

**REPORT OF THE  
PUBLIC ACCOUNTS COMMITTEE  
ON  
REPORT NO. 60 OF THE DIRECTOR OF AUDIT  
ON  
THE RESULTS OF  
VALUE FOR MONEY AUDITS**

*July 2013*

*P.A.C. Report No. 60*

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
<b>Part 1</b>	<b>Introduction</b>	
	The Establishment of the Committee	1 1
	Membership of the Committee	2 1
<b>Part 2</b>	<b>Procedure</b>	
	The Committee's Procedure	1 2 - 3
	Confidentiality undertaking by members of the Committee	2 - 3 3
	The Committee's Report	4 3
	The Government's Response	5 3
<b>Part 3</b>	<b>Committee Proceedings</b>	
	Consideration of the Director of Audit's Report	1 4
	Meetings	2 4
	Arrangement of the Report	3 - 4 4
	Acknowledgements	5 4
<b>Part 4</b>	<b>Chapter</b>	
	<b>1. Conservation of monuments and historic buildings</b>	1 - 11 5 - 7
	<b>2. Administration of road safety measures</b>	
	A. Introduction	1 - 9 8 - 9
	B. Measures to tackle drink driving	10 - 21 10 - 15

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
C. Measures to tackle speeding and red light jumping	22 - 31	15 - 21
D. Measures to promote safer vehicle operation	32 - 47	21 - 27
E. Accuracy of traffic accident data	48 - 50	27 - 29
F. Publicity and education programmes	51 - 61	29 - 35
G. Conclusions and recommendations	62	35 - 43
<b>3. Pre-primary Education Voucher Scheme</b>		
A. Introduction	1 - 5	44 - 45
B. Overview of the Voucher Scheme and its financial features	6 - 24	46 - 56
C. Professional development of kindergarten principals and teachers	25 - 34	56 - 60
D. Quality assurance mechanism	35 - 38	61 - 63
E. Regulatory measures	39 - 49	63 - 67
F. Disclosure and transparency	50 - 51	67
G. Way forward	52	67 - 68
H. Conclusions and recommendations	53	68 - 78
<b>4. Development and management of parks and gardens</b>	1 - 17	79 - 85
<b>5. Tung Chung Road Improvement Project</b>	1 - 11	86 - 89

## CONTENTS

	<u>Paragraph</u>	<u>Page</u>
<b>6. Preventive education and enlisting public support against corruption</b>	1	90
<b>SIGNATURES OF THE CHAIRMAN, DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE</b>		91
<b>CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 60 DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT</b>		92
<u>Appendix relating to Part 1: "Introduction"</u>		
<b>Appendix 1</b>	Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region	93 - 94
<u>Appendix relating to Part 2: "Procedure"</u>		
<b>Appendix 2</b>	Paper presented to the Provisional Legislative Council by the Chairman of the Public Accounts Committee at the meeting on 11 February 1998 on Scope of Government Audit in the Hong Kong Special Administrative Region - 'Value for Money Audits'	95 - 97
<u>Appendices relating to Part 3: "Committee Proceedings"</u>		
<b>Appendix 3</b>	Witnesses who appeared before the Committee	98 - 99
<b>Appendix 4</b>	Introductory remarks by the Deputy Chairman of the Public Accounts Committee, Hon Paul TSE Wai-chun, JP, at the first public hearing of the Committee in respect of the Director of Audit's Report No. 60 on Saturday, 27 April 2013	100 - 101

## CONTENTS

### Page

#### Appendix relating to Chapter 1 of Part 4: "Conservation of monuments and historic buildings "

<b>Appendix 5</b>	Letter of 5 June 2013 from the Secretary for Development	102 - 104
-------------------	--	-----------

#### Appendices relating to Chapter 2 of Part 4: "Administration of road safety measures"

<b>Appendix 6</b>	Opening statement made by the Secretary for Transport and Housing at the public hearing on 4 May 2013	105 - 107
<b>Appendix 7</b>	Letter of 16 May 2013 from the Commissioner for Transport	108 - 115
<b>Appendix 8</b>	Letter of 16 May 2013 from the Commissioner of Police	116 - 119
<b>Appendix 9</b>	Letter of 16 May 2013 from the Secretary for Transport and Housing	120 - 124
<b>Appendix 10</b>	Letter of 16 May 2013 from the Director of Information Services	125 - 138

#### Appendices relating to Chapter 3 of Part 4: "Pre-primary Education Voucher Scheme"

<b>Appendix 11</b>	Opening statement made by the Secretary for Education at the public hearing on 27 April 2013	139 - 140
<b>Appendix 12</b>	Letter of 31 May 2013 from the Secretary for Education	141 - 163

## CONTENTS

### Page

Appendix relating to Chapter 4 of Part 4: "Development  
and management of parks and gardens"  

---

**Appendix 13** Letter of 24 May 2013 from the Director  
of Leisure and Cultural Services 164 - 174

Appendix relating to Chapter 5 of Part 4: "Tung Chung  
Road Improvement Project"  

---

**Appendix 14** Letter of 24 May 2013 from the Director  
of Highways 175 - 178

**ACRONYMS AND ABBREVIATIONS** 179 - 181

*Introduction*

---

---

**The Establishment of the Committee** The Public Accounts Committee is established under Rule 72 of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region, a copy of which is attached in *Appendix 1* to this Report.

2. **Membership of the Committee** The following Members are appointed by the President under Rule 72(3) of the Rules of Procedure to serve on the Committee:

**Chairman** : Hon Abraham SHEK Lai-him, GBS, JP

**Deputy Chairman** : Hon Paul TSE Wai-chun, JP

**Members** : Hon CHAN Hak-kan, JP  
Hon Alan LEONG Kah-kit, SC  
Hon WONG Yuk-man  
Hon NG Leung-sing, SBS, JP  
Hon Kenneth LEUNG

**Clerk** : Mary SO

**Legal Adviser** : Stephen LAM

*Procedure*

---

---

**The Committee's Procedure** The practice and procedure, as determined by the Committee in accordance with Rule 72 of the Rules of Procedure, are as follows:

- (a) the public officers called before the Committee in accordance with Rule 72 of the Rules of Procedure, shall normally be the Controlling Officers of the Heads of Revenue or Expenditure to which the Director of Audit has referred in his Report except where the matter under consideration affects more than one such Head or involves a question of policy or of principle in which case the relevant Director of Bureau of the Government or other appropriate officers shall be called. Appearance before the Committee shall be a personal responsibility of the public officer called and whilst he may be accompanied by members of his staff to assist him with points of detail, the responsibility for the information or the production of records or documents required by the Committee shall rest with him alone;
- (b) where any matter referred to in the Director of Audit's Report on the accounts of the Government relates to the affairs of an organisation subvented by the Government, the person normally required to appear before the Committee shall be the Controlling Officer of the vote from which the relevant subvention has been paid, but the Committee shall not preclude the calling of a representative of the subvented body concerned where it is considered that such a representative could assist the Committee in its deliberations;
- (c) the Director of Audit and the Secretary for Financial Services and the Treasury shall be called upon to assist the Committee when Controlling Officers or other persons are providing information or explanations to the Committee;
- (d) the Committee shall take evidence from any parties outside the civil service and the subvented sector before making reference to them in a report;
- (e) the Committee shall not normally make recommendations on a case on the basis solely of the Director of Audit's presentation;
- (f) the Committee shall not allow written submissions from Controlling Officers other than as an adjunct to their personal appearance before the Committee; and



*Procedure*

---

- (g) the Committee shall hold informal consultations with the Director of Audit from time to time, so that the Committee could suggest fruitful areas for value for money study by the Director of Audit.

2. **Confidentiality undertaking by members of the Committee** To enhance the integrity of the Committee and its work, members of the Public Accounts Committee have signed a confidentiality undertaking. Members agree that, in relation to the consideration of the Director of Audit's reports, they will not disclose any matter relating to the proceedings of the Committee that is classified as confidential, which shall include any evidence or documents presented to the Committee, and any information on discussions or deliberations at its meetings, other than at meetings held in public. Members also agree to take the necessary steps to prevent disclosure of such matter either before or after the Committee presents its report to the Council, unless the confidential classification has been removed by the Committee.

3. A copy of the Confidentiality Undertakings signed by members of the Committee has been uploaded onto the Legislative Council website.

4. **The Committee's Report** This Report by the Public Accounts Committee corresponds with Report No. 60 of the Director of Audit on the results of value for money audits which was tabled in the Legislative Council on 17 April 2013. Value for money audits are conducted in accordance with the guidelines and procedures set out in the Paper on Scope of Government Audit in the Hong Kong Special Administrative Region - 'Value for Money Audits' which was tabled in the Provisional Legislative Council on 11 February 1998. A copy of the Paper is attached in *Appendix 2*.

5. **The Government's Response** The Government's response to the Committee's Report is contained in the Government Minute, which comments as appropriate on the Committee's conclusions and recommendations, indicates what action the Government proposes to take to rectify any irregularities which have been brought to notice by the Committee or by the Director of Audit and, if necessary, explains why it does not intend to take action. It is the Government's stated intention that the Government Minute should be laid on the table of the Legislative Council within three months of the laying of the Report of the Committee to which it relates.

**Consideration of the Director of Audit's Report tabled in the Legislative Council on 17 April 2013** As in previous years, the Committee did not consider it necessary to investigate in detail every observation contained in the Director of Audit's Report. The Committee has therefore only selected those chapters in the Director of Audit's Report No. 60 which, in its view, referred to more serious irregularities or shortcomings. It is the investigation of those chapters which constitutes the bulk of this Report. The Committee has also sought and obtained information from the Administration on some of the issues raised in three other chapters of the Director of Audit's Report No. 60. The Administration's response has been included in this Report.

2. **Meetings** The Committee held a total of 10 meetings and two public hearings in respect of the subjects covered in this Report. During the public hearings, the Committee heard evidence from a total of 17 witnesses, including two Directors of Bureau and three Heads of Department. The names of the witnesses are listed in *Appendix 3* to this Report. A copy of the Deputy Chairman's introductory remarks at the first public hearing in respect of the Director of Audit's Report No. 60 on 27 April 2013 is in *Appendix 4*.

3. **Arrangement of the Report** The evidence of the witnesses who appeared before the Committee, and the Committee's specific conclusions and recommendations, based on the evidence and on its deliberations on the relevant chapters of the Director of Audit's Report, are set out in Chapters 2 and 3 of Part 4 below.

4. The video and audio record of the proceedings of the Committee's public hearings is available on the Legislative Council website.

5. **Acknowledgements** The Committee wishes to record its appreciation of the cooperative approach adopted by all the persons who were invited to give evidence. In addition, the Committee is grateful for the assistance and constructive advice given by the Secretary for Financial Services and the Treasury, the Legal Adviser and the Clerk. The Committee also wishes to thank the Director of Audit for the objective and professional manner in which he completed his Report, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.

The Audit Commission ("Audit") conducted a review of the Government's actions on conserving monuments, graded buildings and other historic buildings.

2. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to its enquiries.

3. According to paragraph 4.5 of the Director of Audit's Report ("Audit Report"), whilst most of the 57 Government monuments and 203 graded buildings had been put into gainful use by the responsible bureaux or departments ("B/Ds"), 10 Government graded buildings had not been allocated to any B/Ds. The Committee enquired:

- why the 10 unallocated Government graded buildings had been left unattended for a long period of time and, owing to the lack of proper maintenance, some had become dilapidated; and
- what actions had been/would be taken to ensure that all unallocated Government buildings were properly maintained and gainfully used.

4. The **Secretary for Development** explained in his letter of 5 June 2013 (in *Appendix 5*) that:

- the 10 Government graded buildings were located on unallocated land with no user identified; and
- earlier this year, the Development Bureau ("DEVB") had reviewed the management and maintenance responsibilities of the 10 unallocated Government graded buildings with the relevant departments. The relevant departments had been requested to carry out the maintenance works, which were now still in progress. Whilst the relevant B/Ds would put in concerted efforts to identify gainful uses for these buildings, it should be noted that such uses might not be readily identified in view of the inherent site constraints.

5. According to paragraph 5.21 of the Audit Report, when prioritizing the maintenance works for the monuments, the Antiquities and Monuments Office ("AMO") had adopted a pragmatic approach by firstly addressing the most urgent cases, followed by the relatively less urgent ones (such as those not posing safety

risks). In this connection, the Committee enquired about the criteria adopted by the AMO in prioritizing the maintenance works for monuments and graded buildings.

6. The **Secretary for Development** replied in the same letter that:

- owners of privately-owned monuments were responsible for their maintenance. The owners could seek assistance from the AMO to carry out maintenance works for their monuments if necessary. Based on the requirements identified through inspections, the AMO would prioritize maintenance works for privately-owned monuments according to the following criteria:
  - (a) urgency (e.g. public safety concerns);
  - (b) condition of the monuments;
  - (c) promotion of heritage tourism (e.g. monuments along heritage trails); and
  - (d) cost of the works; and
- for Government-owned monuments and graded buildings that were in use by different departments, they would be maintained by the respective departments and their works agents.

7. In view of the shortage of construction workers in the labour market, the Committee enquired whether the AMO had encountered difficulties in carrying out the maintenance works for monuments and graded buildings and whether there had been cases of delays in completing such maintenance works.

8. The **Secretary for Development** replied that the AMO had not encountered difficulties in carrying out maintenance works for monuments, nor had such maintenance works been delayed, due to the shortage of construction workers.

9. Having regard to Audit's recommendation that the DEVB should make reference to overseas practices on heritage conservation, the Committee enquired whether consideration would be given to drawing experience from Macao on using

conservation of monuments and historic buildings to complement its work in promoting tourism in Macao.

10. The **Secretary for Development** responded in his letter that the DEVB had taken into account the tourism aspect in its heritage conservation work. For examples, the DEVB had:

- organized the heritage tourism expo to showcase our rich built heritage throughout our territory, Beijing and Macao;
- published a booklet "Notes of a Heritage Visitor" introducing six tour routes which had been distributed free of charge and uploaded onto their website (<http://www.heritage.gov.hk/en/doc/heritageBookletEng.pdf>); and
- selected suitable historic buildings for public access and guided tours under the Heritage Fiesta.

The DEVB would consider whether and how their work could be further enhanced on this aspect.

11. The Committee notes the above replies of the Secretary for Development and wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

## **A. Introduction**

The Audit Commission ("Audit") conducted a review of the administration of road safety measures with focus on the following areas:

- measures to tackle drink driving;
- measures to tackle speeding and red light jumping;
- measures to promote safer vehicle operation;
- accuracy of traffic accident data; and
- publicity and education programmes.

2. **Hon Abraham SHEK Lai-him** declared that he was currently a member of the Independent Police Complaints Council ("IPCC") and an Independent Non-executive Director of the NWS Holdings Limited under which the New World First Bus Services Limited and Citybus Limited run franchised bus business. He further said that he held a Hong Kong driving licence and had been fined for speeding.

3. **Hon Paul TSE Wai-chun** said that he held a Hong Kong driving licence and the Hong Kong Police Force ("the Police") had filed traffic conviction record(s) of him.

4. **Hon Kenneth LEUNG** declared that he was currently a member of the IPCC and the Police had filed traffic conviction record(s) of him.

5. **Hon CHAN Hak-kan** said that the Police had conducted the random breath test on him the week before the public hearing on this chapter.

6. **Hon Alan LEONG Kah-kit** said that he held a Hong Kong driving licence.

7. **Professor Anthony CHEUNG, Secretary for Transport and Housing**, made an opening statement at the public hearing on 4 May 2013. The full text of his statement is in *Appendix 6*.

8. As stated in paragraphs 1.2 and 1.5 of the Director of Audit's Report No. 60 ("Audit Report"), Hong Kong recorded a 4% increase in the number of traffic accidents from 15 315 in 2007 to 15 894 in 2012, whilst its road traffic fatalities had declined from 160 in 2007 to 120 in 2012 and is one of the lowest in the world. The Committee asked:

- how the road traffic fatalities in Hong Kong compared with those of major world cities; and
- whether the Transport Department ("TD") had taken into account the usage of public transport and development density of Hong Kong when making such comparison with major world cities.

9. **Mrs Ingrid YEUNG HO Poi-yan, Commissioner for Transport**, replied at the hearing and in her letter of 16 May 2013 (in *Appendix 7*) that:

- Hong Kong recorded 17 road traffic fatalities per million population in 2012, as compared to 14 in Tokyo in 2012, 19 in London in 2011, 31 in Taipei in 2011 and 38 in Singapore in 2011;
- of the 120 road traffic fatalities in Hong Kong in 2012, 15 were related to traffic accidents happened on expressways, representing 12.5% of fatalities on all roads;
- the 120 road traffic fatalities in Hong Kong in 2012 contributed to about 8% of fatalities of all external causes in 2012. Typical examples of other types of external causes included suicide, falls, accidental poisoning, fire accidents and homicide, etc.;
- amongst those major world cities which the TD could obtain relevant information on accident involvement rates for public transport, TD considered it more appropriate to compare the accident involvement rates of London with those of Hong Kong, having regard to the public transport system and its usage, as well as the development density of the two places; and
- when compared with those of London, the accident involvement rates of different modes of the public transport in Hong Kong were generally on the lower side.

## **B. Measures to tackle drink driving**

10. The Road Traffic Ordinance (Cap. 374) provides the Police with the power to conduct breath tests on a driver who is suspected of having consumed alcohol when driving a vehicle, or has committed a traffic offence when the vehicle is in motion, or has been involved in an accident. The breath test procedure is made up of two parts: a screening breath test and an evidential breath test. The screening breath test is conducted at the scene. If a driver fails the screening breath test, he may be put under arrest for undergoing an evidential breath test. An evidential breath test is conducted in a police station/evidential breath test centre. If a driver fails the evidential breath test, he will be charged with a drink driving offence. In 2008, the law was further amended to empower the Police to conduct breath tests on drivers without the need for reasonable suspicion that they have consumed alcohol. The drivers are selected at random and a random breath test is performed on roadside. If a driver fails the random breath test, he is required to undergo the screening breath test and evidential breath test as appropriate.

### Implementation of random breath tests

11. According to paragraph 2.9 of the Audit Report, 24% of the drink driving related accidents occurred between 6:01 am and 6:00 pm (daytime) and 76% occurred between 6:01 pm and 6:00 am (nighttime) for the period February 2009 to December 2012. However, 42% of the random breath tests were conducted during the daytime and 39% were conducted between 9:01 pm and 6:00 am for the period February 2009 to December 2012. In view of the fact that drink driving was more prevalent during the nighttime than daytime, the Committee asked:

- what were the criteria for determining the timing of random breath test operations; and
- what were the criteria for determining the random breath test locations.

12. **Mr Andy TSANG Wai-hung, Commissioner of Police**, explained that:

- due to the grave consequence of drink driving, there was a need for conducting sufficient random breath tests at all times to deter irresponsible drink driving behaviour;
- the fact that the number of random breath tests conducted during the nighttime was lower than that conducted during the daytime did not



necessarily mean that the number of random breath test operations mounted during the nighttime was on the low side as compared with that mounted during the daytime, as the traffic flows during the nighttime, in particular during mid-night, was lighter than daytime;

- carrying out the random breath test operations during the daytime and when approaching the hours of darkness had created greater deterrent effect by increasing the awareness of drivers;
- drink driving enforcement was only one of the Police's enforcement commitments, and equally important was the need to prevent speeding, handle traffic accidents, and maintain smooth traffic flow. The multitude of policing commitments required most of the police officers to be deployed intensively between 6:00 am and 11:00 pm every day to cope with heavy traffic flow, which affected the Police's capacity to dedicate extra resources to combating drink driving specifically outside the aforesaid time period;
- nevertheless, the Police would mount more random breath test operations during the nighttime where resources permitted; and
- breath test operations would only be mounted at locations which were safe for setting up roadblocks. Whilst the element of "randomness" was to be maintained in order to maximize the deterrent effect of random breath tests, a risk-based approach was adopted in deciding random breath test locations by considering the routes to bars/pubs area, drink driving related accident locations and number of public complaints.

13. The Committee noted from paragraph 2.14 of the Audit Report that, given the system limitation, the Police was unable to capture the locations and the timing for each random breath test operation except the timing for each random breath test. The Committee asked what measures would be taken by the Police to address the problem.

14. **Commissioner of Police** responded that:

- the existing system of the Police only captured the location and timing for each screening breath test and the number of random breath tests conducted. As the number of random breath tests far outnumbered that of the screening breath tests, to also capture the locations and timings

for all random breath tests would inevitably incur additional manpower resources to input a huge amount of data as well as financial resources to upgrade the existing system;

- although the existing system was unable to capture the location and timing for each random breath test, the police officers responsible for conducting the random breath test operations had to report the outcome of the operations to their superiors; and
- in response to Audit's recommendation, the Police would explore to include the dates, times and locations of the random breath test operations in the new Communal Information System, so that pattern and record data could easily be retrieved for strategic planning of operations as well as for analysis purposes.

#### Enforcement of the three-tier penalty legislation

15. In December 2010, the law was amended to provide a three-tier penalty system in proportion to drivers' alcohol concentration levels. As the alcohol concentration level usually decreases with time due to body metabolism, it is important to complete the evidential breath test within the shortest possible time so as to minimize the impact of the drop in alcohol concentration level on the test result.

16. As stated in paragraph 2.18 of the Audit Report, the time intervals between screening and evidential breath tests for the 744 drink driving arrests made from January to October 2012 averaged 44 minutes (ranging from 15 minutes to 90 minutes). According to the screening test results, 254 drivers (34% of the 744 cases) were suspected of having Tier 1 alcohol level, 351 (47%) Tier 2 alcohol level and 139 (19%) Tier 3 alcohol level. However, as revealed in paragraph 2.19 of the Audit Report, by the time the evidential breath tests were taken, the alcohol concentration levels of 182 drivers (24% of 744 cases) had dropped below the Tier 1 level and hence they were released. In addition, 215 drivers (29% of 744 cases) were charged with a lighter offence as their alcohol concentrations had also dropped to lower tiers. In view of the time lag between the screening and evidential breath tests on the test results, it appeared to the Committee that the enforcement of the three-tier penalty legislation had not been carried out effectively. The Committee asked what improvement measures would be taken to rectify the inadequacies.

17. **Commissioner of Police** responded that:

- the average time interval between screening and evidential breath tests had been shortened from 70 minutes to 44 minutes;
- the reasons why some evidential breath tests took longer than the overall average of 44 minutes to complete were due to one or more of the following factors:
  - (a) as only 24 of the 42 police stations and four evidential breath test centres were equipped with an evidential breath test device, additional travelling time was incurred for taking the persons put under arrest for undergoing an evidential breath test to other police stations equipped with such devices or evidential breath test centres for taking evidential breath tests;
  - (b) because of the breakdown of the evidential breath test devices in some police stations, additional travelling time was incurred for taking the persons put under arrest for undergoing an evidential breath test to other police stations equipped with such devices or evidential breath test centres for taking evidential breath tests; and
  - (c) requests made by persons put under arrest for undergoing an evidential breath test for interpretation service as they could not converse in either Chinese or English or for their legal advisers to be present before taking the evidential breath test; and
- to ensure the timeliness of evidential breath test, the Police would take/had taken the following actions:
  - (a) subject to availability of internal deployment of resources, the Police would equip those police stations which presently were without evidential breath test devices with such devices within a year. The reason why these devices were not installed in all police stations at the outset was due to space constraint. The old device required a separate room, which was no longer the case for the new device;
  - (b) to obviate the need for taking evidential breath test at police stations, the Police had in January 2011 acquired for testing two mobile evidential breath test devices; and

- (c) to further reduce the downtime of the evidential breath test devices, apart from the maintenance and calibration work carried out by the contractor every three months, the Traffic Formations would conduct routine checks on evidential breath test devices on a weekly basis. In the past 15 months, the downtime of the evidential breath test devices only comprised 1% of their operation time.

18. The Committee noted from Note 10 to paragraph 2.16 of the Audit Report that according to medical research overseas, after consuming alcohol, blood alcohol level would initially increase due to absorption through the stomach. Thereafter, blood alcohol level would decrease due to body metabolism. The Committee asked whether consideration would be given to exploring the feasibility of cooperation between the respective scientists and the Prosecutions Division of the Department of Justice in improving the evidential breath test procedure in adducing evidence to prove drink driving offences.

19. **Commissioner of Police** responded that:

- as body metabolism varied from individual to individual, the drop in alcohol concentration levels of the drink driving arrests could not be worked out by applying a simple projection;
- in serious traffic accidents that involved drink driving, the Police would engage professional experts from the Government Laboratory in the assessment of alcohol concentration levels of the drink driving arrests to ensure the admissibility of evidence by the court;
- under special circumstances, the Police would consider on a case-by-case basis whether there was a need to engage professional experts from the Government Laboratory to assess the alcohol concentration levels of the drink driving arrests; and
- apart from exchanging views and experience with law enforcement agencies, the Police would also take into account the advice from other professional experts as necessary in the enforcement of the three-tier penalty legislation.

20. The Committee enquired about the reasons for the long time taken by the Police to roll out the mobile evidential breath test device.

21. **Commissioner of Police** explained at the hearing and in his letter of 16 May 2013 (in *Appendix 8*) that:

- in September 2011, the Police commissioned a local university to perform the User's Acceptance Test ("UAT") on the identified Dräger Alcotest 9510 breath analysing instrument. The devices were however required to be returned to the manufacturer in Germany for adjustment due to the technical problems encountered in the course of the UAT;
- the UAT was subsequently completed in December 2012 and all samples sent for examination complied with both the metrological requirements as stipulated in the Organisation Internationale de Métrologie Légale recommendations for Evidential Breath Analysers and the technical specifications mentioned in the operator manual of Dräger Alcotest 9510;
- in March 2013, the Police further commissioned the Hong Kong University of Science and Technology ("HKUST") to conduct a comprehensive mobility performance test on the evidential analyzer Dräger Alcotest 9510 against a number of the outdoor environmental factors of Hong Kong such as humidity and temperature under a mobile setting. Such test and the subsequent expert report provided by the HKUST would be of significant evidential value to the reliability and admissibility of the instrument in future court proceedings; and
- it was anticipated that the test would be completed in the fourth quarter of 2013 and subject to satisfactory test results, the mobile evidential breath test would be rolled out.

### **C. Measures to tackle speeding and red light jumping**

#### Operation of the speed enforcement camera system

22. The Committee noted from paragraph 3.10 of the Audit Report that a new technology called average speed camera system had been used in other jurisdictions since 1999 to influence driver behaviour over a greater distance. In an average speed camera system, two cameras are installed, one at the entrance and one at the exit of the road section being monitored. The system employs Automatic Number Plate Recognition technology to identify individual vehicle as it passes the entrance and exit cameras, so as to calculate its average speed over the road section. If the average speed is above the speed limit, data captured by the system can be used as evidence for

prosecution. Drivers would be more inclined to observe their speed over the entire section of road being monitored by the average speed camera system, rather than just at individual spots. The TD only commenced studying the feasibility of using the average speed camera system in Hong Kong in 2007 and planned to launch a trial of the system in 2013-2014. Against this background, the Committee asked about the reasons for not commencing the feasibility study earlier and the long time taken by the TD to put the average speed camera system to trial run, and the details of the trial scheme.

23. **Commissioner for Transport** responded that:

- it took considerable time for the Administration to consider the issue on compliance of the Personal Data (Privacy) Ordinance (Cap. 486) arising from the use of an average speed camera system. Unlike the speed enforcement camera system which only collected data/photographs of the violating vehicles, the average speed camera system used the Automatic Number Plate Recognition technology to identify the licence plate of every vehicle passing through the entrance and exit of the road section for matching;
- to address the concern on infringement of right of privacy, the following measures would have to be taken:
  - (a) all images recorded by the average speed camera system would be encrypted at the time of capture, making them not recognizable to unauthorized persons; and
  - (b) after the average speed of the vehicle was calculated, ascertaining whether there had been a violation of speed limit, only data showing a speeding offence would be retained for prosecution. All other data and images would be immediately discarded on the spot;
- as evidenced by overseas practice, the average speed camera system was still immature in 2000 when it was first implemented in some other jurisdictions. The manufacturer had since made continual adjustments and improvements to the average speed camera system to tackle various technical problems. The average speed camera system was only implemented in Australia in 2010;

- in 2007, the TD had, in conjunction with the Transport and Housing Bureau ("THB") and the Police, commenced studying the feasibility of using the average speed camera system in Hong Kong including the admissibility to the court of the evidence so collected;
- drawing on overseas experience, the use of average speed camera system to influence driver behaviour was mainly effective on expressways or highways. To achieve the desired level of effectiveness, due consideration had to be given to identifying the appropriate locations for the installation of the system;
- in 2012, the TD engaged a consultant to carry out preliminary design for conducting a trial of the average speed camera system at the Shenzhen Bay Bridge of the Hong Kong Shenzhen Western Corridor;
- it was estimated that the procurement and installation of the average speed camera system for a trial period of one year at the Shenzhen Bay Bridge of the Hong Kong Shenzhen Western Corridor would require \$11.3 million;
- the TD planned to seek funding approval from the Finance Committee of the Legislative Council for implementing the trial scheme of the average speed camera system in 2013-2014; and
- the Shenzhen Bay Bridge of the Hong Kong Shenzhen Western Corridor was chosen as it had around 4 kilometres (km) of high speed road with variable speed limit signs at a maximum of 100 kilometres per hour (km/hr). The deterrent effect of the average speed camera system over a long distance and its applicability on roads with variable speed limits could be tested in the trial scheme. The admissibility of the data/photographs so collected in court proceedings could also be tested. The privacy risk associated with the operation of the average speed camera system would be evaluated. The TD would closely monitor the cost-effectiveness and performance of the average speed camera system during the implementation of the trial scheme.

24. On the question of how overseas jurisdictions addressed the concern about infringement of right of privacy arising from the use of average speed camera system, **Commissioner for Transport** replied in her letter of 16 May 2013 (in Appendix 7) that:

- in Australia, the legislation that regulated the use of traffic cameras made it clear that the images (whether or not they contained any personal information) could only be used for speeding or other traffic offences, or for any other purposes that were authorized by law. The images recorded by the average speed camera system did not identify a driver or other vehicle occupants but the licence plates. All images were encrypted at the time of data capture, and protected by a digital signature for verifying the authenticity of the evidence. The encryption and decryption keys were only made available to authorized persons;
- in New Zealand, cameras should not be able to inadvertently capture images within someone's private property, nor capture any other personal information because the legislation protected individuals from having their private property exposed by other parties. The cameras of average speed camera system were employed to observe solely the traffic on the roads;
- in Norway, the Data Protection Agency was authorized to inspect the average speed camera system on how personal data was handled in order to ascertain whether the data was stored and deleted in accordance with the regulations. The camera boxes and central servers would be reviewed to verify that all personal data in connection with the average speed camera system operations never left the boxes containing the cameras and was deleted as soon as the speeds of the vehicles were determined. The same applied to data from offending vehicles after the maximum number of days (30) of storage; and
- in European Union countries currently adopting the average speed camera system, data of vehicles not exceeding speed limits were automatically erased by the systems for privacy reasons. Data protection should not therefore constitute a major legal obstacle for the deployment of the average speed camera system. However, legislation varied from country to country. Since data from all vehicles entering a section of a road equipped with the average speed camera system were collected and processed in the first step before they were finally erased, it had been made clear that the whole process should comply with the legislation of individual countries.



### Operation of the red light camera system

25. The Committee noted from paragraphs 3.12-3.14 of the Audit Report that at present, the red light camera system took rear side photograph of an offending vehicle in order to show that the offending vehicle was travelling when the red light was on. From October to December 2012, 2 109 (9%) of the 22 871 red light jumping cases detected by the red light camera system could not be pursued because the images of the offending vehicles on the offside lane were blocked by other vehicles on the kerbside lane. The Committee asked:

- what improvement measures would be taken by the TD to enhance the effectiveness of the red light camera system; and
- whether consideration would be given to installing multiple cameras systems with less dazzling flash to take both the frontal and rear side photographs of the offending vehicles for identifying the offending drivers.

26. **Commissioner for Transport** responded that:

- since 2009, the enforcement camera systems had started capturing digital images and the quality of the images had been greatly enhanced. The systems had also been enhanced with optical character recognition capability to identify the licence plate of the offending vehicles. This had improved the efficiency and effectiveness of the enforcement actions;
- the blockage of the images of the offending vehicles (from October to December 2012) mostly occurred at 126 red light camera system locations, some of them with heavy traffic flow of franchised buses;
- there were practical difficulties in installing more red light camera systems at a location where there was traffic light because of insufficient space for building the foundations for the systems due to the congested underground utilities and road condition in Hong Kong;
- drawing on overseas experience, not all blockage of the images of the offending vehicles in red light jumping cases could be eliminated with the use of the multiple cameras system;
- as only 9% of the images of the offending vehicles had been blocked by other vehicles from October to December 2012 and higher cost would be

incurred for the installation of the multiple cameras system, the Administration considered it more cost-effective to deploy additional resources for the installation of the red light camera system at other sites to enhance the overall deterrent effect against red light jumping;

- TD planned to adopt remote long distance data transfer technology so that law enforcement officers would no longer be required to collect the data on sites; and
- TD would also explore the feasibility of adopting other new technologies to provide more quality images and video records of the offending vehicles to further improve the effectiveness of the enforcement camera systems. TD would consult the Road Safety Research Committee under the Road Safety Council ("RSC") on the way forward.

27. The Committee noted from paragraph 3.5 of the Audit Report that with the use of enforcement camera systems, the Police was able to capture the photographs showing the registration marks of the offending vehicles and hence identify the offending vehicles and vehicle owners concerned. The Committee enquired what actions would be taken if the offending drivers could not be identified.

28. **Commissioner of Police** responded that upon receipt of the data collected by the enforcement tools, the Police would contact the registered owners of the offending vehicles for the identification of the offending drivers. If the registered owner of the offending vehicle was an individual and he was unable to provide information for identifying the offending driver, he could upon conviction be liable to a fine or imprisonment. If the registered owner of the offending vehicle was a corporation and the corporation was unable to provide information for identifying the offending driver, the corporation could upon conviction be liable to a fine instead of imprisonment.

29. Given the prevalence of digital cameras being installed on taxis and other motor vehicles, the Committee considered that apart from the Police's enforcement camera systems, the photographs and/or video records so collected by the digital cameras and uploaded onto the Internet could be used for enforcement and prosecution. In this regard, the Committee asked whether consideration would be given to making use of the photographs or video records of the offending vehicles uploaded onto the Internet as evidence for prosecution.

