



RADIO TELEVISION HONG KONG

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Ref. : RTHK/CR 12/38 II

Ms Miranda HON
Clerk, Public Accounts Committee
Legislative Council Building
8 Jackson Road
Central
Hong Kong

BY FAX : 2537 1204

Dear Ms HON,

**The Director of Audit's Report on the
results of value for money audits (Report No. 46)**

Chapter 7 – RTHK: financial control and resource management

As requested, the additional information PAC requires is set out in the papers attached and also sent via email to cwywong@legco.gov.hk.

Yours sincerely,

(J.M. Gardner)

for Director of Broadcasting

P.S. Email copies also to :

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- (a) (1) RTHK has complied with the conditions of employment set for its Departmental Contract Staff (DCS), as approved by the FC in 1982. The conditions of employment as stipulated in the notes on decisions of the FC meeting held on 24.3.1982 are revisited as below:
- (i) Director of Broadcasting should have the authority to employ DCS on any point in the pay scale for the appropriate rank in the Programme Officer grade;
 - (ii) Director of Broadcasting should have the authority to review the fixed point of salary of DCS staff who remain on contract for more than a year, and to move it up or down on the appropriate pay scale, having regard to his updated assessment of the value of the person concerned;
 - (iii) The DCS contract will not provide for any fringe benefits such as quarters, housing allowances, education allowances, medical and dental benefits of passages; and
 - (iv) The pay level of DCS will be automatically revised when the Master Pay Scale is revised.
- (2) RTHK's operational need to recruit staff at short notice faster than government procedures allow was recognized by the FC and approval was therefore given for RTHK to employ DCS, subject to the following conditions:
- (i) The employment of departmental contract staff should be strictly related to the number of vacancies in the approved establishment of posts in the Programme Officer grade; and
 - (ii) DCS will be restricted to those employed to perform the duties normally appropriate to ranks in the Programme Officer grade, and their numbers in each rank will not exceed the number of vacancies in that rank.
- (3) In adherence to the above conditions, DCS Cat I staff in RTHK have always been held against Programme Officer Grade **civil service vacancies in corresponding ranks**.
- (4) The 1982 FC paper has also clearly stipulated that the employment of DCS will *normally* be temporary pending the completion of formal appointment procedures to the vacant post. It also states that there may exceptionally be instances where someone is employed as departmental contract staff but, for valid reasons, is not suitable for eventual appointment to the post, and in these cases the employment on departmental contract staff terms will tend to be of longer duration.
- (5) In our review on the employment of DCS in 1998, we agreed to adopt a phased approach in reducing the number of such long serving DCS Cat I staff. **Annex I** shows that the number of DCS Cat I staff has been reduced by **92%** from 234 in 1982 to **18 in 2006**. Due to the intermittent civil service recruitment freezes imposed since April 1999 and the staffing mix proposal as recommended in a department's consultancy study on a five-year strategic plan (i.e. it is considered desirable for RTHK, in the long run, to maintain a mixture of civil servants, contract staff and service providers in equal proportions), RTHK was unable to convert the remaining 18 DCS to the permanent establishment. With the review of the Public Service Broadcasting now underway, it is also not timely to convert them to permanent terms. As part of our ongoing efforts to regularize the contract staff system here, we are attempting to migrate them to the NCSC framework by the end of June 2006.

- (6) **As RTHK has never introduced any changes to the conditions of employment for its DCS Cat. I, there has never been any requirement for it to inform the FC.**
- (b) (1) In 1998, in response to a discussion paper worked out by RTHK on the review of the employment of DCS, our policy bureau advised that we should rectify cases where DCS had already been employed for a prolonged period of time by **either offering them permanent employment terms or fixed contract terms of, say, two to three years.** Subsequently, with the civil service recruitment freeze in 1999, the option of offering them permanent employment terms was ruled out. RTHK has properly followed the policy bureau's advice by offering the remaining DCS Cat I fixed contract terms. These DCS Cat I contracts were thereafter renewed annually based on operational considerations and subject to the approval by the Standing Committee of Contract Staff (SCOCS) which comprises senior management of the department as members. **In short, the existing 18 DCS Cat I staff have all been on one-year contract terms for more than one year.**
- (c) A Working Group on Fee Scale Review has been set up in RTHK with the objectives to improve and implement the recommendations made by the Audit Commission.
- (1) The Working Group will review and streamline the job types and fee ranges for individual job titles. It will also launch benchmarking exercises against the civil service pay scale and, if impractical, against the going market rate and document the basis for such comparison.
- (2) The Working Group will try to develop guidelines to help staff to apply the different tiers in the fee scale table. It will further enhance the mechanism to document how the staff have determined the tiers and the pay to be offered to DCS/ service providers.

