

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON
THE REPORTS OF THE DIRECTOR OF AUDIT
ON
THE ACCOUNTS OF THE GOVERNMENT OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION
FOR THE YEAR ENDED
31 MARCH 2018
AND THE RESULTS OF
VALUE FOR MONEY AUDITS (Report No. 71)**

February 2019

P.A.C. Report No. 71

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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 Kenneth LEUNG

Members : Hon Paul TSE Wai-chun, JP
Hon Steven HO Chun-yin, BBS
Hon LAM Cheuk-ting
Hon SHIU Ka-fai
Hon Tanya CHAN

Clerk : Anthony CHU

Legal Adviser : YICK Wing-kin

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

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- (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 the Reports of the Director of Audit on:

- the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2018; and
- the results of value for money audits (Report No. 71),

which were tabled in the Legislative Council on 28 November 2018. 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. In addition, this Report takes stock of the progress of the action taken by the Administration on the recommendations made in the Committee's Report Nos. 68, 68A, 69 and 69A and offers the Committee's views on the action taken. These are detailed in Parts 3, 4, 5 and 6 of this Report.

Procedure

6. **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.

Laying of the Report Report No. 68 of the Director of Audit on the results of value for money audits was laid in the Legislative Council ("LegCo") on 26 April 2017. The Public Accounts Committee ("the Committee")'s Report (Report No. 68) was subsequently tabled on 12 July 2017, thereby meeting the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be tabled within three months of the Director of Audit's Report ("Audit Report") being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 68 was laid in LegCo on 18 October 2017. A progress report on matters outstanding in the Government Minute was issued on 25 October 2018. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 13 below.

Monitoring of charitable fund-raising activities
(Chapter 2 of Part 4 of P.A.C. Report No. 68)

3. Hon Abraham SHEK Lai-him declared that he was a director of the Absolutely Fabulous Theatre Connection, a founder member of the Construction Industry Charity Fund and a member of the School Council of St. Stephen's Girls' College, all of which might have conducted fund-raising activities. Hon Paul TSE Wai-chun declared that he had participated in charitable fund-raising activities. Hon Steven HO Chun-yin declared that he was a member of the Democratic Alliance for the Betterment and Progress of Hong Kong, which might have conducted fund-raising activities. Hon LAM Cheuk-ting declared that he was a member of the Democratic Party, which might have conducted fund-raising activities. Hon SHIU Ka-fai declared that he was a member of the Assessment Committee of the Liberal Party Caring Foundation, which might have conducted fund-raising activities. Hon Tanya CHAN declared that she was a member of the Civic Party, which might have conducted fund-raising activities.

4. The Committee was informed that:

Administration of public subscription permits for charitable fund-raising activities

- the Social Welfare Department ("SWD") had uploaded the "General Guidelines on the Scope of Public Subscription Permits" onto SWD's website since July 2018 to facilitate the public and organizations concerned to understand under what circumstances a Public

Subscription Permit ("PSP") issued under Section 4(17)(i) of the Summary Offences Ordinance (Cap. 228) was required for conducting charitable fund-raising activities;

Publicizing cases of repeated/serious delay in submission of audited reports

- apart from monitoring the charitable fund-raising activities through administrative means (i.e. by imposing the eligibility criteria and conditions of PSP), SWD had implemented new deterrence measures on organizations which had submitted PSP applications on or after 1 August 2018 but were subsequently identified to have serious or repeated non-compliance with PSP conditions, including:
 - (a) publicizing the names of the non-compliant permittees and non-compliant incidents on SWD's website for at least six months and disqualified them from applying PSPs for and/or organizing all flag days (including its eligibility on the waiting list to stand in); and
 - (b) suspending PSP applications from the non-compliant organizations for at least six months;

Expenses/"administration costs" for general charitable fund-raising activities

- SWD had set up a "benchmark" of "Expenses-to-Gross Proceeds Ratio Reference Ceiling" for the following two types of general charitable fund-raising activities for voluntary compliance by those organizations with PSP applications submitted on or after 1 August 2018:
 - (a) 10% expenses-to-gross proceeds ratio for fund-raising activities which involved setting up money collection tools without deploying fund-raisers for solicitation; and
 - (b) 15% expenses-to-gross proceeds ratio for fund-raising activities which involved conducting charity sale only (net donation income of charity sale should be derived after deducting the cost of the charity sale items);

Fine-tuning the accounting requirements

- SWD had strengthened the accounting requirements on the permittees with PSP applications submitted on or after 1 August 2018 by imposing the following measures:
 - (a) the permittees should deposit balance of donations into the bank account concerned within 60 days of the last event day or before the commencement of auditing work, whichever was earlier;
 - (b) the income and expenditure accounts of the fund-raising activities should be prepared on an "accrual basis". Besides, the amount of donations and the relevant bank-in dates should be stated in the notes of the income and expenditure accounts;
 - (c) the permittees should refer to the benchmark of the latest Practice Note 850 "Reporting on Flag Days and General Charitable Fund-raising Activities Covered by Public Subscription Permits issued by the Social Welfare Department" published by the Hong Kong Institute of Certified Public Accountants for preparing the auditor's report/independent practitioner's assurance report; and
 - (d) the original copy and PDF file of the income and expenditure account of the fund-raising activity concerned, together with the auditor's report/independent practitioner's assurance report thereon, should be submitted to SWD within 90 days of the last event day. The PDF file would be uploaded onto GovHK for a period of 12 months for public inspection;

Administration of temporary hawker licences for fund-raising activities involving on-street selling

- the Food and Environmental Hygiene Department ("FEHD") had implemented new licensing procedures and administrative measures with effect from 15 January 2018 in respect of temporary hawker licences ("THLs") to further enhance financial accountability of fund-raising activities involving on-street sale of commodities, including:
 - (a) requiring licensees to display notices/banners to state the purposes of fund raising and reminding applicants to provide secure and

sealed boxes for collecting, storing and safekeeping the funds raised; and

- (b) requiring any tax-exempt charitable organizations and non-profit-making organizations that had been granted 12 THLs within 12 months to submit an application form if they wished to apply for the 13th THL, together with a financial report audited by a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants. The report should disclose to FEHD the statements of income and expenditure accounts of fund-raising activities involving the sale of commodities covered by the previous 12 licences. Otherwise, its new application would be withheld from consideration. The above requirement was also applicable to subsequent THL applications made to FEHD;
- the three licensing Departments (i.e. SWD, the Home Affairs Department and FEHD) had started sharing/exchange of relevant information, including but not limited to cases of "repeated no-show without valid reasons" on a bi-annual basis since January 2018;

Way forward

- the Administration introduced a series of administrative measures with effect from 1 August 2018, including:
 - (a) jointly drawing up the new "Good Practice Guide on Charitable Fund-raising" to replace "the Reference Guide on Best Practices For Charitable Fund-raising Activities". The Guide had been uploaded onto GovHK to facilitate the public to make reference to and evaluate the performance of charitable organizations in organizing fund-raising activities as well as understanding donors' rights. The three licensing Departments would also step up promotion and encourage voluntary adoption of the Guide by charitable organizations;
 - (b) setting up a dedicated hotline for handling enquiries or complaints in relation to charitable fund-raising activities held by organizations in public places;

- (c) providing a one-stop service for charitable fund-raising activities organized on government land to obviate charitable organizations of the need to separately apply to the Lands Department ("LandsD") for temporary occupation of government land, when applying for permits or licences for different kinds of fund-raising activities; and
 - (d) providing a one-stop service for processing applications for waiver of THL in connection to PSP involving charity sale fund-raising activities; and
- the Administration would introduce a logo for charitable fund-raising activities in the first half of 2019 for display by holders of charitable fund-raising licences and permits during charitable fund-raising activities for identification by members of the public.
5. The Committee wishes to be kept informed of further development on the subject.

Management of squatter and licensed structures
(Chapter 3 of Part 4 of P.A.C. Report No. 68)

6. Hon SHIU Ka-fai declared that he was a non-official member of the Hong Kong Housing Authority.
7. The Committee was informed that:

Monitoring of squatter and licensed structures

- LandsD had completed inspection of all 136 surveyed squatter structures currently occupied for commercial purposes along the concerned seafront in Kowloon. LandsD was formulating an action strategy to handle cases with irregularities, taking into account any genuine difficulties encountered by the occupants and local sentiments;
- a new patrol and inspection system of all district Squatter Control Offices had been put in place since December 2017;

- LandsD had commenced a pilot scheme to digitize about 10 000 squatter control records since August 2017, which would be completed by end September 2018. The comprehensive squatter control record digitization exercise would be extended to cover all 600 000 records in the territory in two years' time. LandsD was also planning to set up a centralized database and develop a Geographical Information System for storing and managing the digitized squatter and licence records to facilitate patrol and inspection to capture breaches;
- LandsD had been exploring to use hand-held electronic devices as a pilot scheme for installing relevant land information and surveyed squatter structures information with an aim to facilitating patrol and inspection. LandsD would also procure additional hand-held electronic devices to facilitate the patrol and inspection work of Squatter Control Offices;
- LandsD issued instructions in December 2017 that District Lands Offices should set up District Review Boards to consider the following:
 - (a) to review whether the licensees had passed away and decide and monitor the follow-up actions of those Government Land Licences ("GLLs") where the death of the licensee was made known to the District Lands Offices if there was no approval of the transfer of GLLs;
 - (b) to formulate an inspection programme, based on the available staff resources such that each licence was subject to inspection within a specified period of time; and
 - (c) to review and monitor priorities of enforcement work in relation to GLLs of which irregularities were detected upon site inspections;
- LandsD had started uploading the essential GLL information onto the Survey and Mapping Office's Land Information System; and

Rates, government rent and licence fees on squatter and licensed structures

- since July 2017, based on information provided by LandsD, the Rating and Valuation Department had conducted a broader sample check and found that there were no strong justifications from the value for money angle to accord priority to the task of checking on

some 260 000 squatter structures with a view to identifying any unassessed cases, as the manpower cost required could far exceed the rates that might be recovered from the unassessed cases.

8. The Committee wrote to Director of Lands on 4 January 2019 to enquire about the measures to verify and ascertain the accuracy of the records of those squatter and licensed structures which had existed for a long time; the latest progress of the digitization of the squatter control records; and the timetables and progress of the setting up of the centralized database and Geographical Information System. The replies from **Director of Lands** are in *Appendix 3*.

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

Kai Tak Cruise Terminal

(Chapter 5 of Part 4 of P.A.C. Report No. 68)

10. The Committee was informed that:

Developing Hong Kong into a leading regional cruise hub

- the "2018-2019 Strategic Directions and Initiatives for Cruise Tourism Development in Hong Kong" was released in April 2018 and uploaded onto the website of the Tourism Commission. The Administration would review and, if necessary, update the relevant strategies and directions having regard to the latest development of the market and in consultation with the trade;
- an additional provision of \$14 million was allocated to the Hong Kong Tourism Board in 2018-2019 for introducing a series of initiatives to drive the development of cruise tourism in Hong Kong. In addition, the Hong Kong Tourism Board would launch special offer packages that cover cruise and local attractions, with a view to further strengthening the source markets in southern China;
- the number of ship calls and cruise passenger throughput in Hong Kong achieved a record high in 2017. For the Kai Tak Cruise Terminal in particular, the number of ship calls had nearly doubled

from 95 in 2016 to 186 in 2017 and the cruise passenger throughput had increased noticeably from 425 000 to 784 000 in this period; and

Monitoring expected economic benefits

- the Tourism Commission was collecting data in 2018 for a mid-term assessment on the economic benefits brought by the cruise industry. The Tourism Commission would make available the outcome of the mid-term assessment for the public and LegCo when ready.

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

Management of projects financed by the Lotteries Fund
(Chapter 6 of Part 4 of P.A.C. Report No. 68)

12. The Committee was informed that:

Administration of funding applications

- SWD and the Hong Kong Council of Social Service met regularly over the past year to follow up on the progress of various improvement measures and discussed the latest development of the Lotteries Fund ("LF") and the assistance required from non-governmental organizations ("NGOs") when making LF applications;
- SWD had implemented a "deadline" for replies to enquiries/requests for supplementary information for NGOs since late 2017 to expedite the processing of applications. SWD had also reviewed the deadline for replies for respective parties involved in the processing of applications and taking forward the approved projects (especially for major grants for renovation works), and streamlined the workflow. By the first quarter of 2018, all the applications for minor grants and over 90% of applications for major grants could be approved within four months and nine months respectively;
- the existing information system of LF was enhanced since September 2018 to facilitate recording the processing time required for different milestones during the application process and keeping track of the progress of approved projects. SWD had also kept track of progress

of identified long outstanding cases and assisted NGOs concerned to resolve the difficulties encountered, removed from SWD's database those projects no longer in need of LF grants and regarded those revised applications involving significant change of scope as new applications;

- SWD reported the progress of applications in process to the Lotteries Fund Advisory Committee on a half-yearly basis;
- regarding the Special Scheme on Privately Owned Sites for Welfare Uses ("Special Scheme"), the Labour and Welfare Bureau and SWD had conducted seven information exchange sessions with the applicant NGOs, and made further clarifications on and refinements to the various arrangements under the Special Scheme having regard to the views raised at these sessions;
- since the launch of the Special Scheme, a total of five progress reports had been made to the LegCo Panel on Welfare Services on the progress of the implementation of the Special Scheme. As at end September 2018, four projects under the Special Scheme had been completed and commenced service. Two projects were expected to be completed in 2018-2019. In addition, LF grants had been approved for 12 projects to conduct technical feasibility studies. One of these projects completed the technical feasibility study in November 2016 and received an LF grant for hiring consultants to proceed with work including detailed design, tender and works contract administration, etc.;

Administration of project implementation

- the Lotteries Fund Advisory Committee endorsed the implementation of additional measures in January 2018 to, inter alia, monitor the commencement date of respective projects in order to follow up the progress. SWD would request NGOs which could not commence their projects within a certain timeframe to provide justifications. In case of absence of justifications, SWD might consider cancelling the allocation, and/or recovering any payment already made to the grantee, and/or not proceeding with submitted payment claim, if any;
- in December 2017, SWD and the Architectural Services Department explored the possibility of streamlining the vetting process of approved LF projects to enable timely finalization of project accounts;

- SWD had revised the notification letters on funding approval with effect from March 2018, where NGOs were required to return the signed reply slips to confirm acceptance of the requirements of LF for the allocation;
- to facilitate timely finalization of project accounts, SWD issued written reminders to NGOs requiring them to finalize accounts of projects which had been completed or were about to complete. SWD might consider closing project accounts where final payment claims had not been submitted within six months after confirmation of final project costs;
- SWD provided detailed report on the progress of approved projects to the Lotteries Fund Advisory Committee on a half-yearly basis, including the progress of those major grant projects approved over five years and minor grant projects approved over three years while the project accounts were still not yet finalized by then;
- in January 2018, SWD informed all grantees in writing of the requirement to report the information of their boards' approvals for departures from LF procurement requirements for the periods from January to June 2018, and July to December 2018 respectively; and
- starting from November 2017, NGOs in receipt of LF grants for time-limited experimental projects and projects involving relatively higher amounts of allocations were required to submit project evaluation reports after project completion, which would be uploaded onto SWD's webpage in due course.

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

Laying of the Report Report No. 68 of the Director of Audit on the results of value for money audits was laid in the Legislative Council ("LegCo") on 26 April 2017. The Public Accounts Committee ("the Committee")'s supplemental report (Report No. 68A) on Chapters 1 and 4 of the Director of Audit's Report ("Audit Report") was tabled on 17 January 2018.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 68A was laid in LegCo on 11 April 2018. A progress report on matters outstanding in the Government Minute was issued on 25 October 2018. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 9 below.

Government's support and monitoring of charities
(Chapter 1 of Part 4 of P.A.C. Report No. 68A)

3. Hon Abraham SHEK Lai-him declared that he was a director of the Absolutely Fabulous Theatre Connection and the Heifer International Hong Kong Limited respectively, a founder member of the Construction Industry Charity Fund and a board member of the Construction Industry Skills Training Centre Limited. He was also a member of the School Council of St. Stephen's Girls' College. In addition, he was involved in the construction of the new headquarters of Scout Association of Hong Kong. Hon Paul TSE Wai-chun declared that he was a member of Scout Association of Hong Kong and was involved in the work of a number of charities. Hon SHIU Ka-fai declared that he was a member of the Assessment Committee of the Liberal Party Caring Foundation.

4. The Committee was informed that:

Administration of tax exemption of charities and tax-deductible donations

- the Inland Revenue Department ("IRD") had sought legal advice from the Department of Justice regarding the regulation of charities within the existing legislative framework and it was confirmed that:
 - (a) the Inland Revenue Ordinance (Cap. 112) ("IRO") did not provide the power for IRD to demand charities with expenses/activities contravening their governing instruments or incompatible with their charitable objects, or expenditures not incurred in furtherance of charitable objects to obtain refunds either in full or

in part of the contravening expenses or expenditures from the recipients;

- (b) in cases where IRD considered that a charity's contravention or incompatibility would not fundamentally change its charitable status after taking a holistic view, IRO did not empower IRD to demand the charity to take remedial actions before IRD continued recognizing its tax exemption status; and
 - (c) in respect of matters involving serious regulatory concerns, IRD could withdraw the recognition of tax exemption status of the charities concerned and raise tax assessment where appropriate. IRO did not stipulate any obligation or power for IRD to take any follow-up actions relating to the regulatory matters of charities;
- IRD issued detailed internal guidelines to remind its Charitable Donations Section staff of the factors to be considered and the required follow-up actions in ascertaining the tax-exemption status of charities for the purpose of section 88 of IRO;

Administration of land granted to charities for operating welfare/social services

Monitoring of applications and proper use of income generated from hostel/serviced residence on site granted by private treaty grant

- for the eight private treaty grants mentioned in the Audit Report which contained particular clauses in governing the use or operation of the hostels/dormitories (i.e. Leases F, G, H, I, J, L, M and N), as at mid-July 2018:
 - (a) the Social Welfare Department ("SWD") had confirmed that the hostels of Leases F, G, H, I and J were operated to its satisfaction;
 - (b) the Home Affairs Bureau had confirmed that the two catering facilities of Lease N were operated as part of and was ancillary to the hostel;
 - (c) Lease L was still under investigation by the Lands Department ("LandsD") and replies from bureaux/departments or the grantee were pending; and

- (d) LandsD was preparing to issue a warning letter to the grantee of Lease M for not submitting the audited accounts for 2016;

Inclusion of no-profit-distribution and/or submission of accounts clauses upon lease renewal/modification

- for Lease F, agreement had been made between SWD and the grantee that the hostel facilities on the subject site of Lease F, to be operated on a self-financing basis, would serve the purposes in compliance with the land lease requirements and for such purposes as approved by Director of Social Welfare;
- for Lease G, as agreed between SWD and the grantee of Lease G, the grantee would make use of part of the dormitory facilities for providing short-term accommodation service to those with family, marital or financial issues. The grantee had started receiving these applications since March 2018;

Submission of accounts in accordance with lease conditions

- for Lease H, SWD accepted the audited accounts for 2015-2016 and 2016-2017 and reminded the grantee to submit the audited accounts for 2017-2018 at appropriate time in accordance with the lease conditions;
- for Lease J, SWD accepted the audited accounts for 2016-2017 and reminded the grantee to submit the audited accounts for 2017-2018 at appropriate time in accordance with the lease conditions;

Monitoring of lease conditions of Lease N on income-generating facilities and subvention reduction arrangement for Grantee N

- Management Committee meeting was held on 24 July 2018 to examine the income and expenditure of the income-generating facilities of Grantee N's headquarters. Grantee N had also submitted the statement of accounts for the income-generating facilities for 2017-2018;

Review of the 2014 Protocol

- LandsD had completed Phase 2 of the stock-taking exercise which covered, together with Phase 1, private treaty grants granted at

nil/nominal/concessionary premium during the period from 1 January 2014 to 31 December 2017;

Assessment of the taxability of profits derived from commercial operations

- IRD informed two charities (which owned two of the 13 sites identified in the Audit Report) that the profits derived from the operations of facilities on the relevant sites should be liable to profits tax and issued Profits Tax returns for their completion. IRD would review the charities with operations on the remaining 11 sites to ascertain the taxability of the profits, if any, derived from the operations;

Regulation of Chinese temples

- the Chinese Temples Committee re-entered into an agreement with one of the delegated organizations with expired delegation agreement in December 2017 and discussion with the other delegated organization with expired delegation agreement was still ongoing; and
- the Chinese Temples Committee had revised the delegation agreements with six delegated organizations with clauses added to specify that the Committee was authorized to disclose on its website the financial information of the temples for public inspection.

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

Provision of district council funds for community involvement projects
(Chapter 2 of Part 4 of P.A.C. Report No. 68A)

6. Hon Abraham SHEK Lai-him declared that he was a member of the Business and Professionals Alliance for Hong Kong with some members being District Council ("DC") members. Hon Paul TSE Wai-chun declared that he was a DC member. Hon Steven HO Chun-yin declared that he was a member of the Central Committee of the Democratic Alliance for the Betterment and Progress of Hong Kong and many district organizations had invited him as a consultant or an honorary president. Hon LAM Cheuk-ting declared that he was a member of the Democratic Party with a number of its members being DC members and he himself was a member of North DC, and DC members belonging to the Democratic Party might have applied for and organized activities using the funds to DCs for

implementing community involvement projects in districts. Hon SHIU Ka-fai declared that he was a DC member, a member of the Liberal Party, and unremunerated honorary adviser or honorary member to some non-governmental organizations. Hon Tanya CHAN declared that she was a member of the Civic Party and DC members belonging to the Civic Party might have applied for and organized activities using the funds to DCs for implementing community involvement projects in districts.

7. The Committee was informed that the Home Affairs Department had issued guidelines to facilitate DC Secretariats to play a more active role in enhancing accountability, transparency and good governance in processing community involvement project applications and evaluating community involvement projects.

8. The Committee wrote to Secretary for Home Affairs on 4 January 2019 to enquire the implementation progress for each of the 18 DCs in adopting the guidelines in making declarations as well as for the chairpersons to make rulings on interests declared and record such rulings in the minutes of meetings; and measures taken by the Home Affairs Department/DC Secretariats to monitor the implementation of guidelines and follow-up actions that had been taken to address any discrepancies between practices adopted by different DCs in relating to the declaration of interests. The replies from **Director of Home Affairs** are in *Appendix 4*.

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

Laying of the Report The Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2017 and his Report No. 69 on the results of value for money audits were laid in the Legislative Council ("LegCo") on 22 November 2017. The Public Accounts Committee ("the Committee")'s Report (Report No. 69) was subsequently tabled on 7 February 2018, thereby meeting the requirement of Rule 72 of the Rules of Procedure of LegCo that the Report be tabled within three months of the Director of Audit's Report ("Audit Report") being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 69 was laid in LegCo on 16 May 2018. A progress report on matters outstanding in the Government Minute was issued on 25 October 2018. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 62 below.

Efforts of the Rating and Valuation Department in safeguarding revenue on rates and government rent

(Paragraphs 3 to 5 of Part 3 of P.A.C. Report No. 69)

3. Hon Steven HO Chun-yin declared that he had self-occupied premises in New Territories West.

4. The Committee was informed in the Government Minute which was laid before LegCo in May 2018 that:

General revaluations

- after the Rating and Valuation Department ("RVD") had implemented various improvement measures to ensure timely return of accurate and full rental information from ratepayers, the return rate of Form R1As had increased from 81.2% in 2016-2017 to 83.2% in 2017-2018;
- RVD had issued a new departmental instruction to its staff about the work procedures after obtaining information from the Buildings Department ("BD");

Rates exemption for rural properties

- starting from August 2016, BD had on a quarterly basis provided RVD with information on unauthorized building works found in village houses during BD's enforcement work to facilitate the detection of properties ineligible for rates exemption within designated village areas;
- RVD had worked out a programme to conduct rating assessments of all ineligible village houses within designated village areas where rateable values had been assessed for government rent purposes. RVD had completed Phase I of the programme and assessed two-thirds of the 420 non-compliant houses under Phase II. RVD targeted to complete the whole exercise by April 2019; and
- RVD had set up a special team to handle the cases of unauthorized structures on agricultural land and revoke the rates exemption of the lots concerned with priority to tenements of higher rateable values.

