 20 January 2006 in *Appendix 3*, that:

- the disciplinary proceedings surrounding the Harbour Fest case, ordered by the SCS under section 10 of the Public Service (Administration) Order (PS(A)O), had been completed. In October 2005, when notified of the decisions made by the SCS on the outcome of the proceedings including the level of punishment, the officer concerned had appealed to the Chief Executive under section 20 of the PS(A)O against the SCS's decisions;

- having considered the propriety of giving an account of the disciplinary proceedings for public consumption before the appeal was ruled on one way or another, the Administration decided to withhold action on reporting the outcome of the case to the LegCo; and
- the appeal to the Chief Executive was currently being dealt with. The Administration would give an account of the outcome of the disciplinary proceedings to the LegCo after the appeal had been disposed of.

7. The Committee wishes to be kept informed of the outcome of the disciplinary proceedings against the officer concerned.

Provision of aquatic recreational and sports facilities

(Chapter 5 of Part IV of P.A.C. Report No. 42)

8. The Committee was informed that:

To improve water quality of the gazetted beaches in Tsuen Wan District

- the Administration had completed public consultation on the way forward for the Harbour Area Treatment Scheme (HATS) Stage 2 in November 2004 and had informed the Legislative Council Panel on Environmental Affairs of the results of the consultation and the way forward. The implementation of HATS Stage 2 was subject to acceptance by the community that the full recurrent costs of the scheme would be recovered through sewage charges. In July 2005, the Drainage Services Department had commenced an environmental impact assessment study for the advance disinfection facilities. The study was expected to complete in June 2006. The Administration would keep in view the result of the study and consider the way forward for HATS Stage 2 with a view to improving the quality of the affected waters to allow reopening of the Tsuen Wan beaches;

De-gazetting of the Rocky Bay Beach

- the Leisure and Cultural Services Department (LCSD) had taken action to resolve the land issue in returning the Rocky Bay Beach to the Lands Department with a view to de-gazetting the beach;

Restoring the Castle Peak Beach to a bathing beach

- the LCSD had reopened the Castle Peak Beach on 1 June 2005;

Closure of the less frequently used urban beaches in March and November each year

- the LCSD had already closed the less frequently used urban beaches including the Shek O Beach, the St. Stephen's Beach, the South Bay Beach, the Chung Hom Kok Beach and the Turtle Cove Beach in March and November each year. Life-saving services had been withdrawn for the whole year permanently at the Hairpin Beach since 1 November 2004;

Providing adequate beach facilities at all gazetted beaches on Lantau Island

- the LCSD had provided essential beach facilities at all gazetted beaches on Lantau Island upon the completion of the construction of toilet and shower facilities at the Tong Fuk Beach;

De-gazetting of the Kiu Tsui Beach on Sharp Island

- a private developer had once shown interest in developing the Sharp Island into a resort. In the light of the future development of Sharp Island, the LCSD would consider de-gazetting the Kiu Tsui Beach and would continue to keep in view the development;

Provision of a full-scale life-saving service at the Lo So Shing Beach and the Kwun Yam Beach

- the LCSD currently provided basic life-saving services at the Lo So Shing Beach and the Kwun Yam Beach. The LCSD would continue to monitor the user level of these two beaches and would consult the Islands District Council (DC) again on the proposal to reduce life-saving services at these beaches during non-peak swimming months if their utilisation remained low;

Monitoring of the user level of gazetted beaches

- the LCSD had been monitoring the monthly attendance of gazetted beaches and taking necessary follow-up actions;

Alignment of fees and charges of all swimming pool complexes

- the LCSD was reviewing the fee structure and evaluating the financial implications arising from various options of fee alignment for the use of public swimming pools;

Swimming during the winter months

- with effect from 1 July 2005, the LCSD had implemented a new arrangement by allocating the available lanes in the less popular swimming pools to the swimming clubs with a view to increasing the utilisation of these pools;

- the LCSD had found that conversion of existing outdoor heated pools into indoor heated pools by the provision of light weight retractable cover was technically not feasible. The LCSD would focus on providing indoor heated pools in future projects to enhance utilisation of swimming pools during the winter months;
- the LCSD would continue to keep the hourly attendance of all swimming pools and review the opening hours of public swimming pools regularly to ensure cost-effectiveness in the operation of these facilities;

Closing five non-heated outdoor swimming pool complexes in the urban areas in November

- the Central and Western DC had reservation on the proposal to close the Kennedy Town Swimming Pool in November but had agreed to open morning sessions only. In addition, the LCSD would carry out major maintenance at the Kowloon Tsai Swimming Pool and the Victoria Park Swimming Pool commencing on 1 September 2005 and 1 November 2005 respectively due to leakage problem; thus these two pools would be closed in November 2005. The LCSD would consult the Eastern DC and the Kowloon City DC again on the proposal to close these two swimming pools in November each year;