This is a complicated exercise expected to be completed by the end of the year. The revised Fee Scale Table could be implemented early in 2007 after being endorsed by RTHK's Standing Committee on Contract Staff and Service Providers.

- (d) There are provisions in the Outdoor Broadcasting contracts, that is, for City Forum and for Church Services, as listed below:

(1) **For City Forum:**

**Part I, Terms of Tender:
Contractors' Performance Monitoring**

Tenderers are advised that should they be awarded the contract their subsequent performance will be monitored and may be taken into account when their future tenders are evaluated. A tender will be rejected if by the tender closing date, the tenderer is under suspension from tendering for RTHK tenders.

**Part II, General Conditions of Contract:
Default**

If the Contractor shall fail to carry out all or any of the Services provided for in the Contract within the Contract period or such extended period as may be agreed in accordance with clause 1(b) hereof, the Government may at its absolute discretion terminate the whole or any part of the Contract by notice in writing to the Contractor, but

without prejudice to any claims by the Government for breach of Contract including but not limited to its right of Government to assign the balance of the uncompleted Services to another contractor or contractors whereupon the Contractor shall be liable for any sums so incurred in excess (hereinafter called 'any excess') of the Contract price.

Part III, Tender Specifications:

Penalty

RTHK reserves the right to deduct 10% of the total contract costs in case the service provided failed to provide the booked service, or the service level provided failed to meet the Generic Code of Practice on Television Technical Standards. Contract may be terminated without any compensation when three written warnings are served on poor service.

(2) For Church Services:

Part I, Terms of Tender:

Contractors' Performance Monitoring

(as above)

Part II, General Conditions of Contract:

Default

(as above)

Part III, Tender Specifications:

Penalty

RTHK reserves the right to deduct 10% of the total contract costs in case the service provided failed to provide the booked service, or the service level provided failed to meet the Radio Code of Practice on Technical Standards. Contract may be terminated without any compensation when three written warnings are served on poor service.

- (e) (1) With effect from 24 April 2006, Driver A has been required to park the vehicle in Broadcasting House, RTHK Headquarters, after his day's duties. This practice is in line with the arrangements for all vehicles in the department and is considered an effective measure as regards the supervisory control over the use of the vehicle. The arrangement will be reviewed in 6 months' time having due regard to operational considerations, efficiency, supervision of staff attendance, etc.
- (2) To further strengthen supervision of the driver and the use of the vehicle, the main user of the vehicle has also been certifying the vehicle logbook since November 2005. The Departmental Transport Officer also regularly inspects the driver's attendance record, vehicle logbook record and overtime work register, in the same way as is required for all other drivers in the Transport Section, and where necessary, cross-checks the journey record with the tunnel record.
- (3) When the main user of the vehicle takes leave or attends overseas duty visits, Driver A will be encouraged to take time-off-in-lieu or leave. Otherwise, he will be gainfully deployed to perform other driving duties.
- (f) (1) Normally, **Driver A works until about 1930 hours**. However, on some occasions, when the main user is required to attend official evening functions, the driver may remain on duty till as late as 2300 hours.