30. **Commissioner of Police** responded that when the Police received any report of alleged traffic offences with related photographs or video records being uploaded onto the Internet, the police officers would try their best to contact the person who uploaded the photographs or video records onto the Internet for assistance if the alleged traffic offences were serious ones. If the person who took the photographs or video records of the offending vehicle agreed to come forward and act as a witness, the photographs or video records could be used as evidence for prosecution. If the person who took the photographs or video records was not identified or refused to help, the related information would still be forwarded to the Regional Traffic Formations for reference.

31. In his letter of 16 May 2013 (in *Appendix 9*), **Secretary for Transport and Housing** stated that in order to effectively combat the illegal activities of red light jumping and speeding, TD had completed Phase 3 expansion programme of the red light camera system and Phase 2 expansion programme of the speed enforcement camera system in 2010 and 2011 respectively. To further facilitate effective enforcement by the Police, TD had just commenced Phase 4 expansion programme of the red light camera system, which was expected to be completed in 2015.

#### **D. Measures to promote safer vehicle operation**

##### Public light buses

32. According to paragraphs 4.4-4.6 of the Audit Report, the legal requirement for installing passenger seat belt only applies to public light buses ("PLBs") manufactured or registered on or after its effective date in August 2004. PLBs not fitted with the passenger seat belts but already in use before the effective date are exempted. To encourage the exempted PLBs to be retrofitted with passenger seat belts, the Administration has, since 2002, launched three incentive schemes to encourage owners of old diesel PLBs (amongst other diesel commercial vehicles) to replace their PLBs with more environmentally friendly models. Those replaced in or after August 2004 were fitted with passenger seat belts. In its investigation report published in December 2010, The Ombudsman's Office recommended the Administration to consider extending the passenger seat belt requirement to the exempted PLBs.

33. With reference to Figure 7 in paragraph 4.8 of the Audit Report, as at December 2012, 42% of the PLBs in operation were exempted from the seat belt requirement, as a result of which passengers of the PLBs not fitted with passenger seat belts were exposed to greater risk. The Committee asked what measures would be taken to rectify the undesirable situation.

34. **Commissioner for Transport** responded that:

- when the Administration amended the Road Traffic Ordinance for mandating provision of passenger seat belts on PLBs in 2004, the legislative intent was to require new PLBs registered after 1 August 2004 to be installed with passenger seat belts; and
- as at March 2013, there were 1 470 diesel PLBs. In his Policy Address of January 2013, the Chief Executive indicated that the Government would seek to phase out the heavily polluting pre-Euro and Euro I to III diesel commercial vehicles with greater financial incentives whilst putting in place more stringent regulatory measures. For those PLBs not fitted with passenger seat belts, the TD would make greater efforts to encourage owners concerned to participate in the upcoming incentive scheme for the early replacement of their vehicles with more environmentally friendly models fitted with passenger seat belts.

35. As reported in paragraph 4.12 of the Audit Report, as at 31 December 2012, there were 981 liquefied petroleum gas fuelled PLBs without passenger seat belts which were not covered by the new air pollution control measures announced in the 2013 Policy Address. The Committee asked whether consideration would be given to offering subsidy for installation of passenger seat belts on the exempted PLBs.

36. **Secretary for Transport and Housing** said that when the law on seat belts was passed, the clear understanding was that passenger seat belts would be required only on newly registered PLBs. The Administration had endeavoured to strike a balance between the public concern on safe vehicle operation and the strong views of the PLB trade in respect of the financial hardship brought about by the seat belt law. Whilst noting that the PLB trade would welcome the Government's subsidy on the retrofitting cost (about \$80,000 to \$100,000 for every PLB), he believed that for the proper management of public money and in line with the prudent approach, the Administration should accord appropriate priorities to various financial commitments.

37. The Committee noted from paragraph 4.16 of the Audit Report that the seat belt wearing by PLB passengers was less than satisfactory as reflected by the number of summonses issued against PLB passenger seat belt offence from 1 375 in 2007 to 1 515 in 2012. As reported in paragraph 4.17 of the Audit Report, 91% of the passengers on the 30 PLBs trips surveyed by Audit staff did not wear seat belts. The Committee queried whether sufficient enforcement and publicity efforts had been made to promote seat belt wearing of PLB passengers.

38. **Commissioner of Police** said that:

- since 2007, the Police carried out territory-wide operations two to three times a year and such operations would focus on education, publicity and enforcement;
- for the Police's special operations against PLB seat belt offence in 2011 and 2012, a total of 1 280 passengers were found not wearing seat belts on PLBs, of which 128 were issued warnings instead of summonses; and
- the Police would consider Audit's recommendation that consideration should be given to taking more effective actions to convey a clear message that the Government was taking the matter seriously.

39. **Commissioner for Transport** said that apart from announcement in the public interest ("API"), TD also distributed stickers to PLB operators for placing at the back of every seat in PLBs to remind passengers to wear seat belts.

40. In view of the number of PLBs exempted from the seat belt requirement and the unsatisfactory seat belt wearing situation, the Committee asked what improvement measures would be taken to promote safer operation of PLBs.

41. **Secretary for Transport and Housing** stated in his letter of 16 May 2013 (in Appendix 9) that:

- in April 2012, the Road Traffic Ordinance was amended with a view to deterring speeding by drivers of PLBs and enhancing their safe operation. The measures which took effect on 13 April 2012 included imposing a maximum speed limit for PLBs at 80 km/hr, mandating all PLBs to install speed limiters (and pre-set their maximum speed limit to 80 km/hr) and mandating display of PLB driver identity plates on PLBs by PLB drivers;
- since the commencement of the new legislation, the Police had conducted a number of territory-wide enforcement operations targeting PLBs to check, inter alia, if PLB drivers had committed speeding and whether PLBs were equipped with speed limiters as required;
- THB expected to submit to the Legislative Council within this year the legislative proposal to mandate the installation of electronic data recording

device (commonly known as black box) on newly registered PLBs, and to require applicants of PLB driving licences to attend a mandatory pre-service training course;

- TD would continue to work with the PLB trade and review from time to time the current measures to enhance the safe operation of PLBs;
- for those PLBs registered before 1 August 2004, TD would continue to encourage owners of exempted PLBs to retrofit their PLBs with passenger seat belts; and
- relevant Bureaux/Departments ("B/Ds") would also step up publicity efforts to change the attitude and behaviour of PLB passengers.

### Franchised buses

42. With reference to paragraphs 4.45-4.46 of the Audit Report, the accident involvement rates for franchised buses (e.g. 379.8 per 1 000 vehicles in 2012) were consistently higher than those of PLBs (e.g. 245.6 per 1 000 vehicles in 2012) and taxis (e.g. 233.9 per 1 000 vehicles in 2012). Over the years, a number of measures had been put in place to enhance the safety operation of franchised buses. These measures included the imposition of a maximum speed of a franchised bus at 70 km/hr for roads with general speed limit of over 70 km/hr; annual health checks for bus drivers aged 50 or above; training of new bus drivers and incumbent drivers; periodic reporting of the implementation of the TD's guidelines on working hours of bus drivers; installation of speed limiters and black boxes on franchised buses; and other safety facilities. Against this background, the Committee enquired about the causes of traffic accidents involving franchised buses and the additional improvement measures that would be / had been taken.

43. **Commissioner for Transport** said at the hearing and elaborated in her letter of 16 May 2013 (in Appendix 7) that:

- the accident involvement rates for franchised bus comprised collision type and non-collision type accidents. Of the 2 217 franchised buses involved in road traffic accidents in 2012, 1 294 (58%) were non-collision type accidents and 923 (42%) were collision type accidents;
- the involvement rates of franchised bus in collision type accidents were comparable to that of all motor vehicles. The factors contributing to

occurrence of collision type accidents of franchised buses were similar to those of other vehicle types, except that there was much higher percentage of the factor "failing to ensure the safety of passenger";

- TD met with franchised bus operators on a regular basis to, inter alia, review the working hour arrangements of bus drivers as well as the bus schedule. If statistics on traffic accidents showed that the accidents were attributed to certain types of improper driving behaviour, TD would liaise with the bus operators to arrange refresher training for incumbent drivers;
- as franchised buses carried a large number of passengers including standing passengers, a significant proportion of road traffic accidents involving franchised buses would report injury of passengers even there was no collision. This type of accidents was classified as non-collision type accidents and typically involved passengers losing balance inside the bus compartment due to various reasons, such as passengers not holding the handrail tightly or falling down when boarding or alighting;
- TD was mindful of the high proportion of non-collision type accidents of franchised buses, and had taken effort jointly with the franchised bus operators to promote bus passenger safety through education and publicity programmes, such as APIs on television ("TV") and radio, on-bus TV broadcasting as well as display of "holding onto handrails" and "no standing on stairway" posters and sticker notices inside bus compartments;
- most of the franchised buses currently in service were equipped with some, if not all, of the features like low-floor (wheelchair-accessible), continuous railing, handrails at exit doors and priority seats for passengers in need. In addition, there were standard provisions on new buses for a safer bus journey including non-slippery bus floor material, high contrast step-edge, closing door buzzer and warning lamp at exits; and
- as far as franchised bus operators were concerned, they had the incentive to reduce traffic accidents since they would receive more customers' complaints, claims for casualties or fatalities arising from traffic accidents, and would have to pay higher premium for the insurance, etc. whenever their buses were involved in traffic accidents.

44. The Committee noted from paragraphs 4.45-4.46 of the Audit Report that between June and November 2012, there were three serious franchised bus traffic accidents in which the bus drivers concerned were reported to have lost consciousness at the times of the accidents. Whilst noting that franchised bus operators had health check programmes for their drivers aged 50 or above, the franchised bus operators were not required to submit the health check results to TD. According to Appendix B of the Audit Report, the Mainland and a number of overseas jurisdictions had stipulated in their laws more stringent health check requirements for taxi and bus drivers. The Committee asked whether consideration would be given to imposing more stringent health check requirements on bus and taxi drivers, drawing on overseas experience.

45. **Commissioner for Transport** said at the hearing and **Secretary for Transport and Housing** replied in his letter of 16 May 2013 (in Appendix 9) that:

- to further enhance the operational safety of franchised buses, TD was actively coordinating a review on the health check arrangements for bus drivers currently carried out by franchised bus operators;
- the Administration was also reviewing the age requirement for applicants to produce a medical examination certificate issued by a registered medical practitioner when applying for issuance or renewal of driving licence;
- without compromising the personal data privacy, the Administration was exploring measures that could address the problem arising from the need to obtain prior consent of drivers suspected to be suffering from impaired health for accessing their medical records; and
- all relevant government departments would continue to work closely in striving to ensure road safety.

### Taxis

46. According to paragraph 4.40 of the Audit Report, the total number of speeding offences committed by taxi drivers had increased by 23% from 25 338 in 2007 to 31 258 in 2012. In terms of the number of speeding offences per 1 000 vehicles over the period from 2007 to 2012, the speeding problem of taxis was more serious than that of PLBs and franchised buses. The Committee asked whether



consideration would be given to introducing additional measures to enhance the safe operation of taxis, such as mandating the installation of speed limiters on taxis.

47. **Commissioner for Transport** responded that:

- because of its personalized service, taxi drivers would usually accede to passengers' request and drive slower;
- the maximum speed of PLBs was 80 km/hr whereas the maximum speed of taxis could be as high as 110 km/hr under the existing legislation. As such, the installation of speed limiters on taxis would not be as effective as that on PLBs;
- taxi drivers were already required to display their driver plates and install the taxi meters on the top of the driving panel. There was limited space on the top of the driving panel of a taxi for installation of a speed limiter and a speed display;
- in view of the above, the TD did not have a plan to mandate installation of speed limiters on taxis; and
- apart from enforcement efforts, the TD coordinated publicity and education programmes targeting taxi drivers, such as refresher training course on occupational safety and code of practice for road user groups, etc.

#### **E. Accuracy of traffic accident data**

48. The TD used the traffic accident data in the Transport Information System ("TIS") for formulation of road safety strategies, publicity/education programmes and on-going review of road safety legislation amongst other road safety initiatives. As revealed in paragraph 5.10 of the Audit Report, the TD found that out of 27 755 accidents which occurred between April 2011 and December 2012, the grid reference of 7 314 (26% of 27 755) cases of accident locations were inaccurate. Table 10 of paragraph 5.10 of the Audit Report showed that in 4 417 of the 7 314 cases, the distance between the accident locations based on the inaccurate and TD's amended grid references ranged from over 50 metres to over 1 000 metres. The Committee enquired about:

- the reason(s) for the inaccurate input of traffic accident data by the Police into its computerized database; and
- what measures would be taken to address the problem.

49. **Commissioner of Police** explained at the hearing and furnished further information in his letter of 16 May 2013 (in Appendix 8) that:

- the Traffic Operations and Management System ("TOMS") was a computerized case management database used by the Police to record traffic accident data. The TIS was used by TD to capture traffic accident data from TOMS for identifying locations of accident black spots and accident trends for in-depth analysis. After initial investigation of traffic accidents, data relating to the locations of accidents and their grid references, personal data of parties involved, information on vehicles involved, contributory factors of the accidents, etc. would be input by frontline police officers into TOMS and TIS respectively;
- the police officers could detect the grid references at the scene of the traffic accidents by using the portable Global Positioning System devices provided by the TD, or could obtain the grid references from the electronic mapping system of TIS. In the circumstances the grid references input by police officers were rejected by the system when the map of TIS had not been updated, police officers would have to use the grid references of a nearby location as a substitute. In a small number of cases, some errors were caused by inputting the Northing and Easting components of the grid references in the reverse order. In 2011 and 2012, the Police received monthly scanning reports from TD, on which 205 cases and 157 cases of inaccurate input of grid references in TIS were showed. It was not until March 2013 that the Police was given to understand that out of the 27 755 accidents which occurred between April 2011 and December 2012, TD found that grid references of 8 264 (i.e. 30% of 27 755) cases were inaccurate;
- different lists of traffic accident contributory factors were adopted by TOMS and TIS. The list of traffic accident contributory factors maintained in TIS was 90-item long whilst that of TOMS was 44-item long because the former had a more detailed coverage (including driver, vehicle, environmental and casualty factors) whereas the latter mainly covered driver factors; and

- regarding the inaccurate input of contributory factors, the Police believed that improvements to the TIS could enhance the accuracy of data input. At the same time, the Police would also reinforce the checking process when the traffic accident contributory factors input into TOMS and TIS were reviewed by supervisory officers.

50. **Mr TO Kam-biu, Deputy Commissioner for Transport (Planning and Technical Services)**, said that the Police was responsible for investigating traffic accidents and the investigation officers were required to keep investigation findings and results in individual physical files and to input accident data into TOMS. The TD used computer sorting of traffic accident data to help compile a list of accident black spots whilst the traffic accident locations were identified using a grid reference system. The accident black spots were then prioritized for conducting investigation with a view to devising preventive and remedial measures. The TD had since 2008 carried out selective checks on grid references input by the Police by cross-referencing to the description of the locations input by the Police. The TD would work in tandem with the Police to rectify any problems with the grid reference system and devise appropriate remedial and improvement measures to enhance the accuracy of traffic accident data.

## **F. Publicity and education programmes**

51. According to paragraphs 6.2-6.4 of the Audit Report, the RSC organizes publicity and education programmes through its Road Safety Campaign Committee ("RSCC") to disseminate road safety messages and educate different road user groups. These programmes are primarily financed by government provision. In 2011-2012, RSC received \$4.7 million funding from the THB and \$260,000 from various commercial sponsors of its road safety activities. Most of the road safety publicity campaigns are sustained throughout the year and employ a variety of publicity and advertising means. According to a survey commissioned by the RSC in 2005, TV topped the means through which road safety messages were effectively received by respondents. With the assistance of Information Services Department ("ISD"), the RSC produces one to three TV APIs each year to disseminate road safety messages.

### Case 1

52. The Committee noted from paragraph 6.5 of the Audit Report that an API for combating drug driving had been broadcast for two months from late January 2011 to early April 2011 when a local magazine alleged that the API had infringed the

copyrights of a United Kingdom ("UK") anti-drug driving video. After viewing the UK video, the ISD ceased broadcasting the API, sought explanation from the Contractor on the similarities between the two videos and gathered more background information from the copyright owner of the UK video. Whilst the Contractor replied that the creative concept was his own, the UK copyright owner informed the ISD that his lawyer believed that there was a clear infringement of his copyrights. In March 2012, the ISD obtained an offer from the UK copyright owner to grant a licence for the broadcast of the API subject to the charging of a licence fee. In April 2012, after obtaining legal advice, it was decided that no legal action would be taken against the Contractor. Two APIs had subsequently been produced to combat drug driving and had been on air since 1 March 2012. In this connection, the Committee enquired about the role and responsibility of the ISD in the production of APIs, and how the production of APIs was monitored.

53. **Mr Michael WONG, Director of Information Services**, said at the hearing and stated in his letter of 16 May 2013 (in *Appendix 10*) that:

- APIs were owned by the B/Ds that commissioned and paid for them. The two APIs as referred to in paragraph 6.5 of the Audit Report were technically "owned" by the THB, which commissioned the production of the two APIs on behalf of the RSC and signed the contracts;
- the ISD acted as an agent for the RSC in the production of its APIs. All action taken by ISD in regard to the two APIs was discussed with, and agreed by, the RSC or its Secretariat. The ISD could not act and did not act on its own, and must act on the advice and decisions of the RSC or as requested by the RSC Secretariat;
- responsibility for the theme, messages, content, creative approach and storyline lied with the owner B/Ds; and
- the Local Promotions Sub-division of ISD's Publicity and Promotions Division, in close consultation with the client B/Ds, managed the approval process as well as the liaison with the contractors on production logistics. The process was explained in the "Good Practice Guide on Publicity Campaigns".

54. As stated in paragraph 6.6 of the Audit Report, the problem in the API contents in Case 1 not only frustrated the Government's efforts to disseminate road safety messages to the public but also affected the image of the Government. Audit

observed that there were clear provisions in the API quotation and contract documents about a contractor's obligations on the copyright issues and his liability to indemnify the Government against all claims. The Committee asked about:

- the actions taken by the ISD to seek compensation from the Contractor for not honouring his contractual obligation to provide material that was free of infringement of copyright claims, including what had transpired in the course of such actions;
- the reason(s) for the decision of the ISD not to take legal action against the Contractor;
- the reason(s) for not offering the UK copyright owner a licence fee in order to continue with the broadcast of the API on anti-drug driving; and
- what improvements had been made by the ISD to the procedure for producing APIs to prevent the infringement of copyright in an API from recurring.

55. **Director of Information Services** said at the hearing and elaborated in his letter of 16 May 2013 (in Appendix 10) that:

- legal advice was sought from the Intellectual Property Department ("IPD") and Department of Justice ("DoJ") on this matter. Although IPD rendered advice based on its analysis of the API content, it was inconclusive. IPD stated that, ultimately, it was for the courts to decide whether a copyright breach had occurred. DoJ's advice was that unless the UK copyright owner took action for breach of copyright, the RSC was not in a position to make a claim against the Hong Kong Contractor for breach of copyright or non-compliance of its contractual obligations. DoJ also stated that the Hong Kong Contractor was under no obligation to answer any questions put to it by ISD;
- ISD was not in a position to decide whether or not to take legal action. Such a decision rested with the RSC in conjunction with THB, which signed the contract. As could be seen in the "Information Note on the Anti-Drug Driving API", legal advice had been sought from IPD and DoJ on this matter, and the substance of the advice from IPD and DoJ had been provided to the RSC for its consideration;

- the main concern of ISD and RSC was always to ensure that there was no breach of intellectual property rights ("IPR") and to protect the Government's reputation in this regard. The Government's commitment to protecting IPR, as well as its action to do so, took precedence over any contractual dispute B/Ds might have with the Contractor that produced the API. This was because the potential damage to Hong Kong's reputation as a jurisdiction committed to protecting IPR far outweighed any loss, financial or otherwise, the Government and RSC might have suffered as a result of the curtailed broadcast period of the API. Given the media attention at that time, the continued broadcast of the API, which bore resemblance to the UK video, was not in the best interest of the Government or RSC whilst questions remained over the IPR integrity of the Hong Kong production. The UK copyright owner had informed ISD on 8 May 2013 that it would not pursue action against the Hong Kong Contractor; and
- Case 1 was a rare occurrence and the first of its kind in the past 10 years during which time more than 1 700 TV APIs had been produced. Following the discovery of possible copyright issue with the anti-drug driving API, ISD had implemented a number of operational measures to help avert the recurrence of similar incidents in future. These measures included:
  - (a) contractors would be specifically asked to confirm originality of their creative concepts during the presentation stage of their creative ideas;
  - (b) internet-based search on successful creative concepts would be conducted to look for similar ideas, executions, storylines etc. in Hong Kong or overseas, and the result of which would be documented; and
  - (c) a Production Checklist would be kept at float of each API file to ensure all necessary procedures were completed and documented.

56. **Secretary for Transport and Housing** said that although the shelving of the API in Case 1 had undermined the effectiveness of the publicity campaign on combating drug driving at that time, he considered it a responsible act of the Government, having regard to its negative impact on the image of the Government in protecting the IPR. In the light of the experience acquired from the suspected infringement of copyright issue in Case 1, the ISD had stepped up measures to avoid

the recurrence of similar incidents by carrying out searches over the Internet for road safety TV APIs under planning to see if any TV commercials using similar creative execution had been produced elsewhere in the world and whether they might involve any copyright infringement issues. During presentations of the contractors' creative ideas, the ISD also made a special point to ask contractors to confirm that their ideas were original and not subject to any copyright issues. In addition, the Government would explore the feasibility of arranging performance-based payments to contractors to encourage their compliance with the relevant copyright requirement.

## Case 2

57. The Committee noted from paragraphs 6.5-6.6 of the Audit Report that in July 2012, the broadcast of an API for promoting cyclists' safety on public roads was temporarily withheld since the TD and the RSC secretariat received complaints and media enquiry concerning the improperly fitted bicycle featured in the API. Prior to the shooting, the Contractor had invited the ISD by e-mail to approve the bicycle and vehicles to be used for the shooting, attaching the side view photograph of the bicycle. After consulting the TD and the Police, the ISD advised the Contractor that the proposed bicycle and vehicles were acceptable and that there would not be any government officers attending the shooting. The bicycle used in the API production was not fitted with a bell and a rear reflector (contrary to the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap. 374 sub. leg. A)). However, the omission was not detected when the API rough cut and final cut were circulated to the TD and the Police (amongst other RSCC members) for comments in October 2011 and January 2012 respectively. According to the ISD's Good Practice Guide on Publicity Campaigns, relevant B/Ds are to attend the shooting session of TV APIs. However, no government officers attended the shooting of the API on safe cycling. The Committee asked what improvements had been made by ISD to the procedure for producing APIs to prevent the technical issue with the API on safe cycling from recurring.

58. **Director of Information Services** said at the hearing and stated in his letter of 16 May 2013 (in Appendix 10) that:

- the "Good Practice Guide on Publicity Campaigns" served as a general information note to B/Ds on the mounting of publicity campaigns, including the production of APIs. B/Ds were encouraged to follow the guidelines therein as far as practicable;

- in the light of the technical issue with the API on safe cycling, the Good Practice Guide on Publicity Campaigns was being updated to include considerably more information on a number of publicity matters, including the production of APIs; and
- an additional category had been added to the Production Checklist for each API to ensure a technical expert from the relevant B/Ds was present for location filming when necessary. Special effort would also be made to ensure that the API storyboard and script were cleared by relevant B/Ds prior to the shooting. The ISD would refuse to proceed with the shooting session where appropriate if these conditions were not met. Where circumstances warranted, ISD might reschedule location filming to ensure the presence of an on-site technical expert from the relevant B/Ds.

59. **Commissioner for Transport** expressed regret that no technical experts from the TD were present at the filming session of the API on safe cycling. The fact that the filming had been proceeded with in the absence of the relevant technical experts was undesirable. As regards the non-compliance of the bicycle featured in the API with the Road Traffic (Construction and Maintenance of Vehicles) Regulations, she said that the non-compliance could have been detected early if due regard had been given by TD's colleagues during the checking of the rough and final cuts of the cycling safety API. In the light of Case 2, the TD's technical expert would in future be present at the filming sessions of the APIs on road safety and give due regard to the checking of the rough and final cuts of the APIs to ensure the compliance of the content with the statutory requirements.

60. **Commissioner of Police** responded that it was mandatory under the established guidelines of the Police for the relevant technical experts to be present at the filming sessions of the APIs if the APIs were under the purview of and commissioned by the Police. It was however not the case for the API on safe cycling which was commissioned by the THB, on behalf of the RSC. Accordingly, the Police had not deviated from the aforesaid principle of its established guidelines. In addition, for those APIs commissioned by an advisory/consultative body of the Government with concerted effort of B/Ds, it was not uncommon that not all subject officers of the relevant B/Ds would be present at each filming session of the APIs, having regard to the resource implications and cost-effectiveness. Notwithstanding the above, in response to Audit's recommendation, **Commissioner of Police** agreed that the Police would in future ensure the presence of the relevant technical experts at the filming sessions of the APIs on road safety and the approval of its storyline, etc.



61. **Secretary for Transport and Housing** remarked that:

- for Case 2, there was room for improvement in terms of the coordination and accountability of B/Ds with respect to publicity campaigns on safe cycling;
- acting as a liaison agent, the ISD was responsible for managing the approval process in the production of APIs and liaising with contractors on the production logistics; and
- as experts on the statutory requirements of bicycle safety fittings and the related enforcement, the TD and the Police were responsible for monitoring the content, the message and the presentation of the cycling safety API and ensuring the compliance of the bicycle featured in the API with the statutory requirements.

## **G. Conclusions and recommendations**

62. The Committee:

<b>Overall comments</b>
-------------------------

- believes that, as human lives are invaluable, the Administration should strive to enhance road safety to prevent road traffic accidents;
- acknowledges that the Secretary for Transport and Housing ("STH") has agreed that the Transport and Housing Bureau, the Transport Department ("TD") and the Hong Kong Police Force ("Police") will work in tandem to analyze the root causes of and trend in traffic accidents in order to come up with more effective measures to further reduce traffic fatalities and injuries. The scope of work will comprise areas such as:
  - (a) health check and working hour arrangements for franchised bus drivers;
  - (b) installation of road safety equipment on road-based public transport modes, such as retrofitting exempted public light buses ("PLBs") with passenger seat belts;

- (c) education and publicity efforts on promoting safety awareness, such as the wearing of passenger seat belts on PLBs; and
  - (d) road design and driving behaviour;
- notes that the STH has undertaken to strive to enhance road safety through legislation, enforcement, improvement on road facilities as well as publicity and education with a view to achieving the road safety vision of "Zero Accidents on the Road, Hong Kong's Goal";
- expresses grave dismay and alarm that the Administration has been complacent in the administration of road safety measures and has failed to use the resources efficiently to reduce traffic accidents, as evidenced by the following:
- (a) enforcement of the three-tier penalty legislation against drink driving could not be carried out effectively as 18 of the 42 police stations were still not equipped with evidential breath test devices as at January 2013;
  - (b) 42% of the random breath tests were conducted during daytime (between 6:01 am and 6:00 pm) from February 2009 to December 2012 despite the fact that only 24% of drink driving related accidents and 10% of drink driving related arrests occurred during daytime;
  - (c) health check arrangements for franchised bus drivers are less stringent than those of other jurisdictions despite the fact that the accident involvement rates for franchised buses (e.g. 379.8 per 1 000 vehicles in 2012) were consistently the highest among those for the public transport modes as reported in the Audit Report (e.g. 245.6 per 1 000 PLBs and 233.9 per 1 000 taxis in 2012) from 2007 to 2012;
  - (d) inadequate effort has been made by the TD to rectify the situation that 42% of the PLBs in operation were exempted from the statutory passenger seat belt requirement as at December 2012 even though the accident involvement rates for PLBs (e.g. 245.6 per 1 000 vehicles in 2012) were consistently higher than the average for all motor vehicles (e.g. 33.1 per 1 000 vehicles in 2012) from 2007 to 2012;

- (e) no improvement measures, such as installation of speed limiters on taxis, have been considered for implementation to tackle the serious speeding problem of taxis;
  - (f) the TD only commenced studying the feasibility of using an average speed camera system in Hong Kong in 2007, and planned to launch a trial of the system in 2013-2014 despite the fact that such a system has been used in other jurisdictions since 1999; and
  - (g) the planned publicity campaign against drug driving has been weakened because an announcement in the public interest ("API") on drug driving was shelved in 2011 due to suspected copyright infringement;
- acknowledges that:
- (a) the Commissioner of Police has undertaken to:
    - (i) expedite the installation of evidential breath test devices in 18 of 42 police stations, having regard to the latest technology and available resources of the Police; and
    - (ii) subject to availability of resources, consider conducting more random breath tests during nighttime when both drink driving related accidents and arrests were on the high side; and
  - (b) the Commissioner for Transport has undertaken to seek funding from the Finance Committee ("FC") of the Legislative Council ("LegCo") for launching a trial of the average speed camera system in 2013-2014;
- urges the Commissioner of Police to report to the Panel on Transport of LegCo on the timetable to install evidential breath test devices in 18 of 42 police stations;
- expresses serious dismay about the lack of coordination and accountability among relevant bureaux/departments ("B/Ds") in the implementation of road safety measures, as evidenced by the following:
- (a) the broadcast of an API for promoting safe cycling was temporarily withheld in 2012 as the bicycle featured in the API was not fitted with a bell and a rear reflector required by the law due to the absence

of technical experts from relevant B/Ds during the shooting of the API; and

- (b) the TD has to spend extra time and resources to rectify the inaccurate traffic accident data input by the Police;
- acknowledges that:
  - (a) the Director of Information Services has undertaken to review the Good Practice Guide on Publicity Campaigns with a view to providing more guidance for B/Ds in the production of APIs and has updated the production checklist to provide sufficient safeguards to ensure the compliance by respective B/Ds with the requirement of the Good Practice Guide on Publicity Campaigns;
  - (b) the Commissioner for Transport and the Commissioner of Police have undertaken to comply with the requirement of the Good Practice Guide on Publicity Campaigns concerning the presence of appropriate experts during the shooting session of APIs; and
  - (c) the Commissioner of Police has undertaken to, in collaboration with the TD, rectify the persistent problem of inaccurate grid references for traffic accident locations input by the Police into the Transport Information System ("TIS");

<b>Specific comments</b>
--------------------------

Measures to tackle drink driving

- expresses grave dismay and alarm that:
  - (a) for the four years since the commencement of the random breath test operations in February 2009, the Police had not maintained statistics of the test operations. As a result, the information provided to the Panel on Transport of LegCo in January 2011, i.e. 60% of the test operations were scheduled between 9:00 pm and 6:00 am, was based on a general observation instead of verified data;
  - (b) as revealed by the random breath test data from February 2009 to December 2012, 42% of the tests were carried out by the Police

during daytime when both drink driving related accidents and arrests were on the low side, i.e. 24% and 10% respectively;

- (c) from January to October 2012, 182 drivers (24%) of the 744 drink driving arrest cases were released and 215 drivers (29% of 744 cases) were charged with a lighter offence, because their alcohol concentrations had dropped to lower levels by the time the evidential breath tests were taken. As a result, the deterrent effect of the three-tier penalty system was undermined; and
  - (d) there were cases of delay in conducting evidential breath tests because some police stations where the drink driving suspects were taken to for reporting of arrests were not equipped with a test device and there were breakdowns of the test devices in some cases;
- notes that the Commissioner of Police has agreed with the audit recommendations in paragraphs 2.13 and 2.25 of the Audit Report;
  - recommends the Commissioner of Police to work in tandem with the Department of Justice and respective scientists with a view to improving evidential breath test procedures in adducing evidence to prove drink driving offences;

#### Measures to tackle speeding and red light jumping

- expresses grave dismay and alarm that:
  - (a) the deterrent effect of the present speed enforcement camera system is localised as some drivers may increase speed after passing the system. Whilst the Police's records showed that an average speed camera system has been used in other jurisdictions since 1999 to influence driver behaviour over a greater distance, the TD only commenced studying the feasibility of using the system in Hong Kong in 2007, and planned to seek funding from FC for launching a trial of the system in 2013-2014;
  - (b) 2 109 (9%) of the 22 871 red light jumping cases detected by the red light camera system from October to December 2012 could not be pursued because the images of the offending vehicles were blocked by other vehicles. Sanctions could not be imposed on the offending drivers to deter their dangerous driving behaviour; and

- (c) the present enforcement camera systems only show the offending vehicles' identity but not that of the offending drivers. There were cases that the registered owners of the vehicles failed to identify the offending drivers;
- notes that:
  - (a) the Commissioner for Transport has agreed with the audit recommendations in paragraph 3.18 of the Audit Report; and
  - (b) the Commissioner of Police has agreed with the audit recommendations in paragraphs 3.18 and 3.23 of the Audit Report;
- acknowledges that the Commissioner for Transport has undertaken to seek funding from FC for launching a trial of the average speed camera system in 2013-2014;

Measures to promote safer vehicle operation

- expresses grave dismay and alarm that:
  - (a) as at 31 December 2012, 42% (1 815) of the 4 350 PLBs were not fitted with passenger seat belts. Given the higher accident involvement rates for PLBs than the average for all motor vehicles, PLB passengers face a high safety risk;
  - (b) despite the publicity efforts and the Police's enforcement actions, the number of summonses issued against PLB passenger seat belt offence from 2007 to 2012 reflected that there was little improvement in the seat belt wearing rate. The Audit Commission's survey of 30 PLB trips in February 2013 also showed that 91% of the passengers did not wear seat belts;
  - (c) the speeding problem of taxis (measured in terms of number of speeding offences per 1 000 vehicles) was more serious than that of PLBs and franchised buses, and had deteriorated significantly in 2012; and
  - (d) the Mainland and a number of overseas countries have stipulated in their laws more stringent health check requirements for taxi and bus drivers than the existing legislative requirements in Hong Kong which cover all drivers;

- notes that:
  - (a) the Commissioner for Transport has agreed with the audit recommendations in paragraphs 4.31, 4.34, 4.42 and 4.52 of the Audit Report; and
  - (b) the Commissioner of Police has agreed with the audit recommendations in paragraphs 4.32 and 4.33 of the Audit Report;
- recommends the Commissioner for Transport to explore the feasibility of mandating taxis to install speed limiters;

Accuracy of traffic accident data

- expresses great dissatisfaction that:
  - (a) the problem of inaccurate grid references for traffic accident locations input into the TD's TIS as identified in the 2006 audit review still persisted. Of the 27 755 accidents which occurred from April 2011 to December 2012, the TD's checking up to end of December 2012 revealed that the grid references of 7 314 (26%) cases input by the Police were inaccurate. In 4 417 of these 7 314 cases, the physical distances between the accident locations according to the inaccurate and the TD's amended grid references were over 50 metres;
  - (b) the TD has to spend extra time and resources to rectify the problem of inaccurate input of grid references. The timeliness of accident black spot data could be compromised; and
  - (c) the problem of inaccurate input of traffic accident contributory factors into the TIS as identified in the 1998 and 2006 audit reviews still persisted. In the 2013 audit review, sample check revealed that 13% of the input factors were still inaccurate;
- notes that:
  - (a) the Commissioner of Police has agreed with the audit recommendations in paragraphs 5.14 and 5.22 of the Audit Report; and

- (b) the Commissioner for Transport has agreed with the audit recommendations in paragraph 5.14(b) of the Audit Report;

Publicity and education programmes

- expresses serious dismay that:
  - (a) the broadcast of an API for combating drug driving was shelved in 2011 after having been on air for a period of two months because of suspected copyright infringement;
  - (b) whether the shelved API for combating drug driving had infringed the copyrights of the United Kingdom ("UK") anti-drug driving video had not been ascertained;
  - (c) no API for combating drug driving had been broadcast between early April 2011 and 1 March 2012; and
  - (d) the broadcast of another API for promoting safe cycling was temporarily withheld in 2012 because the bicycle featured in the API was not fitted with a bell and a rear reflector, contrary to the law;
- notes that:
  - (a) the Director of Information Services has agreed with the audit recommendations in paragraph 6.7 of the Audit Report;
  - (b) the Commissioner of Police has agreed with the audit recommendations in paragraphs 6.8 and 6.17 of the Audit Report; and
  - (c) the Director of Information Services had been informed by the copyright owner of the UK anti-drug driving video that the copyright owner would not pursue action against the contractor for the shelved API;
- acknowledges that:
  - (a) the Director of Information Services has undertaken to review the Good Practice Guide on Publicity Campaigns with a view to providing more guidance for B/Ds in the production of APIs and has updated the production checklist to provide sufficient



safeguards to ensure the compliance by respective B/Ds with the requirement of the Good Practice Guide on Publicity Campaigns; and

- (b) the Commissioner for Transport and the Commissioner of Police have undertaken to comply with the requirement of the Good Practice Guide on Publicity Campaigns concerning the presence of appropriate experts during the shooting session of APIs; and

<b>Follow-up action</b>
-------------------------

- wishes to be kept informed of the progress made in implementing the various audit recommendations.