Swimming training courses

- the LCSD had completed the review on the Progressive Swimming Scheme in October 2004. The size of swimming classes had been increased by one-third since April 2005 to enhance the cost-effectiveness of the Scheme while not compromising water safety. The LCSD would consider the fees of swimming courses in the overall review of its fees and charges;

Adoption of a fairer basis for assessing the enrolment rate of the water sports centres to provide better management information

- the LCSD would continue to use both “attendance” and “craft hour used” as indicators in assessing popularity of the water sports centres;

Continued development of new programmes to promote public participation in water sports activities

- the LCSD would continue to organise various thematic programmes including ecological tours, geological tours, sailing adventure and tailor-made sea expedition programmes, which were well received by the participants, to promote water sports activities. The LCSD had enhanced the website on services provided by the water sports centres in May 2005 while the production of a new VCD introducing water sports activities, including the newly-introduced multi-hull sailing dinghies, was in progress;

Improvement of the accessibility to the Chong Hing Water Sports Centre

- according to the booking forms, most of the participants preferred to use the free shuttle bus service between Sai Kung Town and the Chong Hing Water Sports Centre (CHWSC). Last year, only some of the participants had used taxi services and none of them had used the private ferries. The LCSD would continue to provide scheduled shuttle bus service for the participants of the CHWSC and to explore ways to improve accessibility to the CHWSC;

Further promotion of land-based facilities as an outing and camping site at the CHWSC

- the LCSD would continue to organise thematic programmes to promote the land-based facilities at the CHWSC. New thematic programmes introduced included the Adventure Camp, Sports Carnival, Campfire Dance Night and Outdoor Survival Skill Training Camp and they were well received by the public. The attendance during non-peak periods had increased from 9,863 in 2003 to 15,396 in 2004;

Organisation of more water sports activities at the Wong Shek Water Sports Centre

- the LCSD would continue to join hands with the Geological Society of Hong Kong to enhance the quality of ecological and geological tours organised by the Wong Shek Water Sports Centre. Over 14 ecological and geological packaged tours were organised each month. They were well received by the public;

Discussion with the Hong Kong Federation of Youth Groups on the Stanley Outdoor Activities Centre

- the new Stanley Main Beach Water Sports Centre had been scheduled to open in October 2005. The overcrowding problem of the St. Stephen's Beach Water Sports Centre (SSBWSC) would be resolved by then. Since there was no appropriate site for swapping with the Hong Kong Federation of Youth Groups (HKFYG), the discussion with the HKFYG regarding the inclusion of the Stanley Outdoor Activities Centre under the management of the LCSD in order to expand the SSBWSC had been suspended;

Meeting the increasing demand for water sports activities at the Tai Mei Tuk Recreation Area

- the 2005 Tai Mei Tuk Regatta, jointly organised by the LCSD and the neighbouring associations, had been successfully held in June this year. The LCSD would continue to invite the neighbouring associations to jointly organise large-scale water sports programmes in the future;

Regular monitoring of the usage of craft at the water sports centres

- in addition to the special programmes such as sailing adventure and ecological touring programmes, a new type of sailing activity with multi-hull sailing dinghies had been introduced since July 2005 to promote the sailing programmes in the water sports centres and to encourage the participants to become regular craft hirers. The new craft was well received by the public. It was an ongoing task of the LCSD to monitor and promote the usage of craft at the water sports centres;

Periodic conduct of user opinion surveys on the usage and hiring charges of the various types of craft at the four water sports centres

- the LCSD would continue to collect users' opinions on each programme by using simple questionnaires and would conduct user surveys in 2006 to enhance the service provided by the LCSD at water sports centres;

Manpower requirements for lifeguards

- the LCSD would regularly review the overall minimum core to non-core lifeguard ratio to ensure cost-effective deployment of lifeguards while not compromising water safety;
- the LCSD had provided the basic life-saving service at the Mui Wo Swimming Pool. The LCSD would continue to monitor the user level of this swimming pool and would consult the Islands DC on shortening the opening hours if the utilisation remained low;

Use of volunteer lifeguards

- the LCSD had worked with the Hong Kong Life Saving Society (HKLSS) for steady provision of honorary lifeguards to selected aquatic venues in 2005. The LCSD would monitor the turnout rate of the honorary lifeguards and review the system in consultation with the HKLSS; and

Deployment of surplus staff during the winter months

- under the Winter Works Programme of 2004-05, the LCSD had deployed surplus staff working in the aquatic venues to undertake life-saving training programmes, mobilisation drills, and first-aid duties at sports centres and sports grounds, and to clear vacation leave in the winter of 2004-05. All records of deployment and assignment of duties were properly kept. The LCSD had reviewed the Winter Works Programme of 2004-05, and would consult the staff unions on the implementation of the Winter Works Programme of 2005-06 in the light of the operational experience gained.