- (2) The off-duty time for Driver A was at the time when he finished his work after driving his vehicle back to Kwai Chung Depot, including properly parking his vehicle, completing vehicle logbooks, conducting routine cleaning and inspection of the vehicle, etc.
- (g) (1) Our records show that the vehicle logbooks concerned used to be certified by the Departmental Transport Officer (DTO) starting May 2000. When the former DTO took over the post in mid-June 2001, he was told by his predecessor to continue certifying the vehicle logbooks but he found that there was not any departmental guideline or instruction requiring him to do so. He also considered that he was not the appropriate officer to certify the logbooks on behalf of the main user of the vehicle as he did not have any information about the latter's daily journeys. With reference to other departments' practices, he thought that if the main user did not certify the logbooks himself, it was more appropriate for his personal secretary to do so.
- (2) In late October 2002, he assisted in reviewing the departmental guidelines on the use of departmental vehicles. The DTO claims he took the opportunity to ask Driver A to have the vehicle logbooks properly completed and certified, in accordance with the draft administrative circular which was finally promulgated in October 2003, but there is no written record of this. He thereafter stopped certifying the vehicle logbooks.
- (3) As regards the rationale for his actions, the DTO concerned has advised that he respected the senior officers in the department and saw no need to raise any query on the journey records. The DTO, however, supplemented that he had taken adequate measures to counter-check the accuracy of details entered in the logbooks. He usually assigned an Assistant Clerical Officer in the Transport Section to make reference to all related records, including attendance books, duty roster, vehicle logbooks, fuelling records and tunnel records in preparing the monthly overtime allowance claims, and to report to him any irregularities spotted.
- (4) The DTO's explanation is believed to be truthful. It is regrettable that when the DTO found that the vehicle logbooks had not still been certified months later, he did not take action to have this rectified, e.g. bringing the issue up to his supervisors, thereby resulting in the logbooks not having been certified for 3 years.
- (h) A summary of measures taken by RTHK since 1999 to reduce OT payments under the TSA is as follows:
- (1) Considerable efforts were made by RTHK to control the overall TSA annual expenditure, TSA headcount and OT. There was a need to balance TSA headcount and OT. The attached bar chart at **Annex II** shows the reduction of TSA headcount and OT over the years, after 1999.
- (2) Through liaison with TSA contractor, a floating (irregular) rest-day scheme was introduced by TSA contractor in 1999 in line with the audit report recommendation, to cease the practice of setting of Sundays as rest days.
- (3) RTHK outsourced certain TSA work (Outdoor Broadcasting ie OB for City Forum, soccer, horse racing, church services) to reduce OT under the TSA and to reduce TSA costs. These were first implemented in 2000.
- (4) Procedures were introduced in RTHK Accounting Circular No. 4/2002 "Overtime Payment to PCCW under the TSA", dated June 13, 2002. This covers control requirements,

pre-approval procedures, application, documentation and budgetary control, etc. In addition, the operating divisions monitor their OT usage. For example Radio Division uses a table to track the monthly OT usage of each operations unit. TSA contractor provides monthly OT data (table and chart) for RTHK.

- (5) Through liaison with the TSA contractor, re-scheduling of technical maintenance for Radio and TV facilities was made to reduce OT and to improve operational cost-effectiveness.
- (6) Through liaison with TSA contractor, a multi-skilled (flexible) workforce arrangement was introduced by TSA contractor, to allow increased flexibility in scheduling TSA staff to reduce OT. Their staff were trained to take on different skill sets eg in TV production and staff could be moved for example from technical operations to engineering to minimize OT.
- (7) A TOIL (Time-Off In Lieu) system for compensating overtime work was introduced by the TSA contractor, at the request of RTHK. Thus helping to reduce OT payment.

Strength of DCS Cat I staff employed in RTHK

Date	No. of DCS Cat I
1/4/82	234
1/4/83	170
1/4/84	120
1/4/85	114
1/4/86	131
1/4/87	108
1/4/88	116
1/4/89	122
1/4/90	132
1/4/91	132
1/4/92	127
1/4/93	140
1/4/94	134
1/4/95	113
1/4/96	129
1/4/97	124
1/4/98	120
1/4/99	64
1/4/00	52
1/4/01	41
1/4/02	37
1/4/03	28
1/4/04	24
1/4/05	23
1/4/06	18