## **A. Introduction**

The Audit Commission ("Audit") conducted a review of the kindergarten ("KG") services administered under the Pre-primary Education Voucher Scheme ("Voucher Scheme"). The Voucher Scheme was introduced by the Education Bureau ("EDB") with effect from the 2007-2008<sup>1</sup> to alleviate parents' financial pressure and raise the quality of KG education. The Voucher Scheme is non-means-tested and provides parents with direct fee subsidy in the form of a voucher to choose and access all KGs participating in the Voucher Scheme ("Scheme KGs"). For the first four years of 2007-2008 to 2010-2011, Scheme KGs were required to spend the balance of the voucher value on professional upgrade of teachers and principals.

2. In Hong Kong, KG education refers to the three-year KG programme for children from three to six years old. Although KG education is not compulsory, most parents enrol their children in the programme. All KGs in Hong Kong are privately run. They are either non-profit-making ("NPM") or private-independent ("PI"). Subject to a transitional period of three years from 2007-2008 to 2009-2010, only NPM local KGs are eligible to join the Voucher Scheme. As at September 2012 (start of the 2012-2013 school year), the participation rate was 77% in terms of KGs (735 out of 861 local KGs) and 79% in terms of students (129 000 out of 164 000 students).

3. There is a great diversity amongst the KGs in terms of their operating scale, school premises and facilities, rentals and other operating costs, qualifications and number of teachers, staff salaries and school fees charged, etc. Parents have the freedom to choose KGs to suit their family needs. As at September 2012 (start of school year 2012-2013), there were 957 KGs (decreased from 989 KGs as at September 2007). Some 380 (40%) of them were small in size, each employed less than 13 teachers and enrolled less than 100 students. Of these 957 KGs, 861 offered a local curriculum (i.e. local KGs) and 96 offered an international curriculum (i.e. non-local KGs).

4. **Hon Kenneth LEUNG** declared that his child was previously a Scheme KG student.

---

<sup>1</sup> Unless otherwise specified, all years mentioned in this Report refer to school years, which start on 1 September of a year and end on 31 August of the following year.

5. **Mr Eddie NG Hak-kim, Secretary for Education**, said in his opening statement that:

- the EDB welcomed that Audit recognized the contributions of the Voucher Scheme in easing the financial burden on parents and raising the professional qualifications of KG principals and teachers;
- under the Voucher Scheme, government funds were not paid as subventions to the KGs but were provided as direct subsidy to parents. With the significant investment in the Voucher Scheme, the EDB had instituted a package of measures to regulate the financial operation of Scheme KGs to forestall abuse and to ensure that KG expenditure was incurred to support teaching and learning activities. To safeguard the interests of parents, Scheme KGs were required to publish their key operational details, such as miscellaneous fees charged, in the KG Profile issued by the EDB from time to time to the public;
- since the implementation of the Voucher Scheme in 2007-2008, the EDB had undertaken reviews of the Voucher Scheme in 2009 and again in 2010. As a result of the reviews, a series of enhancement measures had been introduced with a view to ensuring the quality of KG education. The EDB would continue to work closely with the KG sector and other stakeholders to further enhance the Voucher Scheme. The Director of Audit's Report ("Audit Report") on the Voucher Scheme had presented a good opportunity for the EDB to further enhance the Voucher Scheme. The EDB would consider the Audit recommendations in detail and take follow-up actions as appropriate;
- providing practicable 15-year free education and better quality KG education was one of the priorities of the current-term Government. In this regard, the Audit findings of and recommendations on the Voucher Scheme, particularly with regard to the governance of Scheme KGs, had provided valuable reference materials; and
- the Committee on Free KG Education, which was set up on 8 April 2013 to make concrete recommendations to the EDB on the practicable implementation of free KG education, would study the Audit recommendations in due course.

The full text of the Secretary for Education's opening statement is in *Appendix 11*.

## **B. Overview of the Voucher Scheme and its financial features**

### Charging of school fees and miscellaneous fees by Scheme KGs

6. The Committee considered that although the Government had spent some \$8.5 billion on the Voucher Scheme over the five school years of 2007-2008 to 2011-2012, the Voucher Scheme had failed to fully achieve one of its objectives to alleviate parents' financial pressure. This was evidenced by the fact that according to paragraph 2.19(b) of the Audit Report, in 2012-2013, school fees of 68 Scheme KGs were less than the fee subsidy limit of \$16,800. In other words, only parents of 68 out of 735 Scheme KGs were not required to pay any school fee. Such a situation was aggravated by the fact that some Scheme KGs had charged the miscellaneous fees which could be as high as 24% to 44% of the school fees according to paragraph 2.25 of the Audit Report.

7. **Secretary for Education** responded that the value of the voucher had helped parents to defray a large part of the tuition fee of KG education, i.e. the average tuition fee for half-day ("HD") classes paid by parents in 2012-2013 was \$3,500 per student per annum ("pspa") as opposed to \$15,169 prior to the introduction of the Voucher Scheme in 2007-2008. In this regard, the EDB considered that the Voucher Scheme had achieved a first phase success in alleviating parents' financial pressure.

8. **Mrs Betty IP, Deputy Secretary for Education**, supplemented and the **Secretary for Education** elaborated in his reply dated 31 May 2013 to the Committee (in *Appendix 12*) that:

- when the Voucher Scheme was introduced in 2007-2008, school fees for only four Scheme KGs were less than the fee subsidy limit of \$10,000 pspa, i.e. parents had to pay on average, \$7,200 (for HD class) pspa in 2007-2008, as compared with \$15,169 in 2006-2007;
- because the scheduled increase in the fee subsidy provided under the Voucher Scheme since 2007-2008, as illustrated in paragraph 2.6 of the Audit Report, had outpaced the increase of school fees for some Scheme KGs, parents of 68 Scheme KGs' students were not required to pay any school fee in 2012-2013, as compared with only four in 2007-2008;
- to ensure that a reasonable choice of eligible and affordable KGs for needy families was available under the Voucher Scheme, the

*Pre-primary Education Voucher Scheme*

---

Government had, starting from the 2009-2010 school year, reinstated an annual adjustment mechanism for the fee remission ceilings under the Kindergarten and Child Care Centre Fee Remission Scheme ("KCFRS") on the basis of the weighted average fees of NPM HD and whole-day ("WD") KGs under the Voucher Scheme;

- to further tie in with the implementation of the Voucher Scheme, the KCFRS had, with effect from the 2011-2012 school year, been modified to provide enhanced assistance in KG education to needy families, which included:
  - (a) revising the calculation of fee remission under the KCFRS to provide additional financial support to needy families on top of the voucher value (i.e. the amount of voucher subsidy);
  - (b) removing the social needs assessment for eligibility for WD rate of fee remission; and
  - (c) adjusting annually the meal allowance ceiling for needy KG children attending WD Scheme KGs in accordance with the Consumer Price Index (A);
- starting from the 2012-2013 school year, the school fee ceilings and the amount of voucher subsidy had been adjusted annually in accordance with Composite Consumer Price Index ("CCPI"). To reduce the difficulties of Scheme KGs in handling their administrative and accounting work, starting from the 2012-2013 school year, the voucher subsidy had been disbursed according to the tuition fee payment schedule of KGs; and
- in addition to the above enhancement measures, the EDB planned to provide all Scheme KGs with a one-off grant to improve the teaching and learning environment and facilities through improvement works and procurement of learning resources with a view to enhancing teaching and learning effectiveness of KGs. Subject to the approval of the Finance Committee ("FC") of the Legislative Council ("LegCo"), the grant will be disbursed to all eligible KGs in the 2013-2014 school year.

9. Regarding the miscellaneous fees charged by Scheme KGs, **Deputy Secretary for Education** advised and the **Secretary for Education** elaborated in his reply dated 31 May 2013 to the Committee (in Appendix 12) that:

- to safeguard the interest of parents and students, when considering KGs' applications for revision of school fees, the EDB would only accept those expenditures directly related to teaching and learning, school operation and maintenance of education services. Expenses on regular learning activities for all students, conducted either inside or outside the school premises, including expenses for birthday parties, graduation ceremony, school outing, picnics and visits, would be taken into account in determining the approved fee levels to ensure the reasonableness of the revision;
- although KGs might charge miscellaneous fees for the sale of optional school items and provision of paid services which would not require prior approval from the EDB (as in the case of school fees and lunch charges), the EDB had required Scheme KGs to comply with the following set of principles on trading activities and to report the miscellaneous fees they charged for trading activities in the "statements of profit/loss from trading activities" attached to their audited accounts, so that excessive profits could readily be identified:
  - (a) no purchase of school items or acceptance of paid services should be compulsory, and parents should be informed accordingly;
  - (b) items and paid services should be sold or provided at the minimum feasible price and should not be above the market price;
  - (c) any offers of donation or advantage from trading operator/suppliers should only be accepted in accordance with EDB circulars;
  - (d) no profit should be generated from the sale of textbooks;
  - (e) profit from the sale of school items (other than textbooks) and the provision of services should be limited to 15% of the cost price;  
and
  - (f) proper books of accounts should be kept which must reflect all its trading activities;
- to avoid Scheme KGs from grouping the whole or part of their miscellaneous fee income under "other operating income" which might have bypassed the requirement for compliance with specified profit limits and the EDB's examination for justification and reasonableness,

the EDB would revise the guidelines on how incomes from trading operations should be reflected. Specifically, the EDB would:

- (a) define clearly what constituted "trading activities";
  - (b) give examples of items that should be reported as "other operating income" in the audited accounts, so that Scheme KGs would properly classify their incomes from various miscellaneous fees and report them properly in their audited accounts as required;
  - (c) remind Scheme KGs to observe the list of components of school fees as set out in Appendix C to the Audit Report, and not to collect other charges on these components; and
  - (d) request Scheme KGs and their auditors to provide explanatory notes and details of the trading income in the audited accounts where necessary;
- Scheme KGs would be reminded to follow the revised guidelines in the annual circular memorandum on submission of audited accounts, which would be issued in November each year; and
  - briefing sessions on financial management and fee revision of KGs would be conducted in November 2013 and February 2014 respectively, during which the revised guidelines on trading income would also be introduced.

#### Financial situation of Scheme KGs

10. The Committee pointed out that the reason why some Scheme KGs charged miscellaneous fees as high as 24% to 44% of their school fee income was due to the fact that these Scheme KGs incurred net deficits in their operation. The Committee noted that the school fees of Scheme KGs could not be raised without the EDB's approval and could not exceed the ceilings set by the EDB. According to paragraph 5.12 of the Audit Report, in 2010-2011, some 280 (37%) incurred net deficits, and 20 of them incurred net deficits of \$1 million to \$2 million each. Question was raised as to whether Scheme KGs, which must be NPM, could survive in a wholly private market where the rentals of school premises were high.

11. **Secretary for Education** responded that:

- although some 280 (37%) Scheme KGs had incurred net deficits in 2010-2011, 440 (59%) Scheme KGs had earned net surplus and some 30 (4%) Scheme KGs had a breakeven result during the same period;
- some sponsoring bodies of Scheme KGs had indicated that they would continue to operate the KGs despite at a loss, as it was their mission to provide educational services to the local community;
- many Scheme KGs had been very creative in coming up with ways to reduce their operating costs by, say, renting space in public housing estates from the Housing Authority or in shopping malls from private developers who charged lower rent in order to attract KG operators to operate a KG in the premises;
- a KG rent reimbursement scheme was operated by the EDB to provide financial assistance to NPM KGs, including Scheme KGs, in the form of reimbursement of rentals, rates and government rents. Each year, the Government spent some \$200 million on such reimbursements, with some 85% disbursed on rentals. In 2012-2013, 392 Scheme KGs were granted rental reimbursement; and
- the issue of how KGs should be financed would be one of the issues which the Committee on Free KG Education would study and make specific proposals on how to practicably implement free KG education. The Committee on Free KG Education and its five sub-committees would also study the recommendations in the Audit Report for making proposals on improvement in the context of free KG education. The terms of reference and membership of the Committee on Free KG Education and its five sub-committees are in the Appendix to his reply dated 31 May 2013 to the Committee (in Appendix 12).

12. **Deputy Secretary for Education** supplemented that the fact that some Scheme KGs recorded net deficits in a particular school year did not necessarily mean that all of them were operating at a loss. Some of these Scheme KGs could in fact have accumulated surplus. The reason why some Scheme KGs which had accumulated surplus still incurred net deficits in a particular school year was because they were advised by the EDB, when considering their applications for revision of school fees, to lower or withdraw their proposed fee increase and to plough back the surplus to finance the KG operation.



*Pre-primary Education Voucher Scheme*

13. At the request of the Committee, **Secretary for Education** provided, after the hearing, the following information to substantiate that the financial situation of Scheme KGs has improved over the years:

	School year/Financial year			
	2007-2008	2008-2009	2009-2010	2010-2011
Number of Scheme KGs with net deficits for the school year and as a % of the total Scheme KGs	387 (47%)	430 (53%)	357 (45%)	279 (37%)
Government expenditure on the Voucher Scheme in respective financial year (\$ million)	914.1	1,523.9	1,628.9	1,854.3

14. On the question of how the EDB would do to help those Scheme KGs which had incurred net deficits, **Deputy Secretary for Education** advised that:

- of the 279 Scheme KGs with net deficits in the 2010-2011 school year, only 17 KGs (6%) charged school fees at the school fee ceiling for a HD and/or WD place in the same school year. For the other 262 KGs, they were charging school fees below the school fee ceilings. And amongst many of these 262 KGs, the school fees they charged were also below the HD and WD weighted average school fees in Scheme KGs. The aforesaid 262 Scheme KGs might consider applying for an increase in school fees if they had financial difficulties in operating the KGs, after collection of the fee subsidy under the Voucher Scheme (at \$16,800 in 2012-2013) and receipt of other incomes;
- in view of the above, no correlation could be drawn between the school fee ceilings and the Scheme KGs with net deficits in the 2010-2011 school year; and
- with effect from the 2012-2013 school year, the school fee ceilings under the Voucher Scheme would be adjusted annually according to the

year-on-year rate of change in the CCPI, hence allowing all KGs, including those at the school fee ceilings, to revise the fee levels correspondingly.

15. According to paragraph 5.11 of the Audit Report, although the Voucher Scheme had provided for revising the school fee ceilings with CCPI since 2012-2013, 24% of the Scheme KGs were charging school fees for a HD place close to the school fee ceiling. The scope for their fee revisions to cope with factors other than inflation was limited. The Committee requested the Secretary for Education to provide information on the numbers and percentages of Scheme KGs providing both HD and WD classes, only HD classes and only WD classes respectively, and the numbers of these Scheme KGs which incurred deficits, surplus and had a breakeven result respectively in 2010-2011 on the sole basis of the school fees charged.

16. **Secretary for Education** has provided the following responses after the hearing:

- it would not fairly present the operating situation of Scheme KGs if one was to assess the operating results of Scheme KGs on the sole basis of the school fees charged without taking into account the fact that:
  - (a) the operating expenditures as shown in the audited accounts of Scheme KGs are the actual expenditures of the KGs as certified by their auditors. However, the expenditures of some Scheme KGs may not be fully recognized as allowable expenditures by the EDB when assessing the fee increase application of these KGs. For example, rental value that is higher than the rental assessment of the Rating and Valuation Department ("RVD"), donations, and management fees that are not justified will be excluded in fee revision assessment; and
  - (b) the operations of Scheme KGs are financed by various types of income. Apart from school fees and miscellaneous fees collected from students, Scheme KGs will receive such income as interest income, donations, subsidies from their sponsoring bodies, etc. These incomes are used to finance the operation of the Scheme KGs and help reduce the pressure for fee increase; and
- Scheme KGs are privately run. Whilst their annual audited accounts are prepared in accordance with the generally accepted accounting

*Pre-primary Education Voucher Scheme*

principles, the presentation of the audited accounts of Scheme KGs may vary. Some Scheme KGs do not provide full details of their incomes and expenditures in their 2010-2011 audited accounts. And thus, the EDB do not have the required information to comprehensively analyze the operating situation of Scheme KGs taking into account the factors set out above.

17. Notwithstanding the foregoing, **Secretary for Education** has provided below the distribution of Scheme KGs which had incurred a deficit, had earned a surplus or had a breakeven result on an overall basis for the 2010-2011 school year:

2010-2011 school year	Scheme KGs							
	Providing WD classes only		Providing HD classes only		Providing both HD and WD classes		Total	
	No.	%	No.	%	No.	%	No.	%
Net Surplus	139	63%	87	60%	214	55%	440	59%
Breakeven (Net surplus below 1% of total school income)	14	6%	7	5%	13	3%	34	4%
Net Deficit	67	31%	50	35%	162	42%	279	37%
Total	220 (29%)	100%	144 (19%)	100%	389 (52%)	100%	753 (100%)	100%

Setting of voucher value

18. The Committee enquired about the reason(s) for changing the basis to adjust the annual provision of fee subsidy under the Voucher Scheme with reference from inflation, teachers' salary increment and qualification development from 2007-2008 to 2011-2012 to adjust the same (i.e. voucher value) annually according to the year-on-year rate of change in the CCPI from 2012-2013.

19. **Mrs Cherry TSE, Permanent Secretary for Education**, explained and the **Secretary for Education** elaborated in his reply dated 31 May 2013 to the Committee (in Appendix 12) that:

*Pre-primary Education Voucher Scheme*

---

- it was not the policy intent of the Voucher Scheme to provide free education at the time when the Voucher Scheme was introduced and hence the voucher was not meant to cover the full tuition fee charged by KGs in the 2007-2008 school year. Families with financial difficulties might apply for fee remission through the means-tested KCFRS for additional financial support. To alleviate the financial burden on parents, the amount of fee subsidy under the Voucher Scheme was set with reference to the weighted average school fee. In the 2007-2008 school year, the weighted average school fee for HD classes was \$17,200 pspa, of which the amount of fee subsidy under the Voucher Scheme was around 60%;
- substantial upgrading of professional qualification of principals and teachers of Scheme KG were expected to be completed by the 2011-2012 school year. As such, the degree of progressive increase of the subsidy in the four-year leading period had taken into consideration of teachers' salary increase as a result of their qualification upgrading;
- the Working Group on Review of the Voucher Scheme ("the Working Group") in 2010 considered that non means-tested fee subsidy, complemented by the fee remission scheme, had already taken into consideration wide eligibility for receiving subsidy for KG education on the one hand and focused support for low-income families on the other; and
- to achieve the intended target of providing support to parents to reduce their financial pressure, the voucher value should be subject to an annual review with reference to inflation with effect from the 2012-2013 school year. Along the Working Group's recommendation, the EDB proposed to adjust the voucher value annually with reference to the CCPI starting from the 2012-2013 school year, which was subsequently endorsed by the FC of LegCo.

### Setting of school fee ceilings

20. The Committee was of the view that apart from the CCPI, due regard should be given to the actual operating costs of KGs, such as teachers' salaries and rentals, in the annual revision of the school fee ceilings. The Committee noted that in the first five years of the implementation of the Voucher Scheme, the school fee ceilings were set with reference to the subsidy levels under the Scheme. According to paragraph 2.7 of the Audit Report, the HD school fee ceiling was set at \$24,000 pspa for

2007-2008 to 2011-2012, taking into account the progressive increase of the subsidy to \$16,000 in 2011-2012 and the provision of a 50% margin (\$8,000) to cater for the difference in fee levels amongst KGs.

21. **Permanent Secretary for Education** responded that:

- adjusting the school fee ceilings with reference to the average school fees charged by KGs would be tantamount to chasing the market, which would not be a prudent use of public money;
- annual revision of the school fee ceilings with reference to the CCPI with effect from 2012-2013 was endorsed by the FC of LegCo; and
- should the KG sector and other stakeholders have any comments on the existing mechanism on the setting of school fee ceilings, the EDB would review the mechanism under the established procedure. If changes to the mechanism were required, endorsement from the FC of LegCo would be sought.

#### Decline in the Voucher Scheme participation

22. The Committee considered that the fact that the annual revision of school fee ceilings was made with reference to the CCPI only might be why the Voucher Scheme participation rate was on the decline. According to paragraphs 2.30 and 7.5 of the Audit Report, when the Voucher Scheme was introduced in 2007-2008, the EDB estimated that 80% of the KGs would join the Voucher Scheme, covering 90% of the eligible children. As at September 2012, the Scheme participation rate was 77% in terms of KGs and 79% in terms of students. In October 2012, 14 Scheme KGs informed the EDB that they would opt out of the Voucher Scheme with effect from 2013-2014. According to paragraph 5.13 of the Audit Report, amongst the 14 KGs which had opted out of the Voucher Scheme in 2012-2013, five of them had immediately revised upwards their school fees for a HD place beyond the ceiling of \$25,200 pspa. Two of them had revised their school fees pspa from \$24,000 (fee ceiling for Scheme KGs in 2011-2012) to \$38,000 in 2012-2013.

23. **Secretary for Education** stressed that decline in the Voucher Scheme participation was not high. In 2007-2008, the number of local NPM KGs was 780 and the number of these KGs joining the Voucher Scheme was 768. The participation rate was 98%. In 2012-2013, the number of local NPM KGs was 757

*Pre-primary Education Voucher Scheme*

and the number of these KGs joined the Voucher Scheme was 735. The participation rate was 97%.

24. At the request of the Committee, **Secretary for Education** provided in his reply dated 31 May 2013 (in Appendix 12) to the Committee the respective numbers and percentages of local NPM KGs joining and withdrawn from the Voucher Scheme since its introduction in 2007-2008 as tabulated below:

School Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Total No. of local NPM KGs	780	788	774	769	763	757
No. and % of local NPM KGs joining the Voucher Scheme	768 (98%)	776 (98%)	762 (98%)	757 (98%)	751 (98%)	735 (97%)
No. and % of local NPM KGs withdrawn from the Voucher Scheme	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	14 (1.9%)
No. of students under the Voucher Scheme	119 700	117 900	119 100	122 900	129 100	129 400*

\* Provisional figure as at mid-September 2012

### **C. Professional development of KG principals and teachers**

#### Progress of professional upgrading

25. The Committee noted that one key objective of the Voucher Scheme was to raise the quality of KG education, by subsidizing the professional development of serving KG principals and teachers through the provision of a training subsidy. This training subsidy was included in the voucher value pspa for the years from 2007-2008 to 2010-2011, which would be spent on the reimbursement of course fees, appointment of supply teachers to relieve the workload of teachers on approved training course, and provision of school-based professional development. Training subsidy was also extended to non-Scheme KGs, so that their teaching staff could also claim course fee reimbursement. According to Table 2 in paragraph 2.12 of the Audit Report, some \$1,000 million had been spent over the five years of 2007-2008 to 2011-2012 on the provision of such teacher development subsidy.

26. The Committee further noted that in January 2007, the EDB announced the following policy targets for the professional upgrading of KG principals and teachers for all KGs, including Scheme KGs and non-Scheme KGs:

- ***Principals.*** From 2009-2010 onwards, all newly appointed principals must have a degree in Early Childhood Education ("ECE") and had completed a Certification Course for KG Principals. The EDB encouraged all serving principals to obtain a degree in ECE and expected them to complete the Certification Course by the end of 2011-2012; and
- ***Teachers.*** From 2007-2008 onwards, all newly appointed teachers must possess the Certificate in ECE ("C(ECE)") qualification or its equivalent. All serving teachers were expected to obtain the C(ECE) qualification by the end of 2011-2012.

As a condition of the Voucher Scheme, with effect from 2012-2013, each Scheme KG had to maintain a sufficient number of teachers possessing the C(ECE) qualification based on the "C(ECE) teacher to students" ratio of 1:15.

27. The Committee was concerned that the above policy targets had not been entirely met by the end of 2011-2012. According to paragraph 3.8 of the Audit Report, as at September 2012 (start of 2012-2013), 13 of the 698 Scheme KG principals (2%) had yet to complete the Certification Course and 1 203 of the 8 517 Scheme KG teachers (14%) had not acquired the C(ECE) or equivalent qualification.

28. **Deputy Secretary for Education** responded and the **Secretary for Education** elaborated in his reply dated 31 May 2013 (in Appendix 12) that:

- six of the 13 Scheme KG principals who had yet to complete the Certification Course as at September 2012 had already been enrolled or planned to enrol in the Certification Course. As these 13 principals were appointed prior to 2009-2010, the fact that they continued to serve as principals was not in breach of the condition of the Voucher Scheme. The EDB had issued advisory letters to the remaining seven principals to encourage them to acquire the qualification as soon as possible;
- for the 1 203 Scheme KG teachers who had yet to acquire the C(ECE) or equivalent qualification as at September 2012, the EDB had no information on the number who had enrolled in the C(ECE) course or equivalent. The EDB understood from the Scheme KGs concerned that

*Pre-primary Education Voucher Scheme*

the main reasons why some teachers did not pursue professional upgrading were due to imminent retirement and other family obligations;

- the EDB would ensure that there were adequate teachers possessing/pursuing C(ECE) in Scheme KGs based on the 1:15 teacher to student ratio. As a matter of fact, the EDB would not give approval for KGs to stay in or join the Voucher Scheme if they had not met the aforesaid requirement;
- in 2012-2013, of the 8 517 teachers in Scheme KGs, 7 314 (86%) had obtained the C(ECE). From the information provided by tertiary institutes offering ECE courses, 1 384 teachers in local KGs were pursuing C(ECE) in 2012-2013. The EDB, however, did not have further information on how many of these teachers were serving in Scheme KGs; and
- there was no cause for concern that there would be a shortage of manpower in the KG sector. Based on the information provided by tertiary institutes offering ECE courses, the respective numbers of graduates who were expected to obtain a degree in ECE or C(ECE) in Hong Kong in the coming two years were as follows:

Graduates from in-service ECE courses

School year	2012-2013	2013-2014
Bachelor of Education in ECE ("BEd(ECE)") or equivalent*	831	819
C(ECE)	577	476

Graduates from pre-service ECE courses

School year	2012-2013	2013-2014
BEd(ECE) or equivalent*	144	133
C(ECE)	727	1 184

\*Including Postgraduate Diploma in ECE



29. The Committee noted that although non-Scheme KGs were not required to meet the requirement to employ sufficient number of teachers with C(ECE) based on a teacher to student ratio of 1:15 as Scheme KGs, the fact that as at September 2012, 59 (57%) of the 103 serving principals had not completed the Certification Course and 461 (27%) of the 1 701 serving teachers had not acquired the C(ECE) or equivalent qualification, as pointed out in paragraph 3.8 of the Audit Report, warranted attention of the EDB.

30. The Committee enquired about the measures that would be adopted/ways that might be explored by the EDB to provide support for the professional upgrading of KG principals and teachers, having regard to the fact that the training subsidy under the Voucher Scheme had lapsed by the end of 2011-2012.

31. **Deputy Secretary for Education** responded and the **Secretary for Education** affirmed in his reply dated 31 May 2013 (in Appendix 12) that the EDB would provide course fee subsidy for Scheme teachers enrolling in C(ECE) course and principals studying the Certification Course who were pursuing these courses in 2012-2013 and would complete the courses by the end of 2013-2014. Details of such provision would be announced to the KGs before the end of the current school year.

#### Turnover rates of KG teachers

32. Notwithstanding the fact that the wastage rate of teachers for the local KG sector had dropped from 11.5% in 2006-2007 to 7.1% in 2011-2012, the Committee noted that Audit found that in 2010-2011, the average teachers' turnover rate (by individual KGs) for Scheme KGs was 22%, with turnover rates of over 60% in 26 Scheme KGs. The Committee was concerned that the high teacher turnover rate might affect the quality and stability of Scheme KGs. The Committee queried whether the high turnover rate was due to the fact that the salaries of Scheme KG teachers did not commensurate with their workload.

33. **Permanent Secretary for Education** responded and the **Secretary for Education** elaborated in his reply dated 31 May 2013 (in Appendix 12) that:

- the reasons why regular KG teachers did not serve as regular KG teachers in the same KG might be due to teacher transfer (from one KG to another KG); change of work nature in the same KG (e.g. transferred from being a regular KG teacher to a supply teacher/child-care staff,

lapse of teaching posts in the original KG, or the teacher leaving the service). All these were due either to the decision of individual teachers or to school-based arrangements;

- for individual schools as quoted in paragraph 3.19(d) of the Audit Report with relatively high staff turnover, i.e. over 60%, there might be many contributing factors relating to human resources management. Hitherto, the situation of the 26 Scheme KGs concerned had improved;
- it should be noted that the average turnover rate as quoted in the Audit Report for non-Scheme KGs was higher than that for Scheme KGs, i.e. 22% for Scheme KGs versus 27% for non Scheme KGs, which implied that the "high" turnover had no direct relation with the Voucher Scheme, or any challenges that were unique to Scheme KGs;
- notwithstanding the above, staff management was under the domain of management of organization that the EDB would look into when conducting Quality Review ("QR") to validate Scheme KGs' self-evaluation results. Should outflow of regular teachers in individual KGs warrant attention, the EDB would look into the matter and advise the KGs on appropriate enhancement measures with a view to ensuring the delivery of the quality education; and
- it was not the normal public policy to monitor/intervene into the staff turnover rate of individual entities in the aided or the private sector. The focus should be at the aggregate sector level. In this connection, the EDB would continue to monitor the demand and supply of KG teachers at the territory level to ensure an adequate provision of qualified KG teachers in the sector.

34. At the request of the Committee, the **Secretary for Education** provided after the hearing the following information as set out in items (h) and (i) of his reply dated 31 May 2013 to the Committee (in Appendix 12):

- longest, shortest and median working hours of teachers working in Scheme and non-Scheme KGs in the past five years; and
- highest, lowest and median monthly salaries of teachers working in Scheme and non-Scheme KGs in the past five years.

#### **D. Quality assurance mechanism**

35. The Committee noted that to enhance the quality of KG education, the EDB required all Scheme KGs to be subject to a quality assurance mechanism. Under the mechanism, Scheme KGs conducted self-evaluations and the EDB conducted QRs periodically to validate Scheme KGs' self-evaluation results. Starting from 2012-2013, only Scheme KGs which met the EDB's QR standards were allowed to remain in the Voucher Scheme.

#### Performance indicators for pre-primary education

36. According to paragraph 4.6 of the Audit Report, the self-evaluations to be conducted by Scheme KGs were based on a set of 32 performance indicators. These performance indicators provided a common platform to evaluate the services. In response to the Committee's enquiries about the rationale for the formulation of the 32 performance indicators for pre-primary education and the guidelines to assist Scheme KGs to conduct the required self-evaluations based on these performance indicators, **Secretary for Education** advised in his reply dated 31 May 2013 to the Committee (in Appendix 12) that:

- the performance indicators, which tied in with the aims of KG education, served as reference for school self-evaluation and QR. The 24 performance indicators under Domains I to III (I-Management & Organisation, II-Learning & Teaching, III-Support to children & School Culture) were collectively known as process indicators, reflecting school's capacity in providing a desirable learning environment conducive to the development of quality education. The remaining eight performance indicators in Domain IV (Children's Development) were the outcome indicators, covering the progress of children in different aspects. The four Domains were inter-related and closely related to the operation of individual kindergartens when assessing its performance;
- schools were recommended to use the 32 performance indicators to conduct a holistic review on their current state of performance flexibly. The performance indicators were interconnected and no single one should be used in isolation in judging the performance of a KG. Such an elaborated set of performance indicators was required particularly at the initial stage of implementing the quality assurance mechanism and developing a self-evaluation practice in KGs. KGs could make reference to the appropriate performance indicators to conduct school self evaluation ("SSE") in a more comprehensive manner;

- the EDB had conducted workshops for all Scheme KGs for enhancing SSE skills including the use of performance indicators. In addition, the School Self-Evaluation Manual, with detailed information about the use of performance indicators, had been uploaded onto the EDB website for schools' reference. The EDB would continue to strengthen support for KGs in the use of the performance indicators to conduct SSE. In this connection, the EDB would conduct training workshops and sharing sessions, as well as provide school-based support for KGs; and
- as a result of the professional upgrading of KG teachers, the ability of KG teachers in conducting assessment on students' progress as well as the planning of curriculum had improved.