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

Fresh food wholesale markets

(Paragraphs 6 and 7 of Part 3 of P.A.C. Report No. 69)

6. The Committee was informed that:

- the Civil Engineering and Development Department had commissioned a technical study regarding potential sites for the re-provisioning of private and public fresh food wholesale markets, which commenced in June 2018 for completion in the first quarter of 2020;
- the Vegetable Marketing Organization and the Fish Marketing Organization were undergoing a review on their roles and functions, including an analysis on strengths, weaknesses, opportunities and threats;
- the Vegetable Marketing Organization would, in consultation with the Department of Justice, update the legal framework to allow the

Vegetable Marketing Organization to fulfill its responsibilities more efficiently and effectively when necessary; and

- the Agriculture, Fisheries and Conservation Department and the Fish Marketing Organization would consult the Department of Justice on the legal issue surrounding the direct import of fresh marine fish as well as the need to update the legal framework of the Marine Fish (Marketing) Ordinance (Cap. 291).

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

Hong Kong Academy for Performing Arts

(Paragraphs 10 and 11 of Part 3 of P.A.C. Report No. 69)

8. The Committee was informed that:

Provision of academic programmes

Admission of non-local students

- the Hong Kong Academy for Performing Arts ("HKAPA") had implemented the new tuition fee levels for non-local students starting from the 2018-2019 academic year, i.e. \$50,000 per annum for degree programmes, and \$37,500 per annum for sub-degree programmes;

Student unit cost

- the student unit cost in the 2018-2019 academic year was estimated to be \$343,198, as compared to the actual figure of \$308,000 for the 2014-2015 academic year. The increase in the unit cost for full time equivalent students was mainly attributed to the adjustment in salary of HKAPA staff, the allocation of additional resources to support the implementation of a technology-enhanced teaching and learning strategy in academic programmes, and the operating cost of the new annex of HKAPA's Wanchai Campus. Since student enrolment would have a direct impact on the student unit cost, a number of measures would be taken to target the specific pool of candidates with the required skills and aspirations to pursue an artistic career to join HKAPA;

Governance and government monitoring

- HKAPA would further enhance the content of the audited financial report to meet the reporting requirements as pointed out by Audit. The Home Affairs Bureau ("HAB") would follow up with HKAPA to ensure full compliance of the requirements. HAB was taking steps to revise the Memorandum of Administrative Arrangements, taking into account HKAPA's views, Audit's recommendations and prevailing Government subvention guidelines;

Campus improvement and expansion

Wanchai Campus expansion project

- the project was completed in end 2018; and

Planning for further campus expansion

- HAB would continue to review the space requirement of HKAPA to ensure that the requirement was based on genuine needs and for subvented programmes and their students only. HAB would consult relevant parties if necessary.

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

Management of water supply and demand

(Paragraphs 11 and 12 of Part 4 of P.A.C. Report No. 69)

10. The Committee was informed that:

Water supply management

Use of reclaimed water

- in regard to the supply of reclaimed water for flushing in Northeast New Territories, the Water Supplies Department ("WSD") was implementing the related infrastructure works. The construction of a service reservoir and laying of trunk water mains commenced in

April 2017. Laying of the first stage of the local distribution mains in Sheung Shui and Fanling commenced in September 2018. WSD was continuing with the design of the remaining infrastructure works, including a chlorination plant, a pumping system and the second stage of the local distribution mains in Sheung Shui and Fanling;

- a public consultation for the supply of reclaimed water ended in December 2018. The legislative amendment work would commence later on. Supply of reclaimed water for flushing was planned to commence in 2022;

Protecting existing water resources

- the funding for the construction of the Inter-Reservoirs Transfer Scheme was approved by the LegCo Finance Committee on 29 June 2018. The Drainage Services Department invited tenders in August 2018 with a view to commencing the construction works of the Inter-Reservoirs Transfer Scheme in the first quarter of 2019 for completion in the last quarter of 2022; and

Way forward

- the Administration drew up in the Policy Agenda in October 2017 the target of reducing the per capita total fresh water consumption by 10% by 2030 at the earliest, using 2016 as the base year.

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

Planning, construction and redevelopment of public rental housing flats

(Paragraphs 13 to 15 of Part 4 of P.A.C. Report No. 69)

12. Hon Kenneth LEUNG declared that he was a former member of the Hong Kong Housing Authority ("HKHA"); and Hon SHIU Ka-fai declared that he was currently a member of HKHA and engaged in the trading business of construction materials.

13. The Committee was informed that the estimated total public housing production of HKHA and the Hong Kong Housing Society in the five-year period from 2018-2019 to 2022-2023 would be 100 800 units according to HKHA's Public Housing Construction Programme as at September 2018. On land supply, the Administration had identified land for the construction of about 237 000 public housing units for the ten-year period from 2018-2019 to 2027-2028, assuming that all sites identified could be delivered on time for housing construction. The Administration acknowledged that there was a gap in the public housing supply target.

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

Recoverability of the outstanding advances to the United Nations High Commissioner for Refugees

(Paragraphs 16 to 18 of Part 4 of P.A.C. Report No. 69)

15. The Committee was informed that the Security Bureau wrote to the Hong Kong Sub-office of the United Nations High Commissioner for Refugees in August 2018 again to reiterate the Administration's stance and register the Hong Kong community's expectation of an early recovery of the outstanding advances.

16. The Committee recommends that the issue be followed up by the LegCo Panel on Security and wishes to be kept informed of the development on the Administration's recovery of the outstanding advances to the United Nations High Commissioner for Refugees.

Footbridge connections between five commercial buildings in the Central District

(Paragraphs 19 to 22 of Part 4 of P.A.C. Report No. 69)

17. Hon Abraham SHEK Lai-him declared that he had an office in one of the five concerned commercial buildings.

18. The Committee was informed that the owner of Building II indicated in February 2018 that they had obtained the agreement from the owner of Building I on the location and connection point of the proposed Footbridge A to Building I, and received comments from relevant government departments on the proposal. The Lands Department ("LandsD") and BD reminded the owner of Building II in July 2018 to make formal building plan submissions for the footbridge as soon as possible.

19. The location of the proposed Footbridge A is shown in *Appendix 5*.

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

Small house grants in the New Territories

(Paragraphs 23 to 27 of Part 4 of P.A.C. Report No. 69)

21. Hon Paul TSE Wai-chun declared that he was an indigenous villager of the New Territories and had exercised his small house concessionary right to build New Territories small houses.

22. The Committee was informed that the Development Bureau would keep in view the development of a current judicial review on the subject, the substantive hearing of which commenced on 3 December 2018, and consider the way forward for the review on the small house policy.

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

Direct land grants to private sports clubs at nil or nominal premium

(Paragraphs 28 to 31 of Part 4 of P.A.C. Report No. 69)

24. Hon Abraham SHEK Lai-him declared that he was a member of Hong Kong Country Club, Hong Kong Football Club, Hong Kong Golf Club, Hong Kong Jockey Club, Royal Hong Kong Yacht Club and Shek O Country Club; Hon Paul TSE Wai-chun declared that he was a member of Hong Kong Jockey Club, Scout

Association of Hong Kong and South China Athletic Association; and Hon Kenneth LEUNG declared that he was a member of the Ladies Recreation Club, Craigmower Cricket Club and Foreign Correspondents' Club, Hong Kong.

25. The Committee was informed that:

Review of the Private Recreational Lease ("PRL") policy

- HAB launched a six-month consultation on 20 March 2018 to solicit views from the public and stakeholders on the recommendations of the review on the PRL policy and briefed the LegCo Panel on Home Affairs on the review findings on 26 March 2018. HAB would present its final recommendations to the Executive Council for consideration;

Implementation of the "opening-up" requirement

- HAB placed two rounds of advertisements in the print media in February and August 2018 respectively to encourage eligible bodies to make use of sports facilities operated by PRL lessees;

Monitoring of compliance with lease conditions

- HAB had completed the annual inspections of PRL sites held by 24 private sports clubs for 2018. The opening up of venue facilities by the private sports clubs was found to be in compliance with the opening-up requirements and generally in line with the situation described in the corresponding quarterly reports; and

Progress of the renewals for the 16 expired PRLs

- as at November 2018, of the 16 expired PRLs, 13 had been renewed as PRLs and one had been granted a special purpose lease. For the remaining two cases, one of them had rectified the irregularities and the lease renewal document was pending execution. HAB and LandsD would review the renewal of the other PRL having regard to its progress in resolving the outstanding issues.

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

Management of roadside skips

(Paragraphs 32 to 35 of Part 4 of P.A.C. Report No. 69)

27. The Committee was informed in the Government Minute which was laid before LegCo in May 2018 that:

- the Administration had provided two sites, one adjacent to Tseung Kwan O Area 137 Fill Bank and one at Siu Lang Shui in Tuen Mun for use by the skips trade to store idling skips since January and December 2017 respectively. The average occupancy rates of these sites had been on the rise since their commissioning, which helped reduce the number of idling skips placed at roadside/public places;
- a dedicated term service contractor had been engaged by the Administration since February 2017 to assist enforcement departments in speeding up the removal of skips found to be posing serious obstruction to traffic and/or imminent danger to the public;
- a total of 31 joint enforcement operations were conducted by the Joint Working Group on Management of Roadside Skips ("JWG") during the period from February to November 2017 to tackle the malpractice of indiscriminate placement of idling skips, covering the black spots in Tseung Kwan O, Sai Kung, Kowloon Bay and Kai Tak areas. The extent of indiscriminate placement of idling skips at these black spots had been noticeably improved. JWG would continue to organize joint enforcement operations as necessary in various districts in order to deter the malpractice of indiscriminate placement of idling skips at roadside;
- JWG was engaging a consultant to work with the skip operators trade in developing a trade-led voluntary skips registration system, under which skip specifications would be standardized and adoption of good operational practices and safety measures would be promoted, thereby enhancing the standards of skip operations; and

- taking into account the progress of the work proposed, JWG would consider whether there was a need to introduce a new regulatory system in the long run.

28. The Committee wrote to Secretary for the Environment on 4 January 2019 to enquire about the latest progress on the removal of roadside skips, the implementation timetable of measures to facilitate skip operations, the latest position of assigning a government department to take up the responsibilities for regulating and facilitating skip operation and the timetable for taking forward a review to introduce a regulatory system on skips operations. The replies from **Director of Environmental Protection** are in *Appendix 6*.

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

Provision of long-term care services for the elderly
(*Paragraphs 36 to 38 of Part 4 of P.A.C. Report No. 69*)

30. The Committee was informed that:

Increasing service places for the elderly and strengthening premises planning

- the Social Welfare Department ("SWD") had earmarked sites in a number of development projects for the construction of elderly services facilities. The Administration would incorporate land sale conditions in suitable land sale sites, requiring private developers to construct elderly services facilities specified by the Administration with the construction cost to be met by the Lotteries Fund. SWD would take over the facilities and select a suitable operator upon completion of the construction works. As at end June 2018, SWD had earmarked sites in 30 development projects for the construction of new contract homes and day care centres/units for the elderly. It was estimated that about 3 300 residential care places for the elderly (including subsidized and non-subsidized places) and about 1 010 day care places for the elderly would be progressively provided starting from 2018-2019;

- if all the projects under the Special Scheme on Privately Owned Sites for Welfare Uses could be implemented smoothly, according to applicant organizations' estimation, about 9 000 additional service places for the elderly would be provided, including about 7 000 residential care places and about 2 000 day care places for the elderly;
- the Administration was also increasing the service supply through a number of other measures, which included making better use of space in subvented homes, converting non-subsidized places in existing contract homes to subsidized places, purchasing places from quality private homes, and the Pilot Scheme on Residential Care Service Voucher for the Elderly, etc;
- to follow up on the recommendations of the Elderly Services Programme Plan, the Administration planned to reinstate the population-based planning ratios for elderly facilities in the Hong Kong Planning Standards and Guidelines to allow better forward planning of the relevant department(s) in reserving sites and premises. Discussion among the relevant bureaux and departments had commenced, including the drawing up of specific amendments to the Hong Kong Planning Standards and Guidelines. After the Hong Kong Planning Standards and Guidelines had been amended, the Administration would review and update the relevant planning ratios at suitable junctures to ensure that the planning of facilities could meet the service demand;

Progress of implementation of new initiatives in 2017 Policy Address and 2018-2019 Budget

- SWD would provide an additional 1 000 vouchers (bringing the total to 6 000) under the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly. The additional vouchers had been issued from October 2018 onwards with a validity period of two years. At the same time, the completion date of the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly would be extended from the original date of July 2019 to September 2020 such that both the existing 5 000 vouchers and the additional 1 000 vouchers could be used until September 2020;

- the Administration planned to regularize the Dementia Community Support Scheme and expand it to all 41 district elderly community centres from February 2019 onwards. SWD had allocated more resources to service units providing community care and support services for the elderly from October 2018 onwards to enhance the provision of dementia care service and related staff training, as well as to enhance outreaching services for supporting needy carers living in the community who were looking after frail elderly persons. In addition, SWD would organize territory-wide public education activities in 2018-2019 to enhance public understanding of dementia;
- on manpower planning, SWD had granted additional resources to non-governmental organizations receiving subventions from SWD for subsidized elderly service units to enable them to increase the salaries of personal care workers and home helpers (i.e. the salaries of these posts would be increased by two pay points in the current calculation of the subsidy for salaries), thereby recruiting and retaining staff more effectively. SWD also launched a new \$1 billion Innovation and Technology Fund for Application in Elderly and Rehabilitation Care in December 2018 to subsidize eligible elderly and rehabilitation service units to try out and procure/rent technology products;
- SWD had provided visiting medical practitioner services for residents of all residential care homes for the elderly ("RCHEs") in the territory since October 2018. SWD would progressively provide speech therapy services for elderly service units to assist elderly persons with swallowing difficulties or speech impairment. In addition, SWD was reviewing the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) and the related code of practice, as well as preparing to launch the following new measures to enhance the service quality of RCHEs:
 - (a) planning to launch by phases starting from the first quarter of 2019 a five-year scheme to provide full subsidies for home managers, health workers and care workers of all RCHEs in the territory to enroll in Qualifications Framework-based training courses;
 - (b) planning to launch in the first quarter of 2019 a five-year scheme to provide full subsidies for all private RCHEs to join accreditation schemes; and

- (c) launching a four-year pilot scheme in the first quarter of 2019, at the earliest, whereby district-based professional teams would be set up to provide outreach services for residents in private RCHEs, so as to support their social and rehabilitation needs;

Other measures

- the Commission on Poverty endorsed the extension of the Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families for a period of two years, i.e. from October 2018 to September 2020, with three improvement measures, namely increasing the number of beneficiaries, the amount of allowance and the service fee for approved service providers. The Administration briefed the LegCo Panel on Welfare Services on the proposal on 9 July 2018; and
- SWD, in collaboration with the Department of Health and six district elderly community centres under non-governmental organizations, launched the 18-month Pilot Scheme on Training for Foreign Domestic Helpers on Elderly Care in Wan Chai, Kowloon City and Tsuen Wan Districts in March 2018.

31. The Committee wrote to Secretary for Labour and Welfare on 4 January 2019 to enquire information relating to the provision of residential care places for the elderly, the waiting time and the future supply of new places under SWD's next five-year plan. The replies from **Secretary for Labour and Welfare** are in *Appendix 7*.

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

Administration of the air traffic control and related services

(Paragraphs 39 to 42 of Part 4 of P.A.C. Report No. 69)

33. Hon Steven HO Chun-yin declared that he was a non-executive director of the Airport Authority Hong Kong.

34. The Committee was informed that:

- on 13 August 2018, two Flight Data Processors ("FDPs") in the new Air Traffic Management System ("ATMS") Main System experienced a momentary hitch and the Fallback System had to be activated. In September 2018, in response to the Committee's enquiry on the incident, the Civil Aviation Department ("CAD") said that:
 - (a) full information (including essential information, namely flight position, altitude information, secondary surveillance radar code, and supplementary information such as call sign and aircraft type) of the vast majority of flights in the Hong Kong Flight Information Region was continuously displayed on the radar screens throughout the incident, except for three flights for which only the three pieces of essential information, i.e. flight position, altitude information and secondary surveillance radar code, could be shown. After the technical staff on-site switched ATMS to the Fallback System in accordance with the established procedures, the processing and display of the flight data returned to normal. The occurrence lasted for six minutes;
 - (b) the Air Traffic Control Officers ("ATCOs") deferred giving clearance to departing flights momentarily for about six minutes. Arrivals and flights flying through the Hong Kong Flight Information Region were not affected. During the six minutes, ATCOs were able to keep direct voice communication with the pilots and provide air traffic control services at all times. They were also able to simultaneously obtain all flight information, including that of the three flights mentioned, that should be shown through the displays using Automatic Dependent Surveillance-Broadcast technology. Certain non-critical system functions were affected during the incident, such as the flight data exchange functions with the adjacent Flight Information Regions through automation. ATCOs continued to maintain close liaison with the adjacent Flight Information Regions through voice communication in accordance with the established procedures to ensure safe transfer of flights between Flight Information Regions;
 - (c) in the event, the technical staff restarted the Main System in accordance with the established procedures, and performed detailed inspection, followed by a four-minute data

synchronization to resume it as the Fallback System. The entire restart process lasted about one hour. In the meantime, the original Fallback System, which became the Main System after switchover, had been operating normally and remained unaffected. Apart from the Main System and the Fallback System, ATMS was also equipped with an Ultimate Fallback System. On the day of the occurrence, it was not necessary to activate the Ultimate Fallback System throughout the process;

- (d) the contractor was tasked right after the occurrence to conduct a thorough investigation and come up with a solution as soon as possible. According to the report submitted by the contractor, the cause of the occurrence was that when the system software was updating the flight route elements, an unexpected data corruption had occurred, resulting in an undefined situation where an array of elements of a flight route unexpectedly contained an invalid value. As a result, the software could not continue its processing. This triggered for safety assurance the shutdown of the primary FDP of the Main System as per multi-layer redundancy in system design. The shutdown of the primary of FDP was then followed by an automatic switchover of operation to the secondary FDP. The shutdown of the secondary FDP was triggered by the same reason. Upon CAD's request, the contractor conducted an in-depth review on the program algorithm and coding involving the flight route element comparison, and confirmed that the program algorithm and coding were in order. To prevent the operation of FDPs from being affected by corrupted data in future, the contractor had provided in mid September the software fix to CAD;
- (e) in the current system design, when ATMS first accepted the flight route elements, the system would verify the data to ensure the validity. For subsequent updates, ATMS would check the relevant updates to ensure that only valid data would be accepted, followed by the execution of flight route element comparison. CAD was carrying out the on-site testing of the software fix that had been provided by the contractor; and
- (f) CAD would continue to closely monitor the performance of ATMS, and optimize ATMS as well as overall air traffic control services to ensuring aviation safety; and

- according to CAD, after completion of the on-site testing and safety assessments, the software fix had been successfully deployed to ATMS for operational use since 24 October 2018. Briefings to ATCOs and technical staff regarding the cause and follow-up actions of the occurrence had been conducted. The procedures involving the switchover from the Main System to the Fallback System had been reviewed and refined.

35. The Committee wrote to Director-General of Civil Aviation on 7 January 2019 to enquire about further measures being implemented for preventing the recurrence of similar incidents in future; the latest position of the software fix to ATMS; circumstances under which CAD would activate the Ultimate Fallback System; and the performance of ATMS when the severe typhoon Mangkhut hit Hong Kong in September 2018 in handling rescheduled flights and whether system irregularities were detected during the period. The replies from **Director-General of Civil Aviation** are in *Appendix 8*.

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

Use and disposal of vacant school premises

(Paragraphs 46 to 48 of Part 4 of P.A.C. Report No. 69)

37. Hon Abraham SHEK Lai-him declared that he was the Chairman of Board of Governors of English Schools Foundation and a council member of the St. Stephen's Girls' College.

38. The Committee was informed in the Government Minute which was laid before LegCo in May 2018 that:

Allocating vacant school premises ("VSP") for educational or other uses

- as regards the two VSP on private land that had not been earmarked for any use, one of them had already had the required registration approved by the Education Bureau ("EDB") on the proposed other educational use in consultation with LandsD on the compliance with land use, and the school sponsoring body was taking active follow-up actions to put

the premises into use. EDB had approached the school sponsoring body to initiate discussion on the surrender of the remaining one VSP;

- for the three VSP located on government land that had been partially utilized for their current uses, one had been allocated for office use by three education-related organizations and renovation works was being arranged. EDB had confirmed that the remaining two were no longer required for re-allocation for school use and notified the Planning Department and other relevant departments (such as LandsD and the Housing Department) in September 2017 and February 2018 respectively in accordance with the central clearing house mechanism for consideration of suitable alternative long-term use;
- among 77 VSP under LandsD's purview which were not being used, no follow-up action was required by the Administration in terms of pursuing alternative land use for 29 cases (including 21 cases where the land lease for the private land concerned did not contain a cessation/diminution of user clause allowing the Administration to re-enter the land after cessation of school use (hence future use of the land was at the discretion of the lessees so long as the use was compliant with the lease, zoning and other regulations), one case where uses other than school use were allowed under the lease, and seven cases where alternative long term/short term uses had been approved/earmarked);
- for the remaining 48 VSP under LandsD's purview which were not being used, six VSP were on private land that had a cessation/diminution of user clause in the land lease, and 42 VSP were on government land. As at end January 2018, in respect of the six VSP on private land, LandsD was processing proposals submitted for other uses of four VSP and would continue to take appropriate actions to recover possession of the remaining two VSP. Of the 42 VSP on government land, planned uses/applications in respect of 27 VSP were being processed by LandsD, 11 VSP had been included into the list of vacant government sites available for application for short-term use on the "GeoInfo Map" website, and the remaining four VSP were not available for short-term use for the time being due to technical reasons, such as possible slope problems;

Handling cases of VSP not surrendered

- as at end April 2018, among the 41 VSP the physical possession of which had not been delivered to the Administration after cessation of school operation which warranting further action, 19 were under EDB's purview. Of the 19 VSP, 18 were being used for educational purpose (with one under temporary waiver granted by LandsD). For the remaining one VSP, the school sponsoring body completed the site surrender process in April 2018 and EDB was taking follow-up action on the earmarked school use. Regarding the remaining 22 VSP under LandsD's purview, six VSP would be further reviewed by LandsD. As at end January 2018, one VSP was reused for school purpose (hence in compliance with lease conditions). As for the remaining 15 VSP, LandsD had repossessed seven VSP and would continue to recover possession of three VSP and process the proposals submitted for other uses in respect of five VSP;
- EDB had approached the school sponsoring body to initiate discussion with regard to Case 6 of the Audit Report No. 65 and was continuing the discussion with the school sponsoring body and relevant departments about the VSP arising from reprovisioning which was on both private land and government land (the premises of which was being used as the decanting premises of a secondary school during its in-situ redevelopment till February 2019); and

Access to information about VSP available for application for short term uses

- on 28 November 2017, LandsD further uploaded information of VSP (amongst other vacant government sites) under its management and available for application by non-governmental organizations for short-term use onto the "GeoInfo Map" website and would update the list in accordance with the latest position on an on-going basis.