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

Training, employment and residential services for people with disabilities
(Chapter 6 of Part IV of P.A.C. Report No. 42)

10. The Committee was informed that:

Outsourcing service units for people with disabilities

- the Social Welfare Department (SWD) was approaching completion on the outsourcing of its rehabilitation service units. Of the two remaining service units, one would continue to be run by the SWD as it served the statutory function of a place of refuge for people with disabilities (PWDs) under the Protection of Children and Juveniles Ordinance. The SWD was reviewing the outsourcing plan for the other, taking into account the staff implications and the SWD's organisational changes in the coming two years;

Reducing waiting time for rehabilitation services

- it was an ongoing effort of the SWD to increase the supply of rehabilitation services to cope with unmet demand. In 2005-06, the SWD would provide 420 additional places in day and residential services for PWDs;
- to more accurately assess the needs of PWDs for residential service, the SWD had adopted a standardised assessment tool in January 2005. Of the 687 cases assessed during the period January to July 2005, 575 cases (84%) were assessed to have genuine needs for residential care and matched with appropriate level of care homes while the remaining 112 cases (16%) were identified to be more appropriate for day care or community support services. The initial results of the assessment reflected that the tool was very useful in identifying the service type and level of care required by PWDs. Provision of rehabilitation service should be suitably adjusted to address the demand for day and residential care;
- the SWD had been strengthening the community support services for PWDs to reduce the demand for residential services. In 2004, the SWD had conducted a comprehensive service review of the effectiveness of the seven community-based support projects. The review involved a large-scale questionnaire survey and self-evaluation reports from non-governmental organisations (NGO) operators, parents groups and service users. The review showed that the community-based services were effective in facilitating the community living of PWDs and in relieving the demand for residential services. In addition to the annual provision of \$30 million, a new annual provision of \$10 million was secured in 2005-06 to enhance the community support services for PWDs;

Implementing private general-practitioner scheme in service units

- the SWD was proactively seeking to put in place measures to implement a private general-practitioner scheme in rehabilitation service units and to provide more appointment slots for their clients;

Review of Marketing Consultancy Office (Rehabilitation)

- the SWD had completed the review on the cost-effectiveness of the Marketing Consultancy Office (Rehabilitation) (MCO(R)) in December 2004. The review affirmed that the MCO(R) had achieved its objectives in enhancing the employment opportunities of PWDs and its overall performance was considered cost-effective. In 2003-04 and 2004-05, the MCO(R) had secured job orders, tender contracts and promotional sales of a total value of around \$9.5 million and \$14.6 million respectively. In addition, the Office had assisted the setting up of 24 small businesses and 12 social firms by NGOs for the employment of PWDs. This had generated notional savings for the Government amounting to around \$8.5 million a year. The review recommended, among other things, that the MCO(R) should accord higher priority to assisting NGOs in setting up social firms, promoting the brand name of “SEPD” (the registered trademark of the products produced and services provided by PWDs), continuing the role in coordinating NGOs for job orders, providing business consultations, organising marketing events and publicity activities, and setting performance indicators for measuring service effectiveness. The recommendations proposed in the review report had been endorsed by the Advisory Committee on Enhancing Employment of People with Disabilities and approved by the Director of Social Welfare. The SWD would follow up the recommendations accordingly;

Modifying the annual self-assessment reports

- the SWD would require NGO operators to adopt a modified annual self-assessment report form for the self-assessments on their service units starting from the new monitoring cycle in April 2006. In addition to the existing levels of attainment, i.e. “attained” and “not attained”, NGO operators had to report in the new form their good practice of selected service quality standards, which might include their innovative and value-added service delivery. The additional information on good practice would serve as reference for the SWD in conducting benchmarking studies on service quality standards;

Making available SWD’s reports on performance of service units

- the SWD would publish every year a consolidated assessment report on its key observations with examples of good practice and areas for improvement. This report would be uploaded onto the SWD’s website for general information and reference of subvented service units from April 2006; and

Involvement of external personnel for advice to rehabilitation service units

- the SWD had implemented a two-year pilot scheme on “Service Quality Groups for Residential Services for PWDs” in the Yuen Long, the Central and Western, and the Islands Districts since January 2005. Under this scheme, DC members and prominent local personnel had been invited to visit the residential rehabilitation homes in the district with a view to giving advice on the operation of the home for the purpose of enhancing service quality. As at the end of July 2005, a total of 14 homes had been visited and the overall feedback was positive. The visits had strengthened the understanding of the operation of rehabilitation homes and the acceptance of PWDs by the community. The SWD would extend the scheme to two other districts in 2005-06.

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