Delay in finalizing the consultant's review report on the effectiveness of the QR mechanism

37. According to paragraph 4.14 of the Audit Report, in its 2010 review, the Education Commission recommended the involvement of professionals in the KG sector to fine-tune the review process so that the QR is improvement-oriented. In June 2010, the EDB commissioned a consultancy study to review the effectiveness of the QR mechanism and its impact on pre-primary education. According to the schedule, the consultancy study should have been completed by August 2011. However, up to late March 2013, the review report had not yet been finalized. The Committee enquired about the reason(s) for the delay in finalizing the consultant's review report on the effectiveness of the QR mechanism.

38. **Deputy Secretary for Education** explained that:

- the delay was due to the fact that there was room for improvement in the writing of the review report on the effectiveness of the QR mechanism prepared by the consultants. The time was further delayed due to the fact that the EDB had to communicate with the overseas consultant and his team and sometimes the EDB had to invite the consultant to come to Hong Kong to hold discussions;
- the EDB would expedite the process in finalizing the review report; and
- it should be noted that although the review report had yet to be published, in the light of the recommendations of the consultancy study which were shared with the EDB, the EDB had already introduced

improvement measures in the second five-year cycle of QRs starting from 2012-2013.

## **E. Regulatory measures**

39. The Committee noted that the EDB had instituted a package of measures to regulate the financial operation of Scheme KGs as follows:

- approval of school fees and lunch charges to ensure that the fees and charges of all Scheme KGs were justifiable and reasonable;
- annual review of audited accounts to ensure that all Scheme KGs had used the funds from redeeming the vouchers in accordance with the rules promulgated by the EDB;
- on-site inspections of selected Scheme KGs to ensure that they had adequate accounting and internal controls; and
- surprise headcount of selected Scheme KGs to verify the accuracy of their reported number of Scheme students.

40. The Committee's concerns about the EDB's setting of school fee ceilings and regulation of Scheme KGs' income from trading activities and the EDB's responses are set out in paragraphs 20 to 21 and paragraphs 6 to 9 above respectively.

### Some Scheme KGs are receiving rental reimbursement from the EDB

41. Rentals for school premises are very often one of the Scheme KGs' major expenditure items. The EDB has operated, long before the Voucher Scheme was introduced, a reimbursement scheme to provide financial assistance to NPM KGs in the form of reimbursement of rentals, rates and government rents. Each year, the Government spent some \$200 million on such reimbursements, with some 85% disbursed on rentals. Scheme KGs may operate on school premises which are owned by their sponsoring bodies, or rented from the Government, the Housing Authority, the Hong Kong Housing Society, non-governmental organisations or private owners. All the rental reimbursements provided to KGs are based on either the assessments of the RVD, or the actual rentals charged by the Housing Authority or the Hong Kong Housing Society.

42. The Committee enquired why the KG rental reimbursement policy was not consistently applied to all Scheme KGs, and whether consideration would be given to expanding the application of the policy to more Scheme KGs.

43. **Deputy Secretary for Education** responded that:

- rental reimbursement scheme, which had been in place since 1982 was open to all NPM KGs. When the Voucher Scheme was introduced, there was no policy intention to alter fundamentally the rental reimbursement scheme. Applications would be considered on its own merit based on the following set of criteria:
  - (a) the operating standard of the KG;
  - (b) the curriculum standard of the KG;
  - (c) compliance with the Education Ordinance (Cap. 279) and the Education Regulations (Cap. 279 sub. leg. A), various fire services/building requirements and administrative directives; and
  - (d) other factors (including the proven demand for kindergarten places in the district, enrolment rate, school fee level and rental cost, etc.); and
- the EDB would review the KG rental reimbursement scheme alongside the study of the free KG education.

44. The Committee noted that although all new applications for rental reimbursement would be considered only when there was shortage of KG places in the district of relevant KGs, once reimbursement was granted, shortage of KG places was no longer a factor affecting the KGs' eligibility for continuing the reimbursement in subsequent years. The Committee enquired why rental reimbursement was still provided to those KGs whereby the problem of shortage of KG places in the districts of the relevant KGs no longer existed.

45. **Deputy Secretary for Education** explained that:

- for KGs which were receiving rental reimbursement, the EDB would review their eligibility every two years based on the same set of criteria

mentioned in paragraph 43 above. However, the EDB would not discontinue with the provision of rental reimbursement to those KGs solely on the ground that there was no shortage of KG places in the districts of the relevant KGs; and

- whilst the EDB would continue to provide rental reimbursement to the eligible KGs even when there was no longer a shortage of KG places in the district to maintain stability in the operation of the KGs and to avoid creating excessive pressure for fee increase that would have bearing on the parents, the EDB would adjust the rent to be reimbursed to individual KGs having regard to their enrolment rates. A KG having an enrolment rate of 50% or above would be granted full rent reimbursement, whilst a KG having an enrolment rate below 50% would receive only 50% rental reimbursement.

#### Significant rental payments by Scheme KGs

46. The Committee noted from paragraph 5.38 of the Audit Report that as Scheme KGs were not subvented organizations, they should be allowed to preserve flexibility and adaptability. However, according to the terms and conditions of the Voucher Scheme, Scheme KGs were not allowed to transfer surplus, in whatever form, to any of their sponsoring bodies or other related organizations. The Committee enquired whether Scheme KGs were still allowed to rent premises from their sponsoring bodies or other related organizations. Concern was raised that excessive rentals paid by Scheme KGs to their sponsoring bodies or related organizations would increase the cost of operation of the KGs and hence reduce the reserve level.

47. **Deputy Secretary for Education** responded that:

- the EDB would not disallow Scheme KGs to rent premises from their sponsoring bodies or other related organizations. However, Scheme KGs were reminded to make proper disclosure of related party transactions in both their applications for school fee revision and their audited accounts; and
- if the amount of rentals submitted by the Scheme KGs when applying for school fee revision appeared to be excessively high, the EDB would seek assessment of the rentals from the RVD to ensure the reasonableness of the rentals when determining the approved fee levels.

Timely completion of annual reviews of audited accounts

48. According to paragraph 5.40 of the Audit Report, Scheme KGs are required to submit their audited accounts to the EDB by February of the year following the relevant school year. Audit noted that in the four years of 2007-2008 to 2010-2011, about half of the Scheme KGs submitted their audited accounts late. For the 2009-2010 audited accounts, 380 Scheme KGs submitted their accounts after the deadline of February 2011. The Committee enquired about the reason(s) for the failure of the EDB to review Scheme KG's audited accounts in a timely manner and the measures that had been/would be put in place to address the problem.

49. **Ms Rhoda CHAN, Principal Assistant Secretary for Education (Finance)**, responded and the **Secretary for Education** elaborated in his reply dated 31 May 2013 (in Appendix 12) that:

- owing to the late submission of the audited accounts by the Scheme KGs, coupled with the need to conduct the more time-critical annual school fee revision exercise which had to be completed in August each year, the EDB had to review the audited accounts by stages. An interim review of the audited accounts was usually conducted between March and August each year. Should there be any non-compliance practices or qualified audit opinions made by the KG auditors during the interim review, the EDB would follow up with the concerned KGs immediately. The whole review exercise was usually completed in April of the following year;
- nonetheless, the EDB had made vigorous efforts to speed up the review of the 2010-2011 audited accounts of Scheme KGs, which was completed by November 2012, five months earlier than the previous exercises. The timely submission of audited accounts by Scheme KGs would enable the EDB to better schedule the review work. With the close follow-up by the EDB, the proportion of Scheme KGs not submitting their audited accounts by the deadline had declined significantly from 64% for the 2007-2008 school year to 34% for the 2011-2012 school year, and those that were exceptionally late in submitting their audited accounts three months after the deadline had also declined significantly from 20% for the 2007-2008 school year to 2% for the 2011-2012 school year. To step up the monitoring, in addition to the issue of annual circular to the Scheme KGs calling for submission of audited accounts, the EDB would issue reminder to the



KGs urging the prompt submission of their audited accounts one month before the deadline starting from next year; and

- to expedite the completion of the annual review of audited accounts, the EDB would further synchronize the processes involved in the examination of Scheme KG's fee revision applications and the review of their annual audited accounts.

## **F. Disclosure and transparency**

50. To join the Voucher Scheme, a KG is required to meet stipulated disclosure and transparency requirements. One of the requirements is that the KGs should disclose to the public their key operational details and give consent to publish such information in the KG Profile issued by the EDB from time to time to the public. As mentioned in paragraph 6 above, miscellaneous fees charged by some Scheme KGs could be quite substantial. According to paragraph 6.4 of the Audit Report, the EDB only required Scheme KGs to report in the KG Profile school fees, lunch charges (if applicable) and price information for four major school items. Audit's analysis of the price information provided by 121 Scheme KGs surveyed revealed that in 2011-2012, 60% of the total amounts of the miscellaneous fees they charged were not disclosed in the KG Profile.

51. The Committee noted that the Secretary for Education would:

- enhance the transparency and disclosure of the operation of Scheme KGs by requiring them to publish additional items of miscellaneous fees in the KG Profile; and
- encourage Scheme KGs to upload their School Reports and/or School Plans onto their school websites, and provide them with additional support and necessary assistance.

## **G. Way forward**

52. **Secretary for Education** advised that the EDB would consider the Audit recommendations and take follow-up actions as appropriate according to the urgency of the matters, such as providing continued support for the professional upgrading of KG teachers, devising salaries management of KG teachers and helping KGs to cope with high rentals. In his reply to the Committee dated 31 May 2013 (in

Appendix 12), **Secretary for Education** further advised that the EDB had referred the issues raised in the Audit Report for consideration by the Committee on Free KG Education. The Committee would maintain communication with the KG sector to listen to their views, and explore short and medium term measures which help KGs meet the challenges. The Government would consider providing support accordingly.

## **H. Conclusions and recommendations**

53. The Committee:

<b>Overall comments</b>
-------------------------

- notes that:
  - (a) providing practicable 15-year free education and better quality kindergarten ("KG") education is one of the priorities of the current-term Government;
  - (b) the Committee on Free KG Education was set up by the Government in April 2013 to explore the feasibility of implementing free KG education and make recommendations; and
  - (c) in the meantime, the Education Bureau ("EDB") will continue to implement the Pre-primary Education Voucher Scheme ("Voucher Scheme");
- expresses serious dissatisfaction and disappointment that although the Government had spent some \$8.5 billion on the Voucher Scheme over the five school years of 2007-2008 to 2011-2012, the Voucher Scheme has failed to fully achieve its objectives to (i) alleviate parents' financial pressure and (ii) raise the quality of KG education in that:
  - (a) although the value of the voucher has helped parents to defray a large part of the tuition fee of KG education, i.e. the average tuition fee for half-day classes paid by parents in 2012-2013 is \$3,500 per student per annum ("pspa") as opposed to \$15,169 prior to the introduction of the Voucher Scheme in 2007-2008, some KGs participating in the Voucher Scheme ("Scheme KGs") had charged miscellaneous fees which could be as high as 24% to 44% of the school fees due to the laxity of the EDB in monitoring the

miscellaneous fee income reported by Scheme KGs in their audited accounts; and

- (b) although the teacher development subsidy under the Voucher Scheme, amounting to some \$1 billion, had lapsed by the end of 2011-2012, 13 principals and 1 203 teachers serving in Scheme KGs had, as at September 2012 (start of 2012-2013), not yet completed their professional upgrading;
- expresses serious dissatisfaction and disappointment about the steady drop in the number of Scheme KGs from 843 KGs in 2007-2008 to 735 KGs in 2012-2013, which could be attributed to the fact that the increase in operating costs had outpaced the increase of the school fees, the ceilings of which are subject to annual review with reference only to the Composite Consumer Price Index ("CCPI") since 2012-2013;
  - expresses serious concern that the percentage of KG students receiving fee subsidy under the Voucher Scheme had declined from 86% in 2007-2008 to 79% in 2012-2013;
  - considers that if the school fee ceilings could not be adjusted upwards to take into account rentals and the need to set salaries at a level to attract and retain quality staff, in particular KG teachers, or if the value of the voucher could not be adjusted upwards to take into account the same, some Scheme KGs would be forced to adopt one or more of the following options to the detriment of the Voucher Scheme:
    - (a) leave the Voucher Scheme;
    - (b) suppress staff salaries;
    - (c) charge higher and/or more types of miscellaneous fees; or
    - (d) close down;
  - urges the EDB to devise expeditiously a suitable mechanism for regular review of the school fee ceilings to take into account factors other than changes in the CCPI to build in flexibility and to enhance the sector responsiveness to changes in circumstances;
  - expresses serious concern that the high turnover rate of regular teachers in Scheme KGs, i.e. 22% in 2010-2011, may affect the quality and stability of Scheme KGs;

*Pre-primary Education Voucher Scheme*

---

- urges the EDB to keep in view the turnover rate of Scheme KG teachers, ascertain if the high turnover in 2010-2011 was due to any systemic issues, and provide advice to Scheme KGs with a high turnover rate to ensure that the turnover has not adversely affected the quality of their education service;
- welcomes the EDB's agreement to explore ways to subsidize Scheme KG principals and teachers who are pursuing the required professional qualifications, although the teacher development subsidy under the Voucher Scheme had lapsed by the end of 2011-2012;
- notes that to ensure that Scheme KGs properly classify their miscellaneous fees in the audited accounts, the EDB has undertaken to (i) set out clearer guidelines on the types of trading activities which are subject to the EDB's administrative directives and explore ways to strengthen the controls over trading profits; and (ii) remind Scheme KGs to properly classify their miscellaneous fees in the audited accounts, and step up the EDB's review of the miscellaneous fees reported in the audited accounts;
- expresses great dissatisfaction and finds it unacceptable that although some Scheme KGs have received rental reimbursement, which is another form of subsidy provided to the KGs outside the ambit of the Voucher Scheme, they are charging similar level of school fees as other Scheme KGs in the same districts that do not receive rental reimbursement. This does not provide an equal and fair treatment among the KGs and is not conducive to ensuring a level playing field for the KG sector;
- expresses great dissatisfaction and finds it unacceptable that once an application for rental reimbursement has been approved, shortage of KG places is no longer a factor affecting the KG's eligibility for continuing the reimbursement in subsequent years;
- expresses great dissatisfaction and finds it unacceptable that some Scheme KGs have made excessive rental payments to their sponsoring bodies or related organizations, which will increase the cost of operation of the KGs and reduce their reserves, but such related party transactions were allowed by the EDB and were sometimes not disclosed in their audited accounts;
- urges the EDB to review the KG rental reimbursement practices to provide a level playing field for Scheme KGs and ensure the proper use

of some \$200 million spent by the Government each year on reimbursements to KGs of rentals, rates and government rents;

- expresses serious dissatisfaction and disappointment that the heavy administrative workload imposed on Scheme KG principals and teachers by the quality assurance mechanism of the Voucher Scheme, as reported by the Education Commission in its 2010 review, would undermine the autonomy of Scheme KGs in their governance;
- recognizes that the diversity and vibrancy of Hong Kong's pre-primary education system are the strengths that should be maintained and built on, and urges the EDB not to overly interfere in the governance and operation of non-Scheme KGs;
- urges the EDB to review the quality assurance mechanism of the Voucher Scheme to safeguard the autonomy of Scheme KGs in their governance on the one hand and continue to ensure the effectiveness of the Voucher Scheme on the other;
- acknowledges that:
  - (a) the Committee on Free KG Education set up by the EDB will explore and recommend short and medium-term measures to address the problems identified in the implementation of the Voucher Scheme for consideration by the EDB, prior to the implementation of free KG education in Hong Kong; and
  - (b) the EDB will actively consider providing support accordingly;

<b>Specific comments</b>
--------------------------

Overview of the Voucher Scheme and its financial features

- notes that:
  - (a) despite the far-reaching implications of KG education on our future generations, with the Voucher Scheme introduced in 2007-2008, Government investment in pre-primary education had only risen from 2.7% of the total recurrent education expenditure in the financial year 2006-2007 to 4.8% in 2011-2012;

- (b) the fee subsidy under the Voucher Scheme is provided to parents, not to KGs, and the Scheme aims at enhancing affordability and parental choice while maintaining flexibility for Scheme KGs;
  - (c) apart from easing the financial burden of parents, the Voucher Scheme also aims at raising the quality of KG education through the provision of training subsidy to upgrade the professional qualification of KG principals and teachers and a quality assurance mechanism which ensures that only KGs meeting the prescribed standards may join/stay in the Voucher Scheme; and
  - (d) because the scheduled increase in fee subsidy since 2007-2008 had outpaced the increase of school fees for some Scheme KGs, in 2007-2008, parents of four Scheme KGs were not required to pay school fees as the school fees were less than the fee subsidy of \$10,000 pspa whereas in 2012-2013, parents of 68 Scheme KGs were not required to pay school fees as the school fees were less than the fee subsidy of \$16,800 pspa;
- expresses serious concern and finds it unacceptable that the school fees not covered by the fee subsidy under the Voucher Scheme, coupled with the miscellaneous fees which could be as high as 24% to 44% of the school fees, may represent a heavy financial burden on many parents with children studying in Scheme KGs;

#### Professional development of kindergarten principals and teachers

- expresses serious concern and finds it unacceptable that:
  - (a) with the introduction of the Voucher Scheme, KG teachers were no longer paid according to a normative salary scale, as previously required under the Kindergarten and Child Care Centre Subsidy Scheme (which ceased to apply to KGs with effect from 2008-2009), and Scheme KGs have full discretion in determining their teachers' salaries;
  - (b) although the teacher development subsidy under the Voucher Scheme had lapsed by the end of 2011-2012, as at September 2012 (start of 2012-2013), 13 principals and 1 203 teachers serving in Scheme KGs had not completed their professional upgrading;

*Pre-primary Education Voucher Scheme*

---

- (c) although the overall wastage rate of teachers in the local KG sector had dropped from 11.5% in 2006-2007 (before the Voucher Scheme was introduced) to 7.1% in 2011-2012, the average teachers' turnover rates in 2010-2011 calculated on the basis of individual local KGs were 22% for Scheme KGs and 27% for non-Scheme KGs, with turnover rates of over 60% in 26 Scheme KGs and 13 non-Scheme KGs; and
- (d) high teacher turnover may affect the quality and stability of Scheme KGs;
- notes that the Education Commission recommended in its 2010 review report that an advisory body be set up to take a professional view on various issues relating to the long-term development and quality of KG education, including a reference salary scale for teachers and principals, and their continuous professional development, and the Secretary for Education has said that these will be studied by the Committee on Free KG Education in due course;

Quality assurance mechanism

- expresses serious concern and finds it unacceptable that:
  - (a) the Education Commission reported in its 2010 review report that Scheme KG principals and teachers had concerns that the Voucher Scheme had imposed heavy administrative workload on them, and the EDB's quality reviews had placed much pressure on the Scheme KGs as failure in passing the quality reviews could result in the KGs' disqualification from the Voucher Scheme; and
  - (b) 32 performance indicators were set by the EDB to help Scheme KGs conduct their self-evaluations, but given that many Scheme KGs are very small in size, some of them have found it difficult to conduct self-evaluations using the 32 performance indicators;

Regulatory measures

- expresses serious concern that:

*School fees in the majority of Scheme KGs are approaching the fee ceilings set by the EDB*

- (a) in 2012-2013, 126 (24%) Scheme KGs are charging school fees for a half-day place at a level approaching the school fee ceiling of

*Pre-primary Education Voucher Scheme*

---

\$25,200 pspa set by the EDB, with 26 of the 126 Scheme KGs charging school fees at the fee ceiling, and 12 of these 26 Scheme KGs reported to have incurred operating deficits in their 2010-2011 audited accounts;

- (b) based on the Scheme KGs' 2010-2011 audited accounts, 37% of the Scheme KGs had incurred net deficits;
- (c) the Voucher Scheme has not provided for a mechanism for regular review of the school fee ceilings to take account of factors, other than inflation, which may affect the Scheme KGs' operating costs, such as increases in KG teachers' salaries and increases in rentals for KG premises;

*EDB's regulation of Scheme KGs' income from trading activities and their reporting of miscellaneous fee income as "other operating income" in the audited accounts*

- (d) the EDB has to approve revisions to school fees and lunch charges, but not miscellaneous fees charged by Scheme KGs. Although the EDB has laid down principles on trading activities for the sale of optional school items and provision of paid services, Scheme KGs have quite often deviated from the principles, and the EDB has identified quite frequent cases of non-compliances in its annual review of Scheme KGs' audited accounts and in its on-site inspections;
- (e) some Scheme KGs had charged quite significant amounts of miscellaneous fees, which could be equivalent to 24% to 44% of their school fee income;
- (f) many Scheme KGs had grouped all or part of their miscellaneous fee income under "other operating income" in their audited accounts. As a result, they had bypassed the requirement for reporting in the "statement of profit/loss from trading activities" submitted with the audited accounts to the EDB and eluded the specified profit limits and the EDB's examination for justification and reasonableness;
- (g) most of the miscellaneous fee items reported by Scheme KGs under "other operating income" noted by the Audit Commission



should either be covered by the school fees or be treated as "income from trading activities";

*Some Scheme KGs are receiving rental reimbursement from the EDB, but some are not*

- (h) the Government spent each year some \$200 million on reimbursement of rates and government rents to KGs, with some 85% of the amount spent on rentals. In 2012-2013, 392 Scheme KGs are granted rental reimbursement. It is noted with concern that amongst the 392 Scheme KGs, 41 are reimbursed with rental amounts of \$50,000 a month or more. Of the 41 Scheme KGs, nine are paying rentals, involving payment of \$16.2 million a year in total, to their sponsoring bodies as landlords of the KG premises;
- (i) rentals for school premises are very often one of the Scheme KGs' major expenditure items. The KG rent reimbursement scheme operated by the EDB outside the ambit of the Voucher Scheme has provided another form of subsidy to KGs. However, some Scheme KGs are granted rental reimbursement whereas some are not, but they are subject to the same terms and conditions under the Voucher Scheme. Furthermore, some Scheme KGs receiving rental reimbursement are charging similar levels of school fees as others in the same districts that are not receiving rental reimbursement. This is not an equal and fair treatment amongst KGs and is not conducive to ensuring a level playing field for the KG sector;
- (j) new applications for rental reimbursement will only be considered when there is a shortage of KG places in the district of the relevant KGs. However, once a KG has been approved for rental reimbursement, shortage of KG places in the district of the KG concerned is no longer a factor affecting its eligibility for continuing the reimbursement in subsequent years. Consequently, in the same districts, some Scheme KGs are receiving rental reimbursement while some are not;

*Significant rental payments and their disclosure by Scheme KGs*

- (k) the EDB has adopted a very stringent fee approval mechanism in considering school fee revisions proposed by Scheme KGs and uses the Rating and Valuation Department ("RVD")'s assessed

rentals, instead of the rentals reported by Scheme KGs, as the allowable expenditure in the calculation of the revised school fees. However, the EDB did not take any actions to follow up the excessive rentals reported in the audited accounts, particularly in cases where the rentals were paid to related parties;

- (l) there were cases of significant variances between the KGs' reported rentals and the RVD's assessed rentals, and on some occasions, the excessive rental payments were made to related parties, but were not disclosed in the audited accounts; and

*Timely completion of annual reviews of audited accounts*

- (m) the EDB had not reviewed Scheme KGs' audited accounts in a timely manner. In each of the three years of 2007-2008 to 2009-2010, the EDB completed its reviews more than 12 months after the submission deadline;
- notes the views given by the Secretary for Education in paragraph 7.13(a) of the Director of Audit's Report ("Audit Report") that it is not the Government's policy intent to over-regulate the privately-run Scheme KGs and the fee subsidy under the Voucher Scheme is provided to parents (and not the KGs). The elaborative regulatory controls embodied in the traditional subvention model for primary and secondary schools do not apply to Scheme KGs;
  - notes that:
    - (a) improvements had been made over the years as the number of Scheme KGs making excessive profits from trading activities in 2010-2011 had been reduced by one-third as compared with that in 2009-2010;
    - (b) the EDB has undertaken to alert Scheme KGs which were paying significantly higher rental payments to look into the matter and the EDB would also keep in view the reserve levels of Scheme KGs; and
    - (c) the EDB has made efforts in expediting its annual review of audited accounts submitted by Scheme KGs and issuing more timely advisory letters to Scheme KGs on non-compliances, and urge the EDB to continue its efforts;

Disclosure and transparency

- expresses great dissatisfaction and finds it unacceptable that:
  - (a) although the Voucher Scheme aims at enhancing the disclosure and transparency of Scheme KGs, the Audit Commission's survey revealed that 60% of the miscellaneous fees charged by Scheme KGs were not disclosed in the KG Profile issued by the EDB from time to time to the public, thus parents may not have the knowledge of the full costs when they enrolled their children in the Scheme KGs; and
  - (b) Scheme KGs seldom uploaded their School Reports and School Plans onto their school websites;

Way forward

- expresses serious dissatisfaction and disappointment that:
  - (a) when the Voucher Scheme was introduced, the EDB estimated that 80% of the KGs would join the Scheme, covering 90% of the eligible children. However, as at September 2012 (start of 2012-2013), the participation rate was 77% in terms of KGs and 79% in terms of students;
  - (b) as shown at Appendix F of the Audit Report, the number of KGs not participating in the Voucher Scheme had increased from 146 in 2007-2008 to 222 in 2012-2013, including 22 non-profit-making local KGs and 104 private-independent local KGs. Furthermore, 14 Scheme KGs would opt out of the Scheme in 2013-2014; and
  - (c) whilst it is the EDB's intent to enhance parents' choice and to keep wide eligibility under the Voucher Scheme, the rate of participation of KGs and students in the Scheme has fallen short of expectation and is on the decrease;
- notes that:
  - (a) the Secretary for Education will consider the audit recommendations in paragraph 7.11 of the Audit Report and take follow-up actions as appropriate; and

- (b) in April 2013, the EDB has set up the Committee on Free KG Education to gauge the views of stakeholders on the current policy of KG education (including the Voucher Scheme), identify issues for possible improvements, consider various options and make recommendations to the EDB on the way forward, taking into consideration the recommendations made in the Audit Report;
- urges the Secretary for Education to take into account the audit recommendations in the Audit Report and take steps, until the Committee on Free KG Education has come up with recommendations on free KG education, to enhance the Voucher Scheme for the interim period, so as to ensure that the Voucher Scheme continues to be effective in meeting the expectations of the stakeholders;
- acknowledges that:
  - (a) the Committee on Free KG Education set up by the EDB will explore and recommend short and medium-term measures to address the problems identified in the implementation of the Voucher Scheme for consideration by the EDB, prior to the implementation of free KG education in Hong Kong; and
  - (b) the EDB will actively consider providing support accordingly; and

<b>Follow-up action</b>
-------------------------

- wishes to be kept informed of the progress made in implementing the various audit recommendations, and the outcome of the review by the Committee on Free KG Education.

## **A. Introduction**

The Audit Commission ("Audit") conducted a review of the Leisure and Cultural Services Department ("LCSD")'s development and management of parks and gardens.

2. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to its enquiries.

## **B. Planning and provision of park and garden facilities**

3. The Committee enquired whether the LCSD had laid down standards for the provision of public open space and recreation facilities, such as the provision in the 18 districts in the territory, and the walking distance between such public open space and recreation facilities and the majority of residents it intended to be served.

4. **Director of Leisure and Cultural Services** replied in her letter of 24 May 2013 (in *Appendix 13*) that:

- in planning the provision of public open space and recreation facilities, the LCSD would first make reference to the standards stipulated in the Hong Kong Planning Standards and Guidelines ("HKPSG"). According to the HKPSG, a minimum of 20 hectares ("ha") of open space should be provided for every 100 000 persons, apportioned as 10 ha of local open space ("LOS") and 10 ha of district open space ("DOS") for every 100 000 persons. LOS mainly provided passive recreation facilities for the local community, which should be located within short walking distance from the residents/communities it intended to serve. DOS (e.g. parks and recreation grounds) intended to serve a wider district population, and might incorporate passive and active recreation facilities such as football and mini-soccer pitches, basketball or tennis courts; and
- apart from the population threshold set out in HKPSG, the LCSD would take into account other essential factors, including geographical location and accessibility of the district/area concerned, functions of the open spaces to be provided, site constraints, characteristics of the neighbourhood, views of the district councils ("DCs"), public demand

for different types of recreation facilities, utilisation of existing facilities and availability of resources.

5. On the question of whether the LCSD agreed that, in the absence of the most updated information on the provision of open space in non-LCSD venues mentioned in paragraph 2.5 of the Director of Audit's Report ("Audit Report"), there was a chance that the provision of open space or similar facilities in a district or local level was duplicated, **Director of Leisure and Cultural Services** stated in the same letter that:

- in planning the provision of public open space in a certain district, the LCSD would make reference to the most updated open space information provided by the Planning Department ("PlanD"), which covered not only the LCSD's open space but also those provided by the Housing Department, statutory bodies and public open space in private developments;
- the LCSD agreed that it would be beneficial to the planning of open space if the most updated information on the provision of open space in both the LCSD and non-LCSD venues was available. The LCSD understood that the PlanD would update the information on the provision of open space periodically; and
- it should be noted that different types of open space served different purposes and functions. Other than the open space provided by the LCSD which was opened to people from all walks of life, the open space within public or private residential developments, though counted towards the total open space provision, served primarily the respective residents. Hence, the provision of the same or different types of open space in the LCSD and non-LCSD venues in parallel might not result in duplications as they sought to meet different needs or serve different target users.

### **C. Inspection and monitoring of parks and gardens**

6. As revealed in paragraph 3.9(a) of the Audit Report, the LCSD only provided "static staff" to station in major parks and gardens and those provided with fee charging facilities. The Committee enquired whether, and if so, what measures had been taken by the LCSD to ensure that parks and gardens without "static staff" to station in were safe, clean and serviceable for use by the public.

7. **Director of Leisure and Cultural Services** replied in the same letter that:

- there were over 1 500 venues of varying scales and sizes under the management of the LCSD. Given the resource constraints and the need to observe cost-effectiveness, the LCSD could only provide "static staff" for its major venues and those with fee-charging facilities. For venues without "static staff", the LCSD would deploy contractor's staff (including cleansing workers and security guards) to carry out regular cleansing and inspection to these venues according to the usage pattern and conditions of the venues. Under the contract, the contractor and its staff were required to report to the LCSD venue management any irregularities found when carrying out the duties in the venues concerned; and
- the district management would arrange departmental staff to conduct regular/routine inspections to those venues without "static staff" in order to ensure that the parks and gardens were safe, clean and serviceable for use by the public.

8. The Committee noted from paragraph 3.12 of the Audit Report that three District Offices adopted different practices for inspecting parks and gardens. The Committee enquired about the reason(s) for such variations and whether consideration would be given to standardizing such practices.

9. **Director of Leisure and Cultural Services** explained in her letter that:

- according to prevailing departmental guidelines, the responsible District Leisure Manager, the head of the District Leisure Services Office ("DLSO"), could adjust or increase the frequency of inspection to the venues according to operational needs, conditions and specific requirements of the venues. As the types, numbers, distribution, usage pattern of the venues in each of the 18 districts varied to a large extent, the DLSO might have to adopt different practices for inspecting their venues to cater for the requirements of individual venues; and
- the LCSD would review the departmental guidelines, taking into account the Audit recommendations and the operational needs, with a view to enhancing the effectiveness and consistency of the practices adopted for inspection of parks and gardens.

10. According to paragraph 3.18 of the Audit Report, the LCSD has set up a Technical Unit to help maintain playground equipment. As revealed in paragraph 3.19 of the Audit Report, in the past five years from 2008 to 2012, none of the playground equipment had been inspected five times as required. In particular, a large number (306 sets or 78%) of the playground equipment had never been structurally inspected during the period. In view of the safety risk posed by the faulty playground equipment to users who were mainly young children, the Committee enquired about the following:

- whether the LCSD considered an establishment of six technical staff in the Technical Unit could ensure the safety of the playground equipment in parks and gardens, and if not, why no expansion had been made to the establishment of technical staff in the Technical Unit; and
- whether staff of the Technical Unit were required to file a detailed report after inspection; and if so, to whom would the report be submitted and who would follow-up the report.

11. **Director of Leisure and Cultural Services** replied in her letter that:

- the LCSD had been reviewing the workload of the Technical Unit and taking necessary measures including but not limited to strengthening the manpower provision of the Technical Unit. On the provision of technical staff, two Clerk of Works ("COW") posts under review had been made permanent in late 2011, representing a 50% increase in the COW strength in the Technical Unit (from four to six). To cope with the continued increase in workload arising from the maintenance responsibilities for new venues as well as the provision of more elderly fitness/playground equipment at parks and playgrounds under the District Minor Works projects, the LCSD would keep the need for additional manpower resources for the Technical Unit under constant review. The LCSD would also seek resources to strengthen the administrative and clerical support for the Technical Unit so as to relieve the technical staff from non-technical duties; and
- upon completion of the annual inspection to playground equipment, the subject COW in the Technical Unit was required to prepare a report for endorsement by the Department's Structural Engineer and to coordinate with the venue staff to arrange for the necessary repairs. If defects were identified by the venue staff during their routine inspections, they would prepare a Defect Report and request the Technical Unit to arrange



*Development and management of parks and gardens*

repairs to rectify the defects. In addition to the annual inspection, the COW had to cross-check the works inspected by another COW on a bi-monthly basis.