39. The Committee wrote to Secretary for Education on 7 January 2019 to enquire about the latest position on VSP, including details regarding the location and area of each site, whether they had been put to educational or other uses in the past 12 months and future plan for the use and disposal of existing VSP. The replies from **Secretary for Education** are in *Appendix 9*.

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

Operation of the Hongkong Post

(Paragraphs 49 to 51 of Part 4 of P.A.C. Report No. 69)

41. The Committee was informed that:

Management of mail processing

Control and administration of overtime work in the Hongkong Post

- as at mid November 2018, only beat surveys at Shau Kei Wan Delivery Office and Shek Wu Hui Delivery Office (renamed as North District Delivery Office) were outstanding. The North District Delivery Office was reprovisioned on 29 October 2018 and beat survey was scheduled to commence in February 2019. Reprovisioning of Shau Kei Wan Delivery Office was targeted for late December 2018 and the Hongkong Post would conduct beat survey three months after it was reprovisioned; and

Management of the Central Mail Centre and the General Post Office Building

- the proposal of reprovisioning the Hongkong Post Headquarters to a site in Kowloon Bay was endorsed by the LegCo Public Works Subcommittee at its meeting held on 22 June 2018. Funding approval was obtained from the LegCo Finance Committee on 19 October 2018.

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

Joint-office operation on water seepage in buildings

(Paragraphs 66 to 68 of Part 4 of P.A.C. Report No. 69)

43. The Committee was informed in the Government Minute which was laid before LegCo in May 2018 that:

Investigation and enforcement actions

- the Joint-office ("JO") formed by the Food and Environmental Hygiene Department ("FEHD") and BD had taken measures to enhance and optimize the existing Complaints Management Information System to improve its record keeping and to timely update the information kept. For example, lists of outstanding cases could be generated for better monitoring of relevant work progress;
- JO had also engaged a contractor to develop a new information system specifically for handling and recording water-seepage cases, which had been completed and put into use since 1 March 2018. The new system:
 - (a) would perform functions including case management, issuing reminders and alerts, monitoring contractors' performance and generating statistical reports for investigations at different stages;
 - (b) would periodically generate management returns to facilitate effective monitoring of investigation progress and follow-up actions of water-seepage cases, including recording the time spent on completing the cases; and
 - (c) had included functions of maintaining records of referral cases to WSD and BD and generating periodic returns for reconciliation purposes with both departments (on a quarterly basis);
- JO had reviewed and handled all cases involving missing case files. In order to track file movement and minimize the risk of file missing, a bar-code filing system had been provided in all district offices of JO since 29 September 2017;
- in view of the incomplete and inadequate maintenance of the Water-seepage Case Monitoring Databases of FEHD district offices and different methods adopted by district offices to record the nuisance notices issued, FEHD had reviewed the relevant departmental guidelines and included a function in the new system to maintain relevant information on nuisance notices issued. In addition, FEHD had reminded its frontline staff to include relevant information on water-seepage cases in the nuisance notices monitoring database;

Management information system and performance reporting

- the existing Complaints Management Information System would be used to record progress of water-seepage cases and carry out appropriate monitoring, while the new system developed in March 2018 could be used to process and record information of water-seepage cases, so that JO staff could monitor the investigations and take follow-up actions more properly and effectively; and
- investigations on simple and straightforward water-seepage cases could usually be completed within 90 working days (i.e. around 133 calendar days). After collecting sufficient data from the new system, JO would formulate pragmatic performance indicators for handling straightforward cases and publish the performance results on the websites of FEHD and BD regularly.

44. The Committee wrote to Director of Food and Environmental Hygiene and Director of Buildings on 7 January 2019 to enquire about the aforesaid performance indicators, the average as well as the range of time taken for completing water-seepage cases in 2018, the reasons for JO to take longer-than-average time to handle the cases, and whether they had considered measures to shorten the handling time of the cases. The consolidated replies from **Director of Food and Environmental Hygiene** and **Director of Buildings** are in *Appendix 10*.

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

Maintenance and safety-related improvements of public rental housing flats
(*Paragraphs 3 to 5 of Part 5 of P.A.C. Report No. 69*)

46. Hon Kenneth LEUNG declared that he was a former member of HKHA; and Hon SHIU Ka-fai declared that he was currently a member of HKHA and engaged in the trading business of construction materials.

47. The Committee was informed in the Government Minute which was laid before LegCo in May 2018 that:

In-flat maintenance of Public Rental Housing flats

- the Housing Department had completed the review on Responsive In-flat Maintenance Services standards and implemented new service standards to focus on service quality and operational effectiveness. It would continue to monitor the effectiveness of new service standards;

Follow-up actions on Public Rental Housing's water sampling tests for lead

- HKHA's contractors had been carrying out rectification works for water pipes inside the flats in the 11 affected Public Rental Housing estates. Overall, as at March 2018, the contractors had completed around 70% of the works inside the flats. After the works inside the flats were completed, the contractors would conduct water sampling tests in accordance with the Water Authority's requirements to ensure the safety of drinking water. Subject to satisfactory water test results and the issuance of the certification of completion by WSD, the contractors would then inform tenants that the water in their units was safe for drinking and remove their water filters, as well as withdraw the temporary water points on each floor and standpipes in stages. The temporary water supply measures would continue to be in force until the rectification works inside the flats were completed;

Management of asbestos-containing materials ("ACMs") in Public Rental Housing estates

- the new guidelines on assessing the nature of ACM damage were implemented in half-yearly condition surveys in 2017 and were well received by frontline staff;
- to alert the tenants and other stakeholders about the presence of ACM in the estates and prevent accidental disturbance to ACM, the Housing Department completed the works of fixing warning labels for asbestos grilles at staircases and lobbies and other ACM, such as in-flat balcony grilles and chimneys in April 2018; and

Replacement of laundry pole-holders

- the Housing Department had conducted a post-implementation review to evaluate the overall result. The replacement programme had been

completed with the laundry pole-holders either replaced by laundry racks or sealed as agreed with the tenants.

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

Procurement and maintenance of government vessels

(Chapter 2 of Part 8 of P.A.C. Report No. 69)

49. The Committee was informed that:

Procurement of government vessels

- the Marine Department ("MD") would continue to explore the opportunity to outsource the project management work to external consultants so as to speed up the procurement process. A total of six project management consultancy services contracts had been awarded in the first three quarters in 2018. On manpower of the Government New Construction Section of the Government Fleet Division of MD, an additional Surveyor of Ships grade officer on post-retirement service contract terms had reported for duty since September 2018. The Government New Construction Section was in full strength to clear the vessel procurement backlogs;
- consequent to the issuance of the Government Fleet Division Circular No. 3/2018 in March 2018, MD had completed compiling the ten-year vessel procurement plans for user departments. These ten-year plans would be reviewed with user departments on a regular basis. MD had also explored with user departments to bundle similar procurement projects in a single tender so as to shorten the tender preparation time, reduce cost of tender administration and achieve economy of scale in procurement. The procurement of 44 rigid hull inflatable boats for the Leisure and Cultural Services Department and seven speed boats for the Agriculture, Fisheries and Conservation Department were examples of bundled tenders issued in the first three quarters of 2018. MD planned to conduct eight tender exercises involving 69 vessels for five departments in 2018. Invitations of tenders for four projects had already been issued as at end September 2018;

Maintenance of government vessels

- MD had completed the user survey on the calculation method of vessel availability rates. The majority of user departments did not have any comments on how MD reported the availability rates of vessels while some were supportive of expanding the coverage to all four major classes of vessels and including the time taken by the repair work carried out outside the Government Dockyard ("GD") in the calculation. Having examined user departments' comments, MD planned to report the availability rates (inclusive of repair work carried out inside and outside GD as down-time) of all four major classes of vessels in the Controlling Officer's Report ("COR") of 2019-2020. An explanatory note would be added in COR to highlight the changes in the calculation method;
- to promote competition in the procurement exercises, MD invited the Competition Commission to conduct a study to ensure that the procurement process was fair and competitive to potential bidders. The Competition Commission had proposed to MD a number of suggestions to improve the situation. MD accepted all these suggestions and would take them forward to promote competition in the procurement exercises on an on-going basis;

Management of maintenance materials

- MD had engaged a technical advisor since July 2017 to expedite the handling of slow-moving stock items (i.e. items without movement for five years). The review of over 8 400 slow-moving items was completed in July 2018, with disposal of obsolete/dormant items by means of auction or dumping, etc. in accordance with the procedures stipulated in the Stores and Procurement Regulations to be completed in phases tentatively by June 2019. The review on slow-moving items would be conducted on a regular basis and disposal of obsolete/dormant items would also be carried out accordingly;
- in March 2017, MD engaged a dangerous goods consultant to advise GD on how to better manage dangerous goods to meet both its operational needs and the requirements of the Dangerous Goods Ordinance (Cap. 295) and its subsidiary regulations, and the study was completed in August 2018. MD had incorporated the consultant's recommendations into GD safety management manual for the purpose

of improving the management of dangerous goods in GD. Separately, MD had issued safety guidelines for the handling and conveyance of dangerous goods to the maintenance contractors regularly and tightened the monitoring work by conducting daily patrols to ensure that the contractors had complied with the safety requirements. So far, no irregularity was found;

Monitoring and supervisory role of the Transport and Housing Bureau ("THB")

- THB could assess and monitor the performance of MD in various aspects with reference to certain indicators as set out in MD's COR published annually, as well as examine the issues and reasons in case a target was not met or when the performance had deteriorated. As and when necessary, THB would discuss with MD regarding the indicators and review if some of their assumptions and calculations could be revised to more accurately and better reflect the performance of MD. For instance, the calculation of the "vessel availability rate" would be adjusted so as to properly reflect the down-time of vessels starting from the 2019-2020 COR;

Measures of THB to meet challenges of the maritime industry

- as at end August 2018, 12 maritime-related training subsidy and incentive schemes were implemented under the Maritime and Aviation Training Fund, benefitting 3 600 students and maritime practitioners and involving an amount over \$50 million;
- in view of the manpower shortage problem faced by the industry, the Manpower Development Committee, upon recommendation of THB, had endorsed enhancement measures to two existing initiatives under the Maritime and Aviation Training Fund, viz. the Sea-going Training Incentive Scheme and the Ship Repair Training Incentive Scheme; and
- THB embarked on a review on the overall implementation and effectiveness of the Maritime and Aviation Training Fund in April 2018, with a view to mapping out the way forward of the Fund. Upon completion of the review, relevant results and recommendations would be reported to the Manpower Development Committee in due course.

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

Hospital Authority's management of public hospital projects

(Chapter 3 of Part 8 of P.A.C. Report No. 69)

51. The Committee was informed that:

Project management of the Redevelopment of Caritas Medical Centre (Phase 2)

Project planning and implementation

- the Hospital Authority ("HA") had reviewed and updated the Cost Control Guidelines for Major Capital Projects in the first quarter of 2018 to include the requirement for project consultants to submit the design efficiency for major capital projects at each works stage of the projects and to explicitly state the adopted departmental grossing factors and hospital planning efficiency ratio. HA had also incorporated additional clauses to enhance consultant's role of proposing contract strategy into all new consultancy agreements as well as requirements for these strategies to be endorsed by the Project Executive Group, Vote Controller and Project Steering Committee;
- to ensure that the assessment of extension of time claims could be completed within a reasonable time period, HA had incorporated the relevant provisions into the new consultancy agreements since the second quarter of 2018, and was drafting the standard provisions for incorporation into all its new construction works contracts by the third quarter of 2018;

Commissioning of facilities of the North Lantau Hospital ("NLTH") (Phase 1)

Commissioning of medical services

- the service utilization analysis of the medical service demand of residents at the related districts of completed hospital projects (including NLTH Phase 1) had been included in the 2019-2020 HA annual planning exercise. Moreover, HA had set up a reporting and

review mechanism for the commissioning of medical services of the completed projects in the second quarter of 2018 as standing practice at both cluster level and corporate level. The first annual summary report to the Medical Services Development Committee on the progress of commissioning the medical services against the planned capacity in completed hospital projects was made in June 2018. In addition, the progress of commissioning the medical services of the completed hospital projects would be included in the progress update of the relevant programme in Quarterly Progress Review Report to the Food and Health Bureau starting from the first quarter of 2018-2019;

Utilization of hospital building

- vacant ward cubicles at NLTH Phase 1 had been utilized for alternative use such as rehabilitation areas for in-patients and scenario-based staff training in ward setting. The updated assessment and implementation plan would be reported at the Medical Services Development Committee in October 2018;

Utilization of medical equipment

- mechanism was available for regular monitoring and reporting of the utilization of major medical equipment at cluster level. During the interim period, around 30% of the examinations provided by the radiological equipment at NLTH were serving patients referred by other hospitals in the same cluster. With the opening of an additional ward by the third quarter of 2018, utilization of major equipment would be increased and those not-in-use items at NLTH Phase 1 would be fully utilized;
- since 2018, a mechanism had been in place for regular review and monitoring of the implementation of the procurement plan for furniture and equipment in all meetings of the Project Equipment Procurement Group. The standardized Procurement Planning of furniture and equipment for commissioning hospital projects would be reported at the Supporting Services Development Committee in September 2018;

Management of minor hospital projects

Project planning

- HA had enforced in July 2018 the enhanced governance for rolling plan preparation and changes against the three-year rolling plan approved by the Chief Executive, HA. HA would also report findings from periodic building safety inspections for assessment on the conditions of hospital buildings to the Supporting Services Development Committee in the fourth quarter of 2018;

Project implementation

- HA would strengthen mechanism for monitoring the progress of minor works projects against the work plan for the delivery of committed targets for the \$13 billion one-off grant by the third quarter of 2018 through reviewing the proposal from clusters for changes to committed targets in the ten-year plan at the Quarterly Review Meeting held by HA Head Office before putting forward to HA's Directors' Meeting for endorsement;
- HA had set the target time for finalizing the accounts of minor works projects conducted by HA Term Maintenance Contractors to be not more than five months from the issuing date of Certificate of Completion for the works order. HA had also developed system to monitor the finalization of accounts by the target time;
- HA had set the target time limit of six months for finalizing accounts after works completion for HA's minor works projects executed by the Electrical and Mechanical Services Trading Fund. HA had also developed system to monitor the finalization of accounts by the target time; and

Information management and performance reporting

- HA had launched the new information system for the processing of works orders, namely Computing System of Project Planning and Execution, on 31 March 2018 for better monitoring the implementation progress of minor works projects and the related works orders. Through the new system HA would:

- (a) generate reports to facilitate progress monitoring of minor works project implementation; and
- (b) report the information on project progress including status of account finalization to the Supporting Services Development Committee in September 2018.

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

Regulation of non-franchised bus and school private light bus services (Chapter 4 of Part 8 of P.A.C. Report No. 69)

53. The Committee was informed that:

Administration of licensing requirements

- the Transport Department ("TD") had implemented more stringent vetting requirements for renewal applications for expired passenger service licences since May 2018;
- TD had communicated with the trade in respect of the proposal of tightening the requirements on service contracts provided for each service endorsement. The trade expressed strong reservations on the proposal as it would affect vehicle deployment and service provision. TD would continue to explore appropriate arrangement with the trade, having regard to the operational needs of non-franchised bus services while allowing flexibility in vehicle deployment, in order to minimize the impacts on service users resulting from the stringent requirement on the vehicle numbers; and

Regulatory controls over unauthorized operations

- after reviewing the situation of the erection of stop signs, the inter-departmental working group considered it necessary to provide stop signs for some residents' service, and to update the design of stop signs. TD was studying with relevant departments the use of technology in signifying the locations of the stops, and would study the issues in relation to the design, designation, costs and maintenance, etc.

of the associated stop signs and/or road markings. TD would also formulate the implementation strategy and complete the formulation of the practicable arrangements by end 2018.

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

Operation of the Land Registry

(Chapter 5 of Part 8 of P.A.C. Report No. 69)

55. The Committee was informed that:

Provision of services

- the Land Registry ("LR") had updated the target completion dates of the remaining two tasks of the tidying up exercise of land registers. The task of filling in information of historical transactions not shown in the land register was targeted for completion by early 2019. As at July 2018, LR had already finished checking and updating of 93% of the total 3.25 million memorial entries. In addition, the task of filling in the nature of registered documents of some historical transactions not shown in the land registers was targeted for completion by end 2019. To expedite the updating of the land registers, an enhanced computer programme was launched in October 2018;
- after review, utilization of office accommodation of the New Territories Search Offices was optimized in June 2018 and an area of 44 square metres was released for other necessary uses of the department;
- LR provided updated proposals on computerization of owners' corporation records to the Home Affairs Department in May 2018 and would continue to discuss with the Home Affairs Department on how to take the matter forward;

Implementation of Land Title Registration System

- the Administration was actively pursuing the "new land first" proposal. During LR's recent round of discussions with the key stakeholders, the

majority of them indicated general support for the proposal while one key stakeholder still reserved its position. The Land Titles Ordinance Review Committee and the Land Titles Ordinance Steering Committee were being consulted on the relevant amendment proposals. In light of their comments, LR would refine the "new land first" proposal with a view to coming up with a more concrete timetable for the preparation and introduction of the Land Titles (Amendment) Bill to LegCo for scrutiny and submitting the timetable to the Land Titles Ordinance Steering Committee;

Financial issues and performance reporting

- LR was implementing enhancements to the Integrated Registration Information System for providing the performance information of all performance targets. Amongst the 24 performance targets, the enhancements for 22 performance targets would be implemented by end 2018 and the enhancements for the remaining two performance targets would be implemented by the second quarter of 2019; and
- LR was consulting the Home Affairs Department on the proposed performance targets for the owners' corporation services, with a view to implementing the targets in 2019-2020.

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

Hong Kong Design Institute

(Chapter 7 of Part 8 of P.A.C. Report No. 69)

57. The Committee was informed that:

Management of programmes

Evaluation of programme performance

- the Vocational Training Council ("VTC") was exploring to formulate a mechanism to monitor programme completion rates. The related issue was discussed in VTC's Statistics Committee Meeting on 29 May 2018. VTC's Vocational Education and Training Management

Committee would further discuss the issue at its meeting in February 2019;

- as regards measures to improve the employment rate of the Hong Kong Design Institute ("HKDI") graduates with a view to meeting the target employment rate of 90%, HKDI had implemented measures such as preparing online design portfolios and/or Facebook pages to match the latest recruitment trend and assisting graduating students in job searching. Apart from the joint annual graduation show "Emerging Design Talents 2018" showcasing the fresh graduates' work to potential employers and the public, HKDI had also organized industry days or portfolio days by inviting employers of specific industries to meet graduates of respective programme areas to facilitate job seeking;
- the recently released VTC employment survey results of 2017 full-time programme graduates showed an improved average employment rate of 90% for HKDI graduates, which was on an upward trend from 84% and 86% of 2015 and 2016 respectively. The 2017 rate had met the VTC's target employment rate of 90% for full-time Higher Diploma programmes;

Performance reporting

- with regard to disclosing key performance information and statistics of HKDI and those of other member institutions, HKDI had displayed information on employment and articulation on its website, including employment rate, percentage of graduates who successfully obtained employment, and graduates who had successfully articulated to full-time degree programmes as appropriate;

Campus development and management

Design competition of HKDI

- regarding the recommendation that for competition requiring the entry designs to fulfil mandatory budget requirements, VTC should assess the cost estimates before the Jury Panel decided on the result of the competition, all staff were reminded in the Divisional Meeting of VTC held in February 2018 that the recommended procedures should be strictly adhered to in all capital works projects. VTC would draw up relevant guidelines for future design competitions;

Project development of HKDI

- VTC had set out procedures in the relevant guidelines in future projects to ensure that before adopting a development scheme, the various schemes should be thoroughly discussed and the decision to adopt a particular scheme would be well justified and approved;

Management of campus

- for measures to ensure the correctness of the utilization rates of teaching venues, VTC would enhance the central timetabling system so as to facilitate a more accurate calculation of utilization rate. The enhancement work was expected to be carried out in 2018-2019;
- as regards the long escalator which had been suspended in service, the consultant submitted interim reports in August 2017 its findings on the breakdown cases and suggested remedial measures and alternatives to the incident. After studying different options as proposed by the consultant in its final report, VTC had decided and arranged improvement and repair works so that the long escalator could resume service as soon as possible. The repair works were underway; and
- once the repair works for the long escalator were completed, VTC should submit application for renewal of the user permit for the escalator concerned. The Electrical and Mechanical Services Department would conduct audit inspection to the escalator where necessary.

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

Provision of government office accommodation and utilisation of government sites

(Chapter 8 of Part 8 of P.A.C. Report No. 69)

59. The Committee was informed that:

Provision of government-owned office accommodation

- the Government Property Agency ("GPA") had examined bureaux/departments' latest returns on their accommodation needs and new accommodation requirements, and had initiated the process of identifying suitable sites for the planning of new joint-user general office buildings with a view to meeting additional office accommodation needs on a long-term basis;
- the construction works for the Government Data Centre Complex in Cheung Sha Wan, and both the Inland Revenue Tower in Kai Tak and the Treasury Building in Cheung Sha Wan were planned for completion in 2021 and 2022 respectively;

Administration of leased government offices

- the Registration and Electoral Office and the Census and Statistics Department had been exploring hand-in-hand the feasibility of developing a joint-user specialist and departmental building to cater for their periodic accommodation requirements. In parallel, they were examining other possible options such as joining other specialist and departmental buildings under planning;

Utilization of government sites

- reprovisioning premises had been identified for accommodating the museum collections of the Leisure and Cultural Services Department in order to speed up the redevelopment of ex-Harbour Hydraulics Laboratory site;
- with a view to capturing more up-to-date government site information in the Government Property Information System, GPA had solicited the assistance of the Architectural Services Department in providing GPA with the relevant information of all its projects upon their completion for regular and timely updating of the site particulars by GPA. GPA

had also taken steps to enhance the system capabilities of the Government Property Information System to perform more automatic cross checking of various processes to prevent data omissions/ discrepancies during routine data updating exercises. The relevant enhancements had taken effect since July 2018; and

- the concerned traffic impact assessment under the feasibility study for the "Site Formation and Infrastructure Works for the Development at Shek Pai Street, Kwai Chung" was largely completed in mid 2018. TD was reviewing the need for the Kwai Chung Circumferential Road project with reference to the findings of the traffic impact assessment.