12. The Committee noted from paragraph 3.22(b) of the Audit Report that in order to ensure that adequate structural inspections were conducted for playground equipment in future, the LCSD proposed to prioritize its play equipment into three risk categories, namely, high-risk equipment, medium-risk equipment and low-risk equipment. On the criteria for determining the risk level of the park and playground equipment, **Director of Leisure and Cultural Services** advised in her letter as follows:

<b>Risk Level</b>	<b>Criteria</b>	<b>Example of play equipment</b>
High	<ol style="list-style-type: none"> <li>1. Cantilever structure;</li> <li>2. High usage;</li> <li>3. Has an incident record/history</li> </ol>	Basketball stand frames
Medium	<ol style="list-style-type: none"> <li>1. Play equipment with movable components;</li> <li>2. Relatively high usage;</li> <li>3. Public concern and complaint/ Integrated Call Centre cases received</li> </ol>	Elderly fitness equipment, children playground equipment
Low	<ol style="list-style-type: none"> <li>1. Play equipment without movable components;</li> <li>2. Medium usage;</li> <li>3. Infrequent repair</li> </ol>	Other type of fitness and play equipment

**D. Repair and maintenance of facilities**

13. According to LCSD records, damaged facilities in parks and gardens are a common cause for public complaints. The Committee noted that the reason for taking some 10 months to complete the maintenance works for the damaged matting in Ngau Chi Wan Park's playground (a case referred to in Appendix F of the Audit Report) was due to the tardiness of the contractor to rectify the damaged matting. The Committee asked:

- whether the contractor referred to in Appendix F of the Audit Report had been blacklisted or fined;
- what was the average target time for the maintenance works for damaged matting to be completed; and
- whether the LCSD would consider drawing up a demerit or blacklist system to deter unsatisfactory performance from contractors/suppliers.

14. **Director of Leisure and Cultural Services** replied in her letter that:

- after the incident referred to in Appendix F of the Audit Report, the LCSD had not engaged the contractor concerned to carry out works in view of his very poor performance. Furthermore, the LCSD had written to the Housing Department and the Home Affairs Department drawing their attention to the very poor performance of this contractor;
- it would normally take the Technical Unit about three months to effect replacement of safety matting at playgrounds similar to the Ngau Chi Wan Park (several play areas with over 500 square metres matting area in total). Time was required to carry out various tasks including procurement, placing orders, production of safety matting outside Hong Kong, transportation, delivery of materials to site and installation works. To shorten the time required for procuring playground matting, the LCSD had taken measures to stock up safety matting, thereby reducing the time required for production and transportation of the matting from overseas. The LCSD would review the effectiveness of the arrangement and explore other feasible means to improve the process; and
- in engaging contractors for the repair and replacement of playground equipment, their past performance would be one of the major considerations to be taken into account by the LCSD. Apart from site supervision performed by the technical staff, the Technical Unit would also collect appraisal reports from the 18 DLSOs of the LCSD on a quarterly basis to facilitate evaluation of the performance of contractors engaged for replacement and repair of equipment. For contractors who were assessed to have performed poorly, the Technical Unit would refrain from engaging them for further works or services.

15. According to paragraph 4.9 of the Audit Report, a major cause of the delay for completing repair and maintenance of playground facilities in gardens and parks was the lack of spare parts for the repair and maintenance works. The Committee enquired whether the LCSD would consider procuring the spare parts of the same brands as far as practicable so as to minimize procurement difficulty and costs.

16. **Director of Leisure and Cultural Services** replied that the LCSD had taken measures to stock up the most frequently used spare parts for the elderly fitness and playground equipment. Given the large number of equipment and component/spare parts involved, the spare parts to be stocked up might still not be able to meet every replacement need. The LCSD would keep the list of spare parts under review and procure more items to expedite repairs.

17. The Committee notes the above replies of Director of Leisure and Cultural Services and wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

## **A. Introduction**

The Audit Commission ("Audit") conducted a review of the Highways Department ("HyD")'s planning and implementation of the Tung Chung Road ("TCR") Improvement Project.

2. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to its enquiries.

## **B. Project planning and environmental impact assessment**

3. TCR is the only vehicular access connecting North and South Lantau between Tung Chung and Cheung Sha. From 2002 to 2009, the Government implemented the TCR Improvement Project to progressively upgrade TCR from a single-lane road for two-way traffic to a single two-lane road with lower gradients.

4. The Committee noted that the HyD had spent \$9 million and three years from 1998 to 2000 to examine a road option between Tai Ho Wan and Mui Wo ("Tai Ho Wan Option"), which was eventually abandoned (mainly because the works would affect areas of ecological significance), and reverted back in 2001 to the on-line option between Tung Chung and Cheung Sha ("Adopted Option"). The Committee enquired about the following:

- what was the reason(s) for the HyD spending three years to examine the Tai Ho Wan Option; and
- whether the HyD agreed that it had grossly under-estimated the adverse impacts of the proposed works for the construction of the Tai Ho Wan Option on the surrounding environment.

5. In his letter of 24 May 2013 (in *Appendix 14*), **Director of Highways** explained that:

- the Tai Ho Wan Option was recommended in 1997 in view of its shorter alignment and more desirable gradient, as there had been successful cases of development across Tai Ho Wan before 1997. As the Tai Ho Wan Option was not supported by the Advisory Council on the Environment in July 1999 on grounds of inadequate justifications,

amongst others, the HyD then submitted a revised Environmental Impact Assessment ("EIA") report that included mitigation measures to reduce potential impact and a comparison of the key environmental implications of different alignment options. Coupled with the late changes in development planning such as the designation of Tai Ho Wan as a Site of Special Scientific Interest ("SSSI") in 1999, the Environmental Protection Department informed the HyD in November 2000 that the revised EIA report for the Tai Ho Wan Option did not meet the requirements. The HyD had then re-examined other road options and identified the Adopted Option in early 2001;

- the infeasibility of the Tai Ho Wan Option was only becoming more apparent when the designation of Tai Ho Wan as a SSSI was made in May 1999. With the benefit of hindsight, the HyD could have adopted a more conservative stance in assessing the difficulties and making allowances in delivering the Tai Ho Wan Option in ecological sensitive area under the then newly enacted Environmental Impact Assessment Ordinance (Cap. 499); and
- it was now the standing practice for the HyD to conduct thorough examination to identify various feasible options for comparison before recommending the final option. As part of this process, Project Steering/Working Groups with members from various bureaux and departments would be formed to deliberate and give steer on various planning and engineering matters. The HyD would strengthen the communication with the concerned parties during the EIA process. The HyD would pay particular attention to project areas that were ecologically significant/sensitive, and would critically and promptly review the feasibility of project options when there were significant changes in circumstances.

### **C. Implementation of the TCR Improvement Project**

6. The TCR Improvement Project was carried out under two works projects by two Government departments respectively, namely Project A (from Pa Mei to Lung Tseng Tau) by the Civil Engineering and Development Department and Project B (from Lung Tseng Tau to Cheung Sha Sheung Tsuen) by the HyD. Contract A under Project A commenced in May 2002 was substantially completed in December 2003 at a cost of \$22.6 million, which was on schedule and within budget. Contract B under Project B commenced in June 2004 was substantially completed in June 2009

at a cost of \$743.5 million. There was a 36-month delay and a 32% cost increase in completing Contract B. Single two-lane TCR was open to traffic in February 2009.

7. The Committee enquired:

- whether the HyD had established a mechanism to first consult the views of the Transport Department ("TD") on the number of road permits required for the excavation programme in Contract B, having regard to a number of factors which the TD had to take into consideration, such as the prevailing traffic condition, spare road capacity, road safety concern, nuisance caused to the public and construction details proposed by the works agent, in issuing the road permits; and
- whether the HyD had established a mechanism to first consult the TD on the number of road permits required for the construction works before awarding, since the completion of the TCR Improvement Project.

8. **Director of Highways** replied in the same letter that:

- the HyD had consulted the TD in specifying the number of road permits required for the excavation programme in Contract B taking into consideration the various factors so mentioned; and
- the HyD, in collaboration with the TD, was conducting a post-completion review of the TCR Improvement Project, taking into account the audit observations in the Director of Audit's Report ("Audit Report"). For similar contracts in the future that required road permits, the HyD would consult the TD on the maximum number of permits during the design stage, with reference to the traffic conditions, road capacity, road safety considerations, nuisance caused to the public, proposed construction details etc., and would assess its impact on the programme of works before adopting the requirement in the contract documents. The HyD considered that specifying an exact number of road permits in the contract should be avoided in the future as far as possible. During the construction period, the Contractor/Engineer should maintain close liaison with the TD on the application of the road permits to ensure that it could comply with the contract requirement.

9. As revealed in paragraph 3.21 of the Audit Report, after commencement of works for Project B, the actual site conditions were however found significantly different from those identified in the site investigation. The Committee enquired whether it was a normal occurrence that the ground conditions were found significantly different from those identified in the site investigation and whether there was any mechanism to avoid such occurrence from recurring.

10. **Director of Highways** responded as follows:

- as a norm, site investigation could provide general recognition of underground conditions. It should however be noticed that there were always limitations in taking representative samplings on site; and hence it was not uncommon that the type of foundation and quantities of earthwork would be subject to variations under difficult ground conditions not foreseen before;
- as a rather unique factor for the TCR Improvement Project, the variations to actual ground condition were mainly due to difficulties in carrying out site investigation in areas of highly vegetated and inaccessible areas and the restriction that cutting of trees/shrubs was not allowed within the country parks before commencement of the contract; and
- for similar projects in the future, the HyD would strengthen liaison with relevant parties with a view to conducting pre-contract site investigation as far as practicable where site conditions permitted. The HyD would also carry out risk assessments to analyse the probable variations that might be encountered during construction and would make adequate provisions in the tender and budget.

11. The Committee notes the above replies of Director of Highways and wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

*Preventive education and enlisting public support against corruption*

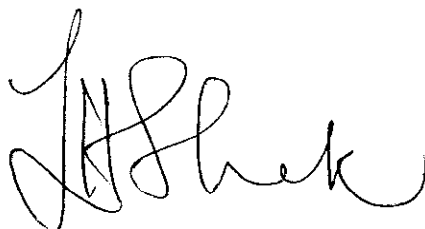
---

The Committee held five public hearings on 18 and 24 May, 1, 4 and 20 June 2013 to receive evidence on this subject. To allow itself more time to consider the issues raised in the Director of Audit's Report and in view of the voluminous information provided by the witnesses, the Committee has decided to defer a full report on this subject.



**SIGNATURES OF THE CHAIRMAN,  
DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE**

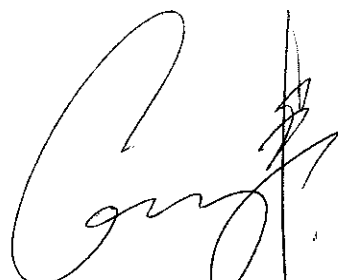
---



Abraham SHEK Lai-him  
(Chairman)



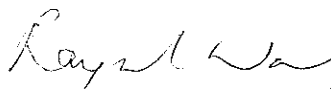
Paul TSE Wai-chun  
(Deputy Chairman)



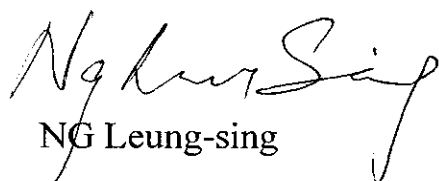
CHAN Hak-kan



Alan LEONG Kah-kit



WONG Yuk-man



NG Leung-sing



Kenneth LEUNG

25 June 2013

**CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 60  
DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT**

---

---

**Director of  
Audit's Report  
No. 60**

**P.A.C.  
Report No. 60**

<u>Chapter</u>	<u>Subject</u>	<u>Chapter</u>
1	Conservation of monuments and historic buildings	1
2	Administration of road safety measures	2
3	Pre-primary Education Voucher Scheme	3
4	Development and management of parks and gardens	4
6	Tung Chung Road Improvement Project	5
7	Preventive education and enlisting public support against corruption	6

**RULES OF PROCEDURE OF  
THE LEGISLATIVE COUNCIL OF  
THE HONG KONG SPECIAL ADMINISTRATIVE REGION**

**72. Public Accounts Committee**

(1) There shall be a standing committee, to be called the Public Accounts Committee, to consider reports of the Director of Audit –

- (a) on the accounts of the Government;
- (b) on such other accounts required to be laid before the Council as the committee may think fit; and
- (c) on any matter incidental to the performance of his duties or the exercise of his powers as the committee may think fit.

(2) The committee shall also consider any report of the Director of Audit laid on the Table of the Council which deals with examinations (value for money audit) carried out by the Director relating to the economy, efficiency and effectiveness of any Government department or public body or any organization to which his functions as Director of Audit extend by virtue of any Ordinance or which receives public moneys by way of subvention.

(3) The committee shall consist of a chairman, deputy chairman and 5 members who shall be Members appointed by the President in accordance with an election procedure determined by the House Committee. *(L.N. 214 of 2005)*

(3A) The chairman and 2 other members shall constitute a quorum of the committee. *(L.N. 214 of 2005)*

(3B) In the event of the temporary absence of the chairman and deputy chairman, the committee may elect a chairman to act during such absence. *(L.N. 214 of 2005)*

(3C) All matters before the committee shall be decided by a majority of the members voting. Neither the chairman nor any other member presiding shall vote, unless the votes of the other members are equally divided, in which case he shall give a casting vote. *(L.N. 214 of 2005)*

(4) A report mentioned in subrules (1) and (2) shall be deemed to have been referred by the Council to the committee when it is laid on the Table of the Council.

(5) Unless the chairman otherwise orders, members of the press and of the public shall be admitted as spectators at meetings of the committee attended by any person invited by the committee under subrule (8).

(6) The committee shall meet at the time and the place determined by the chairman. Written notice of every meeting shall be given to the members and to any person invited to attend a meeting at least 5 clear days before the day of the meeting but shorter notice may be given in any case where the chairman so directs.

(7) *(Repealed L.N. 214 of 2005)*

(8) The chairman or the committee may invite any public officer, or, in the case of a report on the accounts of or relating to a non-government body or organization, any member or employee of that body or organization, to give information or any explanation or to produce any records or documents which the committee may require in the performance of its duties; and the committee may also invite any other person to assist the committee in relation to any such information, explanation, records or documents.

(9) The committee shall make their report upon the report of the Director of Audit on the accounts of the Government within 3 months (or such longer period as may be determined under section 12 of the Audit Ordinance (Cap. 122)) of the date on which the Director's report is laid on the Table of the Council.

(10) The committee shall make their report upon the report of the Director of Audit mentioned in subrule (2) within 3 months (or such longer period as may be determined by the Council) of the date on which the Director's report is laid on the Table of the Council.

(11) Subject to these Rules of Procedure, the practice and procedure of the committee shall be determined by the committee.

**Paper presented to the Provisional Legislative Council  
by the Chairman of the Public Accounts Committee  
at the meeting on 11 February 1998 on  
Scope of Government Audit in the  
Hong Kong Special Administrative Region -  
'Value for Money Audits'**

**SCOPE OF WORK**

1. The Director of Audit may carry out examinations into the economy, efficiency and effectiveness with which any bureau, department, agency, other public body, public office, or audited organisation has discharged its functions.
  
2. The term "audited organisation" shall include -
  - (i) any person, body corporate or other body whose accounts the Director of Audit is empowered under any Ordinance to audit;
  - (ii) any organisation which receives more than half its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organisation which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention); and
  - (iii) any organisation the accounts and records of which the Director is authorised in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122).
  
3. This definition of scope of work shall not be construed as entitling the Director of Audit to question the merits of the policy objectives of any bureau, department, agency, other public body, public office, or audited organisation in respect of which an examination is being carried out or, subject to the following Guidelines, the methods by which such policy objectives have been sought, but he may question the economy, efficiency and effectiveness of the means used to achieve them.

## GUIDELINES

4. The Director of Audit should have great freedom in presenting his reports to the Legislative Council. He may draw attention to any circumstance which comes to his knowledge in the course of audit, and point out its financial implications. Subject to these Guidelines, he will not comment on policy decisions of the Executive Council and the Legislative Council, save from the point of view of their effect on the public purse.

5. In the event that the Director of Audit, during the course of carrying out an examination into the implementation of policy objectives, reasonably believes that at the time policy objectives were set and decisions made there may have been a lack of sufficient, relevant and reliable financial and other data available upon which to set such policy objectives or to make such decisions, and that critical underlying assumptions may not have been made explicit, he may carry out an investigation as to whether that belief is well founded. If it appears to be so, he should bring the matter to the attention of the Legislative Council with a view to further inquiry by the Public Accounts Committee. As such an investigation may involve consideration of the methods by which policy objectives have been sought, the Director should, in his report to the Legislative Council on the matter in question, not make any judgement on the issue, but rather present facts upon which the Public Accounts Committee may make inquiry.

6. The Director of Audit may also -

- (i) consider as to whether policy objectives have been determined, and policy decisions taken, with appropriate authority;
- (ii) consider whether there are satisfactory arrangements for considering alternative options in the implementation of policy, including the identification, selection and evaluation of such options;
- (iii) consider as to whether established policy aims and objectives have been clearly set out; whether subsequent decisions on the implementation of policy are consistent with the approved aims and objectives, and have been taken with proper authority at the appropriate level; and whether the resultant instructions to staff accord with the approved policy aims and decisions and are clearly understood by those concerned;

- (iv) consider as to whether there is conflict or potential conflict between different policy aims or objectives, or between the means chosen to implement them;
- (v) consider how far, and how effectively, policy aims and objectives have been translated into operational targets and measures of performance and whether the costs of alternative levels of service and other relevant factors have been considered, and are reviewed as costs change; and
- (vi) be entitled to exercise the powers given to him under section 9 of the Audit Ordinance (Cap. 122).

## **PROCEDURES**

7. The Director of Audit shall report his findings on value for money audits in the Legislative Council twice each year. The first report shall be submitted to the President of the Legislative Council within seven months of the end of the financial year, or such longer period as the Chief Executive may determine. Within one month, or such longer period as the President may determine, copies shall be laid before the Legislative Council. The second report shall be submitted to the President of the Legislative Council by the 7th of April each year, or such date as the Chief Executive may determine. By the 30th April, or such date as the President may determine, copies shall be laid before the Legislative Council.

8. The Director's report shall be referred to the Public Accounts Committee for consideration when it is laid on the table of the Legislative Council. The Public Accounts Committee shall follow the rules governing the procedures of the Legislative Council in considering the Director's reports.

9. A Government minute commenting on the action Government proposes to take in respect of the Public Accounts Committee's report shall be laid on the table of the Legislative Council within three months of the laying of the report of the Committee to which it relates.

10. In this paper, reference to the Legislative Council shall, during the existence of the Provisional Legislative Council, be construed as the Provisional Legislative Council.

**Witnesses who appeared before the Committee  
(in order of appearance)**

Mr Eddie NG Hak-kim	Secretary for Education
Mrs Cherry TSE	Permanent Secretary for Education
Mrs Betty IP	Deputy Secretary for Education (3)
Miss Hera CHUM	Principal Assistant Secretary (Special Education and Kindergarten Education) Education Bureau
Ms Rhoda CHAN	Principal Assistant Secretary (Finance) Education Bureau
Miss WU Po-ling	Principal Assistant Secretary (School Development) Education Bureau
Mr Kenneth CHENG	Administrative Assistant to Secretary for Education Education Bureau
Mr YEUNG King-fai	Senior Education Officer (Kindergarten Administration) Education Bureau
Professor Anthony CHEUNG	Secretary for Transport and Housing
Mr Patrick CHAN	Deputy Secretary for Transport and Housing (Transport)3
Mr Andy TSANG Wai-hung	Commissioner of Police
Mr Stephen H VERRALLS	Chief Superintendent of Traffic Branch Headquarters Hong Kong Police Force
Mrs Ingrid YEUNG HO Poi-yan	Commissioner for Transport
Mr TO Kam-biu	Deputy Commissioner/Planning and Technical Services Transport Department



Miss Cinderella LAW

Assistant Commissioner/Administration and  
Licensing  
Transport Department

Mr Michael WONG

Director of Information Services

Mr Brett FREE

Assistant Director of Information  
Services (4)

**Introductory Remarks by  
Deputy Chairman of the Public Accounts Committee,  
Hon Paul TSE Wai-chun, JP  
at the First Public Hearing of the Committee  
in respect of the Director of Audit's Report No. 60  
on Saturday, 27 April 2013**

Good morning, ladies and gentlemen. Welcome to the Public Accounts Committee's public hearing relating to Report No. 60 of the Director of Audit on the results of value for money audits, which was tabled in the Legislative Council on 17 April 2013.

2. The Public Accounts Committee is a standing committee of the Legislative Council. It plays the role of a watchdog over public expenditure through consideration of the reports of the Director of Audit laid before the Council on the Government's accounts and the results of value for money audits of the Government and those organisations which receive funding from the Government. The consideration by the Committee of the Director's reports involves gathering evidence relevant to the facts contained in the Director's reports, so that the Committee may draw conclusions and make recommendations in a constructive spirit and forward-looking manner. I also wish to stress that the objective of the whole exercise is such that the lessons learned from past experience and our comments on the performance of the public officers or other personnel concerned will enable the Government to improve its control over the expenditure of public funds, with due regard to economy, efficiency and effectiveness.

3. The consideration of the Director's reports follows an established process of public hearings where necessary, internal deliberations and publication of the Committee's report. The Committee has an established procedure for ensuring that the parties concerned have a reasonable opportunity to be heard. After the Committee is satisfied that it has ascertained the relevant facts, it will proceed to form its views on those facts, followed by a process of formulating its conclusions and recommendations to be included in its report. In accordance with Rule 72 of the Rules of Procedure of the Legislative Council, the Committee is required to make its report on the Director's report to the Legislative Council within three months of the date at which the Director's report is laid on the Table of the Council. Before then, we will not, as a committee or individually, be making any public comments.

4. Following a preliminary study of Report No. 60, the Committee has decided, in respect of three chapters in the Report, to invite the relevant public officers to appear before the Committee and answer our questions. We have, apart from this hearing, also set aside 4 May 2013 for public hearing on Chapter 2.

5. The public hearing today is on Chapter 3 of Report No. 60 on the subject of "Pre-primary Education Voucher Scheme". The witnesses are: Mr Eddie NG Hak-kim (Secretary for Education), Mrs Cherry TSE (Permanent Secretary for Education), Mrs Betty IP (Deputy Secretary for Education), Miss Hera CHUM (Principal Assistant Secretary (Special Education and Kindergarten Education)), Ms Rhoda CHAN (Principal Assistant Secretary (Finance)), Miss WU Po-ling (Principal Assistant Secretary (School Development)), Mr Kenneth CHENG (Administrative Assistant to Secretary for Education), Mr YEUNG King-fai (Senior Education Officer (Kindergarten Administration)) of the Education Bureau.

6. I now invite members to ask questions.

**The Government of the Hong Kong Special Administrative Region**

政府總部

發展局

香港添馬添美道二號  
政府總部西翼十九樓



**Development Bureau  
Government Secretariat**

19/F, West Wing,  
Central Government Offices  
2 Tim Mei Avenue, Tamar,  
Hong Kong

本署檔號 Our reference :  
來函檔號 Your reference : CB(4)/PAC/R60  
電話號碼 Tel No.: 3509 7306  
傳真號碼 Fax No.: 2189 7264

BY FAX AND BY MAIL

5 June 2013

Clerk to Public Account Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong  
(Attn. : Ms Mary SO)

Dear Ms So,

**Public Accounts Committee  
Consideration of Chapter 1 of the Director of Audit's Report No. 60  
Conservation of monuments and historic buildings**

Thank you for your letter of 8 May 2013. The following are our responses to the questions as set out in your letter.

**Questions (a) and (b)**

2. The 10 graded buildings cited in para. 4.6 – 4.8 of the Audit Report are located on unallocated land with no user identified. Earlier this year the Development Bureau has reviewed with the relevant departments the management and maintenance responsibilities in respect of the 10 unallocated Government graded buildings, as a result of which relevant departments have been requested to carry out the maintenance works. The exercise is now in progress. Furthermore, while relevant bureaux and departments will put in concerted efforts to identify gainful uses for these buildings, it should be noted that such uses might not be readily identified in view of the inherent site constraints.

### **Question (c)**

3. While owners of privately-owned monuments are responsible for their maintenance, they can seek assistance from the Antiquities and Monuments Office (AMO) to carry out maintenance works for them if necessary. Based on the requirements identified through inspections, the AMO will prioritize maintenance works for privately-owned monuments according to the following criteria:

- (i) urgency (e.g. public safety concerns);
- (ii) condition of the monuments;
- (iii) promotion of heritage tourism (e.g. monuments along heritage trails); and
- (iv) cost of the works (availability of funds).

4. For Government-owned monuments and graded buildings that are in use by different departments, they are maintained by the respective departments and their works agents. For privately-owned graded buildings, the owners are responsible for the maintenance.

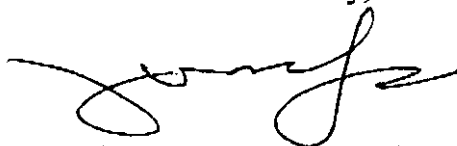
### **Question (d)**

5. So far, the AMO has not encountered difficulties in carrying out maintenance works for monuments, nor have such maintenance works been delayed, due to shortage of construction workers.

### **Question (e)**

6. Regarding whether experience could be drawn from Macao on using conservation of monuments and historic buildings to complement its work in promoting tourism, we wish to inform the Committee that we have been taking into account the tourism aspect in our heritage conservation work. For example, we have organised the heritage tourism expo to showcase our rich built heritage throughout our territory (including the Hong Kong International Airport), Beijing and Macao; published a booklet “Notes of a Heritage Visitor” introducing six tour routes which have been distributed free of charge and uploaded onto our website (<http://www.heritage.gov.hk/en/doc/heritageBookletEng.pdf>); and selected suitable historic buildings for public access and guided tours under the Heritage Fiesta. We will consider whether and how our work can be further enhanced on this aspect.

Yours sincerely,



( Miss Queenie Lee )

for Secretary for Development

c.c.

Secretary for Financial Services and the Treasury (Fax No.: 2147 5239)

Director of Audit (Fax No.: 2583 9063)

Director of Leisure and Cultural Services Department (Fax No.: 2602 1480)

Director of Lands (Fax No.: 2868 4707)

**The Legislative Council Public Accounts Committee's Public Hearing on  
"Administration of Road Safety Measures" (Chapter No. 2)  
of the Director of Audit's Report No. 60**

**Speech by Secretary for Transport and Housing**

Chairman,

First of all, I would like to thank the Audit Commission for auditing the administration of road safety measures by the Transport and Housing Bureau, Transport Department ("TD"), Hong Kong Police Force ("the Police") and Information Services Department, and providing valuable comments. I would also like to thank the Public Accounts Committee for giving us a chance to further explain our work to the public.

2. Before the question session begins, I would like to briefly respond to the recommendations made in the Director of Audit's Report.

**Part 2: Measures to tackle drink driving**

3. The Police will review the random breath test operations and develop guidelines requiring Regional Traffic Formations to examine their policing priorities and resource deployment, and assess regularly the effectiveness of strategies, locations and timing for carrying out random breath tests.

4. As for streamlining the breath test procedures, the Police will continue to develop and adopt mobile evidential breath test technology to enhance the effectiveness in combating drink driving behaviour. The Police have commissioned the Hong Kong University of Science and Technology to conduct comprehensive testing of mobile evidential breath test device, which is expected to be completed in the fourth quarter this year. Subject to satisfactory testing and trial results, the device will be used for enforcement actions as soon as possible.

5. The Police have been closely monitoring the time interval between conducting the screening breath test and evidential breath test, and will do a full review on ways to reduce the target time.

**Part 3: Measures to tackle speeding and red light jumping**

6. In 2012, TD engaged consultants to carry out preliminary design for conducting a trial of the average speed camera system at the Shenzhen Bay Bridge. TD plans to seek funding approval from the Finance

Committee in mid-2013 for implementing the trial scheme in 2013-14.

7. With regard to enhancing the effectiveness of the existing enforcement camera systems, TD will continue to draw on overseas experience and explore new technologies to improve the systems. TD will also take into account the latest technology in the future expansion/replacement programmes of the speed enforcement camera system and red light camera system.

#### **Part 4: Measures to promote safer vehicle operation**

8. We agree with the Audit Commission's recommendation regarding fitting of seat belts on public light buses (PLBs). We will continue to work with the PLB trade and review from time to time the current measures to enhance the safe operation of PLBs.

9. Separately, TD will, in conjunction with the Environmental Protection Department, continue to encourage owners of diesel PLBs to replace as soon as possible their vehicles with PLBs that are more environmentally friendly and fitted with passenger seat belts.

10. Regarding the Audit Commission's recommendation of taking into account the health check requirements on taxi and bus drivers adopted by other places, TD is actively coordinating franchised bus operators' work to review the health check arrangements for bus drivers to further enhance the operational safety of franchised buses. Meanwhile, we are also reviewing the age requirement for applicants to produce a medical examination certificate issued by a registered medical practitioner when applying for issuance or renewal of driving licence.

11. Without compromising the personal data privacy, we are exploring measures that can address the problem of requiring prior consent of the drivers suspected to be suffering from impaired health, for accessing their medical records.

#### **Part 5: Accuracy of traffic accident data**

12. We accept the Audit Commission's recommendations on improving the accuracy of traffic accident data, and will follow up with relevant Government departments to reduce the errors of data input.

#### **Part 6: Publicity and education programmes**

13. The Audit Commission has recommended that the Administration should step up the review of announcements in the public interest (APIs) and



other materials to be produced by contractors to identify early any possible copyright infringement issues, and explore the feasibility of introducing performance-based contract payment to encourage compliance with the copyright requirement in API production.

14. We agree with the Audit Commission's recommendation, and have carried out searches over the Internet for road safety TV APIs under planning to see if any TV commercials using similar creative execution have been produced elsewhere in the world and whether they may create any copyright infringement issues. However, this can only serve as a reference guide. We also make a special point to ask contractors during presentations of their creative ideas to confirm that their ideas are original and not subject to any copyright issues.

15. We will also explore the feasibility of performance-based payment to encourage compliance with the relevant copyright requirement.

16. Chairman, the above is our brief response to the Director of Audit's Report. We welcome any questions and suggestions from the Committee.

17. Thank you, Chairman.

本署檔號 Our Ref.: TD RS 4-35/1C Pt. 2  
來函檔號 Your Ref.: CB(4)/PAC/R60

16 May 2013

Ms Mary So  
Clerk  
Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Ms So,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 60**  
**Administration of road safety measures**

Thank you for your letter of 7 May 2013. We provide the following responses in respect of the issues raised –

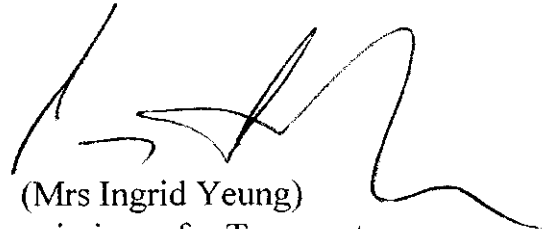
- (a) Of the 120 road traffic fatalities in Hong Kong in 2012, 15 were involved in traffic accidents happened on expressways which represents 12.5% of fatalities on all roads. In terms of fatality rates per million veh-km, the rate for expressways was about 0.004, which was substantially lower than that of all roads which was about 0.01. The 120 road traffic fatalities contributed to about 8% of fatalities of all external causes in 2012. Typical examples of other types of external causes include suicide, falls, accidental poisoning, fire accidents and homicide etc.
- (b) Not many major cities in overseas countries publish statistics on accident involvement rates separately for public transport. Within limited time, we could only obtain relevant figures for some major cities in the United Kingdom (Annex 1). Whilst there are differences in vehicle classification and the mode of public transport operation, we consider it more appropriate to

compare the rates of London with those of Hong Kong as the public transport system and usage and the development density are more comparable. It is apparent that our rates are generally on the lower side when comparing with those of London.

- (c) For franchised buses, because of the large number of passengers carried and the presence of standing passengers, a significant proportion of accidents involves injury of passengers even there is no collision. This type of accidents typically involves passengers losing balance inside the bus compartment due to various reasons, such as not holding the handrail tightly or falling down when boarding or alighting. These are classified as non-collision type accidents. Of the 2 217 franchised buses involved in road traffic accidents in 2012, 1 294 (58%) were non-collision type accidents. The rates per million veh-km of franchised bus involved in all accidents, non-collision type accidents, and collision type accidents from 2007 to 2012 are given respectively in Annex 2. A chart comparing the involvement rates in collision type accidents for selected transport modes is also shown in Annex 3. It can be seen that the involvement rates of franchised bus in collision type accidents were comparable to that of all motor vehicles. The factors contributing to occurrence of collision type accidents of franchised buses are similar to those of other vehicle types, except that there was much higher percentage of the factor “failing to ensure the safety of passenger”, as illustrated in Annex 4. We are mindful of the high proportion of non-collision type accidents of franchised buses. We have jointly taken effort with the franchised bus companies to promote bus passenger safety through education and publicity channels such as Announcement of Public Interest on TV and radio, on-bus TV broadcasting as well as display of “holding onto handrails” and “no standing on stairway” posters and sticker notices inside bus compartments. Most of the franchised buses currently in service are equipped with some, if not all, of the features like low-floor (wheelchair-accessible), continuous railing and handrails at exit door and priority seats for passengers in need. In addition, there are standard provisions on new buses for a safer bus journey including non-slippery bus floor material, high contrast step-edge and closing door buzzer and warning lamp at exits.

- (d) The practices in addressing the privacy concern arising from the use of average speed camera system (ASCS) in Australia, New Zealand, Norway and European Union (EU) are summarized in Annex 5.
- (e) We estimate that \$3.2 million will be spent on studying the feasibility and the design of the average speed camera system in Hong Kong, and \$11.3 million will be spent on the procurement and installation of the ASCS for the trial scheme at the Shenzhen Bay Bridge of the Hong Kong Shenzhen Western Corridor.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Ingrid Yeung', written over a faint, illegible background.