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

Occupational safety and health

(Chapter 9 of Part 8 of P.A.C. Report No. 69)

61. The Committee was informed that:

Occupational safety: inspection and enforcement

- the Labour Department ("LD") agreed that it was necessary to step up enforcement action concerning compliance with the notification requirement. LD had issued an internal enforcement guide in July 2018 to step up the law enforcement work for immediate implementation. LD had also published a leaflet "Notify Your Workplace and Construction Work" for distribution to responsible persons of workplaces during routine inspections. Explanation would also be made to the relevant legal requirements in order to enhance their awareness of the relevant legislation. Upon reviewing the effectiveness of these initiatives, LD would, where necessary, consider amending the relevant legislation with a view to enforcing the workplace notification requirement more effectively;
- LD had completed the review of the notification requirement for building and engineering construction workplaces with work that would be completed for less than six weeks or not more than ten workmen being employed and the reasonableness of the submission

deadline of notification, and was now studying the legislative amendment in detail in the direction of expanding its scope to include more construction workplaces. LD aimed to come up with a proposal to amend the relevant legislation as soon as possible;

- for the review of the list of hazardous trades, LD completed the relevant review and formulated a new list of targeted trades in May 2018. A management system was put in place to ensure that such reviews would be conducted according to schedule in future;
- LD had examined the backlog inspection cases mentioned by the Audit Commission and confirmed that all these cases belonged to the low risk category. LD completed the review on the handling of low risk cases according to the prevailing risk-based approach in May 2018, and was now clearing the backlog cases. It was expected that these backlog cases would be cleared by the second quarter of 2019;
- to improve the documentation of inspection work and strengthen the supervision work by Divisional Occupational Safety Officers, LD issued an internal guideline and devised a checklist of inspection records in July 2018 for use by the concerned officers;
- LD had completed the review on the mechanism of supervisory visits and an internal guideline regarding the number of such visits, etc. was issued for immediate implementation in April 2018;
- LD reported the proposed broad amendment directions of labour legislation to strengthen the deterrent effect at the meeting of the LegCo Panel on Manpower on 17 July 2018. The proposals included increasing the maximum fines by pegging them with the financial means of the convicted, especially for extremely serious cases (such as those causing serious injuries or fatalities and involving high culpability), thus enabling the courts to impose penalties with sufficient deterrent effect to alert the industry. LD would consult major stakeholders on the proposed amendment directions and planned to submit the Amendment Bill within the 2019-2020 legislative session;

Occupational Safety: Training

- LD planned to complete the improvement measures by phases for the remaining five types of mandatory safety training courses by mid 2021. Relevant work had commenced and was now in full swing;
- LD had finished reviewing the Factories and Industrial Undertakings (Safety Management) Regulation (Cap. 59AF). LD was inclined to revise the Regulation in order to ensure that Registered Safety Auditors were Registered Safety Officers;
- LD was refining the relevant guidance notes on applications for recognized qualifying academic courses for Registered Safety Officers to facilitate application, and planned to promulgate the notes within 2018;
- LD had devised the relevant internal guidelines on inspections on recognized academic courses for Registered Safety Officers with a view to enhancing the effectiveness and efficiency of the inspections in the third quarter of 2018; and

Occupational health

- for not charging radiation workers or their employers for periodic medical examinations carried out at the Kwun Tong Occupational Health Clinic after the workers' first employment, LD and the Department of Health were studying the relevant provisions of the regulations in detail and the legal basis for the existing practices. Advice from the Department of Justice was being sought. In addition, views of relevant stakeholders including the Radiation Board, employers and employees concerned would be taken into account before any decision was taken on legislative amendments or chargeable fees.

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

Laying of the Report Report No. 69 of the Director of Audit on the results of value for money audits was laid in the Legislative Council ("LegCo") on 22 November 2017. The Public Accounts Committee ("the Committee")'s supplemental report (Report No. 69A) on Chapter 1 of the Director of Audit's Report ("Audit Report") was tabled on 2 May 2018.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 69A was laid in LegCo on 31 October 2018. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 5 below.

Administration of lump sum grants by the Social Welfare Department
(Part 4 of P.A.C. Report No. 69A)

3. Hon Abraham SHEK Lai-him, Hon Paul TSE Wai-chun and Hon SHIU Ka-fai declared that they were directors and/or advisers to a number of non-governmental organizations ("NGOs") which might have received lump sum grants ("LSGs") or other subventions from the Social Welfare Department ("SWD"). Hon Steven HO Chun-yin declared that one of his family members worked in SWD.

4. The Committee was informed in the Government Minute which was laid before LegCo in October 2018 that:

Financial Monitoring

- SWD would continue to monitor NGOs' compliance with the relevant requirements stipulated in the LSG Manual and the Best Practice Manual and facilitate them to share, adopt and implement the good practices on the use of reserves, disclosure of the status of reserves and determination of the appropriate level of reserves;
- for NGOs incurring persistent and huge deficits or utilizing large sums of their reserves in service operation, SWD would continue to ascertain with them the underlying reasons and give appropriate advice and conduct reviews, so that the NGOs concerned could maintain a healthy financial position and ensure sustainability and stability in the provision of the required subvented services;

- the Administration Wing issued the updated set of guidelines for the control and monitoring of remuneration practices in respect of senior executives in subvented bodies on 27 August 2018 under which policy bureaux were required to request subvented bodies that were not exempted from the requirements to submit their review reports on remuneration packages and disclose them to the public. SWD was discussing with NGOs on revising the requirements concerning the monitoring of remunerations of senior staff of subvented NGOs in the LSG Manual, and planned to inform NGOs within 2018 of the updated guidelines and the specific arrangements and details for the submission of review reports in accordance with those guidelines;

Self-assessment of service quality by NGOs

- SWD had published the "Service Performance Monitoring System Performance Assessment Manual", which set out in detail the workflow of conducting performance assessment and had produced self-assessment guidelines and tools and forms for improvement actions;
- SWD issued a management letter in March 2018 to remind NGOs of the need for accurate reporting and self-assessment. Similar letters would be issued to NGO heads in March every year in future. SWD would conduct a briefing session for NGOs to share the good practices identified in NGOs' conduct of self-assessment;
- SWD would encourage NGOs, having regard to their own circumstances, to put in place an internal service inspection mechanism for enhancing their monitoring of service performance;

Monitoring of service delivery by SWD

- SWD had been implementing a special visitation programme ("SVP") since 2016-2017 to conduct visits within five years to all service units not having been visited. SVP visits for 2016-2017 and 2017-2018 had been carried out on schedule. SWD would continue to closely monitor the progress to ensure that the remaining SVP visits were conducted on schedule;
- SWD had reviewed the approach to conducting service performance visits for the monitoring cycle of 2018-2021, and had assessed the manpower needs to ensure that adequate manpower would be available

to conduct the performance visits. SWD had also formulated enhanced measures for its assessors to select service users for interviews or completing questionnaires and samples for examination. SWD conducted a briefing session in September 2018 and issued a management letter in October 2018 to brief all NGOs on the relevant details before the implementation of the enhanced measures;

- SWD had set up a Service Performance Monitoring Committee to closely monitor services with persistent underperformance and discuss appropriate measures with a view to taking timely follow-up actions;

Governance and management matters

- SWD had carried out on-site assessments in nine NGOs in the form of a pilot scheme between January and March 2018 to evaluate the actual implementation of Level One guidelines and inspect the implementation records of NGOs concerned to ensure accurate reporting by NGOs;
- SWD hosted a sharing session on the Best Practice Manual in September 2018 and invited NGOs to share their experiences and good practices identified in the implementation of Level Two guidelines;
- SWD had agreed with the management and staff side of NGOs on three items of the Best Practice Manual relating to human resource management. SWD would continue its efforts to forge agreement between the management and the staff side of NGOs on the final outstanding item relating to staff remuneration policy;
- SWD would continue with the existing practice to collect and collate employment data regularly for the sector's reference. Issues relating to pay structure, staff turnover rate and vacancies would be examined in detail in the ongoing review on enhancement of the LSG subvention system;

Review of the Lump Sum Grant subvention system

- the Task Force for Review on Enhancement of Lump Sum Grant Subvention System, which had been set up to conduct a comprehensive review on how to optimize the LSG subvention system, would conduct a number of sector consultation sessions and focus group meetings during the review process. The first round of sector consultation

sessions and focus group meetings were held in August and September 2018. The entire review was expected to be completed by mid-2020; and

- the following eight areas were formally established as the scope of the review:
 - (a) operating environment of NGOs under the LSG subvention system;
 - (b) review of staffing establishment and subvention benchmarks;
 - (c) use of LSG/Provident Fund reserve and financial planning;
 - (d) pay structures, staff turnover rates and vacancies;
 - (e) Funding and Service Agreement-related activities and flexibility provided for NGOs;
 - (f) mechanisms for reviewing Funding and Service Agreements and NGOs' service performance assessment;
 - (g) transparency and public accountability; and
 - (h) communication and participation of stakeholders.

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

Consideration of the Director of Audit's Report tabled in the Legislative Council on 28 November 2018 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. 71 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.

2. **Meetings** The Committee held a total of five meetings and three public hearings in respect of the subjects covered in this Report. During the public hearings, the Committee heard evidence from a total of six witnesses, including one Director of Bureau and one Head of Department. The names of the witnesses are listed in *Appendix 11* to this Report.

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 chapter of the Director of Audit's Report, are set out in Chapter 1 of Part 9 below.

4. The video and audio record of the proceedings of the Committee's public hearing 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 Secretary for Financial Services and the Treasury, the Legal Adviser and the Clerk. The Committee also wishes to thank Director of Audit for the objective and professional manner in which he completed his Reports, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.

P.A.C. Report No. 71 – Part 8

*Observations of the Public Accounts Committee on the Report of the Director of Audit on the
Accounts of the Government of the Hong Kong Special Administrative Region
for the year ended 31 March 2018*

The Committee noted the Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2018.

A. Introduction

The Audit Commission ("Audit") conducted a review of the management and control of food safety by the Centre for Food Safety ("CFS"). The present report concerns matters relating to the assessment of food safety risks, food surveillance, management of food incidents and complaints, and communicating with the public on food safety risks.¹

Background

2. In 2017, over 90% of foods for human consumption in Hong Kong were imported. According to the Census and Statistics Department's published trade statistics, the total value of imported foods in the year was \$205,351 million. The Food and Environmental Hygiene Department ("FEHD") has the mission of ensuring that food for sale in Hong Kong is safe and fit for consumption. In May 2006, CFS was established under FEHD to control food safety in Hong Kong.

3. CFS works under the legal framework of two Ordinances, namely, the Public Health and Municipal Services Ordinance (Cap. 132) and its subsidiary legislation,² and the Food Safety Ordinance (Cap. 612).³ In 2013-2014 to 2017-2018, CFS's expenditure had increased by 32% from \$448 million to \$592 million.

4. The Committee held three public hearings on 10, 15 and 18 December 2018 to receive evidence on the findings and observations of the Director of Audit's Report ("Audit Report").

¹ The findings of Audit on import control of foods are presented in Chapter 2 (Centre for Food Safety: Import control of foods) of the Director of Audit's Report No. 71.

² The Public Health and Municipal Services Ordinance and its subsidiary legislation require that food intended for sale should be fit for human consumption. They cover general protection for food purchasers, offences in connection with sale of unfit food and adulterated food, and seizure and destruction of unfit food.

³ The Food Safety Ordinance provides additional food safety control measures, such as and in particular a registration scheme for food importers/distributors.

The Committee's Report

5. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 9);
- Assessment of food safety risks (Part B) (paragraphs 10 to 33);
- Food Surveillance Programme (Part C) (paragraphs 34 to 55);
- Management of food incidents and complaints (Part D) (paragraphs 56 to 76);
- Communicating with the public on food safety risks (Part E) (paragraphs 77 to 88); and
- Conclusions and recommendations (Part F) (paragraphs 89 to 91).

Speech by Director of Audit

6. **Mr David SUN Tak-kei, Director of Audit**, gave a brief account of the Audit Report at the beginning of the Committee's public hearing held on 10 December 2018. The full text of his speech is in *Appendix 12*.

Opening statement by Secretary for Food and Health

7. **Prof Sophia CHAN Siu-chee, Secretary for Food and Health**, made an opening statement at the beginning of the Committee's public hearing held on 10 December 2018, the summary of which is as follows:

- Director of Food and Environmental Hygiene had been asked to actively follow up Audit's recommendations and to provide concrete measures to improve CFS's daily operation; and
- the Food and Health Bureau would provide resources support to CFS to implement the improvement measures efficiently.

The full text of Secretary for Food and Health's opening statement is in *Appendix 13*.

Opening statement by Director of Food and Environmental Hygiene

8. **Miss Vivian LAU Lee-kwan, Director of Food and Environmental Hygiene**, made an opening statement at the beginning of the Committee's public hearing held on 10 December 2018. In gist, CFS had made improvements with respect to some recommendations put forward in the Audit Report and was actively pursuing some other recommendations for early implementation. For those recommendations which required a longer processing time, CFS had laid down work plans to process them as soon as possible. Details of the follow-up actions in response to Audit's recommendations are provided in the Director of Food and Environmental Hygiene's opening statement, the full text of which is in *Appendix 14*.

9. In response to the Committee's enquiry, **Director of Food and Environmental Hygiene** said at the public hearings that CFS had 661 civil service staff and 64 contract staff as at 30 June 2018. **Secretary for Food and Health** provided in her letter dated 6 December 2018 (*Appendix 15*) further information on the establishment and strength of civil servants and the number of contract staff under each division/section of CFS.

B. Assessment of food safety risks

10. According to paragraph 2.3 of the Audit Report, the delay and increase in expenditure of the first population-based food consumption survey ("first FCS") were due to, among others, alteration in the method of recruiting respondents. The Committee enquired about details of this change.

11. **Dr HO Yuk-yin, Controller, CFS** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letters dated 21 December 2018 and 2 January 2019 (*Appendices 16 and 17*) that:

- as the tender document of the first FCS did not specify the recruitment method, the tenderers were required to provide proposals on the method in their tender proposals;
- the appointed Contractor proposed to use random telephone calls to recruit the respondents. The Advisory Panel on the first FCS commented after the award of contract and during the planning of the survey that the limitation of the recruitment method proposed by the Contractor might introduce sampling errors and bias, and in turn affect the representativeness of survey data;

- the Contractor decided to adopt an improved recruitment method, i.e. recruiting respondents during visits to selected households in view of comments of the Advisory Panel, and revised the survey protocol accordingly; and
- as the altered recruitment method was not stipulated in the original contract, and such method was more demanding in terms of resources, the Contractor requested the extension of the contract period for 12 months and an increase in contract price. Legal advice obtained by FEHD considered that change of recruitment method after the award of the contract amounted to the nature of variation of contract. Approval was granted by the Financial Services and the Treasury Bureau for the contract variation to extend the contract period, alter the recruitment method and increase the contract value. Subsequently, approval was granted by Director of Food and Environmental Hygiene for the variation of contract for extending the contract period.

12. The Committee noted from paragraph 2.3 of the Audit Report that there were deficiencies found in the data submitted by the Contractor of the first FCS, causing delay, and asked about the details and how such deficiencies were addressed in the second population-based food consumption survey ("second FCS").

13. **Director of Food and Environmental Hygiene** replied in her letter dated 21 December 2018 (*Appendix 18*) that:

- the data submitted by the Contractor of the first FCS in April 2008 was unweighted data. After reviewing the submitted data, the Advisory Panel for the first FCS asked the Contractor to further submit the weighted data for review. Having compared both sets of data, the Advisory Panel was of the view that the weighted data could better represent the food consumption pattern of the Hong Kong population. The Contractor then took a series of procedures to process and analyse the full set of data once again;
- for the second FCS, there were requirements in the tender document for the Contractor to submit both weighted and unweighted data as well as the tabulation plan so as to facilitate early preparatory work on data analysis; and

- as computer-assisted interface was adopted in conducting interviews in the second FCS, data input and preliminary data verification for ensuring data accuracy could be undertaken at the same time as the interviews were being conducted, which helped shorten the time for data processing in the later part of the survey.

14. With reference to paragraphs 2.3 and 2.4 of the Audit Report, the Committee asked whether CFS had evaluated the first FCS and whether in planning for the second FCS, CFS had devised measures to address the inadequacies found.

15. **Director of Food and Environmental Hygiene** replied in her letter dated 21 December 2018 (*Appendix 18*) that:

- CFS had reviewed the first FCS although formal evaluation report was not compiled. The report of the first FCS included the limitation of the survey and recommendations for improving the survey methodology. The Advisory Panel established for the second FCS had held detailed discussion on the limitations of the first FCS, including method for recruiting respondents, low response rate, insufficient manpower, and the long time taken to process data; and
- improvement measures implemented in the second FCS to address the recruitment method and manpower were as follows:
 - (a) the second FCS continued to adopt the recruitment method through visits to selected households to ensure representativeness of the survey data; and
 - (b) the tender document of the second FCS laid down requirements on provision of full-time interviewers as well as requirement on service hour per week to be provided by the Contractor, drawing upon the undesirable experience of recruiting part-time students as interviewers in the first FCS.

16. According to paragraph 2.5 of the Audit Report, the initial response rate of the second FCS was only 42%, falling short of the expected rate of 70%. The Committee asked how the expected rate was set and about measures to increase the response rate.

17. **Controller, CFS and Dr Samuel YEUNG Tze-kiu, Consultant (Community Medicine) (Risk Assessment and Communication), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 21 December 2018 (*Appendix 18*) that:

- the Advisory Panel for the second FCS had considered that higher response rate would help ensure that the survey results were representative of the target population for the second FCS, and the expected response rate of 70% was set making reference to those of similar local and overseas surveys which ranged from 59% to 80%; and
- measures to increase the response rate included:
 - (a) implementing good time management practice to make the content of interview concise (e.g. the Food Behaviour Questionnaire of the first FCS was no longer required);
 - (b) providing incentives by presenting supermarket coupons worth HK\$150 to every respondent upon completion of survey as a standardized practice since the commencement of main fieldwork; and
 - (c) enhancing the promotion and publicity of the survey, such as conducting press conference and posting announcements on CFS's website and social media, etc.

18. The Committee asked about the latest progress of the second FCS after CFS's latest efforts in monitoring its progress and the performance of the Contractor.

19. **Director of Food and Environmental Hygiene** advised in her letter dated 21 December 2018 (*Appendix 18*) that:

- according to the latest progress report (week 34, up to 10 December 2018), the number of completed cases was 906; the total service hour of interviewers was 4 454 hours; the number of service hours recorded in that week was 315 hours, which was higher than the basic requirement in the tender document (210 hours per week);

- comparing with week 15 as mentioned in the Audit Report, the situation had been improved in week 34, including: the number of completed cases per week had increased from 44 cases to 70 cases (about 60% increase); the number of service hours provided by interviewers per week had increased from 213 hours to 315 hours (about 50% increase); and the preliminary response rate had increased from 42% to 47%; and
- based on the latest progress, the Contractor estimated that the main fieldwork required about two years for completion, i.e. one year later than the expected completion date. As computer-assisted interface was adopted in conducting interview, which helped save time for data processing, the second FCS might not necessarily be delayed for a whole year.

20. In response to the Committee's request, **Director of Food and Environmental Hygiene** explained in her letter dated 21 December 2018 (*Appendix 18*) that, when comparing the questionnaire of the first FCS with that of the second FCS, the major differences were as follows:

- the interview content of the second FCS had been made concise by not keeping the "Food Behaviour Questionnaire" and the number of questions in the "Food Frequency Questionnaire" had been significantly reduced (from 112 questions to 36 questions) for the second FCS; and
- paper questionnaires were used in the first FCS, but in the second FCS, computer-assisted interface was adopted.

21. On the follow-up actions taken by CFS with the Contractor of the second FCS to expedite the progress of the survey, **Director of Food and Environmental Hygiene** advised in her letter dated 21 December 2018 (*Appendix 18*) that:

- CFS had issued a letter to the Contractor on 18 July 2018 (after week 13) to demand the Contractor to expedite the fieldwork. Upon receipt of the letter, the Contractor increased the number of service hours of interviewers in weeks 14 and 15, and thus the progress of the fieldwork was improved; and

- CFS then further issued letters to the Contractor on 18 October and 23 November 2018, demanding the Contractor to improve the survey progress and rectify the situation.

22. The Committee enquired about the provisions in the contract documents of the first FCS and second FCS which could address the unsatisfactory performance of the Contractor as the Contractor of the first FCS completed the project with a delay of 42 months.

23. **Director of Food and Environmental Hygiene** explained at the public hearings and supplemented in her two letters dated 21 December 2018 (*Appendices 16 and 18*) that:

- there were provisions in the service contract of the first FCS to protect the Government's rights and compensate the Government for any loss incurred by failure of the Contractor to fulfil the contract requirements, such as withholding payment of the contract price if the Contractor failed to observe or perform any provision of the contract to the Government's satisfaction;
- the Government should be entitled to terminate the contract by giving a written notice to the Contractor if the Contractor failed to meet the contract requirements. If the contract was terminated and the Government made other arrangements for the uncompleted services from any other sources, the Government might recover from the Contractor the relevant additional expenses incurred;
- for the second FCS, the Government should pay the contract price to the Contractor in four instalments. The Government was entitled to suspend payment of the contract price if the Contractor failed to observe or perform any provision of the contract to the Government's satisfaction. The Government should be entitled to terminate the contract by giving a written notice to the Contractor if the Contractor failed to meet the contract requirements; and
- if a contract was terminated, the Contractor concerned might be de-listed from the list of contractors for conducting statistical surveys for the Government. This list served as a reference for government bureaux/departments in inviting prospective contractors to submit tender proposals for similar projects. Under such circumstances, the

chance of the Contractor in participating in other Government tendering exercises in future might be affected.

24. With reference to paragraphs 2.8 and 2.13 of the Audit Report, the Committee enquired about the justifications for not conducting a separate food consumption survey covering the youth population as recommended by the Advisory Panel for the second FCS, and measures to be taken by CFS to obtain similar information for the younger population.

25. **Controller, CFS** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 21 December 2018 (*Appendix 18*) that:

- FEHD already conducted a food consumption survey for secondary school students in 2000 and data collected in that survey could be used for food safety risk assessment. The first FCS that was conducted in 2005 had not covered the youth population under 20 years old;
- for the second FCS, the Advisory Panel has explored the possibility of lowering the age limit in the scope of survey, but considered that there was technical difficulty in practice. If the age group of "18 to 29" would be enlarged to become "15 to 29" for covering the younger population, there would be difficulties in interpreting the survey results due to different eating habits between respondents who were studying and who were working. If an independent age group of "12 to 17" was added and further grouped by gender, the sampling ratio of the whole survey would need to be adjusted due to the small population base of these two age-gender groups, and the minimum number of successful respondents estimated by statistical calculation would be increased significantly from 4 800 to over 12 000. As such, the Advisory Panel considered that a separate survey covering the younger population groups would be more feasible; and
- CFS had started the preliminary work for conducting a food consumption survey for the younger population by studying relevant overseas experience that was suitable in the local context. Upon completion of the research work, which was expected in 2020, CFS would take into account the past experience and available resources to further formulate details of the plan for conducting the survey on the younger population.

26. With reference to paragraph 2.17 of the Audit Report, the Committee enquired about the reasons for not covering under the first total diet study ("TDS") some substances of higher concern (e.g. formaldehyde) and some foods which might contain high concentrations of the substances studied in TDS.

27. **Controller, CFS** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 21 December 2018 (*Appendix 18*) that:

- in selecting substances to be included for TDS, the following criteria were adopted: recommendations from international authorities; public health significance; and public concern;
- according to the evaluation report prepared by CFS, TDS had covered the majority of the priority substances suggested by international authorities at that time. Taking into consideration factors like the low stability of the substances in food and its decomposition with time, use of resources and limitation in testing capacity, certain substances ranked with high priority (including formaldehyde) were not included in TDS;
- a TDS food list was developed to select the representative foods from the food consumption dataset, based on the consumption pattern of the Hong Kong population, to set the number of foods to be analysed within a practicable range (150 food items which represented 88% of the average diet of the population). This was also an international common practice for conducting TDS; and
- certain food items that might contain high concentrations of the substances studied had not been covered in TDS taking into consideration efficient use of resources.

28. The Committee asked CFS whether in planning for future TDS, it would ensure that substances of high concern and foods containing high concentrations of the substances would be adequately covered.

29. **Controller, CFS** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 21 December 2018 (*Appendix 18*) that:

- when conducting future TDS, CFS would take into account the results of the evaluation conducted and the experience gained in the first TDS, and would consider according priority to including those substances ranked with high priority but had not yet been included in the first TDS;
- CFS would enhance the food list with a view to achieving a more comprehensive and effective coverage of representative foods and would keep in view the latest practices suggested by international authorities to improve the conduct of the second TDS; and
- as food consumption data was a pre-requisite for dietary exposure assessment and conducting TDS, CFS would apply the updated food consumption data in conducting the second TDS upon the completion of the second FCS.