(Mrs Ingrid Yeung)  
Commissioner for Transport

- c.c. Secretary for Transport and Housing (Fax : 2537 6519)  
Commissioner of Police (Fax : 2520 1210)  
Director of Information Services (Fax : 2537 9560)  
Secretary for Financial Services and the Treasury (Fax : 2147 5239)  
Director of Audit (Fax : 2583 9063)

**Vehicle involvement rates (in million veh-km) for  
selected classes of motor vehicle in 2011**

Mode	Hong Kong	City of London	Manchester	Birmingham
Public bus	3.11 <sup>(1)</sup>	7.73 <sup>(2)</sup>	2.64 <sup>(2)</sup>	1.23 <sup>(2)</sup>
Franchised bus	4.19	-	-	-
Taxi and private car <sup>(3)</sup>	1.51	1.99	1.02	0.77
Taxi <sup>(3)</sup>	1.85	-	-	-

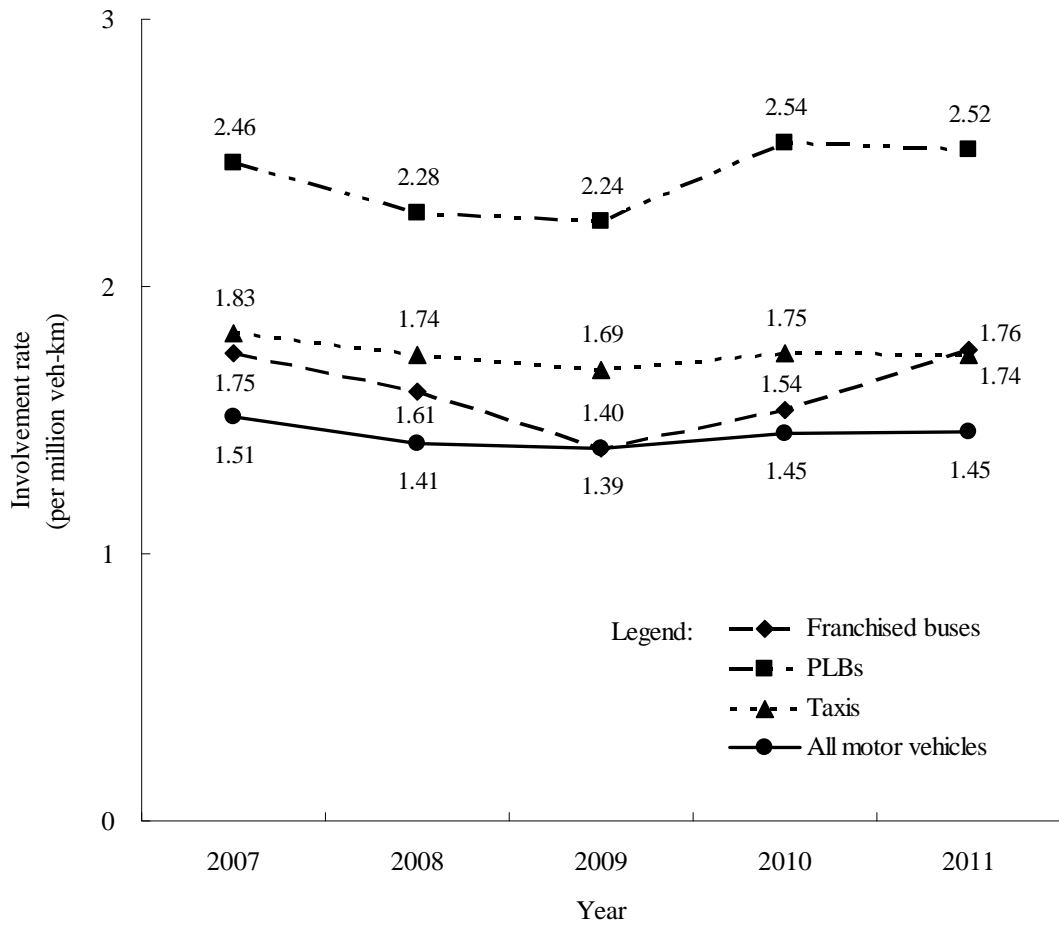
Notes:

- (1) The involvement rate for public bus includes franchised buses and non-franchised buses.
- (2) Figures refer to the involvement rates for all buses.
- (3) Only figures including taxis and private cars are available from London, Manchester and Birmingham. The vehicle involvement rate of taxi in Hong Kong is also listed out as reference.

**Involvement rates (in million veh-km) of franchised bus in Hong Kong,  
2007-2012**

Year	All franchised bus accident involvement rates	Involvement rate of franchised bus in non-collision type accidents only	Involvement rate of franchised bus in collision type accidents only
2007	4.07	2.32	1.75
2008	3.83	2.22	1.61
2009	3.63	2.23	1.40
2010	3.84	2.30	1.54
2011	4.19	2.43	1.76
2012	4.27	2.49	1.78

**Involvement rates (in million veh-km) in collision type accidents of selected classes of vehicle in Hong Kong, 2007-2011**



**Involvements of franchised buses and other motor vehicles in collision type accidents in 2012 by driver contributory factors**

Driver contributory factor	Franchised buses		Other motor vehicles	
	No.	(%)	No.	(%)
<b>With driver factor</b>				
Driving inattentively	93	(10.1)	2 724	(16.0)
Driving too close to vehicle in front	62	(6.7)	1 294	(7.6)
Careless lane changing	36	(3.9)	855	(5.0)
Turning right/left negligently	19	(2.1)	486	(2.8)
Starting negligently	11	(1.2)	150	(0.9)
Failing to ensure the safety of passenger	10	(1.1)	11	(0.1)
To avoid collision or otherwise :	5	(0.5)	294	(1.7)
swerving/stopping suddenly				
Emerging from side road negligently	5	(0.5)	121	(0.7)
Lost control of vehicle	4	(0.4)	340	(2.0)
Disobey traffic signal/light	4	(0.4)	196	(1.1)
Driving too close to vehicle alongside	4	(0.4)	46	(0.3)
Driving too close to kerb	4	(0.4)	34	(0.2)
Reversing negligently	3	(0.3)	347	(2.0)
Overtaking on offside/nearside negligently	3	(0.3)	148	(0.9)
Opened door negligently (driver)	2	(0.2)	33	(0.2)
Furious/dangerous driving	2	(0.2)	14	(0.1)
Sudden illness, or mental defect	2	(0.2)	6	(0.0)
Disobey give way sign (slow)	1	(0.1)	108	(0.6)
Disobey stop sign (halt)	1	(0.1)	43	(0.3)
Driving a dangerous vehicle	1	(0.1)	21	(0.1)
Disobey double white lines	1	(0.1)	16	(0.1)
Stopping negligently	1	(0.1)	7	(0.0)
Failing to keep to nearside of road	1	(0.1)	4	(0.0)
Other driver factor	86	(9.3)	1 516	(8.9)
<i>Subtotal</i>	<i>361</i>	<i>(39.1)</i>	<i>8 814</i>	<i>(51.7)</i>
<b>With no driver factor</b>	<b>562</b>	<b>(60.9)</b>	<b>8 246</b>	<b>(48.3)</b>
<b>Total</b>	<b>923</b>	<b>(100)</b>	<b>17 060</b>	<b>(100)</b>



**Overseas practices in addressing privacy concern arising from the use of average speed camera system**

- (i) In Australia, the legislation that regulates the use of traffic cameras make it clear that the images (whether or not they contain any personal information) can only be used for speeding or other traffic offences, or for another purpose that is authorized by law. The images recorded by the ASCS do not identify a driver or other vehicle occupants but the licence plates. All images are encrypted at time of capture, and protected by a digital signature for proving the authenticity of the evidence. The encryption and decryption keys are only made available to authorized persons.
- (ii) In New Zealand, cameras should not be able to inadvertently capture images within someone's private property, nor capture any other personal information because the legislation protects individuals from having their private property exposed by other parties. The cameras of ASCS are employed to observe solely the traffic on the roads.
- (iii) In Norway, the Data Protection Agency is authorized to inspect the ASCS on how personal data was handled in order to ascertain whether it was stored and deleted in accordance with the regulations. The camera boxes and central servers would be reviewed to verify that all personal data in connection with ASCS operations never leaves the boxes containing the cameras and is deleted as soon as the speed is determined. The same applies to data from violation vehicles after the maximum number of days (30) of storage.
- (iv) In EU countries currently using ASCS, data of vehicles not exceeding speed limits are automatically erased by the systems for privacy reasons. Data protection should not therefore constitute a major legal obstacle for the deployment of ASCS. However legislation varies from country to country, and since data from all vehicles entering a section of road equipped with ASCS are collected and processed in a first step before being erased, it has been made clear that the whole process should comply with the legislation of individual country.

香港警察總部

香港軍器廠街

警政大樓



HONG KONG POLICE  
HEADQUARTERS

ARSENAL HOUSE  
ARSENAL STREET  
HONG KONG

本署檔號 OUR REF : (16) in CP FIN IA 4-35/10/2/16 Pt III  
來函檔號 YOUR REF : CB(4)/PAC/R60  
電話號碼 TEL NO : 2860 2445  
圖文傳真 FAX NO : 2200 4342

16 May 2013  
(By fax: 2840 0716 &  
by E-mail: [sywan@legco.gov.hk](mailto:sywan@legco.gov.hk))

Ms Mary SO  
Clerk, Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Ms SO,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No.60**  
**Administration of Road Safety Measures**

Thank you for your letter of 7 May 2013 requesting us to provide additional information to facilitate Public Accounts Committee's consideration of the above subject. The information is set out below :-

- (a) In September 2011, the Police Traffic Branch Headquarters commissioned a local university for the User's Acceptance Test (UAT) on the identified Dräger Alcotest 9510 breath analysing instrument. However, due to the technical problems encountered in the course of the UAT, the devices were required to be returned to the manufacturer in Germany for adjustment.

The UAT was finally completed in December 2012 and all samples sent for examination complied with the metrological requirements as stipulated in the Organisation Internationale de Métrologie Légale (OIML) recommendations for Evidential Breath Analysers and also with the technical specifications mentioned

in the operator manual of Dräger Alcotest 9510. In March 2013, the Police further commissioned the Hong Kong University of Science and Technology (HKUST) to conduct a comprehensive mobility performance test on the evidential analyzer Dräger Alcotest 9510 against a number of the outdoor environmental factors of Hong Kong such as humidity and temperature under a mobile setting. It is anticipated that the testing would be completed in the 4<sup>th</sup> quarter of 2013. Subject to the satisfactory result, the mobile evidential breath test will be rolled out.

- (b) As mentioned in (a), the Police have commissioned the HKUST to conduct a comprehensive performance test on the mobile evidential breath test instrument Dräger Alcotest 9510. Such test and the subsequent expert report provided by the HKUST would be of significant evidential value to the reliability and admissibility of the instrument in future court proceedings.
- (c) Between January 2012 and September 2012, there were 4 744 cases of ‘Failing to comply with traffic signals’ detected by the systems in which the offending vehicles were blocked by other vehicles.
- (d) There were altogether 126 red light camera locations, which had detected ‘Failing to comply with traffic signals’ cases where the offending vehicles were blocked by other vehicles between October 2012 and December 2012 and as a result could not be pursued by the Police. The details of the locations are enclosed at Annex A.

Red Light Camera systems are procured by Transport Department and handed over to Police for operation after their installation. The design of the present system has a limitation and cases of this nature cannot be avoided. When there are vehicles travelling in the outer lanes, it is not uncommon in Hong Kong to have vehicles travelling in the inner lanes which block the camera angle. Transport Department is aware of this limitation in the system design.

- (e) The prosecution rate for speeding and jumping red light cameras in the past three years are tabulated below:

	Prosecution rate for Speeding	Prosecution rate for jumping red light cameras
2010	65.7 %	72.9 %
2011	69.9 %	63.2 %
2012	75.7 %	65.6 %

The Police do not have information of overseas jurisdictions on this issue for comparison.

- (f) The number of defendants who pleaded not guilty for speeding and red light camera offences in the past three years are tabulated below:

	Defendants pleaded not guilty for speeding	Defendants pleaded not guilty for red light camera
2010	85	71
2011	59	75
2012	45	49

- (g) The number of drivers prosecuted for failing to accord precedence to pedestrians at zebra crossings in the past three years is tabulated below:

	No. of Drivers Prosecuted
2010	138
2011	218
2012	194

- (h) The Police are using the Traffic Operations and Management System (TOMS) as a computerized case management database to record traffic accident data. Meanwhile, the Transport Department (TD) is using the Transport Information System (TIS) to capture traffic accident data for identifying accident black spots and accident trends for in-depth analysis. After the initial traffic accident investigation, the frontline police officers will input the data into TOMS and TIS respectively. The data include locations, personal data, vehicles involved, grid references and contributory factors of the accidents.

The police officers could detect the grid references at the scene of the traffic accidents by the GPS devices provided by the TD, or could obtain them from the electronic mapping system of TIS. Since the map of TIS has not been kept up-to-date, it may reject those grid references and police officers would have to use the grid references of a nearby location. In a small number of cases, some errors were caused by inputting the Northing and Easting components of the grid references in the reverse order. The Police will be notified by TD's monthly scanning report concerning the inaccurate input of grid references in TIS. In 2011 and 2012, the Police received 205 cases and 157 cases of inaccurate input respectively.

Regarding the inaccurate input of contributory factors, the Police agreed with the Audit that the input errors were caused by the different lists of contributory factors used in TOMS and TIS. The TIS list contained 90 factors while the TOMS list contained 44 factors. The TOMS list is shorter than the TIS list because the former mainly covers driver factors whereas the latter has a more detailed coverage of driver, vehicle, environment and casualty factors.

The Police believe that improving the TIS could enhance the accuracy of data inputting. The Police will also reinforce the checking process conducted by supervisory officers when reviewing the accident contributory factors input into TOMS and TIS.

2. An edited copy of the guidelines on the use the Marksman and UltraLyte laser guns for frontline police with technical aspects removed is enclosed at Annex B for your reference (no Chinese translation is available). Please note that these guidelines are supplied for the perusal of the Public Accounts Committee and should not be further distributed or published.

Yours sincerely,

  
(Mrs. Kitty CHENG)  
for Commissioner of Police

c.c. Secretary for Transport and Housing	(fax no: 2537 6519)
Commissioner for Transport	(fax no: 2598 5575)
Director of Information Services	(fax no: 2537 9560)
Secretary for Financial Services and the Treasury	(fax no: 2147 5239)
Director of Audit	(fax no: 2583 9063)

**\*Note by Clerk, PAC: Annexes A and B not attached.**

香港特別行政區政府  
The Government of the Hong Kong Special Administrative Region

政府總部  
運輸及房屋局  
運輸科  
香港添馬添美道 2 號  
政府總部東翼



Transport and  
Housing Bureau  
Government Secretariat  
Transport Branch  
East Wing, Central Government Offices,  
2 Tim Mei Avenue,  
Tamar, Hong Kong

本局檔號 OUR REF.: THB(T) 3/9/33  
來函檔號 YOUR REF.: CB(4)/PAC/R60

電話 Tel. No.: 3509 8200  
傳真 Fax No.: 3904 1774

16 May 2013

Ms Mary So, Clerk  
Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Fax : 2840 0716)

Dear Ms So,

**Consideration of Chapter 2 of the Director of Audit's Report No.60**

**Administration of road safety measures**

-----  
Thank you for your letter of 7 May 2013. Attached please a paper on the policy objectives of the Government on road safety and the measures implemented in this regard.

Yours sincerely,

  
( Kwong Ka-yin )  
for Secretary for Transport and Housing

**Public Accounts Committee on  
Director of Audit's Report No. 60  
Chapter 2: "Administration of Road Safety Measures"**

**Purpose**

This paper serves to brief Members of the Public Accounts Committee ("PAC") on the policy objectives of the Government on road safety and the measures implemented in this regard.

**Policy Objectives**

2. All along, the Government has spared no effort in promoting and enhancing road safety with its three-pronged strategy under which the safety of road users is protected via legislative amendment and enhanced enforcement, improvement to road facilities, as well as launching of publicity and educational activities.

3. Initiatives on road safety are undertaken by the Transport and Housing Bureau ("THB") together with other relevant departments. THB is tasked with formulating and reviewing policies and legislations relating to road safety, and advising the Chief Executive in Council on related policies. The Transport Department ("TD") assists THB to deal with work on law-making, promotion and education on road safety. TD will analyse traffic accident data and devise appropriate traffic improvement measures. TD also undertakes vehicle examination and licensing as well to ensure the safety of vehicles running on roads. The Hong Kong Police Force ("Police") is responsible for road traffic enforcement. The Police also participate in education and promotion efforts, launch road safety campaigns, and collect information on traffic accidents. Road safety talks and seminars targeting school children, drivers and the general public are frequently held by the Police.

4. Established in 1983, the Road Safety Council ("RSC") coordinates road safety activities in Hong Kong. RSC is a consultative body comprising Government officials and representatives of non-government organisations and academic institutions appointed by the Secretary for Transport and Housing. It disseminates road safety messages to different road user groups through promotional and educational activities.

## **Road Safety Measures Implemented in Recent Years**

5. In response to the trend of traffic accidents and issues of public concern, the Government has put in place many new measures. These measures aim at combating improper driving behaviour and enhancing operational safety of public transport modes.

6. On tackling drink driving, the legislation on the random breath test (“RBT”) was enacted in 2008. Starting from February 2009, the Police have been mounting roadblocks and spot checks to conduct RBT. From February 2009 to December 2012, over 410,000 RBTs were conducted on drivers, accounting for 22% of the total number of driving licence holders (1,900,000 plus holders). As indicated by the Police’s figures, since the introduction of RBT, the number of traffic accidents involving drink driving has reduced by 70%. The Police are planning to adopt mobile evidential breath testing technologies to improve the effectiveness of drink driving enforcement actions. The Police have commissioned the Hong Kong University of Science and Technology to conduct comprehensive testing of mobile evidential breath test device. Subject to satisfactory testing and trial results, the device will be used for enforcement actions as soon as possible.

7. To combat drug driving, the Road Traffic (Amendment) Ordinance 2011 has empowered the Police to require a driver to undergo preliminary drug tests if he or she is suspected of driving under the influence of specified illicit drugs or drugs, or is involved in a traffic accident, or has committed a traffic offence. The legislation came into effect in mid-March 2012 and has achieved initial results. During the first 12 months upon the commencement of the new legislation, the Police carried out 121 Drug Influence Recognition Observations and 34 Impairment Tests. As a result, 27 drivers were prosecuted. The Police will keep watch for the latest technologies and good overseas practices, to strengthen enforcement actions against such crime.

8. In order to effectively combat the illegal activities of red light jumping and speeding, TD has completed Phase 3 of the red light camera system expansion programme and Phase 2 of the speed enforcement camera system expansion programme in 2010 and 2011 respectively. To further facilitate effective enforcement by the Police, TD has just commenced Phase 4 of the red light camera system expansion programme, which is expected to be completed in 2015. TD will seek funding approval from the Finance Committee in mid-2013 to conduct a trial scheme of the average speed camera



system at Shenzhen Bay Bridge in 2014. TD will continue to draw on overseas experience and explore new technologies to improve the existing systems.

9. In April 2012, we amended the Road Traffic Ordinance with a view to deterring speeding by drivers of public light buses (“PLBs”) and enhancing their safe operation. The measures that took effect on 13 April 2012 include imposing a maximum speed limit for PLBs at 80km/h, mandating all PLBs to install speed limiters (and pre-set their maximum speed limit to 80km/h) and mandating display of PLB driver identity plates on PLBs by PLB drivers. Since the commencement of the new legislation, the Police have conducted a number of territory-wide enforcement operations targetting PLBs to check, inter alia, if PLB drivers have committed speeding and whether PLBs are equipped with speed limiters as required. For the requirements to make electronic data recording device (commonly known as black box) a basic equipment on newly registered vehicles, and to require applicants of PLB driving licences to attend a mandatory pre-service training course under the same legislative amendment, we expect to submit the relevant commencement notice to the Legislative Council within this year to bring them into operation. We will continue to work with the PLB trade and review from time to time the current measures to enhance the safe operation of PLBs.

10. Regarding the Audit Commission’s recommendation of taking into account the health check requirements on taxi and bus drivers adopted by other places, TD is actively coordinating a review being carried out by franchised bus operators on the health check arrangements for bus drivers to further enhance the operational safety of franchised buses. We are also reviewing the age requirement for applicants to produce a medical examination certificate issued by a registered medical practitioner when applying for issuance or renewal of driving licence. Without compromising the personal data privacy, we are exploring measures that can address the problem arising from the need to obtain prior consent of drivers suspected to be suffering from impaired health for accessing their medical records.

11. All relevant government departments will continue to work closely in striving to ensure road safety.

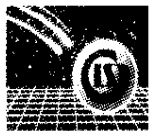
## **Publicity and Education**

12. As mentioned above, RSC has been proactively supporting the Government in promoting messages on road safety and organising related activities. The Road Safety Campaign Committee under RSC seeks to improve the safety awareness among road users and their behaviour on roads through various publicity means such as TV announcements in the public interests, exhibitions and community involvement projects. RSC will continue to work with TD and the Police to promote road safety messages on issues of public concern.

## **Way Forward**

13. The Government will strive to enhance road safety through legislation, enforcement, improvement on road facilities as well as publicity and education with a view to achieving the road safety vision of “Zero Accidents on the Road, Hong Kong's Goal”.

**Transport and Housing Bureau**  
**May 2013**



香港特別行政區  
政府新聞處處長

The Government of the Hong Kong  
Special Administrative Region  
**Director of Information Services**

Our Ref.: ISD CR4-35/2  
Your Ref.: CB(4)/PAC/R60

16 May 2013

Ms Mary So  
Clerk, Public Accounts Committee  
Legislative Council  
Legislative Council Complex,  
1 Legislative Council Road,  
Central, Hong Kong

Dear Ms So,

**Public Accounts Committee**  
**Consideration of Chapter 2 of the Director of Audit's Report No. 60**  
**Administration of road safety measures**

Thank you for your further questions and enquiries dated 7 May 2013 following the public hearing of 4 May 2013.

The two Announcements in the Public Interest (APIs) cited in Paragraph 6.5 in Part 6 of the captioned report are technically “owned” by the Transport and Housing Bureau, which commissioned them on behalf of the Road Safety Council (RSC) and signed the contract. The Information Services Department (ISD) acts as an agent for the RSC in the production of its APIs. All action taken by ISD in regards to the two APIs was discussed with, and agreed by, the RSC or its Secretariat. The ISD cannot act and does not act on its own – it must act on the advice and decisions of the RSC or as requested by the RSC Secretariat.

**Case 1 referred to in the Audit Report**

(a) The procedures adopted for awarding API contracts are generally the same and were followed for the API in question.

/.....

抱負：追求卓越專業表現，成為傑出的政府新聞傳訊機構。

Vision: To be an outstanding Government news and communications agency that pursues professional excellence.

香港中環統一碼頭道38號海港政府大樓8樓 電話：(852) 2842 8728 傳真：(852) 2537 9560 電郵地址：michaelwong@isd.gov.hk  
8/F, Harbour Building, 38 Pier Road, Central, Hong Kong Telephone: (852) 2842 8728 Facsimile: (852) 2537 9560 E-mail: michaelwong@isd.gov.hk

APIs are owned by the Bureaux or Departments (B/Ds) that commission and pay for them. Responsibility for the theme, messages, content, creative approach and storyline lies with the owner B/D.

The Local Promotions Sub-division of ISD's Publicity and Promotions Division manages the approval process as well as liaison on production logistics in close consultation with the client B/Ds.

The process is explained in Chapter V of the **“Good Practice Guide to Publicity Campaigns” (Annex A)**. Briefly, the process includes the following steps:

- Approval in principle for air time to be allocated at a future date
- Approval of the storyboard
- Approval of scripts
- Approval of rough and final cuts
- Allocation of air time for finished product

#### *Quality Control of Contractors*

Quality control of contractors is achieved in three ways:

- Approved Service Provider list
- Competitive bidding process
- Performance of Contractor assessment form

#### *Approved Service Supplier*

ISD maintains a list of Approved Service Suppliers for the production of APIs. The list is updated annually but companies can apply to be added to the list at any time.

Those wishing to be added to the list must provide certain proof of ability/track record and documentation.

This includes:

- Basic company details
- Organisation and staff (including key creative personnel)
- In-house facilities
- Financial resources

/.....

- Business activities (detailed list of services provided)
- Reference Material (showreels, previous work etc)
- Documents (Business Registration Certificate, tax statements, insurance etc)

Currently, there are 56 Approved Service Suppliers on the list. B/Ds are encouraged to use this list when producing APIs. However, they are not obliged to and occasionally engage Service Suppliers not on the list.

### *Competitive Bidding Process*

Most APIs are the result of a competitive bidding process.

This not only ensures a level playing field in terms of government spending, it also spurs Service Suppliers to develop creative and interesting ideas to win a contract. For API contracts, a heavier weighting is given to the creative concept than the actual contract price.

### *Performance of Contractor assessment form*

Since late 2003, at the conclusion of a contract, client B/Ds are requested to fill in a "Performance of Contractor" assessment form.

This is put on the working file for the API, as well as a special file on the Performance of Contractors.

(b) Following the discovery of possible copyright issue with the anti-drug driving API, and the technical issue with the cycling safety API, ISD has implemented a number of operational changes to help avert such incidents in future.

These are:

- A Production Checklist kept at float of each API file to ensure all necessary procedures are completed and documented.
- Specifically ask contractors to confirm originality of their creative concept during the presentation stage of their creative ideas.

/.....

- Internet-based search on successful creative concept to look for similar ideas, executions, storylines etc in Hong Kong or overseas (also added to Production Checklist)
- A written directive to staff not to proceed with filming unless technical experts are present for RSC APIs
- Additional written directive and item added to Production Checklist to ensure presence of technical expert during filming sessions when necessary for all APIs

(c) A document – **Information Note on the Anti-Drug Driving API** – is enclosed at **Annex B**. The note gives a timeline of relevant correspondence on the copyright infringement issue.

(d) ISD is not in a position to decide whether or not to take legal action. Such a decision rests with the RSC in conjunction with the Transport and Housing Bureau, which signed the contract. As can be seen in above “Information Note on the Anti-Drug Driving API”, legal advice was sought from the Intellectual Property Department (IPD) and Department of Justice (DoJ) on this matter, and the substance of this advice was provided to the RSC for its consideration.

Although IPD rendered advice based on its analysis of the API content, it was inconclusive. IPD stated that, ultimately, it was for the courts to decide whether a copyright breach had occurred. DoJ’s advice was that unless the UK copyright owner took action for breach of copyright, the RSC was not in a position to make a claim against the Hong Kong production house for breach of copyright or non-compliance of its contractual obligations. DoJ also stated that the Hong Kong production company was under no obligation to answer any questions put to it by ISD.

(e) Two APIs have since been produced to combat drug driving. One relates to drug driving under the influence of illicit drugs while the other relates to drug driving under the influence of prescription or medicinal drugs. The contract price was \$900,000 and included two sets of TV and Radio APIs (with pre- and post- versions); as well as design and copywriting for a poster, leaflet and roadside banner. The APIs have been on air since March 1, 2012.

/.....

(f) The licence fee offered by the UK copyright owner was GBP5,535 which covered the period the API was on air in Hong Kong from January 24 to April 3, 2011.

(g) The UK copyright owner has informed ISD that it will not pursue action against the Hong Kong contractor.

### **Case 2 referred to in the Audit Report**

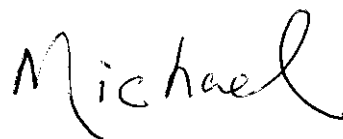
(h) The “Good Practice Guide on Publicity Campaigns” referred to in the Director of Audit’s report (**Annex A**) serves as a general information note to B/Ds on the mounting of publicity campaigns, including the production of APIs. B/Ds are encouraged to follow the Guidelines as far as practicable.

This notwithstanding, as mentioned in Paragraph (b) above, an extra category has been added to the Production Checklist for each API to ensure a technical expert is present for location filming when necessary. Where circumstances warrant, ISD may reschedule location filming to ensure the presence of an on-site technical expert.

The “Good Practice Guide on Publicity Campaigns” is being updated to include considerably more information on a number of publicity matters, including the production of APIs.

Soft copies of documents in this reply have been emailed to [sywan@legco.gov.hk](mailto:sywan@legco.gov.hk) as requested.

Yours sincerely



(Michael Wong)  
Director of Information Services

- c.c. Secretary for Transport and Housing (fax no.2537 6519)
- Commissioner for Transport (fax no. 2598 5575)
- Commissioner for Police (fax no. 2520 1210)
- Secretary for Financial Services and the Treasury (fax no. 2147 5239)
- Director of Audit (fax no. 2583 9063)

**\*Note by Clerk, PAC: Annex A not attached.**

**Information Note on the  
Anti-Drug Driving TV API**

**Background**

The Announcement in the Public Interest (API) for combating drug driving for the Road Safety Council (RSC) was under production between September 2010 and January 2011. It was on air on from 24 January 2011 until 3 April 2011.

**Considerations**

2. From the time the copyright infringement allegation was brought to the attention of the RSC and ISD, our main concern was always to ensure that there was no breach of intellectual property rights (IPR) and to protect the Government's reputation in this regard. It is our view that the Government's commitment to protecting IPR – and its actions to do so – takes precedence over any contractual dispute we may have with the Contractor that produced the TV API. This is because, in our view, the potential damage to Hong Kong's reputation as a jurisdiction committed to protecting IPR far outweighs any loss, financial or otherwise, the Government and RSC may have suffered as a result of the curtailed broadcast period of this particular TV API. Given the media attention at the time, the continued broadcast of this particular TV API – which bore resemblance to the UK video – was not in the best interests of the Government or the RSC while questions remained over the IPR integrity of the Hong Kong production.

3. As can be seen from the attached timeline of relevant correspondence on the subject, in pursuing a resolution to this matter, ISD acted on the advice of, or on behalf of the RSC.

4. This incident is a rare occurrence. In the 10 years since contractor performance reviews have been introduced for TV API productions – during which time more than 1700 TV APIs have been produced – this is the first case of its kind.

5. Nonetheless, as explained in our written answer to PAC questions, we have learnt from the experience and have taken steps to help prevent the recurrence of similar incidents.



6. **Timeline of relevant correspondence** on copyright infringement issue as follows:

**2011**

**March 31**

Media enquiries to RSC (referred to ISD) on similarities of the RSC TV API to a UK production to combat drug-driving.

ISD wrote to RSC recommending it seek further information from the Hong Kong Contractor and to take the TV API off the air.

**April 1**

RSC agreed to ISD suggestion, stating that the “Chairman is concerned about the issue” and asked ISD to follow up.

**April 3**

TV API taken off air (that is, the first available scheduling opportunity).

**April 4**

Contractor replied to ISD enquiry, expressing shock at the similarities with the UK video and insisting the idea for the RSC TV API was an original creative of their team. Some details were provided on their creative process, including how the “eye” idea came about. The Contractor stated that none of them had searched the “web for other TV commercials on anti-drug driving for reference”.

**April 7**

*Next* magazine published an article alleging that the RSC TV API is a copycat version of the UK video ‘Drug Driving – The Eye’.

**April 15**

Road Safety Council meeting was briefed on the matter and suggested ISD seek authorisation from UK copyright owner to broadcast the TV API in Hong Kong.

**May 5**

E-mail sent to UK copyright owner asking whether they would object to the broadcast of the TV API in Hong Kong.

**May 9**

E-mail from UK copyright owner expressing “major concerns” and not agreeing to the continued broadcast of the TV API until “we are able to resolve this”.

**May 14**

E-mail from UK copyright owner stating they had taken legal advice and believed there is a “clear IPR infringement”.

**May 18**

RSC meeting discussed the matter. RSC asked ISD to seek advice from IPD on whether there was an IPR infringement and possible remedies for the Government. The meeting also asked ISD to inform the UK copyright owner that the offer to pay a licence fee was being considered by the RSC.

**May 24**

ISD wrote to IPD seeking legal advice on whether there might be a case of IPR infringement, and if, so whether the Contractor could be held responsible under the current contract; and, what avenues were open to rectify the situation in case of a breach of IPR.

**June 22**

IPD provided a comprehensive response, which includes general advice on IPR law, comparisons of the two videos, and Contractor’s burden of proof. The IPD suggested that ISD seek further information from the Contractor on their creative process, after which they would provide further advice if so requested. IPD also suggested that ISD seek DoJ advice on enforceability of contract provisions.

**June 27**

ISD wrote to DoJ seeking legal advice on enforcement of contract provisions.

ISD wrote to Contractor asking them to provide detailed written accounts of the creative process, including such information as “timeline of creative process, minutes of meetings and brainstorming sessions, written submissions by those involved in the production, notes from files showing how the creative ideas were worked out and presented, e-mails and instructions from the client” etc.

**June 28**

Registered Letter returned because address of Contractor could not be found.

**June 30**

Letter delivered “By Hand” by ISD staff as well as by e-mail with “Return Receipt” noted and filed.

**July 8**

DoJ confirmed enforceability of copyright provisions in the quotation documents and recommended ISD seek advice from IPD as to the “Contractor’s

liability and your rights against the Contractor under the above quoted “Statement on Copyright”.

**July 19**

E-mail reminder sent to Contractor to reply to letter. “Return Receipt” noted and filed. Deadline extended to July 21.

**July 20**

Contractor replied by e-mail seeking extension until July 27. Extension granted.

**July 29**

Contractor replied, enclosing copies of original storyboard and music score; stating that the company staff had never seen the UK commercial on the Internet, and referring to its initial response of April 4.

**August 18**

ISD wrote to IPD providing further information on creation of the storyboard and music score.

**August 31**

ISD updated RSC meeting on action taken. RSC asked ISD to seek legal advice from the IPD.

**September 9**

IPD replied to ISD Memo of August 18, suggesting ISD seek further advice from music experts, film directors/producers; and, to press the contractor for further specific explanation, information and statements. IPD stated that “...whether infringement may be established is ultimately for the judge to decide after considering both sides’ evidence including the factual evidence given by the Contractor on the independent creation of the works should a court claim arise”. Further elaboration was also provided on the Contractor’s liability should an IP infringement be proved.

**September 20**

ISD sent letter “By Hand” and e-mail with “Return Receipt” noted and filed to the Contractor seeking further information within seven days. No reply.

**October 13**

ISD sought further input from IPD, which replied in e-mail that it did not “have any information or experience in instructing expert witnesses in music or film directing” and suggested ISD approach DoJ to see if they had such experience.

**October 18**

ISD sent letter “By Hand” and e-mail with “Return Receipt” noted and filed to the Contractor reminding them of the September 20 letter and asking for a reply within 7 days. No reply received.

**November 9**

Phone call to Contractor director who said he had not read the letter, but would check e-mail and revert.

**November 10**

Phone call to Contractor director who said he would read the letter and call us back.

**November 11**

Phone call to Contractor director. No answer.