30. The Committee sought details of the scoring mechanism for the selection of risk assessment studies ("RASs") as mentioned in paragraphs 2.24 and 2.25 of the Audit Report.

31. **Consultant (Community Medicine) (Risk Assessment and Communication), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 21 December 2018 (*Appendix 18*) that CFS introduced a new mechanism for the Expert Committee on Food Safety ("Expert Committee")⁴ meeting held in September 2018 for selecting RASs for 2019. Under the new mechanism, every proposed RAS would be graded "High", "Medium" or "Low" against each of the following criteria to facilitate discussion by members:

- whether the subject of the project was of public health significance or concern;
- whether the project helped address risk management problems and provided scientific support to risk managers for identifying risk management options;

⁴ The Expert Committee on Food Safety was set up by CFS in September 2006 to deliberate on matters concerning major food control measures.

- whether the results of the project would provide scientific support to a legislative review; and
- whether the project was of significance in terms of public education, including the development of tailor-made guidelines/practice codes for the trade.

32. With reference to paragraphs 2.27 and 2.28 of the Audit Report, the Committee asked how CFS decided to use which channels to publicize reports of RASs.

33. **Controller, CFS** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 21 December 2018 (*Appendix 18*) that basically, the study report, executive summary, presentation slides and press release would be uploaded onto the dedicated webpage of the respective RAS. In addition, CFS formulated relevant messages and advice according to the needs of target audience, such as providing advice in easy-to-understand language for the general public through CFS's publication, webpages and social media, and recommendations to the trade through guidelines to facilitate them to implement CFS's advice in their daily operation. In October 2018, CFS posted the related links of supplementary information on the webpage of the corresponding studies as recommended by Audit to facilitate the public in obtaining relevant information.

C. Food Surveillance Programme

34. In reply to the Committee's enquiry, **Director of Food and Environmental Hygiene** advised in her letter dated 2 January 2019 (*Appendix 17*) that as at 30 June 2018, the strength of civil service staff and contract staff responsible for food surveillance in CFS was 280 and 19 respectively. The food sampling duty was mainly taken up by the Health Inspectors. Before their posting to CFS, they must obtain a professional diploma relevant to meat and foods inspection. The Committee noted that the establishment and strength of the Food Surveillance and Complaint Section was 122 and 117 respectively as at 30 June 2018 (*Appendix 15*).

35. With reference to Case 1 in paragraph 3.6 of the Audit Report, the Committee sought the rationale for selecting 105 pesticides among the 212 regulated pesticides relevant to cereal and grain products and the timeline for testing the remaining 107 pesticides.

36. **Dr Christine WONG Wang, Assistant Director (Risk Management), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 2 January 2019 (*Appendix 17*) that CFS adopted a risk-based approach (e.g. the toxicity level of the pesticides) for selecting 105 pesticides⁵ among 212 regulated pesticides relevant to cereal and grain products for testing in the 2015 to 2017 Food Surveillance Programmes ("FSPs"). Up till 31 August 2018, a total of 151 pesticides relevant to cereal and grain products had been tested. CFS would continue to adopt the risk-based approach in determining the priorities of testing cereal and grain products against the remaining 61 pesticides. It aimed to complete the testing before end 2020.

37. With reference to Case 2 in paragraph 3.6 of the Audit Report, the Committee enquired how the action levels for different hazards were determined.

38. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 2 January 2019 (*Appendix 17*) that action levels were set with reference to international guidelines and practices, such as the Codex Alimentarius Commission⁶ standards, standards of other economies, toxicological evaluations conducted by international and national scientific authorities, as well as taking into consideration the local situation.

39. In reply to the Committee's enquiry about the criteria adopted by CFS in determining the proportion of samples allocated to each food group for surveillance in FSP (paragraph 3.10 of the Audit Report refers), **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 2 January 2019 (*Appendix 17*) that CFS adopted the risk-based approach and considered various factors including the past food surveillance results, local and overseas food incidents, community concerns and relevant food risk assessments in determining the types of food samples to be collected, the frequency of tests, the number of samples and the laboratory analysis planned to be undertaken.

⁵ 43, 32 and 42 pesticides were tested in 2015, 2016 and 2017 respectively with some overlapped.

⁶ The Codex Alimentarius Commission was established in 1963 by the Food and Agriculture Organization of the United Nations and the World Health Organization. The Commission sets up food codes which are a collection of internationally adopted food safety standards and related texts. Members' adoption of the Codex Standards is voluntary and members may formulate their own food safety standards based on local situations.

40. With reference to Table 4 in paragraph 3.9 of the Audit Report, the Committee sought the reasons for allocating the largest proportion of surveillance food samples to fruits and vegetables under FSPs given that vegetables were not considered by CFS to be high-risk foods.

41. **Assistant Director (Risk Management), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- before implementation of the Pesticide Residues in Food Regulation (Cap. 132CM), there were a number of food poisoning incidents caused by high levels of pesticides in vegetables. After the implementation of the Pesticide Residues in Food Regulation from August 2014, CFS needed to collect baseline data to assess the compliance rate of the residual pesticides levels of vegetables and fruits in local markets. Hence, more vegetables and fruits samples were allocated under FSP in the past few years; and
- through the collection of more samples for a more comprehensive assessment, CFS hoped that public concern on the residual levels of pesticides in vegetables and fruits in local markets could be removed. Based on the experiences gained in running FSP in the past few years, and as the results of the baseline data for the majority of vegetables and fruits were satisfactory, CFS already started to reallocate resources to testing other foods and food hazards.

42. Referring to Case 4 in paragraph 3.16 of the Audit Report, the Committee asked about the criteria in determining the number of samples taken from different food outlets and reasons for 49% of the samples taken from supermarkets in the 2017 FSP.

43. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- the proportion of samples taken by CFS in supermarkets in 2017 was about 50%, which was broadly in line with the information provided by the Census and Statistics Department on the total retail sales of food and beverages in supermarkets/department stores and other retail outlets in that year;

- CFS had continuously reviewed and adjusted food sampling distribution under FSP. With effect from the first quarter of 2018, a food sampling ratio of 40:60 had been set for "supermarkets, convenience stores and department stores" and "other retail outlets". The proportion of samples for individual food surveillance projects in "supermarkets, convenience stores and department stores" and "other retail outlets" would be adjusted having regard to the usual point of sale of that food item; and
- CFS had, in response to the contents of the Audit report, appropriately increased the proportion of samples taken from markets at 15% and would adjust the sampling ratio at the retail level in view of local market conditions and other factors such as risk assessment and risk management. The updated operational guidelines on sampling ratio at the retail level (October 2018 version) had been issued to CFS staff.

44. With reference to paragraphs 3.17 and 3.18 of the Audit Report, the Committee enquired about the procedures for taking samples from food outlets and training for the sampling officers in this regard.

45. **Assistant Director (Risk Management), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- the routine surveillance samples were generally taken in the form of ordinary purchases. If unsatisfactory conditions were found in the routine surveillance samples, CFS would follow up, including the announcement of test results, and the taking of enforcement samples from the same location for prosecution purpose; and
- the Training Section of FEHD regularly provides the Health Inspectors with training related to the knowledge of food safety. At present, FEHD provided induction training to all newly recruited Health Inspectors. Among others, training on food safety control was covered. In addition, refresher courses, experience sharing sessions, seminars and workshops would be organized from time to time for them to reinforce their knowledge and skills and to share experience.

46. In response to the Committee's enquiry about the supervisory and monitoring measures to ensure that CFS staff complied with the guidelines on food sampling procedures, **Assistant Director (Risk Management), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- CFS had adopted a new measure requiring the Senior Health Inspectors of the Food Surveillance Unit to brief the Health Inspectors newly posted to CFS on the operational guidelines, the issues to note and all relevant circulars;
- CFS had also introduced new monitoring and supervisory meetings, enhanced communication with and supervision of the frontline staff, examined information in the Food Surveillance System and ensured that relevant colleagues complied with the various food sampling requirements set out in FSP; and
- the Chief Health Inspectors would host refreshment courses every six months to explain the relevant sampling procedures to the Health Inspectors. As a new measure, the Chief Health Inspectors would conduct accompanied visits with the Health Inspectors every two months. The accompanied visits by the Senior Health Inspectors with the Health Inspectors would be increased from every two months in the past to once every month, in order to enhance the knowledge of the Health Inspectors and the supervision on the standard of sampling work.

47. With reference to Case 5 in paragraph 3.16 of the Audit Report, the Committee asked about the reasons behind the distribution of fish samples, in particular only 1% of samples were grass carp and golden thread which were common fish types, and whether samples had been taken from the wholesale fish markets.

48. **Assistant Director (Risk Management), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- CFS took food samples for testing at the import, wholesale and retail levels. Whether CFS was able to take planned samples of intended fish types at the import level depended on the species and quantities of

the import consignments available at the time of taking samples. When encountering difficulties in taking samples of specific fish types at the import level, more samples for these fishes should be taken at the wholesale or retail levels;

- as the ratios of taking samples of yellowtail and salmon were on the high side in 2017, CFS would reduce the sampling proportion of these two fish types under the coming FSP, and at the same time increase the sampling ratio of other fishes, especially for those fishes frequently consumed by the public; and
- a total of 23 fish enforcement samples were taken by CFS in 2017 from various wholesale fish markets. All test results were satisfactory. In view of the unique business mode of the wholesale fish markets (stalls generally only sold fish to the industry or buyers registered with the Fish Marketing Organization), CFS staff were not able to enter the fish market as ordinary people to purchase the samples. CFS would liaise with the Fish Marketing Organization and explore possible ways to collect fish samples from the wholesale fish markets for routine food surveillance.

49. Referring to paragraph 3.17 of the Audit Report, the Committee asked about details relating to the purchasing of online food samples for microbiological testing.

50. **Assistant Director (Risk Management), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- in 2017, CFS staff took food samples via 75 channels/websites for microbiological testing. The types of the 3 868 food samples taken online were tabulated as follows:

Types of Food	Sub-total
Vegetables, fruits and products	1 281
Cereal, grains and products	765
Aquatic products	421
Meat, poultry and products	391
Milk, milk products and frozen confections	87
Others	923
Total	3 868

- CFS conducted regular online search for specific foods for testing, and made reference to internal information, the list of licensed/permitted premises and other intelligence to order foods online for routine food surveillance. In case of food incidents, CFS would order follow-up samples of relevant foods online for testing.

51. With reference to paragraph 3.24 of the Audit Report, the Committee asked about the capacity of the laboratories performing testing of food samples for CFS. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- the testing work of food samples taken under FSP were mainly performed by the Government Laboratory, the Public Health Laboratory Centre under the Department of Health, the Man Kam To Food Laboratory and the Fu Hing Street Laboratory under CFS;
- CFS and the Government Laboratory had respectively outsourced the testing work for some surveillance samples taken under FSP to an overseas private laboratory and several local private laboratories. CFS had outsourced some testing work to overseas private laboratory because no local private laboratories provided relevant services; and
- under special circumstances such as food incidents, the laboratories concerned had always deployed their resources flexibly to meet the service needs of CFS.

52. With reference to Case 6 in paragraph 3.26 of the Audit Report, the Committee asked about details of the case and why there was a delay of 203 days in delivering the food sample to the laboratory for antioxidant testing.

53. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 21 December 2018 (*Appendix 18*) that:

- some food manufacturers used antioxidants in foods rich in fats and oils to delay the onset or slow down the development of rancidity due to oxidation. Use of antioxidants in food were regulated under the Preservatives in Food Regulation (Cap. 132BD) which specified the types of permitted antioxidants and their respective maximum permitted levels in specified foods including vegetable oils and fats;

- CFS collected 60 oil samples for testing of antioxidants under the same food surveillance project with satisfactory test results. Besides, CFS collected about 600 oil samples for testing of antioxidants from 2015 to 2018 (up to November) and all test results were satisfactory;
- the oil product was packed inside a sealed container and the amount of oxygen that penetrated into the food was limited. In addition, the concerned product was stored under room temperature and was not exposed to direct sunlight. It was unlikely that reduction in the antioxidant level of the concerned product, due to environmental factors, would be substantial;
- the CFS staff concerned did not notice that instead of the substituted time slot of October 2017, there was an earlier time slot for the same test in May 2017;
- the new operational guidelines stipulating that for surveillance projects samples had to be delivered to the laboratory within 14 days after the samples were taken were issued to CFS staff in October 2018 and implemented with immediate effect; and
- through the existing Food Surveillance System, CFS mastered information on the collected food samples such as the sampling dates and the test result dates, and could export the sampling information and compile management reports. CFS was strengthening the concerned system in order to enhance the supervision and monitoring of the delivery of samples to the laboratory.

54. Apart from the existing ordinances, the Committee asked whether there were any other food safety standards that could be adopted to determine if a food was fit for human consumption or not.

55. **Director of Food and Environmental Hygiene** advised in her letter dated 2 January 2019 (*Appendix 17*) that apart from the Public Health and Municipal Services Ordinance which stipulated that, food products for sale in Hong Kong must be fit for human consumption, and standards stipulated under its subsidiary legislations, CFS would make reference to the international guidelines and practice and standards adopted in other economies, toxicological assessment evaluated by international agencies, and take into account the local situation, for setting action levels for some hazards to facilitate risk management actions by CFS. CFS would

also conduct risk assessment to determine whether the levels of the substances in foods would pose any risk to human health.

D. Management of food incidents and complaints

56. With reference to paragraph 4.2 of the Audit Report, CFS detected overseas and local food incidents through collecting information/intelligence from national food authorities under the Food Incident Surveillance System ("FISS"). The Committee sought details of the mechanism and the countries covered under FISS.

57. **Consultant (Community Medicine) (Risk Assessment and Communication), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- CFS was the designated contact point for the International Food Safety Authorities Network ("INFOSAN") in the Hong Kong Special Administrative Region. Through this network, CFS directly received information on emergent food safety incidents issued by food safety authorities from 188 Member States (including most Southeast Asia economies) of the World Health Organization. Members of INFOSAN had to inform the INFOSAN Secretariat about food safety related incidents and emergencies of international significance; and
- CFS regularly monitored the Chinese and English websites of food safety authorities of other economies, including the United States, Canada, the European Union, the United Kingdom, Germany, Australia, New Zealand, South Africa, Singapore, the Mainland, Taiwan and Macau, through its FISS in order to further collect food incident information and intelligence relevant to these economies.

58. The Committee asked about the factors to be considered by CFS in determining which risk management action should be taken for a food incident. **Director of Food and Environmental Hygiene** advised in her letter dated 2 January 2019 (*Appendix 17*) that CFS conducted initial assessment for every food incident identified through FISS, and depending on the assessment outcome (for example, the nature and severity of the incident and the food hazard involved), took single or multiple necessary risk management actions. CFS would, from time to time, adjust the follow-up measures with regard to the development of the incident and the

investigation findings. The factor(s) to be considered by CFS when determining the different risk management measures to be adopted and some examples of food incidents and relevant risk management actions are set out in the letter.

59. With reference to Table 7 in paragraph 4.3 of the Audit Report, the Committee asked about the reasons for the decrease in the issuance of trade alert from 287 in 2013 to 29 in 2017 while food incidents detected through FISS increased by 28% during the same period.

60. **Controller, CFS** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 4 January 2019 (*Appendix 19*) that trade alert was sent through electronic means to traders who had registered to receive the alert. Regarding the 300 trade alerts which were issued in 2013, CFS was not able to identify the exact reasons for the apparently high number of trade alerts issued. It could not be ruled out that during the initial phase of this new trade alerting mechanism, the criteria for issuing trade alerts were still evolving and some trade alerts might have been unnecessarily issued.

61. With reference to Case 7 in paragraph 4.7 of the Audit Report, the Committee sought follow-up actions taken to ensure that sudan dyes were not present in dried Chinese white cabbage.

62. **Controller, CFS** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- the main reason for the presence of Sudan red in the dried Chinese white cabbage in the case was that the concerned stall operator inappropriately tied up the dried Chinese white cabbage with red nylon rope stained with Sudan red;
- after receiving the unsatisfactory test result of the dried Chinese white cabbage sample, CFS immediately visited the market stall in question, but sale of dry cabbage was not found. CFS staff informed the vendor of the irregularities and instructed him to suspend the sale of the affected product. No dried Chinese white cabbage was found for sale by the concerned vendor during the follow-up visit by CFS staff in December 2018; and

- in 2017, CFS took 15 dried white Chinese cabbage samples for testing of colouring matters. With the exception of two dried Chinese white cabbage samples which were found to contain unpermitted colouring matters, all test results were satisfactory. The foreign substances (including colouring matters) from the surface of dried Chinese white cabbage could be removed during the cleaning process.

63. With reference to Cases 8 and 9 in paragraphs 4.7 and 4.20 respectively of the Audit Report, the Committee sought the sequence of events in handling the complaint case concerning mud crabs, the reasons for the long time lag between receiving advice from the Food Complaint Risk Analysis Panel⁷ and the collection of surveillance sample, and the reasons for the delay in publicizing unsatisfactory results after completion of testing.

64. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- the sequence of events in handling the case was set out in the letter. The Food Complaint Risk Analysis Panel discussed and provided advice on the case on 29 September 2016. The investigating officer successfully contacted the complainant and procured a surveillance sample of the mud crab on 15 December 2016. While CFS received test results on the surveillance sample indicating presence of a prohibited veterinary drug on 30 December 2016, CFS only publicized the unsatisfactory test result on 10 February 2017, after the Food Complaint Risk Analysis Panel discussed the matter on 9 February 2017; and
- improvement measures implemented included:
 - (a) CFS had advised the concerned staff on the necessity to follow up the food complaint cases timely and properly. CFS had explained to staff the requirements on handling food complaint

⁷ In July 2015, CFS established the Food Complaint Risk Analysis Panel, with an aim to providing professional support to CFS's Food Complaint Unit, in order to enhance the efficiency of the investigation work. The Panel is led by a directorate officer and comprises members from the grades of Medical Officers, Chemists, Health Inspectors and Scientific Officers. The Panel examines referred cases on more or less every working day. Upon receipt of referrals, the Panel will normally discuss and offer advice on the cases on the same day. Depending on complexity of the cases, the discussion of cases normally completes within around half an hour.

cases and taking follow-up samples in accordance with the relevant guidelines through regular briefings and case studies. CFS had stepped up monitoring of the progress of investigation of all food complaint cases, including the timely submission of cases to the Food Complaint Risk Analysis Panel for assessment; and

- (b) CFS had revised the relevant guidelines in May 2018 to specify that in taking follow-up actions, the investigating officer must obtain the enforcement sample right away in case the incriminated food was a seasonal food or was of a specified food category. CFS would closely monitor the time taken between taking food samples and publicizing the unsatisfactory testing results of the samples, and take necessary measures to minimize the time taken. In general, upon confirmation of the unsatisfactory results, a public announcement would be made promptly, usually within 24 hours and there was no need to wait for successful collection of the enforcement sample.

65. The Committee sought details of the 23 food recall exercises conducted in 2017 (Table 9 in paragraph 4.9 of the Audit Report refers), the improvement measures taken by CFS to enhance the monitoring of and improve the effectiveness of food recall exercises.

66. **Director of Food and Environmental Hygiene** provided details of the 23 food recall exercises mentioned in Table 10 of the Audit Report in her letters dated 2 and 4 January 2019 (*Appendices 17 and 19*). **Assistant Director (Risk Management), FEHD** explained at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her above two letters that:

- CFS would soon update the food recall guidelines promulgated in CFS's website for reference by the food traders and would clearly specify that the food traders must dispose of the recalled foods under the supervision of CFS staff. Towards this end, a trade consultation forum was conducted on 14 December 2018 to collect feedback from the trade. The updated guidelines would be completed in the first quarter of 2019; and
- should the food traders not follow the food recall guidelines in carrying out the recall exercise, Director of Food and Environmental Hygiene

might, under the Food Safety Ordinance, issue orders to direct the food traders to recall the subject foods. CFS had implemented the following measures to improve the effectiveness of food recall exercises:

- (a) proactively monitor the entire food recall exercise carried out by the food traders, and request the food traders to submit regular progress reports;
- (b) formulate and implement the "Food recall progress reports" to facilitate the food traders to provide relevant information for timely monitoring of the progress of recall;
- (c) strengthen communication with the food traders to ensure compliance with the food recall guidelines when carrying out recall exercises; and
- (d) assign Senior Superintendents to monitor the whole process of food recall exercise in order to ensure complete accomplishment of the exercise.

67. As to the Committee' enquiry about CFS's manpower to handle massive food incidents, including the relevant recall exercises, **Director of Food and Environmental Hygiene** advised in her letter dated 4 January 2019 (*Appendix 19*) that:

- in the event of a massive food incident, CFS would flexibly deploy manpower to handle different types of work including: ensuring the food traders to take off from the shelf the affected products upon receiving instructions from CFS, and to stop sale in the market and initiate recall; as well as carrying out checks of the concerned distributors and retailers to ensure the affected product would not enter the market; and
- taking the handling of the Brazilian frozen and chilled meat and poultry meat incident in 2017 as an example, upon receipt of media reports on 21 March 2017 about the quality problem of the exported Brazilian meat, CFS decided to take precautionary measures on the same day to temporarily suspend the importation of frozen and chilled meat and poultry meat produced in Brazil. CFS also immediately notified the Brazilian authority and the local traders of the relevant measures. The

quantity of Brazilian meat and poultry meat involved in the incident was 92 337 kilograms. A total of 89 217 kilograms of meat and poultry meat was recalled and the recall rate was 97%.

68. In reply to the Committee's enquiry on the total number of food recall exercises in 2017, **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 2 January 2019 (*Appendix 17*) that:

- in 2017, there were a total of 37 food recall exercises. The main reasons were unsatisfactory food samples detected from the regular surveillance system; investigation results of the food poisoning and complaint cases and notification by overseas authorities; and
- when CFS considered it necessary to remind the public that certain foods might pose health hazard, it would announce the recall of the concerned food. The general food recall would be carried out by the Health Inspector grade officers taking into account the specific circumstances of the incidents and with approval by a directorate officer. The Food Safety Ordinance empowered Director of Food and Environmental Hygiene to make food safety orders prohibiting the import and supply of problem food and ordering the recall of such food.

69. At the public hearing on 18 December 2018, Secretary for Food and Health said that an enhanced computer system would be used to trace the origins of food, the Committee sought details of the enhanced computer system and the implementation timetable.

70. **Director of Food and Environmental Hygiene** advised in her letter dated 4 January 2019 (*Appendix 19*) that:

- FEHD used the Complaint Management Information System to keep the information on all complaint cases. CFS maintained a database to keep information on food complaint cases, including the types of food being complained about and the outlets where there were repeated food complaints;
- in October 2018, CFS enhanced the existing food complaint database, including recording countries of origins of the foods under complaint;

- CFS was planning to set up a new database system to maintain information on the progress of investigation of the food complaint cases, so as to more comprehensively monitor the handling of food complaint cases; and
- CFS set up a dedicated team in 2017 to conduct a comprehensive review, standardize the operational procedures of the food import regulatory and monitoring system by phases and to reorganize its information system on a large scale to support the frontline staff on data management and analysis. The relevant work would strengthen CFS's regulatory work on food import, food surveillance, food safety incidents, risk assessment and traceability.