Phone call to Contractor production co-ordinator who said they would reply within a week.

**November 18**

Phone call to Contractor director who would not say “yes” or “no” as to whether extra information would be provided.

**December 7**

ISD tabled discussion paper at RSC meeting outlining steps taken to resolve the matter and proposed to shelve the API to avoid drawing further adverse media/public comments which might have a negative effect generally on the image of the Government and the RSC. In the light of the fact that the Contractor had not responded to ISD requests for information, RSC asked ISD to write to DoJ seeking their help to issue a “demand” letter to the Contractor.

**December 12**

Contractor called ISD, said he had read the letter sent by ISD and felt he had already provided the information requested. He was asked to provide a written reply to that effect. No reply received.

**December 23**

ISD sought further advice from DoJ and suggested DoJ send a letter to the Contractor “seeking the information requested [by ISD] to see if this might provide IPD with a clearer picture of the creative process involved”.

**2012**

**January 5**

DoJ replied that “Legally, I do not think [the Contractor] is under any legal obligation to provide the required information to government. In the absence of a claim against the government or your claim that [the Contractor] has breached a term of its contract with government, I do not see what role there is for DoJ to play”.

**January 13**

RSC Campaign Committee updated on latest situation. In the light of DoJ’s advice of January 5, RSC asked ISD to write to the Contractor and also to seek expert advice, and then to refer the matter back to the RSC for follow up.

**January 27**

Further letter to Contractor seeking information within two weeks. No Reply.

**January 30**

ISD sought advice from the Composers and Authors Society of Hong Kong (CASH) on whether they had any experts who can advise on music copyright.

**February 1**

CASH replied to ISD e-mail of January 30 stating that ultimately it would be for the courts in Hong Kong to decide and that it could not provide expert advice or recommend a suitable person in relation to music copyright.

**February 8**

ISD sought advice from CreateHK on whether it, or contacts in the film industry, could provide expert advice in relation to alleged infringement of copyright.

CreateHK replied, stating that the two videos would need to be viewed side-by-side to consider the allegation from the two perspectives of concept and execution.

**February 15**

ISD sought further advice from CreateHK on whether copyright breaches might have occurred.

**February 16**

CreateHK replied that it discussed the two productions among six colleagues stating that the API is “very similar to the UK version”. CreateHK provided further advice on the scope of the Copyright Ordinance in Hong Kong and protection afforded to copyright of non-Hong Kong residents. CreateHK suggested ISD seek advice from the Film Section of TELA.

**February 17**

ISD sought advice from TELA on whether it could provide expert advice in regards to an alleged infringement of copyright.

TELA replied that it was responsible for classification and exemption of films under the Film Censorship Ordinance (FCO). “Matters in relation to copyright or intellectual property issues are outside the jurisdiction of the FCO and we have do not have the relevant expertise for the issue under concern”.

**February 29**

ISD updated the RSC on efforts taken to gather further information from the Contractor and to seek advice from DoJ and experts, including CASH, CreateHK, TELA.

ISD proposed to ask Contractor to pay licence fee to cover the time the TV API was broadcast in Hong Kong.

RSC decided to leave the matter and any follow up action in the hands of ISD.

**March 13**

ISD sent e-mail to UK copyright owner requesting details and costs of a licence fee to cover the retrospective broadcast of the API from Jan 24 – April 3, 2011.

**March 16**

E-mail from UK copyright owner with offer of a licence fee (at a reduced rate of GBP5,535 after request by ISD). Deadline of March 20 to accept offer.

**March 19**

ISD requested deadline extension to licence fee offer to secure necessary buy-in and support.

UK copyright owner agreed to extend deadline to March 27

Phone call by ISD Assistant Director to Contractor explaining seriousness of the matter and requesting them to pay a licence fee to cover the retrospective broadcast of the API.

Letter sent to Contractor by e-mail requesting reply within two days.

**March 21**

E-mail from Contractor requesting a deadline extension to April 4 in order to consult lawyers.

**March 22**

E-mail to Contractor explaining that a deadline extension was not possible because the offer on the table from the UK copyright owner was time limited.

**March 27**

E-mail from Contractor stating it could not accept the offer and declining to pay the licence fee.

E-mail from Assistant Director urging Contractor to carefully consider the matter before making a final decision.

**March 28**

Offer from UK copyright owner in regards licence fee lapsed.

ISD informed UK copyright owner that Contractor had declined to accept licence fee offer.

**April 24**

UK Copyright owner requested update on the case.

**May 16**

RSC updated by ISD on the refusal of the Contractor to pay the licence fee. ISD said that the TV API in question should not be aired and that the Contractor should be struck off the list of service providers. The RSC Minutes note: "As there was no further comment from members, and given that the new TV API against drug driving had already been launched and ISD would remove [the Contractor] from the list of service providers, the Chairman closed the discussion. Item is to be deleted."

**May 24**

ISD informed UK copyright owner that it was unable to take the matter any further.

UK copyright owner sought details of Hong Kong Contractor

**May 25**

UK copyright owner said it was talking with its legal representatives on potential direct action against the Contractor, but also stating: "I believe you have acted honourably given the situation and we are pleased that the advert has been shelved. Thank you."

**2013**

**May 8**

ISD sought update from UK copyright holder on whether it took action against the Hong Kong Contractor.

UK copyright owner replied that “While there is no question your agency breached our IPR the fact you shelved the advert and the fact we were already locked in litigation with a major company for breach of contract ... meant that we took the decision not to pursue them”.

*Information Services Department*

*May 16, 2013*

PAC-info note on anti-drug driving TV API



**The Director of Audit's Report No. 60**  
**Chapter 3: Pre-primary Education Voucher Scheme**

**Speech by the Secretary for Education**

The Education Bureau (EDB) welcomes the Audit Commission's audit report on the Pre-primary Education Voucher Scheme (Voucher Scheme). First of all, we are very pleased that the report acknowledges the contributions of the Voucher Scheme at its beginning by stating that "the Voucher Scheme had contributed to promoting KG education and easing parents' financial burden". The report further points out that "over the years, there had been great improvement in the professional knowledge and qualification of the KG sector" under the Voucher Scheme. It is clear that the Voucher Scheme, which has been launched since 2007/08, has achieved its main policy objectives.

Unlike primary and secondary education, which is either fully or directly subsidised by the Government, kindergarten education in Hong Kong has all along been provided by the private sector and is characterised by great flexibility, diversity, adaptability and vibrancy. The purpose of launching the Voucher Scheme is to ease parents' financial burden while preserving the characteristics of great flexibility and diversity of kindergarten education. All along, the EDB has been implementing the Voucher Scheme in strict accordance with the policy objectives and mandate as endorsed by the Chief Executive-in-Council, and in compliance with the funding criteria and within the ambit approved by the LegCo Finance Committee. It is on this basis that we set up appropriate regulatory and monitoring mechanism.

As kindergartens are not directly funded by the Government under the Voucher Scheme, kindergartens participating in the Voucher Scheme are not subject to the same regulatory control as that for subvented organisations in general. The EDB has put in place a mechanism to appropriately regulate and monitor kindergartens participating in the Voucher Scheme, especially with respect to their collection of school fees and other fees, to safeguard the interests of parents. In addition, we require the kindergartens to disclose certain information to the public to enhance transparency and prevent the abuse of government funds. The EDB has been reviewing on an ongoing basis the effectiveness of the Voucher Scheme since its implementation, and rolled out a series of enhancement measures in 2009 and 2010 in response to the results of the review. We will continue to work with the kindergarten sector so as to make continuous improvements to the Voucher Scheme. The Audit Commission's comprehensive review of the Voucher Scheme has provided a good opportunity for optimising the Scheme. We will carefully study the recommendations of the report and take follow-up actions as appropriate.

Providing 15-year free education and better quality kindergarten education is one of the priorities of the current-term Government. The findings and recommendations in the audit report, including those related to kindergarten governance, are of great reference value. The Committee on Free Kindergarten Education set up on 8 April 2013 will make reference to the recommendations in the audit report in exploring various issues on free kindergarten education, with a view to making concrete recommendations to the EDB on how to practicably implement free kindergarten education.



中華人民共和國香港特別行政區政府總部教育局  
Education Bureau

Government Secretariat, The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

香港添馬添美道2號政府總部東翼5樓506室特殊教育及幼稚園教育分部  
Special Education and Kindergarten Education Division, Rm. 506, 5/F, East Wing, Central Government Offices,  
2 Tim Mei Avenue, Tamar, Hong Kong

本局檔號 Our Ref. : EDB(KGA)ADM/55/1/12

電話 Telephone : 3509 8520

來函檔號 Your Ref. : CB(4)/PAC/R60

傳真 Fax Line : 2119 9061

31 May 2013

Ms Mary SO  
Clerk, Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central  
HONG KONG

Dear Ms SO

**Public Accounts Committee**  
**Consideration of Chapter 3 of the Director of Audit's Report No. 60**  
**Pre-primary Education Voucher Scheme**

Thank you for your two letters of 2 May 2013 on the above subject.  
Enclosed please find the supplementary information of the captioned Chapter of the  
Audit Report as requested.

Yours sincerely

(Ms Hera CHUM)  
for Secretary for Education

Encl.

c.c. Permanent Secretary for Financial Services and Treasury (Treasury)  
(Attn : PEO(G))  
Director of Audit

**Public Accounts Committee**  
**Consideration of Chapter 3 of the Director of Audit's Report No. 60 Pre-primary**  
**Education Voucher Scheme**

**Supplementary Information**

**General**

*(a) Ranking of kindergarten ("KG") education in Hong Kong published by the Economist*

According to *Starting Well*, a research programme conducted by the Economist Intelligence Unit of the Economist to rank the preschool environments in 45 countries, kindergarten (KG) education in Hong Kong ranks 19th among the 45 countries and 2nd among the countries/regions in Asia. The full report can be assessed in the link below:

[http://www.lienfoundation.org/pdf/news/sw\\_report.pdf](http://www.lienfoundation.org/pdf/news/sw_report.pdf)

*(b) Measures taken and will be taken by the Education Bureau ("EDB") to enhance the choice of parents on the one hand and preserving the flexibility and adaptability of the KGs to provide diverse services responsively to meet the changing needs of the children and their parents on the other*

The Pre-primary Education Voucher Scheme (PEVS) was introduced in the 2007/08 school year to alleviate the financial burden on parents and induce improvement to the quality of KG education. Since then, the PEVS has been under ongoing review for its effectiveness by the Education Bureau (EDB) with a view to rolling out timely improvement measures. The following are the major improvement measures implemented by the EDB:

- To ensure that a reasonable choice of eligible and affordable KGs for needy families is available under the PEVS, starting from the 2009/10 school year, the Government has reinstated an annual adjustment mechanism for the fee remission ceilings under the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) on the basis of the weighted average fees of non-profit-making half-day and whole-day kindergartens (KGs) under the PEVS;
- To further tie in with the implementation of the PEVS, with effect from the 2011/12 school year, the KCFRS has been modified to provide enhanced assistance in KG education to needy families, which includes:

- Revising the calculation of fee remission under the KCFRS to provide additional financial support to needy families on top of the voucher value (i.e. the amount of voucher subsidy);
  - Removing the social needs assessment for eligibility for whole-day rate of fee remission; and
  - Adjusting annually the meal allowance ceiling for needy KG children attending whole-day PEVS KGs in accordance with the Consumer Price Index (A).
- Starting from the 2012/13 school year, the voucher subsidy has been disbursed according to the tuition fee payment schedule of KGs to reduce their difficulties in handling administrative and accounting work; and
  - Starting from the 2012/13 school year, the fee thresholds of PEVS KGs and the amount of voucher subsidy have been adjusted annually in accordance with the Composite Consumer Price Index (CCPI).

In addition to the above enhancement measures, the EDB plans to provide all PEVS KGs with a one-off grant to improve the teaching and learning environment and facilities through improvement works and procurement of learning resources with a view to enhancing teaching and learning effectiveness of KGs. Subject to the approval of the Finance Committee of the Legislative Council, the grant will be disbursed to all eligible KGs in the 2013/14 school year.

*(c) Membership and terms of reference of the Committee on Free KG Education and its five sub-committees;*

Membership and terms of reference of the Committee on Free KG Education and its five sub-committees are at the Appendix.

*(d) Issues that would be suggested for study/review by the Committee on Free KG Education to, prior to the implementation of free KG education, enhance the Pre-primary Education Voucher Scheme (“the Voucher Scheme”) to better meet the Scheme’s policy objectives to provide affordable and quality KG education;*

The EDB set up the Committee on Free KG Education (the Committee) in April 2013 to study and make specific proposals on how to practicably implement free KG education. Five sub-committees have also been formed under the Committee to study in detail specific issues relating to free KG education. For details about the scope of study under the Committee and each sub-committee, please refer to the Terms of Reference at the Appendix. The sub-committees will engage in thorough

discussions and analyses in their designated areas and report their findings to the Committee for further consideration. The Committee and sub-committees will also study the recommendations in the Audit Report for making proposals on improvement in the context of free KG education.

In view of the intricacies of the issues involved and the far-reaching implications of the new policy, our current assessment is that the Committee will take about two years to complete its tasks and make recommendations to the Government. During this period, the Committee will maintain communication with the KG sector to listen to their views, and explore short- and medium-term measures which could help KGs meet the challenges. The Government will actively consider providing support accordingly.

*(e) Challenges faced by the EDB on taking forward free KG education in Hong Kong, and the measures that will be taken to overcome such challenges;*

Providing practicable 15-year free education and better quality KG education is one of the priorities of the current-term Government. Given that there is a huge diversity among KGs in terms of their operating scale, school premises and facilities, rent and other operating costs, qualifications and number of teachers, staff salaries and school fees charged, etc. and there are diverse views among the stakeholders on further enhancement of KG education, the Administration needs to consider prudently how to practicably implement free KG education. In this connection, the EDB set up the Committee on Free KG Education, comprising representatives from the KG sector, major stakeholders and lay members, to examine the various related issues and make specific and practicable proposals to the Government. The Committee will gauge the views of stakeholders on current practices and the future policy of free KG education, identify issues for possible improvements, consider various options and make recommendations to the EDB on the way forward.

### **Participation of KGs in the Voucher Scheme**

*(f) Numbers and percentages of non-profit-making KGs which have joined and opted out of the Voucher Scheme as well as the number of children enrolled in the KGs participating in the Voucher Scheme (“Scheme KGs”), since the introduction of the Voucher Scheme in 2007-2008;*

For the 2007/08 to 2012/13 school years, the respective numbers and percentages of local non-profit-making (NPM) KGs joining and withdrawn from the PEVS as well as the numbers of students under the PEVS are tabulated as follows:

School Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total No. of local NPM KGs	780	788	774	769	763	757
No. and % of local NPM KGs joining the PEVS	768 (98%)	776 (98%)	762 (98%)	757 (98%)	751 (98%)	735 (97%)
No. and % of local NPM KGs withdrawn from the PEVS	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	14 (1.9%)
No. of students under the PEVS	119 700	117 900	119 100	122 900	129 100	129 400*

\* Provisional figure as at mid-September 2012

### **Turnover rates of KG teachers**

*(g) Reasons for the high turnover rates of KG teachers in Scheme KGs and non-Scheme KGs, having regard to the fact that as at September 2011 the average turnover rate for KG regular teachers of individual KGs was 22% for Scheme KGs and 27% for non-Scheme KGs;*

In the Audit Report, the “turnover” rate as at September 2011 refers to those regular KG teachers in the 2010/11 school year who did not serve as regular KG teachers in the same KG in the 2011/12 school year. This may be due to teacher transfer (from one KG to another KG in the 2011/12 school year); change of work nature in the same KG (e.g. transferred from being a regular KG teacher in the 2010/11 school year to a supply teacher / child-care staff in the 2011/12 school year); lapse of teaching posts in the original KG; or the teacher leaving the service. All these are due either to the decision of individual teachers or to school-based arrangements. For individual schools as quoted in the Report with relatively high staff turnover, there may be many contributing factors relating to human resources management. It should however be noted that the average turnover rate as quoted in the Report for non-PEVS KGs was higher than that for PEVS KGs, which implies that the “high” turnover has no direct relation with the PEVS, or any challenges that are unique to PEVS KGs. Notwithstanding the above, staff management is under the domain of management of organisation that we will look into when conducting Quality Review to validate PEVS KGs’ self-evaluation results. Should outflow of regular teachers in individual KGs warrant attention, the EDB will look into the matter and advise the KGs on appropriate enhancement measures with a view to ensuring the delivery of the quality education.

It is not the normal public policy to monitor/intervene into the staff turnover rate of individual entities in the aided or the private sector. The focus should be at the aggregate sector level. In this connection, the EDB will continue to monitor the demand and supply of KG teachers at the territory level to ensure an adequate provision of qualified KG teachers in the sector.

*(h) Longest, shortest and median working hours of teachers working in Scheme and non-Scheme KGs in the past five years;*

The EDB does not have information on the working hours of individual KG teachers, whether PEVS KGs or non-PEVS KGs, as it is subject to the employment conditions agreed between the KGs and their teachers. Generally speaking, the learning time of KG students is 3 to 3.5 hours for a half-day session (including snack time) and 7 to 7.5 hours for a whole-day session (including lunch time and afternoon nap).

*(i) Highest, lowest and median monthly salaries of teachers working in Scheme and non-Scheme KGs in the past five years;*

Highest, lowest and median monthly salaries of full-time regular teachers working whole-day in PEVS KGs and local non-PEVS KGs from 2007/08 to 2011/12 school years are tabulated below:

**(1) PEVS KGs**

School year	2007/08	2008/09	2009/10	2010/11	2011/12
Highest	above \$30,000 *	above \$30,000 *	\$38,500	\$52,800	\$55,000
Lowest	\$5,000 or below *	\$5,000 or below *	\$5,500	\$5,500	\$6,500
Median	\$13,500	\$14,500	\$14,500	\$15,500	\$16,500

**(2) Local Non-PEVS KGs**

School year	2007/08	2008/09	2009/10	2010/11	2011/12
Highest	above \$30,000 *	above \$30,000 *	\$63,100	\$50,900	\$48,000
Lowest	\$5,500	\$6,500	\$7,500	\$5,500	\$7,500
Median	\$17,500	\$18,500	\$18,500	\$16,500	\$17,500

\* For the 2007/08 & 2008/09 school year, the exact highest salary in the range "above \$30,000" and lowest salary in the range "\$5,000 or below" were not collected, so the highest/ lowest salaries for these two school years are not available.



## **Professional development of KG principals and teachers**

(j) *Amount of voucher attributed to teacher development in a year from 2007-2008 to 2010-2011, and the areas in which such amount were deployed by the KGs;*

The amount of voucher designated for teacher professional development (namely Teacher Development Subsidy, TDS) from 2007/08 to 2010/11 school years are tabulated below:

School Year	TDS per pupil per annum (\$)	Total amount of TDS disbursed (\$)
2007/08	3,000	331 million
2008/09	3,000	340 million
2009/10	2,000	234 million
2010/11	2,000	244 million

KGs should spend TDS on the following three areas:

- (1) Course Fee Reimbursement
- (2) Appointment of Supply Teachers
- (3) School Based Training Programmes

The unspent TDS balance is clawed back by phases by the end of the 2012/13 school year.

For non-PEVS KGs, their principals and teachers are also entitled to course fee reimbursement (CFR) for up to 50% of the fees for an approved C(ECE) course; or a degree course in ECE and a certification course for principals, capped at \$60,000.

The number of cases receiving CFR and the total amount of CFR from the 2007/08 to 2011/12 school years are tabulated below:

School Year	No. of cases receiving CFR	Total amount of CFR (\$)
2007/08	344	2,490,000
2008/09	411	3,114,000
2009/10	500	4,318,000
2010/11	496	4,741,000
2011/12	403	4,256,000

(k) *Measures that would be adopted/ways that may be explored by the EDB to provide support for the professional upgrading of KG principals and teachers, having regard to the fact that the provision of teacher development subsidy for Scheme KGs and the reimbursement of course fees for non-Scheme KGs had lapsed by the end of 2011-2012;*

We consider it worth exploring ways to support the remaining KG principals and teachers who have yet to complete their professional upgrading. Hence, the EDB will provide course fee subsidy for PEVS-KG teachers enrolling in Certificate (Early Childhood Education) (C(ECE)) course and principals studying Certification course for KG principals who are pursuing these courses in the 2012/13 school year and would complete the courses by the end of the 2013/14 school year. Details of such provision will be announced to KGs before the end of the current school year.

*(l) Assessment of the impact of improvement in the professional qualifications of KG principals and teachers on the quality of Scheme KGs;*

Upon the implementation of PEVS, KGs joining PEVS are required to comply with the requirement to employ 100% teachers with C(ECE), based on a teacher to student ratio of 1:15. In order to ensure the quality of KG education service, PEVS KGs are subject to a quality assurance mechanism that combines school self-evaluation (SSE) and Quality Review (QR). QR results show that the quality of PEVS KGs has been improving. From the observation of the EDB officers, the professional capacity of KG teachers who have acquired the C(ECE) qualification have also been enhanced in various aspects such as the planning of curriculum, the ability of self-evaluation and assessment on students' progress, etc.

*(m) Progress in professional training of the 13 principals and the 1203 teachers serving in Scheme KGs who had yet to complete their professional upgrading as at September 2012 (start of school year 2012-2013) referred to in paragraph 3.8 of the Audit Report, including the number of these principals and teachers who have yet to or will not undergo professional upgrading;*

It should be pointed out that while all new KG principals are required to possess a degree in ECE and complete the Certification course for KG principals, this is not a hard target for the serving principals. That notwithstanding, we have been encouraging serving KG principals to attain the qualifications for professional upgrading. Among the 13 principals who had yet to complete their professional upgrading, 6 have already been enrolled / plan to enrol in the Certification course for KG principals. We have issued advisory letters to the remaining 7 principals to encourage them to acquire the qualification as soon as practicable.

For the 1 203 teachers in PEVS KGs, we have no information on the number who have enrolled in the C(ECE) course or equivalent. Yet, we will ensure there is adequate teachers possessing/pursuing C(ECE) in PEVS KGs based on 1:15 teacher to student ratio. As a matter of fact, the EDB will not give approval for KGs to stay

in or join PEVS if they have not met the aforementioned requirement.

*(n) Numbers and percentages of KG teachers under the Voucher Scheme who have obtained/are pursuing the Certificate in ECE (“C(ECE)”);*

In the 2012/13 school year, of the 8 517 teachers in PEVS KGs, 7 314 (86%) have obtained the C(ECE). From the information provided by tertiary institutes offering ECE courses, 1 384 teachers in local KGs are pursuing C(ECE) in the 2012/13 school year, but we do not have further information on how many of these teachers are serving in PEVS KGs.

*(o) Numbers of graduates who are expected to obtain a degree in ECE and the C(ECE) in Hong Kong respectively in the coming two years;*

Based on the information provided by tertiary institutes offering ECE courses, the respective numbers of graduates who are expected to obtain a degree in ECE or C(ECE) in Hong Kong in the coming two years are as follows:

Graduates from in-service ECE courses

School year	2012/13	2013/14
BEd(ECE) or equivalent*	831	819
C(ECE)	577	476

Graduates from pre-service ECE courses

School year	2012/13	2013/14
BEd(ECE) or equivalent*	144	133
C(ECE)	727	1 184

\*Including PGDE(ECE)

### **Quality assurance mechanism**

*(p) Apart from the recommendations of the consultant’s review report on the effectiveness of the QR mechanism on pre-primary education which have been implemented to improve the QR of the Scheme KGs as set out in paragraph 4.15 of the Audit Report, the other recommendations of the consultant’s review report;*

Apart from the improvement measures implemented in the second cycle of Quality Review (QR) starting from the 2012/13 school year, the EDB will continuously review the QR mechanism with reference to the following recommendations of the consultant’s review report:

- (1) Enhance professional support for KGs to strengthen their capability in conducting school self-evaluation (SSE).
- (2) Promote the professional standard of the quality review by enhancing the continuous professional development of the reviewers;
- (3) Further promote and provide training to parents to enhance their understanding on quality KG education and purpose of QR.

*(q) Rationale on the formulation of the 32 performance indicators for pre-primary education, and the guidelines to assist Scheme KGs to conduct the required self-evaluations based on these performance indicators;*

The Performance Indicators (PIs), which tie in with the aims of KG education, serves as reference for school self-evaluation and QR. The 24 PIs under Domains I to III (I-Management & Organisation, II-Learning & Teaching, III-Support to children & School Culture) are collectively known as Process Indicators, reflecting school's capacity in providing a desirable learning environment conducive to the development of quality education. The remaining 8 PIs in Domain IV (Children Development) are the Outcome Indicators, covering the progress of children in different aspects. The four Domains are inter-related and closely related to the operation of individual kindergartens when assessing its performance.

Schools are recommended to use the 32 PIs to conduct a holistic review on their current state of performance flexibly. The PIs are interconnected and no single PI should be used in isolation in judging the performance of a KG. Such an elaborated set of PIs is required particularly at the initial stage of implementing the Quality Assurance mechanism and developing a self-evaluation practice in KGs. KGs can make reference to the appropriate PIs to conduct SSE in a more comprehensive manner.

The EDB has conducted workshops for all PEVS KGs for enhancing SSE skills including the use of PIs. In addition, the School Self-Evaluation Manual, with detailed information about the use of PIs, has been uploaded onto the EDB website for schools' reference. As explained in (p) above, the EDB will continue to strengthen support for KGs in the use of the PIs to conduct SSE. In this connection, we will conduct training workshops and sharing sessions, as well as provide school-based support for KGs.

## **Financial operations of Scheme KGs**

*(r) Basis for (i) setting the provision of fee subsidy under the Voucher Scheme at \$10,000 in 2007-2008 and for (ii) building in roughly a 10% increase between 2007-2008 and 2011-2012 to compensate for inflation, teachers' salary increment and qualification development;*

- (1) It was not the policy intent of the PEVS to provide free education at the time when PEVS was introduced and hence the voucher was not meant to cover the full tuition fee charged by KGs in the 2007/08 school year. Families with financial difficulties may apply for fee remission through the means-tested KCFRS for additional financial support. To alleviate the financial burden on parents, the amount of fee subsidy under the PEVS was set with reference to the weighted average school fees (WAF). In the 2007/08 school year, the WAF for half-day classes was \$17,200 per student per annum (pspa), of which the amount of fee subsidy under the PEVS is around 60%.
- (2) Substantial upgrading of professional qualification of principals and teachers of PEVS KG were expected to be completed by the 2011/12 school year. As such, the degree of progressive increase of the subsidy in the 4-year leading period had taken into consideration of teachers' salary increase as a result of their qualification upgrading.

*(s) Reasons for changing the basis to adjust the annual provision of fee subsidy under the Voucher Scheme with reference from inflation, teachers' salary increment and qualification development from 2007-2008 to 2011-2012 to adjust the same (i.e. voucher value) annually according to the year-on-year rate of change in the Composite Consumer Price Index from 2012-2013;*

The Working Group on Review of the PEVS (WG) in 2010 considered that non means-tested PEVS subsidy, complemented by the fee remission scheme, had already taken into consideration wide eligibility for receiving subsidy for KG education on the one hand and focused support for low-income families on the other. To achieve the intended target of providing support to parents to reduce their financial pressure, the voucher value should be subject to an annual review with reference to inflation with effect from the 2012/13 school year. Along the WG's recommendation, EDB proposed to adjust the voucher value annually with reference to the Composite Consumer Price Index (CCPI) starting from the 2012/13 school year, which was subsequently endorsed by the Finance Committee of the Legislative Council.

(t) *Formula for calculating the weighted average school fees in Scheme KGs; and the mechanism, if any, for adjust the weighted average school fees in Scheme KGs;*

In the calculation of the WAF, only the local stream of KGs under PEVS are included. The WAF is calculated by (i) multiplying the approved annual school fees of the classes in each KG by the respective enrolment of those classes and then summing them up to get the sub-total school fees at the school level; (ii) The sub-total school fees (at the school level) are then summed up to become the total school fee at the territory level; and (iii) WAF is derived by dividing the total school fee (at the territory level) by the total enrolment (at the territory level).

(u) *Information to substantiate that the financial situation of Scheme KGs has improved over the years;*

The financial situation of PEVS KGs has improved over the years as reflected in the declining number of Scheme KGs incurring net deficits in 2009/10 and 2010/11 school years. It is also worth noting that during the same period, the Government expenditure on PEVS has also increased. Details are as follows: –

	School year / Financial year			
	2007/08	2008/09	2009/10	2010/11
Number of PEVS KGs with net deficits for the school year and as a % of the total PEVS KGs	387 (47%)	430 (53%)	357 (45%)	279 (37%)
Government expenditure on PEVS in respective financial year (\$ million)	914.1	1,523.9	1,628.9	1,854.3

(v) *Actions that would be taken by the EDB to make clear to the Scheme KGs on how incomes from trading operations should be properly reflected in their audited accounts, and the timeframe for doing so;*

The EDB will revise the guidelines on how incomes from trading operations should be reflected. Specifically, we will

- (1) define clearly what constitute "trading activities";
- (2) give examples of items that should be reported as "other operating income" in the audited accounts, so that KGs would properly classify their incomes from various miscellaneous fees and report them properly in their audited accounts as required;
- (3) remind KGs to observe the list of components of school fees and not to collect other charges on these components; and

- (4) request KGs and their auditors to provide explanatory notes and details of the trading income in the audited accounts where necessary.

KGs will be reminded to follow the revised guidelines in the annual circular memorandum on submission of audited accounts, which will be issued in November each year.

Briefing sessions on financial management and fee revision of KGs will be conducted in November 2013 and February 2014 respectively, during which the revised guidelines on trading income will also be introduced.

- (w) Adequacy of the existing school fee ceilings, having regard to the fact that some 280 Scheme KGs incurred net deficits in 2010-2011 as referred to in paragraph 5.12 of the Audit Report;*

Of those KGs joining the PEVS with net deficits in the 2010/11 school year, only 17 KGs (6%) collected school fees at the fee thresholds for half-day and/or whole-day classes in the same school year. For the other KGs, they are charging school fees below the fee thresholds. They may consider applying for an increase in school fees based on their own operating needs. In view of the above, no correlation could be drawn between the fee thresholds and PEVS KGs with net deficits in the 2010/11 school year.

In addition, with effect from the 2012/13 school year, the fee thresholds under the PEVS would be adjusted annually according to the year-on-year rate of change in the Composite Consumer Price Index (CCPI), hence allowing all KGs, including those at fee thresholds, to revise the fee levels appropriately.

- (x) Numbers and percentages of Scheme KGs providing both half-day (“HD”) and whole-day (“WD”) classes, only HD classes and only WD classes respectively, and the numbers of these Scheme KGs which incurred deficits, surplus and had a breakeven result respectively in 2010-2011 on the sole basis of the school fees charged;*

It would not fairly present the operating situation of the PEVS KGs if we were to assess the operating results of the PEVS KGs on the sole basis of the school fees charged without taking into account the fact that –

- (1) the operating expenditures as shown in the audited accounts of PEVS KGs are the actual expenditures of the KGs as certified by their auditors. However, the

expenditures of some PEVS KGs may not be fully recognised as allowable expenditures by the EDB when assessing the fee increase application of these KGs. For example, rental value that is higher than the rental assessment of the Rating and Valuation Department, donations, and management fees that are not justified will be excluded in fee revision assessment; and

- (2) the operations of PEVS KGs are financed by various types of income. Apart from school fees and miscellaneous fees collected from students, PEVS KGs will receive such income as interest income, donations, subsidies from their sponsoring bodies, etc. These incomes are used to finance the operation of the PEVS KGs and help reduce the pressure for fee increase.

PEVS KGs are privately run. While their annual audited accounts are prepared in accordance with the generally accepted accounting principles, the presentation of the audited accounts of PEVS KGs may vary. Some PEVS KGs do not provide full details of their incomes and expenditures in their 2010/11 audited accounts. And thus, we do not have the required information to comprehensively analyse the operating situation of PEVS KGs taking into account the factors set out in the above paragraph.

That said, we provide below the distribution of PEVS KGs which had incurred a deficit, had earned a surplus or had a breakeven result on an overall basis for the 2010/11 school year -

2010/11 school year	PEVS KGs							
	Providing WD classes only		Providing HD classes only		Providing both HD and WD classes		Total	
	No.	%	No.	%	No.	%	No.	%
Net Surplus	139	63%	87	60%	214	55%	440	59%
Breakeven (Net surplus below 1% of total school income)	14	6%	7	5%	13	3%	34	4%
Net Deficit	67	31%	50	35%	162	42%	279	37%
Total	220	100%	144	100%	389	100%	753	100%
	(29%)		(19%)		(52%)		(100%)	



## **Regulatory measures**

*(y) Reasons for the failure of the EDB to review Scheme KG's audited accounts in a timely manner and the measures that have been/would be put in place to address the problem;*

Owing to the late submission of the audited accounts by the PEVS KGs, coupled with the need to conduct the more time-critical annual school fee revision exercise which had to be completed in August each year, the EDB had to review the audited accounts by stages. An interim review of the audited accounts was usually conducted between March and August each year. Should there be any non-compliance practices or qualified audit opinions made by the KG auditors during the interim review, the EDB will follow up with the concerned KGs immediately. The whole review exercise was usually completed in April of the following year. Nonetheless, the EDB had made vigorous efforts to speed up the review of the 2010/11 audited accounts of PEVS KGs, which was completed by November 2012, five months earlier than the previous exercises.

The timely submission of audited accounts by PEVS KGs will enable the EDB to better schedule the review work. With the close follow-up by the EDB, the proportion of PEVS KGs not submitting their audited accounts by the deadline had declined significantly from 64% for the 2007/08 school year to 34% for the 2011/12 school year, and those that were exceptionally late in submitting their audited accounts 3 months after the deadline had also declined significantly from 20% for the 2007/08 school year to 2% for the 2011/12 school year. To step up the monitoring, in addition to the issue of annual circular to the PEVS KGs calling for submission of audited accounts, we will issue reminder to the KGs urging the prompt submission of their audited accounts one month before the deadline starting from next year.

To expedite the completion of the annual review of audited accounts, we will further synchronize the processes involved in the examination of PEVS KG's fee revision applications and the review of their annual audited accounts.

## **Reimbursement of rentals, rates and government rents to KGs**

*(z) Reasons why the KG rent reimbursement policy is not consistently applied to all Scheme KGs, and whether consideration would be given to expanding the application of the policy to more Scheme KGs; and*

The rent reimbursement scheme, which has been in place since 1982 (i.e. long before the introduction of PEVS in the 2007/08 school year) is open to all non-profit-making (NPM) KGs. When the latter was introduced, there was no policy intention to alter fundamentally the rent reimbursement scheme. In other words, all NPM KGs, regardless of whether they have joined PEVS or not, are eligible to apply. Applications will be considered on its own merit based on the following set of criteria:

- (1) the operating standard of the KG;
- (2) the curriculum standard of the KG;
- (3) compliance with the Education Ordinance and Education Regulations, various fire services/building requirements, administrative directives; and
- (4) other factors (including the proven demand of kindergarten places in the district, enrolment capacity, school fee level and rental cost, etc.).

The EDB would review the KG rental reimbursement scheme alongside the study of the free KG education.

*(aa) Reasons why rent reimbursement is still provided to those KGs whereby the problem of shortage of KG places in the districts in which these KGs located no longer exists.*

For KGs already in receipt of rent reimbursement, the EDB will review their eligibility every two years based on the same set of criteria mentioned under (z) above, except the district demand. While we continue to provide rent reimbursement for the eligible KGs even when there is no longer a shortage of KG places in the district to maintain stability in the operation of the KGs and to avoid creating excessive pressure for fee increase that will have bearing on the parents, we will adjust the rent to be reimbursed to individual KGs having regard to their fill-up rates<sup>1</sup>. A KG having a fill-up rate of 50% or above will be granted full rent reimbursement while a KG having a fill-up rate below 50% will receive only 50% reimbursement of the rent.

---

<sup>1</sup>The fill-up rate = [Total number of students in the KG / Total permitted accommodation of the KG]

## **Information on the regulation of private independent kindergartens by the EDB**

As private independent KGs do not receive any government funds, they are not subject to the same regulatory control as that for PEVS KGs. Yet, all KGs are registered with the EDB under the Education Ordinance (Cap. 279). The operation of registered KGs, including school premises, fees collection, teacher qualifications, teacher to student ratio and curriculum, etc., should be in compliance with the provision in the Education Ordinance and instructions issued by EDB from time to time. EDB officers may also inspect any school for the purposes of ascertaining whether the Education Ordinance is being complied with and whether the school is being conducted satisfactorily.

With regard to the collection of fees, we have a more elaborative control mechanism for all KGs, including PI KGs, as follows:

- (1) KGs are only allowed to charge school fees in accordance with the fees certificate issued by the EDB. KGs are required to submit application to the EDB should they want to make any revisions in school fees. In considering fee revision application from KGs, we would only accept those expenditures directly related to teaching and learning, school operation and maintenance of education services to safeguard the interest of KG students and their parents. We would also take into account the overall financial and operational situation of schools when determining the approved fees level to ensure the reasonableness of the revision.
- (2) KGs are required to seek prior approval from the EDB for collection and revision of lunch charges, if any.
- (3) For the collection of application fee and registration fee, the EDB has stipulated the approved ceiling for all KGs. Currently, the approved ceiling of application fee is \$30 and collection of registration fee should not exceed \$660 for a half-day place (\$1,150 for a whole-day place), or half of the monthly school fee, whichever is the lower. The registration fee paid by children who subsequently take up the KG places will be credited as payment of their school fees.
- (4) As regards the sale of school items such as school uniform and textbook, and provision of paid services, KGs are required to comply with the rules and regulations set out by the EDB. Specifically, KGs are not allowed to generate any profit from the sale of textbooks, and the profit in the sale of other school items and provision of paid services, which should be on a voluntary basis, is limited to a maximum of 15% of the cost.

- (5) KGs are advised to disclose relevant information with regard to the types and amounts of miscellaneous charges collected to parents through various effective means (e.g. leaflets) to enhance transparency.

On top of the above, EDB inspectors conduct Focus Inspection (FI) to monitor performance in the learning and teaching of the private independent kindergartens. During the school inspection, inspectors will conduct lesson observations and have professional dialogue with school personnel. Timely oral feedback will be given to the school. Starting from the 2010/11 school year, a brief inspection remark will also be issued to the school after the FI for self-improvement.

**Membership and Terms of Reference of the  
Committee on Free KG Education and its five sub-committees**

**Committee on Free KG Education**

Membership

Chairman:	Dr Moses Cheng Mo-chi		
Members:	Ms Liu Fung-heung	(Kindergarten Principal)	
	Ms Ho Lan-sang	(Kindergarten Principal)	
	Dr Maggie Koong May-kay	(Kindergarten Principal)	
	Ms Shek Lai-yee	(Kindergarten Teacher)	
	Dr Sanly Kam Shau-wan	(School Sponsoring Body)	
	Ms Lam Lai-ping	(School Sponsoring Body)	
	Ms Ng Yin-kam	(School Sponsoring Body)	
	Mr Sin Kim-wai	(Primary School Principal)	
	Prof Nirmala Rao	(Teacher Education Institution)	
	Dr Gordon Tsui Luen-on	(Parent)	
	Mr Wong Chun-kit	(Parent)	
	Ms Chiu Nga-sze	(Parent)	
	Mr Walter Chan Kar-lok	(Education Member)	Commission
	Mr Tim Lui Tim-leung	(Education Member)	Commission
	Ms Dilys Chau Suet-fung	(Education Member)	Commission
	Ms Chitty Cheung Fung-ting	(Lay Member)	
	Ms Susanna Hui	(Lay Member)	
	Mr Addy Wong Wai-hung	(Lay Member)	
	EDB Representative		

Terms of Reference

The Committee will make concrete recommendations to the Education Bureau on the practicable implementation of free KG education in the context of 15-year free education. Specifically it will

- gauge the views of stakeholders on current practices and the future policy of free kindergarten education;

- identify, examine and assess, with reference to the Pre-primary Education Voucher Scheme, options of free kindergarten education, issues for possible improvements to kindergarten education and any related measures;
- advise on the setting up of and provide steer for the sub-committees to study certain specific issues in detail; and
- consider options, implications and implementation strategies developed by the sub-committees and conduct consultation with major stakeholders.

**(i) Sub-committee on Objectives, Teacher Professionalism and Research**

Membership

Convenor :	Dr Maggie Koong May-kay	(Kindergarten Principal)
Members :	Ms Rosa Chow Wai-chun	(Kindergarten Principal)
	Mrs Mak Tse How-ling	(Kindergarten Principal)
	Ms Man Fung-ming	(Kindergarten Teacher)
	Mrs Sophia Chan Tsang Kin-lok	(School Sponsoring Body)
	Ms Gloria Leung Chi-kin	(School Sponsoring Body)
	Mr Tai Hay-lap	(Secondary School Principal)
	Mr Ho Hon-kuen	(Secondary School Assistant Principal)
	Prof Hau Kit-tai	(Teacher Education Institution)
	Prof Nirmala Rao	(Teacher Education Institution)
	Dr Gail Yuen Wai-kwan	(Teacher Education Institution)
	Ms Chiu Nga-sze	(Parent)
	Mr Wilfred Wong Kam-pui	(Lay Member)
	Mr Yeung Sai-man	(Lay Member)
	EDB Representative	

Terms of Reference

- To review the objectives of KG education, and to study issues related to the KG curriculum and the interface between KG and primary education;
- To study the issues, options and constraints in detail regarding the professional development and training of KG teachers;
- To study the strategies for promoting research on KG education and related issues; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.

## **(ii) Sub-committee on Operation and Governance**

### Membership

Convenor :	Mr Walter Chan Kar-lok	(Education Commission Member)
Members :	Ms Ho Lan-sang	(Kindergarten Principal)
	Ms Mary Tong Siu-fun	(Kindergarten Principal)
	Ms Shek Lai-yee	(Kindergarten Teacher)
	Revd Peter Douglas Koon	(School Sponsoring Body)
	Ms Lam Lai-ping	(School Sponsoring Body)
	Mr Sin Kim-wai	(Primary School Principal)
	Dr Hazel Lam Mei-yung	(Teacher Education Institution)
	Mrs Lo Lee Tsui-mui	(Parent)
	Mr William Chan Fu-keung	(Lay Member)
	Ms Susanna Hui	(Lay Member)
	Mr Addy Wong Wai-hung	(Lay Member)
Dr Kelvin Wong	(Lay Member)	
	EDB Representative	
Co-opted Member:	Mrs Lorraine Pak Tang Siu-fan	(Teacher Education Institution)

### Terms of Reference

- To study the issues, options and constraints in detail regarding the operation of KGs as well as governance and accountability framework for KGs; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.

## **(iii) Sub-committee on Funding Modes**

### Membership

Convenor :	Mr Tim Lui Tim-leung	(Education Commission Member)
Members :	Ms Nancy Lam Chui-ling	(Kindergarten Principal)
	Ms Liu Fung-heung	(Kindergarten Principal)
	Ms Chan Shuk-mui	(Kindergarten Teacher)
	Ms Amy Leung Lai-ching	(Kindergarten Supervisor)
	Mr James Chan	(School Sponsoring Body)
	Dr Sanly Kam Shau-wan	(School Sponsoring Body)
	Mr Cheung Yung-pong	(Primary School Principal)
	Mrs Sylvia Cheung	(Teacher Education Institution)
	Dr Li Hui	(Teacher Education Institution)
	Mr Ho Chu-ping	(Parent)
	Mr Wong Chun-kit	(Parent)
	Ms Dilys Chau Suet-fung	(Lay Member)
	Mr Lai Kam-tong	(Lay Member)
Mr Stanley Lau	(Lay Member)	

Mr Jimmy Ng Wing-ka (Lay Member)  
EDB Representative

Terms of Reference

- To study the issues, options and constraints in detail regarding different feasible funding modes for KGs; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.

**(iv) Sub-committee on Catering for Student Diversity**

Membership

Convenor :	Dr Gordon Tsui Luen-on	(Parent)
Members :	Ms Chan Ka-mun	(Kindergarten Principal)
	Ms Wong Sau-han	(Kindergarten Principal)
	Ms Yip Siu-fun	(Kindergarten Principal)
	Ms Leung Oi-sim	(Kindergarten Teacher)
	Dr Jane C.Y. Lee	(School Sponsoring Body)
	Mrs Judy Mui	(School Sponsoring Body)
	Ms Nancy Tsang	(School Sponsoring Body)
	Prof Cheng Zi-juan	(Teacher Education Institution)
	Mr Cheng Chi-cheung	(Parent)
	Dr Ronnie Hui Ka-wah	(Lay Member)
	Mr Kwok Lit-tung	(Lay Member)
	Mr Dipo C. Sani	(Lay Member)
	Dr Shirley Leung	(Department of Health Representative)
Mrs Anna Mak	(Social Welfare Department Representative)	
	EDB Representative	

Terms of Reference

- To study the issues on additional support for specific groups of KG students, such as non-Chinese-speaking children, children with special educational needs and children from needy families; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.

**(v) Sub-committee on Communication Strategy**

Membership

Convenor :	Ms Chitty Cheung Fung-ting	(Lay Member)
Members :	Ms Chu Nga-lai	(Kindergarten Principal)
	Ms Kwan Bick-kuen	(Kindergarten Principal)
	Ms Eppie Chan Mei-ho	(Kindergarten Teacher)



Mr Lee Siu-hok	(School Sponsoring Body)
Ms Ng Yin-kam	(School Sponsoring Body)
Mr Kenneth Wu	(School Sponsoring Body)
Mr Leung Siu-tong	(Primary School Principal)
Ms Amelia N.Y. Lee	(Teacher Education Institution)
Mr Jao Ming	(Parent)
Mr Henry Tong Sau-chai	(Parent)
Mrs Miranda Leung Chan Che-ming	(Lay Member)
Mr Tai Keen-man	(Lay Member)
Ms Amy Blanche Tang Oi-lam	(Lay Member)
EDB Representative	

#### Terms of Reference

- To study the strategies for promoting KG education-related policies, including dissemination of relevant information, communication, lobbying, consultation and publicity strategies;
- To study the strategies for promoting parent education; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.



電話 TEL: 2601 8966  
圖文傳真 FAX NO: 2602 0297  
本署檔號 OUR REF: () in LCSD/4-35/8C pt. 2  
來函檔號 YOUR REF:

Legislative Council,  
Legislative Council Complex,  
1 Legislative Council Road,  
Central, Hong Kong  
Public Accounts Committee  
(Attn: Miss Mary SO)

24 May 2013

Dear Miss SO,

**Public Accounts Committee**  
**Consideration of Chapter 4 of the Director of Audit's Report No. 60**  
**Development and management of parks and gardens**

I refer to your letter of 3 May 2013 requesting Leisure and Cultural Services Department to provide responses in writing to the questions as raised in the letter.

To facilitate the Public Accounts Committee's consideration of the captioned Chapter of the Director of Audit's Report No. 60, I provide herewith my responses at Annex for your information.



(Miss Margrit LI)

for Director of Leisure and Cultural Services

c.c. Secretary for Financial Services and the Treasury (fax no. 2147 5239)  
Director of Audit (fax no. 2583 9063)  
Secretary for Home Affairs (Attn : PAS(Recreation and Sports))

**Director of Audit's Report No. 60**  
**Chapter 4 - Development and Management of Parks and Gardens**  
**Responses to Questions from Public Accounts Committee**

Questions	Response from LCSD
<u>Planning and provision of park and garden facilities</u>	
<p>(a) Whether the Leisure and Cultural Services Department (“LCSD”) has laid down standards for the provision of recreation open space or similar facilities, such as in each of the 18 districts in the territory and the walking distance which such open space or similar facilities should be located from the majority of residents to be served;</p>	<p>In planning the provision of public open space and recreation facilities, LCSD first makes reference to the standards stipulated in the Hong Kong Planning Standards and Guidelines (HKPSG) which seek to provide, among others, “an equitable basis for the reservation of land for the open space provision, and to guide the planning and distribution of these facilities”. According to the HKPSG, a <b>minimum</b> of 20 hectares (ha) of open space should be provided for every 100,000 persons, apportioned as 10 ha of local open space (LOS) and 10 ha of district open space (DOS) for every 100,000 persons. LOS mainly provides passive recreation facilities for the local community, and should be located within short walking distance from the residents/communities it intends to serve. DOS (e.g. parks and recreation grounds), intends to serve a wider district population and may incorporate passive and active recreation facilities such as football and mini-soccer pitches, basketball or tennis courts.</p> <p>As mentioned above, the HKPSG set out only the “minimum” standard for the provision of public facilities. In planning open space provision, apart from the population threshold set out in HKPSG, LCSD takes into account</p>

<b>Questions</b>	<b>Response from LCSD</b>
	<p>other essential factors including geographical location and accessibility of the district/area concerned, functions of the open spaces to be provided, site constraints, characteristics of the neighbourhood, views of the District Councils (DCs), public demand for different types of recreation facilities, utilisation of existing facilities and availability of resources.</p>
<p>(b) Whether the LCSD agrees that, in the absence of the most updated information on the provision of open space in non-LCSD venues mentioned in paragraph 2.5 of the Audit Report, there is a chance that the provision of recreation open space or similar facilities in a district or local level is duplicated; and whether there is such duplication(s);</p>	<p>In planning the provision of public open space (POS) in a certain district, LCSD makes reference to the most updated open space information provided by Planning Department (PlanD), which covers not only LCSD's open space but also those provided by Housing Department and statutory bodies as well as POS in private developments. LCSD will also consult respective DC and thoroughly examine the need for new open space in each and every project.</p> <p>It should be noted that different types of open space serve different purposes and functions. For example, some of the major parks (e.g. Victoria Park and Kowloon Park) and promenades (e.g. Avenue of Stars) serve the entire population as well as tourists (the so-called regional open space); while other parks/open spaces provide active sports facilities (e.g. football pitches and basketball courts) to meet the recreational and training needs of users. Moreover, other than the open space provided by LCSD which is opened to people from all walks of life, the open space within public or private residential developments, though counted towards the total open space provision, serve primarily the respective residents. Hence, the provision of</p>

<b>Questions</b>	<b>Response from LCSD</b>
	<p>the same or different types of open space in LCSD and non-LCSD venues in parallel may not result in duplications as they seek to meet different needs or serve different target users.</p> <p>LCSD agrees that it will be beneficial to the planning of open space if the most updated information on the provision of open space in both LCSD and non-LCSD venues is available. In this connection, we understand that PlanD will update the information on the provision of open space periodically. That said, as mentioned above, LCSD takes into account a host of factors in planning the provision of open space in a particular district. The total provision of open space in LCSD and non-LCSD venues is only one of the factors, albeit an important one, to be taken into account in considering whether new open space should be provided for a particular district/locality.</p>
<p>(c) when was the last time the LCSD obtained information on open space provided in non-LCSD venues;</p>	<p>As explained above, when planning new open space projects, LCSD will take into account all relevant factors and information available to us including the existing provision of open space in LCSD venues as well as non-LCSD venues in the local area which are known to us. During the planning process, we will make the best efforts to collect updated data from the parties concerned such as Housing Department so as to facilitate planning work for new open space projects.</p>

Questions	Response from LCSD
<u>Inspection and monitoring of parks and gardens</u>	
<p>(d) Whether, and if so, what measures have been taken by the LCSD to ensure that parks and gardens without “static staff” to station in are safe, clean and serviceable for use by the public. According to paragraph 3.9(a) of the Audit Report, the LCSD only provides “static staff” to station in major parks and gardens and those provided with fee charging facilities;</p>	<p>There are over 1,500 venues of varying scales and sizes under the management of LCSD. Given the resource constraints and the need to observe cost-effectiveness, LCSD can only provide “static staff” for its major venues and those with fee-charging facilities. For venues without “static staff” (e.g. sitting out areas), we will deploy contractor staff (including cleansing workers and security guards) to carry out regular cleansing and inspection to these venues according to the usage pattern and conditions of the venues. Under the contract, the contractor and its staff are required to report to the LCSD venue management any irregularities found when carrying out the duties in the venues concerned.</p> <p>Besides, the district management arranges departmental staff to conduct regular / routine inspections to those venues without “static staff” in order to ensure that the parks and gardens are safe, clean and serviceable for use by the public.</p>
<p>(e) What is the reason(s) for the variations in practices adopted by the District Offices of the LCSD for inspecting parks and gardens mentioned in 3.12 of the Audit Report, and whether consideration</p>	<p>According to prevailing departmental guidelines, the responsible District Leisure Manager (DLM), the head of the District Leisure Services Office (DLSO), can adjust or increase the frequency of inspection to the venues according to operational needs, conditions and specific requirements of the venues. As the types, numbers, distribution, usage pattern of the venues in each of the 18 districts vary to a large extent, the DLSO may have to adopt</p>

<b>Questions</b>	<b>Response from LCSD</b>
<p>would be given to standardizing such practices;</p>	<p>different practices for inspecting their venues to cater for the requirements of individual venues.</p> <p>The LCSD will review the departmental guidelines, taking into account the Audit recommendations and the operational needs, with a view to enhancing the effectiveness and consistency of the practices adopted for inspection of parks and gardens.</p>
<p>(f) Whether the LCSD requires staff employed by the contractors to report cases of irregularities/damaged facilities to the relevant staff for follow up;</p>	<p>Staff employed by LCSD's contractors are required to report cases of irregularities/damaged facilities to the district management for follow-up actions. The contractor staff will also be given briefings on the work requirements as and when necessary.</p>
<p>(g) Whether the LCSD considers an establishment of six technical staff in the Technical Unit could ensure the safety of the playground equipment in parks and gardens; and if not, why no expansion has been made to the establishment of technical staff in the Technical Unit;</p>	<p>LCSD has been reviewing the workload of the Technical Unit (TU) and taking necessary measures including but not limited to strengthening the manpower provision of the TU. On the provision of technical staff, two Clerk of Works (COW) posts under review had been made permanent in late 2011, representing a 50% increase in the COW strength in the TU (from 4 to 6). To cope with the continued increase in workload arising from the maintenance responsibilities for new venues as well as the provision of more elderly fitness / playground equipment at parks and playgrounds under the District Minor Works (DMW) projects, LCSD will keep the need for additional manpower resources for the TU under constant review.</p>

<b>Questions</b>	<b>Response from LCSD</b>
	<p>In addition, LCSD will seek resources to strengthen the administrative and clerical support for the TU so as to relieve the technical staff from non-technical duties (e.g. arranging quotations for repair/replacement works, preparing repair orders, settling of payments, etc).</p>
<p>(h) Whether staff of the Technical Unit are required to file a detail report after inspection; and if so, to whom would the report be submitted and who would follow up the report;</p>	<p>Upon completion of the annual inspection to playground equipment, the subject COW in the TU is required to prepare a report for endorsement by the Department's Structural Engineer (SE) and to coordinate with the venue staff to arrange for the necessary repairs. If defects are identified by the venue staff during their routine inspections, they will prepare a Defect Report and request the TU to arrange repairs to rectify the defects.</p> <p>In addition to the annual inspection, the COW has to cross-check the works inspected by another COW on a bi-monthly basis. A report of cross-checking prepared by the COW would be submitted to the SE for endorsement and then audited by Chief Leisure Manager (a Segment D officer) before these reports are properly filed.</p>



Questions	Response from LCS D		
<p>(i) What are the criteria for determining high-risk equipment, medium-risk equipment and low-risk equipment referred to in paragraph 3.22(b) of the Audit Report</p>	<p>We propose to adopt the following criteria for determining the risk level of the park and playground equipment:</p>		
	<p><b>Risk Level</b></p>	<p><b>Criteria</b></p>	<p><b>Example of play equipment</b></p>
	<p>High</p>	<p>1. Cantilever structure; 2. High usage; 3. Has an incident record / history</p>	<p>Basketball stand frame</p>
	<p>Medium</p>	<p>1. Play equipment with movable components (i.e. pull down machine, saddle mate, swing, etc); 2. Relatively high usage; 3. Public concern and complaint / ICC cases received</p>	<p>Elderly fitness equipment, children playground equipment</p>
	<p>Low</p>	<p>1. Play equipment without movable components; 2. Medium usage; 3. Infrequent repair</p>	<p>Other type of fitness &amp; play equipment</p>
<p><u>Repair and maintenance of facilities</u></p>			
<p>(j) Whether the contractor referred to in Appendix F of the Audit Report</p>	<p>The matting works contractor mentioned in Appendix F of the Audit Report is a sub-contractor of the main contractor engaged by Architectural Services</p>		

had been blacklisted or fined for taking some 10 months to complete the repair and maintenance works for the damaged matting in Ngau Chi Wan Park's playground; and if not, why not; and what is the average target time for such repair and maintenance works to be completed;

Department (ArchSD) for the construction of the Ngau Chi Wan Park (the Park).

In the case in question, the TU had repeatedly urged the sub-contractor to rectify the defective matting at the Park and served a total of 3 warning letters on him with copies to ArchSD from October 2011 to March 2012. As there was no contractual relation between LCSD and the main and sub-contractors of the Park, LCSD has requested ArchSD to press the sub-contractor to fulfill its contractual obligations by rectifying the defects in accordance with the terms and conditions set out in the contract between the main contractor and ArchSD. After the incident, LCSD has not engaged this sub-contractor to carry out works in view of its very poor performance. Furthermore, LCSD has written to Housing Department (HD) and Home Affairs Department (HAD), drawing their attention to the very poor performance of this sub-contractor.

It would normally take the TU about 3 months to effect replacement of safety matting at playgrounds similar to the Ngau Chi Wan Park (several play areas with over 500 sq.m. matting area in total). Time is required to carry out various tasks including procurement (invitation of quotations), placing orders, production of safety matting outside HK, transportation, delivery of materials to site and installation works. To shorten the time required for procuring playground matting, LCSD has taken measures to stock up safety mattings, thereby reducing the time required for production and transportation of the mattings from overseas. LCSD

	would review the effectiveness of the arrangement and explore other feasible means to improve the process.
(k) Will the LCSD consider procuring the spare parts of the same brands as far as practicable so as to minimize procurement difficulty and costs. According to paragraph 4.9 of the Audit Report, a major cause of the delay for completing repair and maintenance of playground facilities in gardens and parks is the lack of spare parts for the repair and maintenance works;	To speed up the repair works, LCSD has taken measures to stock up the most frequently used spare parts for the elderly fitness and playground equipment. Given the large number of equipment and component/spare parts involved, the spare parts to be stocked up might still not be able to meet every replacement need. However, LCSD would keep the list of spare parts under review and procure more items to expedite repairs.
(l) Will the LCSD consider drawing up a demerit or blacklist system to deter unsatisfactory performance from contractors /suppliers. According to paragraph 4.11(a) of the Audit Report, one of the reasons why repair and maintenance of play / sports equipment could not be completed within the target time	In engaging contractors for the repair and replacement of playground equipment, their past performance would be one of the major considerations to be taken into account by LCSD. Apart from site supervision performed by our technical staff, TU would also collect appraisal reports from the 18 DLSOs of LCSD on a quarterly basis to facilitate evaluation of the performance of contractors engaged for replacement and repair of equipment. For contractors who are assessed to have performed poorly, TU would refrain from engaging them for further works or services.

<p>frames is mainly due to the less than satisfactory performance of contractor / supplier; and</p>	
<p>(m) Had the LCSD in the past re-engaged those contractors/suppliers who had performed unsatisfactorily; and if so, why.</p>	<p>It is the established practice that LCSD would stop engaging those contractors/suppliers who have performed unsatisfactorily.</p>



**HIGHWAYS DEPARTMENT**  
**MAJOR WORKS PROJECT MANAGEMENT OFFICE**

3 & 6/F, HO MAN TIN GOVERNMENT OFFICES  
 88 CHUNG HAU STREET, HOMANTIN, KOWLOON, HONG KONG  
 Web site: <http://www.hyd.gov.hk>

路政署  
 主要工程管理處  
 香港九龍何文田忠孝街八十八號  
 何文田政府合署三及六樓  
 網址: <http://www.hyd.gov.hk>

本署檔案 Our Ref. : ( ) in HyD MWO 11/1/718TH/1/1C  
 來函檔號 Your Ref. : CB(4)/PAC/R60  
 電 話 Tel. : 2762 3600  
 圖文傳真 Fax : 2714 5128

24 May 2013

Clerk to Public Accounts Committee  
 Legislative Council Secretariat  
 Legislative Council Complex  
 1 Legislative Council Road  
 Central  
 Hong Kong

(Attn: Ms Mary SO)

Dear Ms So,

**Public Accounts Committee**  
**Consideration of Chapter 6 of the Director of Audit's Report No. 60**  
**Tung Chung Road Improvement Project**

I refer to your letter ref. CB(4)/PAC/R60 dated 6 May 2013 and am pleased to respond as follows:

**Project planning and environmental impact assessment**

- (a) Right from the start of the study in 1996, the Highways Department (HyD) recognized that identification of an improved road alignment replacing the original highly sub-standard Tung Chung Road (TCR) which traverses the Lantau North and South Country Parks would be a very difficult task given the need to balancing various technical and geographical constraints and environmental requirements. In fact, the



TCR Improvement Project was among one of the earliest projects implemented under the Environmental Impact Assessment Ordinance (EIAO) that came into effect in April 1998. At that time, experience and expertise in HyD, the consultants and the construction industry were still building up. As there were projects successfully implemented in areas of ecological significance for example the construction of North Lantau Highway across Tai Ho Wan before 1997, HyD had been diligently proposing mitigation measures to address the environmental concerns raised by various parties with a view to meeting the requirements. The infeasibility of the Tai Ho Wan Option was only becoming more apparent when the designation of Tai Ho Wan as a Site of Special Scientific Interest (SSSI) was made in May 1999 which was about one year after commencement of the Study on that Option. With the benefit of hindsight, HyD could have adopted a more conservative stance in assessing the difficulties and making allowances in delivering the Tai Ho Wan Option in ecological sensitive area under the then newly enacted EIAO.

- (b) Consultant X considered the Tai Ho Wan Option as a feasible option in both technical and environmental aspects in the feasibility study carried out in 1996/97 and in anticipation of the enactment of the EIAO. It was however before the enactment of EIAO or designation of SSSI in Tai Ho Wan when local experience of the consultants on working in ecological sensitive areas under the new EIAO regime had yet to be built up. As mentioned in (a) above, HyD then proceeded with the investigation and preliminary design of the Tai Ho Wan Option including the EIA. After the completion of the TCR Improvement Project, HyD does not have the opportunity of engaging Consultant X again as it has been acquired by another company.
- (c) In fact, HyD started off the study by examining the option of upgrading the original TCR along the on-line alignment but it was found not acceptable due to excessive gradients of some sections of the road and concerns raised by the Country and Marine Parks Board on adverse impacts on the Lantau South Country Park. In 1997, HyD then explored other road options and the Tai Ho Wan Option was recommended in view of its shorter alignment and more desirable gradient. This option was recommended as there had been successful cases of development across Tai Ho Wan before 1997. This option was however not supported by the Advisory Council on the Environment in July 1999 on grounds of inadequate justifications; assessment criteria and comparisons of various options; and mitigation measures in reducing environmental impacts. HyD then submitted a revised EIA report that included mitigation measures to reduce potential impact and a comparison of the key environmental

implications of different alignment options. Coupled with the late changes in development planning such as the designation of Tai Ho Wan as a SSSI in 1999, the Environmental Protection Department informed HyD in November 2000 that the revised EIA report for the Tai Ho Wan Option did not meet the requirements. HyD had then re-examined other road options promptly and identified the Adopted Option in early 2001. It is apparent that it took time to accommodate all the changes and examine the various alternative alignments including the Adopted Option in that period of time. HyD considers that, without prior examination of the other possible alternative alignment options, the Adopted Option could not evolve over time since the Adopted Option was less desirable in terms of road design standard and engineering difficulties. It was in fact a compromised option taking into account the views of various stakeholders and the need to implement the project as early as possible to allay public concern.

- (d) It is now the standing practice for HyD to conduct thorough examination to identify various feasible options for comparison before recommending the final option. As part of this process, Project Steering/Working Groups with members from various Bureaux and Departments are formed to deliberate and give steer on various planning and engineering matters. HyD will continue the current practice in implementing a road project with reference to the Technical Memorandum and Guidelines issued by the Environmental Protection Department from time to time. HyD will strengthen the communication with the concerned parties during the EIA process. HyD will pay particular attention to project areas that are ecologically significant/sensitive, and will critically and promptly review the feasibility of project options when there are significant changes in circumstances.

#### Implementation of the TCR Improvement Project

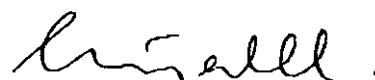
- (e) HyD had consulted the Transport Department (TD) in specifying the number of road permits required for the excavation programme in Contract B taking into consideration the various factors so mentioned.
- (f) HyD, in collaboration with TD, is conducting a post-completion review of the TCR Improvement Project, taking into account the audit observations in the Audit Report. For similar contracts in the future that require road permits, HyD will consult TD on the maximum number of permits during the design stage, with reference to the traffic conditions, road capacity, road safety considerations, nuisance caused to the public, proposed construction details etc., and will assess its

impact on the programme of works before adopting the requirement in the contract documents. Specifying an exact number of road permits in the contract should be avoided as far as possible. During construction, the Contractor / Engineer should maintain close liaison with TD on the application of the road permits to ensure that it could comply with the contract requirement.

- (g) As a norm, site investigation can provide general recognition of underground conditions. It should however be noticed that there are always limitations in taking representative samplings on site; and hence it is not uncommon that the type of foundation and quantities of earthwork would be subject to variations under difficult ground conditions not foreseen before. As a rather unique factor for the TCR Improvement Project, the variations to actual ground condition were mainly due to difficulties in carrying out site investigation in areas of highly vegetated and inaccessible areas and the restriction that cutting of trees/shrubs was not allowed within the country parks before commencement of the contract. For similar projects in the future, HyD will strengthen liaison with relevant parties with a view to conducting pre-contract site investigation as far as practicable where site conditions permitted. HyD will also carry out risk assessments to analyse the probable variations that might be encountered during construction and will make adequate provisions in the tender and budget.

The bilingual versions of this letter will be separately emailed to “sywan@legco.gov.hk” as requested.

Yours sincerely,



(Mrs Joanna KWOK)  
for Director of Highways

- c.c. Secretary for Transport and Housing (Attn: Mr Edward TO)  
Secretary for Financial Services and the Treasury (Attn: PEO(G))  
Director of Audit (Attn: Mr Albert WONG)



## ACRONYMS AND ABBREVIATIONS

---

AMO	Antiquities and Monuments Office
API	Announcement in the public interest
Audit	Audit Commission
B/Ds	Bureaux/departments
BEd(ECE)	Bachelor of Education in Early Childhood Education
C(ECE)	Certificate in Early Childhood Education
CCPI	Composite Consumer Price Index
COW	Clerk of Works
DCs	District Councils
DEVB	Development Bureau
DLSO	District Leisure Services Office
DoJ	Department of Justice
DOS	District open space
ECE	Early Childhood Education
EDB	Education Bureau
EIA	Environmental Impact Assessment
FC	Finance Committee
ha	Hectares
HD	Half-day
HKPSG	Hong Kong Planning Standards and Guidelines
HKUST	Hong Kong University of Science and Technology
HyD	Highways Department
IPCC	Independent Police Complaints Council
IPD	Intellectual Property Department
IPR	Intellectual property rights
ISD	Information Services Department

## ACRONYMS AND ABBREVIATIONS

---

KCFRS	Kindergarten and Child Care Centre Fee Remission Scheme
KG	Kindergarten
km	Kilometres
km/hr	Kilometres per hour
LCSD	Leisure and Cultural Services Department
LegCo	Legislative Council
LOS	Local open space
NPM	Non-profit-making
PI	Private-independent
PlanD	Planning Department
PLBs	Public light buses
Police	Hong Kong Police Force
pspa	Per student per annum
QR	Quality review
RSC	Road Safety Council
RSCC	Road Safety Campaign Committee
RVD	Rating and Valuation Department
SSE	School self evaluation
SSSI	Site of Special Scientific Interest
STH	Secretary for Transport and Housing
TCR	Tung Chung Road
TD	Transport Department
THB	Transport and Housing Bureau
TIS	Transport Information System
TOMS	Traffic Operations and Management System

## ACRONYMS AND ABBREVIATIONS

---

TV	Television
UAT	User's acceptance test
UK	United Kingdom
Voucher Scheme	Pre-primary Education Voucher Scheme
WD	Whole-day