71. With reference to Table 11 in paragraph 4.15 of the Audit Report on the food complaints forwarded to CFS by FEHD, the Committee asked about various figures relating to the number of inspections conducted to the food premises concerned, the number of warnings issued, the number of prosecutions instituted by CFS as well as the number of food premises which had their licences suspended or cancelled as a result of the complaints.

72. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 4 January 2019 (*Appendix 19*) that food complaints lodged with FEHD were, in the first place, handled by the responsible district environmental hygiene offices. These offices then forwarded the complaints to CFS for investigation. In 2017, CFS conducted 3 584 visits to premises under food complaint for taking food samples. In the same year, CFS issued a total of 1 031 warning letters to those incriminated premises and initiated 149 prosecutions related to food complaints. Of which, 146 were convicted and fines ranging from \$500 to \$20,000 were imposed, two cases were acquitted and one was awaiting for trial. FEHD ordered three licensed food premises (involved in food complaints and contravention of relevant legislation) to suspend business for seven days, after the operators were prosecuted by CFS and were convicted.

73. Referring to Table 12 in paragraph 4.16 of the Audit Report about the food complaints forwarded to CFS between 2014 and 2017, the Committee sought the reasons for the rising trend in the number of food complaints between 2014 and 2017 (a 30% increase).

74. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 4 January 2019 (*Appendix 19*) that:

- the number of food complaints handled by CFS increased by 30% (1 275 complaints) from 4 294 (in 2014) to 5 569 (in 2017). CFS analysed the trend of the food complaint cases in the year and found that: (a) all food complaint cases were isolated/sporadic incidents and there were no epidemiologically linked cases; (b) in 2017, there were several well-publicized food scandals, namely, faked rice/rice products, faked seaweed and faked eggs, leading to a significant increase in the number of food complaints; and (c) some individuals lodged complaints specifically at some shops, for example, a complainant lodged a total of 140 food complaint cases targeted at a chained-supermarket in 2017;
- the Food Complaint Unit of CFS is overseen by Assistant Director (Risk Management), and assisted by a Senior Superintendent of Environmental Health to take care of the handling of food complaints. The number of staff members responsible for handling food complaints increased from 22 in 2014 to 24 in 2017 with details of a breakdown in the letter;
- in 2017, there were several well-publicized food scandals including, faked rice/rice products, faked seaweed and faked eggs. CFS conducted thorough investigations of all 118 complaints of "fake/counterfeit food". All testing results were found to be satisfactory and all complaints found unsubstantiated. CFS also used social platforms to publish information to clarify the incidents and to dispel public concerns; and
- in 2017, CFS handled a total of 733 food complaints in "deteriorated food". 49 complaints were substantiated cases, the incriminated food included mainly meat and meat products, dairy products (milk and milk beverages) and fruit and vegetables, etc. The remaining 684 cases were unsubstantiated. For those substantiated complaint cases, CFS issued a total of 43 warning letters to those incriminated premises and initiated six prosecutions related to food complaints. Of which, five cases were convicted and imposed with a fine of \$3,000 to \$ 10,000 and one case was acquitted.

75. With reference to paragraph 4.22 of the Audit Report, the Committee asked about the circumstances which warrant direct enforcement sampling, and the procedures to change the guidelines specifying such circumstances.

76. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 4 January 2019 (*Appendix 19*) that:

- CFS's guidelines on the handling of food complaint stated that the investigating officer should obtain enforcement sample right away in case of the incriminated food involved specified food category, namely frozen confections, dairy products (milk and milk beverages), sushi, sashimi, raw oyster, siu mei and lo mei, etc; and
- CFS revised relevant guidelines in May 2018 such that the enforcement sample would be obtained right away in case the incriminated food involved seasonal food or specified food category that were available on a time-limited basis. For the period from 1 May 2018 to 15 December 2018, CFS took a total of 318 enforcement samples. Testing results of three were unsatisfactory. CFS publicized within 24 hours upon confirmation of the unsatisfactory testing results. CFS initiated prosecution against the incriminated vendor/manufacturer on the unsatisfactory testing results.

E. Communicating with the public on food safety risks

77. With reference to paragraph 5.2(a) of the Audit Report about the use of Internet and social media for publishing food safety information, the Committee sought the usage of and visits to CFS website, CFS Facebook, Facebook page of "Reduce Salt, Sugar, Oil. We Do" Charter, CFS Instagram, CFS mobile application and CFS's Rapid Alert System, and how CFS would cater for members of the public who did not access the Internet or a mobile phone for information.

78. **Consultant (Community Medicine) (Risk Assessment and Communication)**, **FEHD** provided the relevant figures at the public hearings and **Director of Food and Environmental Hygiene** supplemented further details in her letter dated 4 January 2019 (*Appendix 19*). **Director of Food and Environmental Hygiene** further stated in her letter that:

- from time to time, CFS provided food safety information to the public through various channels, such as press releases, CFS Facebook, publications on food safety (paper format and electronic format), pamphlets and posters. Related information on food safety incidents or food safety messages that affected the public or with public concern would be disseminated through CFS Facebook more frequently;
- CFS also organized workshops, talks and roving exhibitions regularly to disseminate food safety messages to different sectors of the community; and
- according to the experience of CFS, the key to whether food safety messages issued by CFS were reaching out to various sectors of the community depended on the degree of public concern about the message. For example, the recent advices from CFS to members of the public not to eat raw grass carp and uncooked locally harvested oysters reached out to different sectors of the community.

79. With reference to Table 16 in paragraph 5.9 of the Audit Report about the food safety exhibitions held between 2013 and 2017, the Committee sought explanation why the number of their attendees increased while the number of community organization exhibitions decreased during the aforesaid period.

80. **Consultant (Community Medicine) (Risk Assessment and Communication)**, **FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 4 January 2019 (*Appendix 19*) that:

- the community organization exhibitions referred to those food safety exhibitions organized by community organizations which borrowed exhibition panels and materials from CFS;
- the number of community organizations that organize exhibitions each year depended on a number of factors, including the community organization's activity plan in the year, whether the organization chose food safety as the theme of the exhibition, whether the organization needed to borrow exhibition panels and materials from CFS to hold food safety exhibitions, etc; and

- CFS would consider how to disseminate information to community organizations so that they knew they could borrow CFS panels and materials to organize food safety exhibitions. The number of participants in community organization exhibitions depended on a number of factors, including the location of the exhibition, opening hours, community organization mobilization, and whether there were other types of activities in the same venue, such as game booths and souvenirs given away.

81. With reference to paragraphs 5.10 and 5.12(c) of the Audit Report, the Committee asked about reasons why roving exhibitions were held only on weekdays from 10 am to 4 pm and whether CFS would adopt more flexible exhibition hours and enhance publicity to better facilitate public attendance.

82. **Consultant (Community Medicine) (Risk Assessment and Communication), FEHD** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 4 January 2019 (*Appendix 19*) that CFS organized roving exhibitions in public markets at different locations. The usual exhibition time was from 10 am to 4 pm, Monday to Friday, mainly considering manpower and operational arrangements. With reference to Audit's recommendations, CFS had plan to extend the exhibition time to 6 pm and would further explore other improvement measures, including hiring external staff to be on duty at the roving exhibition, roving exhibitions at different locations and extending the exhibition time to 8 pm, as well as holding exhibitions on weekends, etc., to increase the number of visitors. CFS would further enhance publicity, such as providing information of exhibitions to e-news subscribers to promote the exhibitions.

83. In reply to the Committee's enquiry about the expenditure earmarked for the Food Safety Charter and "Reduce Salt, Sugar, Oil. We Do" Charter, **Director of Food and Environmental Hygiene** said at the public hearings and advised in her letter dated 4 January 2019 (*Appendix 19*) that the two programmes were part of the work of Risk Communication Section of CFS. The promotion of the programmes to the trade and the public was mainly through the annual event "Food Safety Day" of CFS and articles in Food Safety Bulletin and Food Safety Express. The annual expenses of the programmes were included in the total expenditure of the Risk Communication Section of \$42 million in 2017-2018 financial year and could not be calculated separately.

84. With reference to paragraphs 5.13 and 5.14 of the Audit Report, the Committee asked whether the Administration would review the need to maintain the Food Safety Charter.

85. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 4 January 2019 (*Appendix 19*) that the Food Safety Charter was a voluntary scheme that encouraged the food trade to implement the "Five Keys to Food Safety" in its daily operation. Taking into consideration that all food premises were regulated by various licensing requirements and conditions to ensure food safety and hygiene, and that FEHD had implemented the Hygiene Manager and Hygiene Supervisor scheme which required all licensed food business to appoint a hygiene manager and/or hygiene supervisor to strengthen food safety supervision of food premises, CFS would review the objectives and effectiveness of Food Safety Charter and decide the way forward. If the Food Safety Charter would be kept after review, improvement measures would be introduced to monitor the commitment of the signatories of the scheme.

86. With reference to paragraphs 5.13 and 5.14 of the Audit Report, the Committee asked whether CFS should be responsible for promoting the "Reduce Salt, Sugar, Oil. We Do" Charter which might not be directly related to food safety. **Director of Food and Environmental Hygiene** said at the public hearings and supplemented in her letter dated 4 January 2019 (*Appendix 19*) that food safety and healthy eating were closely related. Unhealthy eating habits, including eating too much high-sugar, high-sodium or high-fat foods, could put a burden on health, which could lead to overweight or obesity and high blood pressure, and increase risk of non-communicable diseases such as diabetes and cardiovascular disease. The food safety regulations in Hong Kong included regulating nutrition labelling of prepackaged foods. Under the Food and Drugs (Composition and Labelling) Regulations (Cap. 132W), prepackaged foods were required to list the nutrient content, including the contents of sodium and sugar.

87. With reference to paragraphs 5.13 and 5.14 of the Audit Report, the Committee asked whether the Administration would review the effectiveness of the programme relating to the "Reduce Salt, Sugar, Oil. We Do" Charter.

88. **Mr Eugene FUNG Kin-yip, Deputy Secretary for Food and Health (Food)2** said at the public hearings and **Director of Food and Environmental Hygiene** supplemented in her letter dated 4 January 2019 (*Appendix 19*) that:

- promotion of reduction of salt and sugar in food was jointly implemented by the Food and Health Bureau, the Committee on Reduction of Salt and Sugar in Food, the Department of Health and CFS to achieve synergy. The "Reduce Salt, Sugar, Oil. We Do" programme was only one of the measures taken by the Government to promote salt and sugar reduction for the population;
- the "Reduce Salt, Sugar, Oil. We Do" programme was a voluntary programme launched by CFS in 2014. In the past few years, the main challenge that CFS faced when promoting the "Reduce Salt, Sugar, Oil. We Do" programme was that the public's acceptance of salt and sugar reduction was not high. The food trade had not been able to gain insight into the business opportunities of reducing salt and sugar. Therefore, the food trade participation had not been positive. CFS also had room for improvement in promoting the programme;
- in view of the above, promotion of low-salt and low-sugar in the past few years stressed on "starting from an early age", enhancing information transparency and strengthening publicity and education. The food culture had enabled the public to gradually change the salty and sweet eating habits, accept a relatively healthy diet and promote the demand for food with less salt and sugar, so that the trade could cooperate more actively;
- the work had gradually been achieving results. For example, under the "Salt Reduction Scheme for School Lunch" launched by the Department of Health in the 2017-2018 school year, 12 participating lunch suppliers provided over 1 200 sodium-reduced lunch options for about 480 primary schools in Hong Kong, and the average sodium content per lunch was 14% lower than that of 2013. In 2018, a fast food restaurant chain in Hong Kong had introduced a variety of dishes with salt content that met the definition of low sodium in Hong Kong. The publicity work of the Committee on Reduction of Salt and Sugar in Food through social media had also aroused public interest and positive response; and
- a new scheme had been launched in recent months to involve restaurants in Hong Kong that had vision and commitment to salt and sugar reduction to lead and influence, and to provide delicious food/dish with less salt and/or less sugar, or welcome customers ordering food with less salt and/or sugar. The Administration expected the new scheme to have initial results in early 2019 and more

significant results by the end of 2019. A large-scale salt and sugar reduction campaign with the new scheme kick-off would be held in February 2019. "Reduce Salt, Sugar, Oil. We Do" programme would be integrated into the new scheme. The Administration would closely communicate with the restaurants participating in the new scheme and review the effectiveness and challenges of the scheme in a timely manner and adjust the plans as necessary.

F. Conclusions and recommendations

Overall comments

89. The Committee:

- notes that in 2017 over 90% of foods for human consumption in Hong Kong were imported and the total value of imported foods in the year was \$205,351 million; and Hong Kong has all along been promoted as a renowned "gourmet paradise" to attract tourists from all over the world;
- stresses that it is crucial, for the reason of public health and safety, that foods sold in Hong Kong must be safe and fit for consumption. This important gatekeeping task mainly falls on the Centre for Food Safety ("CFS") which was established in May 2006 under the Food and Environmental Hygiene Department ("FEHD");
- expresses grave dismay and finds it unacceptable that CFS had not sufficiently protected the rights and interests of the Government in the contract management for the first population-based food consumption survey ("first FCS") which started in March 2004 as evidenced by the following:
 - (a) the first FCS was completed in March 2010 with a delay of 42 months and the contract price increased by \$0.8 million from \$3.2 million to \$4 million;
 - (b) during the first FCS, various problems were encountered, including low response rate (overall response rate was only 48%, lower than the expected rate of 70%); insufficient manpower (the

drop-out rate of interviewers was high and a longer time was needed to complete the fieldwork than what the contractor had expected); and long time taken to process data (two extensions were approved in 2007 and 2008 for the contractor to extend the contract to process the data collected. The latter extension was due to deficiencies found in the processed data submitted to CFS for acceptance); and

- (c) while there were provisions in the contract for the first FCS for the Administration to withhold payments, or even terminate the whole contract under specified circumstances, there were no other provisions to deal with unsatisfactory performance of the contractor, such as substantial delays;
- expresses grave dismay and finds it unacceptable that CFS had not learnt a good lesson from the first FCS in formulating the second population-based food consumption survey ("second FCS") as evidenced by the various deficiencies as revealed in the Director of Audit's Report ("Audit Report") as follows:
- (a) according to the contract, at least 4 800 respondents were to be surveyed. Up to 30 July 2018, the actual number of completed cases was only 278, falling short of the 1 400 cases, which should have been completed by 30 July 2018, by some 1 100 cases (79%);
 - (b) the initial response rate was only 42%, falling short of the expected rate of 70%; and
 - (c) according to the contract, the contractor's interviewers should provide at least 210 hours of service per week; in the first 15 weeks, the total service hours provided by interviewers were only 1 313 hours, falling short of the requirement of 3 150 hours (i.e. 210 hours x 15 weeks) by 1 837 hours (58%);
- notes that after CFS followed up with the contractor in July 2018, some improvements had been made. According to the information provided by CFS, up to 10 December 2018, the number of completed cases was 906; the total number of service hours of interviewers was 4 454 hours; the number of service hours recorded in the latest week was 315 hours, which was higher than the basic weekly requirement of 210 hours in the tender document;

- urges CFS to continue to closely monitor the progress of the second FCS currently underway and the performance of the contractor;
- expresses serious concern and finds it unacceptable that, in view of a large number of more than 66 000 food samples taken annually for food testing under the routine surveillance purposes ("surveillance projects") as well as to follow up food incidents, complaints and unsatisfactory testing results of surveillance projects (collectively known as "follow-up projects"),⁸ CFS had not provided sufficient guidelines for its staff on the sampling, the work flow as well as on the timing on announcing the food testing results, and had not effectively monitored the compliance of its staff with the available guidelines, as evidenced by deficiencies revealed in the Audit Report as follows:
 - (a) no guidelines were provided on the distribution of samples among food outlets at the retail level in the 2017 Food Surveillance Programme ("FSP");
 - (b) no guidelines were provided on the distribution of samples among different fish types in the 2017 FSP;
 - (c) there were cases of non-compliance with sampling requirements in FSP in respect of the number of samples taken from each shop;
 - (d) more than 10% of the turnaround times of testing results in 2017 were more than 60 days, with the turnaround time of one test result as long as 230 days; and
 - (e) in a food complaint case, the unsatisfactory test results were only publicized 42 days after the testing results were received.

The above deficiencies could adversely affect the effectiveness of FSP in controlling and preventing food hazards in Hong Kong;

- notes that:
 - (a) CFS promulgated new operational guidelines for CFS staff in October 2018, including those on the timeliness of delivering food samples to the laboratory for testing;

⁸ In 2017, 60 323 and 6 656 samples were taken for the surveillance projects and follow-up projects respectively.

- (b) CFS also revised the guidelines in May 2018 so that the enforcement sample would be obtained right away in case of anticipated difficulties in identifying similar products during the follow-up;⁹ and
 - (c) CFS has enhanced regular supervisory check on sample records, monitoring the types of food samples and checking whether food samples were taken in accordance with the sampling requirements with proper documentation, including conducting a briefing on sampling requirements and introducing a new monitoring and supervision meeting to ensure compliance with the sampling requirements; and
- urges CFS to
- (a) review frequently the work flow of surveillance projects and follow-up projects, and handling of food incidents and complaints in order to supplement new guidelines where necessary or revise/update existing guidelines, as the case may be;
 - (b) enhance its monitoring of staff's compliance with guidelines, in particular the use of information technology to record relevant information and generate management reports for better monitoring of special cases; and
 - (c) review whether its establishment and manpower and the available laboratory capacity for food testing are sufficient to ensure that they could deal with the increasing workload and urgent food incidents which require immediate attention and action.

⁹ Before the revision, the guidelines stipulated the situations (e.g. food complaints about sushi and raw oyster) under which enforcement samples could be directly obtained (without first obtaining surveillance samples).

Specific comments

90. The Committee:

Assessment of food safety risks

- expresses serious concern and finds it unacceptable that:
 - (a) as at 31 August 2018, CFS still relied on the data collected by the food consumption survey on secondary school students conducted in 2000 (some 18 years ago) to help assess food safety risks faced by children and youths. CFS had not embarked on a separate food consumption survey covering the youth population;
 - (b) in Hong Kong, the population-wide food consumption data currently in use was that collected by the first FCS. The data so collected was related to the period March 2005 to July 2007 (more than 10 years ago). With rapid socio-economic changes (e.g. changes in food prices and food supplies as well as demographic changes), there could be big changes in the food consumption pattern of the population in Hong Kong and the food consumption data might have been outdated;
 - (c) some substances of high concern (e.g. formaldehyde which is a chemical commonly used in industry for manufacturing plastic resins) had not been studied in the total diet study ("TDS"), and for the substances studied, some foods which might contain high concentrations of the substances had not been covered in TDS;
 - (d) while in September 2017, the Expert Committee on Food Safety ("the Expert Committee") suggested that the selection of risk assessment studies ("RASs") could be improved by introducing a scoring system, the system was not introduced until September 2018; and
 - (e) for the 23 study reports of RASs conducted by CFS in 2008-2009 to 2018-2019 and published on the CFS website, the links to the supplementary information and those to the study reports were posted on different webpages of the CFS website, making it difficult for interested parties to locate the relevant information;

- notes that:
 - (a) as the fieldwork of the second FCS is being conducted, CFS will take into account the experience gained and take active measures to embark on a food consumption survey for the younger population subject to availability of resources;
 - (b) CFS will keep in view the feasibility of and the need for obtaining more up-to-date food consumption data taking into account the experience gained in the fieldwork of the second FCS and other competing priorities as a whole;
 - (c) in conducting future TDSs, CFS will take into account the evaluation results and the experience gained in the first TDS;
 - (d) CFS will continue to monitor and ensure proper operation of the new mechanism for selecting RASs;
 - (e) CFS has posted the related links of supplementary information on the webpages of corresponding RASs as recommended by the Audit Commission ("Audit") to facilitate the public access to the relevant information; and
 - (f) Director of Food and Environmental Hygiene has agreed with Audit's Recommendations in paragraphs 2.12, 2.18 and 2.30 of the Audit Report;

Food Surveillance Programme

- expresses serious concern and finds it unacceptable that:
 - (a) certain potential food hazards had not been covered for surveillance under FSPs of 2015, 2016 and 2017. Such hazards included those which were regulated by the law, those which might require CFS's follow-up actions should the hazards exceed certain thresholds, and those which had resulted in a food safety incident;
 - (b) from 2015 to 2017, a large proportion (ranging from 44% to 46%) of food samples were allocated to surveillance of fruits and vegetables according to FSPs. However, according to CFS, vegetables were not considered to be high-risk foods;

- (c) in the absence of specific guidelines on taking food samples from different food outlets and food types within individual food groups, CFS staff used their experience and discretion to implement the sampling plan. There were wide variations in the number of samples taken from different types of food outlets and from different food types. There was doubt as to whether food samples had been selected consistently as FSP intended;
 - (d) in 2017, of the 3 868 food samples purchased online, while 93% were purchased for chemical testing and radiation testing, only 7% were purchased for microbiological testing. In view of the potential safety concerns of online food purchase (e.g. risks of bacterial growth and cross-contamination during delivery of food), the proportion of online samples purchased for microbiological testing was on the low side;
 - (e) in 6 of the 10 surveillance projects in 2017 examined by Audit, there were cases of non-compliance with the sampling requirement of FSP that sampling officers should not take more than two samples from the same shop. Of the 2 687 samples of the six projects, 493 samples were taken at 104 shops, and the sampling requirement had not been followed; and
 - (f) in the 10 surveillance projects examined by Audit, the turnaround time (i.e. time lag between the collection of a food sample and the subsequent return of the testing result from the laboratory) could be as long as 230 days. In 18 of the 20 food samples with long turnaround time examined by Audit, there was a delay in delivering the samples to the laboratories, which ranged from 19 to 203 days;
- notes that:
- (a) CFS will continue to adopt the risk-based principle to review FSP. Regarding Case 1,¹⁰ using the risk-based approach, CFS will determine the priorities of testing cereal and grain products

¹⁰ According to Case 1 of the Audit Report, maximum residue limits applicable to cereal and grain products are specified for 212 pesticides in the Pesticide Residues in Food Regulation (Cap. 132CM). Testing of 105 pesticides of these 212 regulated pesticides in cereal and grain products was conducted in 2015 to 2017, whereas testing of the remaining 107 pesticides was not conducted.

against the remaining 61 pesticides. Regarding Case 2,¹¹ CFS will consider testing the remaining six hazards, in consultation with the Expert Committee. Regarding Case 3,¹² taking into account the recent findings of veterinary drug residues in honey products in April 2018, it is CFS's plan to undertake a new project under FSP of 2019 for testing veterinary drugs in honey samples;

- (b) based on the experience gained in running FSP in the past few years, and as baseline data is largely collected following the implementation of the Pesticide Residues in Food Regulation (Cap. 132CM) with effect from August 2014 and the results are satisfactory, CFS has already started to reallocate resources to testing other food hazards. More specifically, CFS has already shifted 1 500 samples in FSP of 2018 from testing pesticides to testing metallic contaminants in fruits and vegetables. Further reallocation will be made from testing pesticides in fruits and vegetables to testing metallic contaminants of other food types in FSP of 2019, in support of the operation of the Food Adulteration (Metallic Contamination) (Amendment) Regulation 2018, which is expected to take effect in November 2019;
- (c) CFS has been reviewing FSP and with effect from the first quarter of 2018, a sampling ratio of 40:60 in "Supermarkets, convenience stores and department stores" to "Other retails" has been adopted for food sampling at the retail level, with reference to statistics on total retail sales of food and beverages in supermarkets/department stores and other retail outlets provided by the Census and Statistics Department, and other risk factors. CFS will formulate further guidelines on the sampling ratio of different food outlets under these two broad categories;
- (d) CFS will increase the proportion of online food samples purchased for microbiological testing;

¹¹ According to Case 2 and paragraph 3.7 of the Audit Report, CFS has set thresholds for 27 potential food hazards not regulated under the law but 6 of these 27 hazards were not included in the 2018 surveillance project.

¹² According to Case 3 of the Audit Report, the presence of veterinary drug residues (e.g. antibiotics) in honey has not been regulated under the law. In FSPs of 2015, 2016 and 2017, no surveillance projects were formulated for detecting veterinary drug residues in honey. In April 2018, subsequent to a food incident, CFS found the existence of an antibiotic, a veterinary drug residue, in a sample of the honey in question.

- (e) CFS will closely monitor the delivery time of food samples with a view to reducing the turnaround time as far as possible. Frontline staff particularly new-comers will be properly briefed to discharge their duties in accordance with the laid-down operation manual and guidelines and to seek directives from seniors in case of doubt. In addition, CFS will enhance supervision to ensure compliance with the guidelines; and
- (f) Director of Food and Environmental Hygiene has agreed with Audit's Recommendations in paragraphs 3.13, 3.22 and 3.28 of the Audit Report;

Management of food incidents and complaints

- expresses serious concern and finds it unacceptable that:
 - (a) the time taken between the collection of food samples in the first instance and the subsequent publicizing of unsatisfactory testing results was long, ranging from 1 to 88 days with an average of 19 days in 2017;
 - (b) the long time (e.g. more than 60 days) taken to publicize the unsatisfactory results for some cases was due to the substantial time taken in testing food samples, and/or the delay in publicizing the results after the completion of food sample testing;
 - (c) the 23 food recall exercises in 2017 were not entirely effective. On the whole, only 49% (by quantity) of the products which had left the manufacturers were returned in the 23 exercises. However, CFS had not requested traders to provide, in accordance with CFS's guidelines, regular reports for monitoring the effectiveness of the recall;
 - (d) CFS guidelines had not specified the ways to ensure proper disposal of recalled foods. As a result, the disposal practices varied between cases. Of the 19 cases in 2017 where disposal was required, the disposal was not conducted under CFS supervision for seven cases;
 - (e) in 2014 to 2017, the number of food complaints forwarded to CFS increased by 30% (1 275 complaints) from 4 294 (2014) to 5 569 (2017). The increase in certain types of complaints was

particularly high (e.g. 188% increase in "fake/counterfeit food", 93% increase in "deteriorated food" and 77% increase in "body parts/excreta of animals or insects in food");

- (f) CFS did not compile regular management information for monitoring food complaints and surveillance of food safety; and
 - (g) for the 5 569 complaint cases handled in 2017, the time lag between the complaint dates and CFS's eventual closing of the complaint cases was generally long. In 3 389 (61%) cases, the time lag was more than 30 days, including 38 (1%) cases where the time lag was more than 240 days;
- notes that:
- (a) CFS will monitor the time taken between taking food samples and publicizing unsatisfactory testing results of the samples, and take necessary measures to minimize the time taken;
 - (b) CFS will request the traders to provide regular progress reports on food recall exercises according to CFS's guidelines and monitor the effectiveness of food recall exercises;
 - (c) CFS has reminded staff about the proper documentation and disposal of recalled foods. A guideline will be prepared;
 - (d) CFS has been using its food complaint database for monitoring possible food incidents and surveillance of food safety. The existing database facilitates data search for types of foods being complained about and outlets where there were repeated food complaints. In addition, CFS has set up since mid-2015 an internal panel led by a directorate officer to provide prompt and professional advice on the handling of more complicated food complaint cases;
 - (e) FEHD has reviewed the operational guidelines to set out the time frame for officers to follow up with the complainant to collect his statement or declaration and document the follow-up actions. The guidelines have been promulgated to all relevant staff for observance since early October 2018;

- (f) briefing will be arranged for staff, particularly newcomers, on the operation manual and guidelines. In addition, CFS has enhanced supervision to ensure compliance with the guidelines; and
- (g) Director of Food and Environmental Hygiene has agreed with Audit's Recommendations in paragraphs 4.13 and 4.23 of the Audit Report;

Communicating with the public on food safety risks

- expresses serious concern and disappointment that:
 - (a) while the findings of food studies conducted by other organizations are often publicized through the press media with a wide audience, CFS's current practice is to publicize its views and advice on the findings of the food studies through its Facebook page and website, without making use of press releases. CFS's practice would limit the spectrum and size of audience, which may also undermine the effectiveness of its communication with the public;
 - (b) CFS had not made arrangements to facilitate people viewing its food safety talks on the Internet (e.g. online broadcasting and placing recorded talks on the Internet);
 - (c) during the period 2013 to 2017, the total number of attendees at food safety exhibitions (i.e. standing exhibitions, roving exhibitions and community organization exhibitions) had decreased by 11%. For the roving exhibitions, a 52% decrease in the number of attendees was recorded; and
 - (d) implementation of the charters on food safety was not satisfactory. For the Food Safety Charter, the number of signatories (e.g. restaurants and food production premises participating in the charter) had decreased from 2 000 in 2012 to 1 800 in 2015, and then to 1 400 in 2018 which accounted for only about 5% of the number of all food premises. For the "Reduce Salt, Sugar, Oil. We Do" Charter, the number of signatories had remained at 37 in recent years. The limited numbers of signatories might undermine the effectiveness of the charters; and

- notes that:
 - (a) CFS will enrich its multimedia materials on the Internet;
 - (b) on food safety exhibitions, CFS will adopt more flexible exhibition hours and enhance publicity as appropriate;
 - (c) CFS will continue to endeavour to promote the Food Safety Charter to members of the food trade;
 - (d) having reviewed the implementation of the "Reduce Salt, Sugar, Oil. We Do" Charter, the Food and Health Bureau and CFS are launching new initiatives to more proactively enlist the support of the trade to provide more food/dishes with reduced salt and/or sugar, or to welcome customers' requests for reduction of salt and/or sugar in food when placing orders. CFS has started these new initiatives in recent months and expects to see more positive feedback from the trade; and
 - (e) Director of Food and Environmental Hygiene has agreed with Audit's Recommendations in paragraphs 5.11 and 5.16 of the Audit Report.

Follow-up action

91. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and Audit.

The Committee held three public hearings on 7, 11 and 25 January 2019 respectively to receive evidence on this subject. In view of the number of issues raised under this subject, the Committee has decided to hold a further hearing and defer a full report on this subject in order to allow itself more time to consider the evidences and the issues raised in the Director of Audit's Report.

Procurement of operational equipment by the Hong Kong Police Force

The Audit Commission ("Audit") conducted a review to examine the work of the Hong Kong Police Force ("HKPF") on the procurement of operational equipment including information and communications technology systems, vehicles and other operational equipment (such as uniform and protective equipment).

2. HKPF is at the forefront to protect citizens, their properties and infrastructure from harm and loss. A well-equipped HKPF is vital to deal with a wide range of incidents, emergencies and crime on a timely basis. In 2016-2017, HKPF incurred \$341 million under the General Revenue Account and \$171 million under the Capital Works Reserve Fund on procuring operational equipment.

3. The Committee noted the following findings from the Director of Audit's Report:

- with the funding approval of \$948 million by the Finance Committee of the Legislative Council under the Capital Works Reserve Fund for replacing the Command and Control Communications System in 2001, HKPF put the new system (i.e. the Third Generation Command and Control Communications System ("CC3 system")) into operation in 2006 at a cost of \$435 million under two main contracts (i.e. Contracts A and B). When Contracts A and B were finalized in 2009, there was an unspent balance of \$414.7 million due to the lower-than-estimated tender prices. In this connection:
 - (a) HKPF had not reported the unspent balance to the Financial Services and the Treasury Bureau ("FSTB") in accordance with Financial and Accounting Regulation 320;¹
 - (b) the Administration had set an administrative cap on the use of surplus fund for works projects under the Capital Works Reserve Fund, but the same arrangement had not been extended to non-works projects such as CC3 system; and
 - (c) HKPF spent \$322 million on 43 items of extension and enhancement work of CC3 system, including 33 items of \$285.64 million spanning some 10 years after system roll-out in

¹ According to Financial and Accounting Regulation 320, where Controlling Officers have reason to believe that funds surplus to requirements exist under a subhead, they shall immediately inform FSTB so that the excess may be reserved.

Procurement of operational equipment by the Hong Kong Police Force

2006. However, the funding approved by the Finance Committee in 2001 was not a blanket approval for the extension and enhancement work after CC3 system roll-out in 2006. HKPF did not consult FSTB on the propriety of charging the expenditure of the extension and enhancement work into the CC3 project vote in accordance with Financial Circular No. 1/2004 on "Responsibility of Controlling Officers";²

- there were delays of 60 and 45 months³ respectively in implementing the Virtual Workstation project and the Second Generation of Communal Information System project with aggregate approved funding of \$452 million, and the delays had deferred the realization of the intended benefits, including enhanced operational efficiency and notional annual cost savings of over \$100 million;⁴
- HKPF experienced operational problems in using 131 electric vehicles procured by the Government Logistics Department at \$52.84 million from 2011 to 2014, such as long charging time, low average availability and low maximum driving range. Of 54 electric saloon cars with deteriorating battery performance, battery replacement work for 14 cars was still outstanding up to September 2018 when the contract warranty had expired;⁵
- there were late delivery and quality problems in a contract for the supply of 129 large police vans awarded in March 2016 at \$69.3 million. Up to September 2018 (some 13 months after the scheduled delivery dates in mid-2017), 124 vans had been delivered and the remaining five were rejected by the Electrical and Mechanical

² According to Financial Circular No. 1/2004, Controlling Officers must satisfy themselves that there are adequate procedures to monitor expenditure in order to ensure that it is only incurred within the limits and scope authorized, and Controlling Officers should consult the Treasury Branch of FSTB where in doubt.

³ The contract for the supply of the Second Generation of Communal Information System project was awarded in June 2012 with scheduled implementation date in February 2017, which was 14 months later than November 2015 stated in the funding paper. The scheduled implementation date was further extended to August 2019 during the contract stage, and the 45 months delay was based on the latest implementation date.

⁴ The expected notional annual cost savings for the implementation of Virtual Workstation project and the Second Generation of Communal Information System project were \$20.7 million and about \$93 million respectively.

⁵ The warranties of both the vehicles and the batteries had expired from August 2015 to September 2018.

Procurement of operational equipment by the Hong Kong Police Force

Services Trading Fund⁶ due to quality problem. After re-inspection, the abovesaid 124 delivered vans were found with defects shortly after putting into use, and the retrofit work was still in progress up to October 2018;

- in 2006-2007, HKPF obtained funding of \$6.2 million for replacing the aged electronic counter measures system. In the event, HKPF took some seven years to procure the new electronic counter measures system at a sum of about \$9.32 million in 2014 after conducting four tender exercises;
- in 2012 and 2013, HKPF received staff complaints that rubber soles of some combat boots peeled off easily, and it was found that the first-in-first-out method for managing stock had not been adopted to prevent prolonged storage of the combat boots. In 2014 and 2015, HKPF awarded two contracts to the supplier for repairing 3 923 pairs of combat boots at a total cost of \$2 million. However, in 2016, the detachment of soles still occurred in 64 pairs of the 2014 repaired combat boots. After negotiation with the supplier and consulting the Department of Justice, HKPF accepted the supplier's offer of replacing 300 of 599 pairs of the 2014 repaired boots in stock with new ones, and the remaining 299 pairs of repaired boots were disposed of in August 2017 to address the occupational and safety concern of police officers;
- HKPF purchased 1 336 body-worn video cameras at a total cost of \$4.81 million by four batches through an open tender exercise in 2015, a contract variation in 2016 and two quotations in 2016 and 2017. Audit considered that the procurement requirement under the second quotation in March 2017 for the Anniversary of the establishment of the Hong Kong Special Administrative Region could have been foreseen and consolidated with the first one in December 2016 to achieve better economy of scale; and
- Audit's sample checking of HKPF's Stores Management Division's⁷ purchases by quotation from 2015-2016 to 2017-2018 revealed that purchases of 13 items of operational equipment did not comply with

⁶ The Electrical and Mechanical Services Trading Fund is responsible for providing electrical and mechanical services to government bureaux/departments.

⁷ The Stores Management Division of the Finance Wing under the Finance, Administration and Planning Department in HKPF Headquarters is responsible for the overall procurement and stores management in HKPF.

Procurement of operational equipment by the Hong Kong Police Force

the requirement of Stores and Procurement Regulation 246.⁸ In 7 of the 13 cases, there were no documented reasons for not following the requirement.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the implementation of the CC3 project; the procurement of the electronic counter measures system, boot repair service, body-worn video cameras and other operational equipment of HKPF; and the information and communications technology projects. The consolidated replies from **Secretary for Security and Commissioner of Police**, and the replies from **Secretary for Financial Services and the Treasury, Director of Government Logistics** and **Director of Electrical and Mechanical Services** are in *Appendices 20* to *23* respectively.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

⁸ According to the requirement of Stores and Procurement Regulation 246, departments may only make repeated purchases of the same items within 12 months if the cumulative value of the purchases does not exceed the quotation limit of \$1.43 million.

Management of signboards by the Buildings Department

The Audit Commission ("Audit") conducted a review to examine the management of signboards by the Buildings Department ("BD").

2. Under the Buildings Ordinance (Cap. 123), the erection of signboards is building works and, prior to 31 December 2010, with the exception of exempted works,¹ requires the prior approval of plans and consent for the commencement of the works by BD. With the full implementation of the Minor Works Control System ("MWCS") under the Building (Minor Works) Regulation (Cap. 123N) from 31 December 2010, depending on the scale and potential safety risk of the works, the erection, alteration and removal of signboards (except for exempted works) are categorized² and regulated. Signboards (except those under exempted works or designated exempted works) erected without obtaining BD's prior approval and consent or following the requirements under MWCS are unauthorized building works. According to a territory-wide stock-taking exercise conducted by BD's consultants³ in 2011, there were about 120 000 signboards, most of which were considered by BD to be unauthorized. The existence of a large number of unauthorized signboards poses a persistent building safety risk. From 2013 to 2017, there were eight incidents involving fallen signboards which caused injuries to 11 persons (four such incidents in 2017 causing injuries to seven persons).

3. The Committee noted the following findings from the Director of Audit's Report:

- to ensure compliance with the statutory requirements and to deter abuse of MWCS by the prescribed building professionals/registered contractors, BD selected some minor-works submissions for desktop and/or site audit. However, BD did not compile management information on the nature and seriousness of all irregularities found in

¹ Under the Buildings Ordinance, building works carried out in a building are exempted works if they do not involve the structure of the building and such exemption does not permit exempted works to be carried out in contravention of any regulations.

² The works are categorized as: (a) three classes of minor works, which have to be carried out by prescribed registered contractors with or without the supervision of prescribed building professionals, depending on the class of the minor works; (b) designated exempted works, which can be carried out without obtaining BD's prior approval and consent or following the MWCS requirements; and (c) works which continue to be subject to prior approval and consent of BD and carried out by building professionals and registered contractors.

³ BD identifies dangerous or unauthorized signboards mainly from regular surveys conducted by both in-house staff and consultants, large-scale operations (i.e. clearance operations conducted either on a target street section selected by BD for each operation or for removal of large unauthorized signboards) and public reports.

Management of signboards by the Buildings Department

- desktop and site audits, and the audit results might not be fully and accurately recorded in BD's computer system;
- of some 5 000 minor-works submissions relating to signboards received by BD each year from 2015 to 2017:
 - (a) BD selected submissions for desktop (4% to 5%) and site (1% to 3%) audits each year, and around 28% and 20% of the selected submissions were "not in order"⁴ respectively;
 - (b) 10% to 17% of the submissions selected for site audits were withdrawn by the applicants, while BD did not have readily available information to demonstrate that the withdrawals were justified and no contraventions of the Buildings Ordinance were involved; and
 - (c) BD had not set any time target for completing desktop and site audits, and the audits on some cases had still not been completed as of April 2018 more than one year after receipt of the submissions;
 - under the voluntary Validation Scheme for Unauthorised Signboards ("Validation Scheme"),⁵ only 662 applications had been received and 274 signboards (which accounted for 0.3% of BD's estimated 86 400 eligible signboards) had been validated as at April 2018;
 - in October 2010, the Development Bureau briefed the Legislative Council that BD would be able to establish a comprehensive database of all signboards in Hong Kong to facilitate control and enforcement action. As of July 2018, such database was not yet established;
 - the number of dangerous, abandoned or unauthorized works-in-progress signboards (i.e. targeted signboards) identified by BD in-house staff in regular surveys had decreased from 272 in 2015 to 60 in 2017, and BD did not set internal targets (e.g. target number of

⁴ For a submission with irregularities found but not rectified or cannot be rectified, it will be input into BD's computer system as "not in order".

⁵ Taking into consideration that many of the existing signboards in Hong Kong are in active use by business operators and their existence carries considerable value for sustaining local commercial activities, BD has implemented the Validation Scheme since 2 September 2013. Unauthorized signboards that were erected before 2 September 2013 and meet the prescribed technical specifications for minor works are eligible for validation.

Management of signboards by the Buildings Department

signboards to be inspected and number of dangerous or abandoned signboards to be removed/repaired) on inspection of signboards under regular surveys until August 2018;

- BD could not readily compile information on the time taken in issuing Dangerous Structure Removal Notices ("DSRNs") or removal orders⁶ for targeted signboards identified in regular surveys as it had not used its computer system to correlate the identified targeted signboards with DSRNs or removal orders issued;
- as of April 2018, there was slippage in completing large-scale operations from 2015 to 2017 ranging from 3 months to 2.3 years. For the large-scale operations conducted from 2015 to 2017, both the actual number of and the achievement rate of the target set for large unauthorized signboards with enforcement actions taken had decreased from 201 (actual achievement rate of 67%) in 2015 to 106 (actual achievement rate of 47%) in 2017;
- as of April 2018, confirmed dangerous or unauthorized signboards arising from 256 public reports had not been issued with DSRNs or removal orders. For 94 (37%) of these 256 public reports, the time elapsed was more than six months after conducting screening and/or inspection of the signboards;
- Audit conducted an ageing analysis of 670 DSRNs that had been complied with in 2017 and discovered that only 33 (5%) of them complied with the 14-day time limit set out in DSRNs. As of April 2018, 425 DSRNs issued for signboards had not been complied with, among which 247 DSRNs (58%) had remained outstanding for more than six months after their issuance;
- as of April 2018, there were 1 414 removal orders issued for signboards that had not been cleared, while 598 (42%) of them had remained

⁶ For a signboard which is dangerous or is likely to become dangerous, BD may issue a DSRN under section 105 of the Public Health and Municipal Services Ordinance (Cap. 132) requiring the owner of the signboard to remove such works or to do specified work to render the same safe within a specified period (normally 14 days). For an unauthorized signboard, BD may issue a removal order under section 24 or section 24AA (for minor works commenced under MWCS) of the Buildings Ordinance requiring the removal or alteration of the signboard within a specified period (normally 60 days). For a non-compliant DSRN or removal order, BD may instigate prosecution action by referring the case to BD's Legal Services Section and/or carry out the necessary default works and recover the costs incurred plus a surcharge from the owner.

Management of signboards by the Buildings Department

outstanding for more than one year after their issuance (ranging from more than 1 to 12 years), far exceeding the 60-day time limit set out in the removal orders;

- of the 214 non-compliant removal orders that had been referred to BD's Legal Services Section in 2016 and 2017, 132 (62%) orders were not referred to the Section until more than one year after their issuance (ranging from more than 1 to 10 years); and
- as of April 2018, of the 79 cases relating to signboards and having completed default works with outstanding costs (involving a total outstanding cost of \$3.7 million), BD had not issued demand notes to the signboard owners of 38 cases (48%) (involving a total outstanding cost of \$2 million, or 54% of \$3.7 million). Audit noted that default works for 31 (82%) of these 38 cases had been completed for more than six months, ranging from more than 6 to 32 months and averaging 12 months.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the processing of minor-works submissions; features of the revamped computer system; the implementation of desktop and site audits, regular surveys and large-scale operations; measures to improve the implementation of the Validation Scheme, the enforcement actions against large unauthorized signboards and the follow-up actions on DSRNs and removal orders; the establishment of the comprehensive database of all legal or validated signboards in Hong Kong; and the manpower requirements for the enforcement actions against unauthorized signboards. The replies from **Director of Buildings** are in *Appendices 24* and *25*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Radio Television Hong Kong: Provision of programmes

The Audit Commission ("Audit") conducted a review of the provision of programmes by the Radio Television Hong Kong ("RTHK").

2. RTHK operates seven radio channels and five television ("TV") channels¹ and produces school education TV ("ETV") programmes for kindergartens, primary and secondary schools. The total number of output hours for radio, TV and school ETV programmes in 2017-2018 were 57 359, 1 409 and 19 respectively. RTHK also provides online and mobile access to its digital platforms and contents² around the clock all year round. In 2017-2018, RTHK's expenditure was \$1,008.4 million and its income was \$20.7 million.

3. The Committee noted the following findings from the Director of Audit's Report:

- the number of non-civil service contract ("NCSC") staff had decreased from 291 (35%) as at 31 March 2014 to 188 (22%) as at 31 March 2018. However, the percentage of NCSC staff of RTHK was significantly higher than that for all government bureaux/departments (5.5% as at 30 June 2017). Of the 188 NCSC staff, 28 had been continuously employed for 10 years or more and the longest period of employment was 18.8 years;
- Audit examination of 65 contract requests initiated in the period from February 2016 to May 2018 for engagement of Category II ("Cat II") Service Providers³ revealed that the following contract requests were not submitted and processed in accordance with RTHK's related policy and guidelines:

¹ The five TV channels include three digital terrestrial TV channels (TV 31, TV 32 and TV 33) and two analogue TV channels (TV 31A and TV 33A).

² The online platforms provided by RTHK include the RTHK website "rthk.hk", seven mobile applications and social media (e.g. YouTube, Twitter and Facebook, etc.)

³ Cat II Service Providers are independent contractors or self-employed persons who are engaged for a specific purpose in the production of programmes, for example, artistes, presenters, scriptwriters, translators and technical producers. In 2017-2018, RTHK had 2 143 contracts with 1 926 Cat II Service Providers.

Radio Television Hong Kong: Provision of programmes

- (a) 39 (60%) contract requests were not submitted for checking seven working days before the engagement as stipulated in the relevant RTHK Administrative Circular;⁴
 - (b) one (2%) contract request was submitted for checking and approved after the start date of the engagement period, but no documentary evidence was available showing the reasons and circumstances for seeking covering approval; and
 - (c) engagement of one contract commenced before the contract was issued;
- RTHK's acquisition procedures of TV and radio programmes were not in line with the procedures stipulated in the Government's Stores and Procurement Regulations. According to the findings of a review completed by the Hong Kong Independent Commission Against Corruption in December 2015, RTHK's practice of acquiring programmes by proposing the price and then negotiating with the supplier could pose a collusion risk of circumventing the controls built in the standard government procurement procedures with a view to favouring a supplier;
 - RTHK required participants of the Community Involvement Broadcasting Service ("CIBS")⁵ to submit their programme recordings one month before the scheduled broadcasting date for the first two episodes and two weeks before the scheduled broadcasting date from the third episode onwards. The CIBS participants were also required to submit the post-broadcast reports⁶ after the completion of the programme. Audit examination of the submission of 156 programme recordings for 12 programmes broadcast during the period from April 2015 to April 2018 and the timeliness of the

⁴ RTHK Administrative Circular on engagement of Cat II Service Providers stipulates that the contract request must route through checking staff, preferably seven working days before the engagement.

⁵ CIBS was launched in December 2012 to promote a wide range of social gains to the community, in particular (a) plurality, diversity and social inclusion; (b) mutual respect, social empathy and civic mindedness; (c) creativity, uniqueness and talent nurturing; and (d) community involvement.

⁶ Post-broadcast reports include self-evaluation reports in which the participants give their views on whether the expected deliverables of the programmes were achieved, and Limited Assurance Engagement Reports, together with the statements of expenditure, prepared by accredited/registered accounting firms.

submission of post-broadcast reports for these 12 programmes revealed that:

- (a) of the 24 programme recordings for the first two episodes, 12 (50%) were submitted on average 10 days late;
 - (b) of the remaining 132 programme recordings for the third episodes onwards, 71 (54%) were submitted on average 11 days late;
 - (c) 7 (58%) of the 12 self-evaluation reports were submitted on average 62 days late; and
 - (d) 7 (58%) of the 12 Limited Assurance Engagement Reports were submitted on average 82 days late;
- the CIBS programmes were only broadcast on channel Radio 7. According to the results of the 2017 Radio Audience Survey, the listenership and awareness level of Radio 7 were only 2.3% of the population and 2.8% of the respondents, and only 21% of the respondents was aware of CIBS;
 - RTHK had introduced a scheme for commissioning private production houses to produce TV programmes since 2000. The contractors were required to submit production materials in different production stages and an audited report to account for their expenditures. Audit examination of 15 commissioned programmes completed in the period from July 2016 to April 2018 revealed that:
 - (a) all the 15 programmes had delays in submission of production materials (averaging two months); and
 - (b) audited reports for 13 (87%) of the 15 programmes were submitted on average 2.9 months late;
 - Audit analysis of the number of output hours of commissioned programmes for the period from 2013-2014 to 2017-2018 revealed that the number of output hours of commissioned programmes per year was very small, ranging from 21 to 33 hours, making up only 1.5% to 3.5% of the total output hours of TV programmes;

- Audit analysis of the broadcasting hours for 2017-2018 revealed that:
 - (a) the number of first-run programme hours for Channel TV 31⁷ (1 409 hours) and Channel TV 32⁸ (2 073 hours) only represented 20.3% and 33.4% respectively of the operating hours, or 16.1% and 23.7% respectively of the total broadcasting hours;
 - (b) the number of re-run programme hours for TV 31 and TV 32 (i.e. 4 877 hours and 2 021 hours respectively) represented 70.3% and 32.6% respectively of the operating hours, or 55.7% and 23.1% respectively of the total broadcasting hours; and
 - (c) for TV 31 and TV 32, 20.8% and 53.1% respectively of their broadcasting hours were used to broadcast miscellaneous contents;⁹
- Audit examination of 15 licence contracts signed in the period from 2015-2016 to 2017-2018 revealed that the prices for 12 (80%) of contracts were on the lower side of the price ranges and close to the minimum of the price ranges set. Although the minimum prices had been set, there were no guidelines on how the offer price to potential licensees should be determined;
- the latest Public Opinion Survey 2018 indicated that only 24.2% and 18.4% of the respondents used mobile applications and the RTHK website "rthk.hk" respectively to access RTHK programmes. The daily page views of the "rthk.hk" website decreased by 45% from 5.1 million in April 2015 to 2.8 million in June 2018;
- RTHK imposed two additional mandatory requirements, namely "Established for at least 15 years" and "Conducted at least 20 appreciation surveys", in selecting service providers for the TV Appreciation Index ("TVAI") Surveys¹⁰ in the procurement exercises

⁷ Channel TV 31 is the flagship channel of RTHK, which offers diversified programmes, aiming to cater to the needs of audience from all walks of life.

⁸ Channel TV 32 is a live event channel, which covers Legislative Council meetings, important local press conferences, international news, international sports news and local sports events.

⁹ Miscellaneous contents include fillers (e.g. slow TV), on-air promotions and Announcements of Public Interest.

¹⁰ Since 1989, RTHK has conducted TVAIA Surveys quarterly to measure the audience's appreciation level (i.e. appreciation index) to the locally produced TV programmes. RTHK has also invited three other local TV operators to join the survey and the cost is borne by RTHK.

conducted in 2015 and 2017. Such requirements might create obstacles to competition amongst the potential service providers;

- Audit analysis of the results of the TVAI Survey 2017 revealed that of the nine RTHK programmes in the Top 20 List,¹¹ the awareness level of five programmes ranged from 1.5% to 13.8%, well below the average of 17.1% of all 223 programmes;
- the TV ratings reports for RTHK Channels TV 31/31A¹² for the period from January to June 2018 revealed that the average TV rating of TV 31/31A was low. The average rating for TV 31/31A for the six-month period was 0.1 (i.e. 6 400 viewers).¹³ Audit analysis of six RTHK programmes which had also been broadcast on the free channel of a commercial TV operator for at least three months in the same period revealed that the TV ratings of these six programmes when broadcast on TV 31/31A were much lower than those when the same programmes were broadcast on the free channel of a commercial TV operator;
- Audit analysis of the key performance indicators for public affairs and general TV programmes between 2013-2014 and 2017-2018 showed that the number of programmes per programme staff ranged from 8.2 to 12.8 and the cost per hour of the programme ranged from \$276,200 to \$472,900;
- according to the Education Bureau ("EDB"), the average number of school ETV programmes watched by each class decreased significantly across levels for the first few years after 2004-2005 due to the availability of school ETV programmes on the Internet since 2004-2005 and the gradual cessation of designating lessons for watching school ETV programmes in schools;
- Audit analysis of the key performance indicators for school ETV programmes revealed that the number of programmes per programme staff dropped by 23% from 11.4 in 2008-2009 to 8.8 in 2017-2018 and the cost per hour of the programme increased significantly by 105% from \$0.77 million to \$1.58 million during the same period; and

¹¹ The Top 20 List is the list of 20 programmes among all programmes from all channels including commercial channels that have the highest appreciation index scores covered in the TVAI Survey.

¹² TV 31A simulcasts the programmes of TV 31.

¹³ Each score of rating represents around 64 000 viewers.

- EDB and RTHK had not formulated any commissioning strategy or drawn up any definite plan for commissioning the production of school ETV programmes in response to the recommendation made in 2003 by the Standing Committee on the Development of the ETV Service that EDB and RTHK should work on an outsourcing strategy to progressively increase the proportion of outsourced programme production from 5% in 2004 to not less than 50% in the long term.

4. The Committee did not hold any public hearing so far on this subject. Instead, it has asked for written responses regarding the employment of NCSC staff and engagement of Cat II Service Providers by RTHK; progress of the RTHK's review on its acquisition procedures for TV and radio programmes and the compliance matters relating to such procedures; measures to improve CIBS and to raise the public awareness of CIBS programmes; commissioning of TV programmes; progress of devising strategy for re-run programmes and measures to better utilize the broadcasting hours of TV 31 and TV 32; basis of price determination and documentation of negotiation process for content licensing; usage of new media services; procurement of service for TVAI Surveys; evaluation of RTHK's TV and school ETV programmes; and the cost-effectiveness of the continuous provision of school ETV service. The replies from **Secretary for Commerce and Economic Development, Secretary for Education, Secretary for Financial Services and the Treasury** and **Director of Broadcasting** are in *Appendices 26* and *27, 28* and *29, 30* and *31*, and *32* to *34* respectively.

5. Based on the replies from the Administration, the Committee notes that reviews on various issues covered in this chapter undertaken by RTHK and EDB are still underway. The Committee wishes to be kept informed of the progress of these reviews, and would consider the need to take any further actions on the subject, pending the outcome of these reviews.

The Audit Commission ("Audit") conducted a review to examine barrier-free facilities at government premises. Apart from examining the efforts of the Labour and Welfare Bureau ("LWB") (being the policy bureau) on the matter, Audit selected the Food and Environmental Hygiene Department ("FEHD") and the Leisure and Cultural Services Department ("LCSD") to examine their provision and management of barrier-free facilities.

2. In line with the provisions of the Disability Discrimination Ordinance (Cap. 487), which is binding on the Government, it is the established policy of the government to provide barrier-free facilities for persons with disabilities, thereby facilitating them to live independently and fully integrate into the community. In addition, barrier-free facilities could benefit the elderly. From 2011-2012 to 2017-2018, the actual expenditure totalled \$1.07 billion had been spent by the Architectural Services Department under a Retrofitting Programme for upgrading barrier-free facilities at government premises/facilities ("the Retrofitting Programme").¹

3. The Committee noted the following findings from the Director of Audit's Report:

- LWB convened a Task Force in June 2010 to co-ordinate follow-up actions on the recommendations made by the Equal Opportunities Commission on the improvement of accessibility for publicly accessible premises, but only 18 bureaux/departments ("B/Ds") joined the Task Force. Among the follow-up actions, 15 B/Ds were requested by LWB to make assessments on the need to upgrade their barrier-free facilities, and 3 692 premises/facilities managed by 13 departments were included in the Retrofitting Programme. Some B/Ds with premises under their management having frequent public interface might not have been requested to make assessments and thus were not included in the Retrofitting Programme;
- in September 2016, LWB requested all B/Ds to review their respective operational practices and procedures to ensure accessibility to services

¹ The Equal Opportunities Commission conducted access audits on publicly accessible premises including that owned, managed or maintained by eight government departments in December 2006 and issued a formal investigation report in June 2010 with recommendations on the improvement of accessibility. The Retrofitting Programme was worked out in December 2010 involving premises/facilities of 13 managing departments to follow up on recommendations made by the Equal Opportunities Commission.

and facilities for persons with disabilities and complete the review before end of 2016, so that the first annual return could be sent to LWB before end of 2017. LWB also informed all B/Ds that it would get in touch with them on the proforma of the annual return in early 2017 and the exact return date. Eventually, LWB took 1.5 years (from September 2016 to April 2018) to prepare the proforma of the annual return, and the date for return of the completed proforma was set for April 2019;

- starting from April 2011, LWB submitted quarterly progress reports of the Retrofitting Programme to the Legislative Council. After June 2014, LWB ceased to submit further progress report as all the improvement works under the Retrofitting Programme had been completed and the enhancement works were the ongoing work of the relevant departments. Audit discovered that a total of 103 premises/facilities were taken out from the Retrofitting Programme without providing reasons in the progress reports;
- the Buildings Department ("BD") set up a Technical Committee on Design Manual ("DM"): Barrier Free Access ("Technical Committee on DM") in June 2014 with an aim to keep DM under regular review, but BD had not taken timely actions to update the "Design Manual: Barrier-Free Access 2008" ("DM 2008") after endorsement of some amendments by the Technical Committee on DM.² Proposed amendments for 28 items for improving DM 2008 had been submitted to the Technical Committee on DM in December 2015 and yet to be discussed as at June 2018;
- FEHD and LCSD had not maintained a complete and updated list of barrier-free facilities for the 1 741 and 1 949 venues under their respective management. In particular, all music centres, all District Leisure Services Offices and 907 recreation and sports venues under LCSD were not included in the list;
- Access Officers ("AOs")³ of FEHD and LCSD should conduct regular audit checks and take timely follow-up actions as required to ensure the

² BD is responsible for updating a DM concerning barrier-free access which was first published in 1984. In December 2008, BD promulgated DM 2008 which set out the design requirements of barrier-free access and facilities for persons with disabilities.

³ According to the memorandum issued by LWB, an AO should be appointed for each venue under B/Ds' management to serve as the first point of contact on accessibility issues at the venue.

provision of suitable barrier-free facilities. However, LCSD did not specify the time interval for conducting the access audits while FEHD requested access audits to be conducted on an annual basis. Access audits were not carried out for some venues and some of the DM 2008 requirements were not included in the access audit checklists for checking. Audit site visits to 20 FEHD and 30 LCSD venues found deficiencies in 14 (70%) FEHD venues and 26 (87%) LCSD venues in the provision, maintenance and control of barrier-free facilities;

- information about accessibility of some venues managed by FEHD and LCSD was not fully provided on their websites;
- B/Ds were required to assess the training needs and organize tailor-made seminars/workshops for AOs and venue-based staff. As of 30 June 2018, 52 out of 101 AOs of FEHD and 183 out of 347 AOs of LCSD had not attended seminars on accessibility issues;
- FEHD and LCSD did not regularly compile complaint statistics and highlight potential deficiencies in the provision and management of barrier-free facilities;
- of the 5 139 works orders issued by the Architectural Services Department for carrying out retrofitting works under the Retrofitting Programme, there was delay in completing 414 (8%) works by contractors, of which the delay of 30 works orders was particularly long (ranging from 730 days to more than 1 095 days);
- 15 venues under LCSD had incidents involving slippery tactile guide paths. While remedial works had been carried out in these venues, the issue of slip resistance requirements on tactile guide path was still being reviewed since it was first reviewed by the Technical Committee on DM in September 2014; and
- as of September 2018, retrofitting works for barrier-free facilities at 14 public toilets had not been completed six years after being transferred from the Retrofitting Programme to FEHD's Public Toilet Refurbishment Programme.⁴

⁴ FEHD has implemented the Public Toilet Refurbishment Programme since 2000 to give a new look to public toilets with enhancement in design and facilities. Priority is given to toilets that are aged or with high daily usage or at tourist spots.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the criteria on selecting B/Ds to join the Task Force and the Retrofitting Programme; the implementation of the Retrofitting Programme and the updating of DM 2008; the lists of barrier-free facilities under the management of FEHD and LCSD; access audits conducted by FEHD and LCSD; and duties and training of AOs. The replies from **Secretary for Labour and Welfare, Director of Buildings, Director of Food and Environmental Hygiene, Director of Leisure and Cultural Services, Director of Architectural Services** and **Commissioner for Transport** are in *Appendices 35 to 40* respectively.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Education Bureau's efforts in harnessing information technology to facilitate learning and teaching

The Audit Commission ("Audit") conducted a review of the Education Bureau ("EDB")'s efforts in harnessing information technology ("IT") to facilitate learning and teaching.

2. In line with the global trend of harnessing IT to facilitate learning and teaching, EDB has implemented a number of strategies on IT in education since 1998-1999 school year (unless stated otherwise, all years mentioned hereinafter refer to school years). In 2015-2016, EDB launched the Fourth Strategy on IT in Education ("ITE4"). The main initiatives under ITE4 include: (a) WiFi-900 Scheme;¹ and (b) a one-off grant to the Hong Kong Education City Limited for enriching e-learning resources. As at 31 March 2018, the actual expenditure on the implementation of ITE4 was \$99.5 million.

3. In addition, EDB has taken other measures to harness IT to facilitate learning and teaching, including: (a) the Composite Information Technology Grant ("CITG");² (b) professional development activities for education professionals;³ (c) an education portal operated by the Hong Kong Education City Limited; (d) a three-year Pilot Scheme on E-Learning in Schools; (e) E-textbook Market Development Scheme;⁴ and (f) the Scheme for Supporting Schools to Adopt E-textbooks. In financial year 2016-2017, the actual expenditure of the recurrent measures (items (a) to (c) above) was about \$390 million. As at 31 March 2018, the actual expenditure of the non-recurrent measures (items (d) to (f) above) was about \$150 million.

4. The Committee noted the following findings from the Director of Audit's Report:

¹ The WiFi-900 Scheme aims to enable schools to acquire mobile computing devices to tie in with their acquisition of WiFi services covering all classrooms.

² Under CITG, all public sector schools (i.e. government schools, aided schools, caput schools and special schools) are provided with an annual grant to meet their operational needs for implementing IT in education.

³ A range of professional development activities are organized by EDB for school leaders and teachers to enhance their knowledge and skills to promote e-learning as part of the on-going professional capacity building programmes. Courses are either organized by EDB or commissioned to local tertiary institutions.

⁴ The E-textbook Market Development Scheme was launched in 2012 to facilitate the development of e-textbooks in line with the local school curricula for use starting from 2014-2015.

Education Bureau's efforts in harnessing information technology to facilitate learning and teaching

- under the WiFi-900 Scheme, EDB provided funding to 334 schools to improve their teachers' readiness and engagement of stakeholders for the implementation of e-learning. However, at the end of 2016-2017, only 224 (67%) of the 334 schools had enhanced their WiFi infrastructure, while 88 (39.3%) of these 224 schools considered themselves less than ready/not ready in the teacher development for integrating e-learning into their school curricula despite their commitment to improve their teachers' readiness as a condition of receiving funding for WiFi enhancement;
- according to the results of the annual school survey⁵ for 2016-2017 to assess the extent to which e-textbooks and e-learning resources were adopted across class levels and subjects in schools, the average usage rates of e-textbooks and e-learning resources on class-level basis were considerably lower than those on school basis (24% and 65% compared to 64% and 99.4% on school basis in primary schools, and 8% and 66% compared to 32% and 96.8% on school basis in secondary schools);
- Audit examination of implementation progress returns submitted by 50 participating schools under the WiFi-900 Scheme revealed that 11 (22%) schools had integrated the WiFi network with their existing networks, which was contrary to EDB's recommended practice of separating the WiFi network from the schools' existing networks for better IT security;
- although EDB had stipulated in its circular to schools and in CITG's website that schools were required to relate their IT budget to the annual School Development Plans,⁶ 6 (15%) of the 40 schools examined by Audit did not follow the requirement;
- Audit examined the provision of CITG to schools and the actual expenditure for the periods from financial years 2012-2013 to 2016-2017 for government schools and school years 2012-2013 to 2016-2017 for aided schools, and found that:

⁵ Since 2015-2016, EDB has conducted annual school surveys to collect information from public sector schools and schools under the Direct Subsidy Scheme on their implementation progress of IT in education.

⁶ According to EDB's explanation to Audit, schools are not mandated to relate their IT budgets to the annual school-based development plans as the requirements are only recommended procedures.

Education Bureau's efforts in harnessing information technology to facilitate learning and teaching

- (a) as at 31 July 2018, eight aided schools of the 904 schools that received CITG in all the years over the five-year period had not submitted their audited accounts for 2016-2017 to EDB; and
 - (b) 517 (57.7%) of the 896 (i.e. 904 - 8) schools did not fully utilize the CITG allocation, including 131 (14.6%) schools that had unused funds representing more than 20% of the total allocation;
- as at April 2018, 479 sets of printed textbooks were available on the Recommended Textbook List covering 46 subject sets, whereas only 49 sets of e-textbooks were available on the Recommended Textbook List for e-textbooks ("eRTL")⁷ covering 20 subject sets. In particular, no e-textbooks were available on eRTL for Secondary 4 to 6;
 - Audit analysed the results of the annual school survey for 2016-2017, and found that the percentages of primary schools that adopted e-textbooks not on eRTL for Chinese Language, English Language and Mathematics ranged from 28% to 34%, which were lower than the corresponding percentages for secondary schools (ranged from 45% to 48%). The response rate of the annual school survey for 2016-2017 was only 72.7% (715 schools replied while the survey covered 984 schools), while 7.8% of the responding schools indicated that their progresses on implementing e-learning were behind the targets set in their three-year School Development Plans, and EDB had not ascertained why their progresses were behind targets and explored whether these schools would need any assistance from EDB;
 - 46 (22%) of the 205 schools that joined e-Resource Acquisition Project ("eREAP")⁸ in the first year (i.e. 2016-2017) did not participate in the second year. While the e-learning resources procured under eREAP did not cover Chinese Language, about 39% of the teachers from the 66 participating schools of eREAP indicated in a survey conducted by

⁷ To ensure the quality of e-textbooks adopted by schools, e-textbooks will be included in eRTL only if they have met specific requirements, e.g. relevance to the curriculum guides and accuracy of content.

⁸ eREAP aims to: (a) enrich the pool of high quality and readily available e-learning resources for use by both teachers and students; (b) establish a mechanism to coordinate evaluation, acquisition and licensing of e-learning resources to support large scale implementation in Hong Kong; and (c) lowering the overhead and achieving economy of scale for e-learning resources in the long run.

the Hong Kong Education City Limited in 2017 that Chinese Language should be covered in eREAP; and

- the percentage of events for commissioned courses with certificate award rate⁹ of more than 70% decreased from 74% (57 of 77 events) in 2015-2016 to 61.6% (45 of 73 events) in 2016-2017. Besides, EDB had not uploaded to its website materials of 10 of the 24 commissioned courses conducted in the period from 2015-2016 to 2017-2018 for access by teachers.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the implementation of the WiFi-900 Scheme, eREAP and annual school surveys; measures to encourage the adoption of e-textbooks and e-learning resources; measures to facilitate the future development of e-textbooks; measures to monitor schools' performance on the implementation of e-learning; measures to enhance teachers' participation and learning in training events; the effectiveness of ITE4; the utilization of CITG; and the adoption of eRTL. The replies from **Secretary for Education** are in *Appendix 41*.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

⁹ The service providers would issue a certificate to each participant who achieved full attendance and submitted the course-related work within two weeks after the last session of the event.

Trade and Industry Department's work in supporting small and medium enterprises

The Audit Commission ("Audit") conducted a review of the work of the Trade and Industry Department ("TID") in supporting small and medium enterprises ("SMEs").¹

2. As at 31 March 2018, there were over 330 000 SMEs in Hong Kong which constituted over 98% of Hong Kong's total business units and provided job opportunities for 1.3 million people (about 45% of the workforce in the private sector). TID is responsible for providing service to facilitate the development of SMEs in Hong Kong and help them enhance competitiveness. The main areas of TID's work include, among others:

- administrating three SME funding schemes (i.e. the SME Loan Guarantee Scheme ("SGS"), the SME Export Marketing Fund ("EMF") and the SME Development Fund ("SDF"));²
- following up on the residual work relating to the Special Loan Guarantee Scheme ("SpGS");³
- providing information services and consultation services for SMEs through its Support and Consultation Centre for SMEs ("SUCCESS"); and
- providing secretariat support for the SME Committee.

In 2017-2018, TID's expenditure on supporting SMEs and industries was \$476.7 million.

¹ The Administration defines SMEs as: (a) manufacturing businesses which employ fewer than 100 individuals in Hong Kong; or (b) non-manufacturing businesses which employ fewer than 50 individuals in Hong Kong.

² SGS, EMF and SDF were launched in December 2001 to respectively help SMEs:

- (a) secure loans from participating lending institutions for acquiring business installations and equipment, and meeting working capital needs through providing loan guarantees;
- (b) expand markets outside Hong Kong through funding support for their participation in export promotion activities; and
- (c) enhance their competitiveness by subsidizing their projects.

³ SpGS was introduced in December 2008 as a time-limited initiative to facilitate enterprises in obtaining cashflow relief from the commercial lending market, yet it has ceased receiving applications since 1 January 2011.

Trade and Industry Department's work in supporting small and medium enterprises

3. The Committee noted the following findings from the Director of Audit's Report:

- the number of applications approved under SGS dropped by 46% from 1 381 in 2008 to 744 in 2017. As at 31 March 2018, the total amount of guarantees issued was \$25 billion, representing 83% of the total guarantee commitment;
- there was no online enquiry service for SMEs to check their available guarantee balances⁴ under the total guarantee limit of SGS;
- under SGS and SpGS, when the borrowers failed to repay the guaranteed facility on the loan repayment date, participating lending institutions could submit default claims with supporting documents to TID. As at 31 March 2018, compensation payments of 596 SGS claims amounting to \$294 million and 359 SpGS claims amounting to \$292 million had been outstanding for an average of 7 and 4.6 years respectively;
- since 1 August 2018, the funding ceiling of EMF per application had been increased from \$50,000 to \$100,000, and the cumulative funding ceiling per SME had been increased from \$200,000 to \$400,000. However, the number of EMF applications had decreased by 38% from 17 672 in 2014 to 10 895 in 2017. As at March 2018, of the 47 082 SMEs which had obtained funding under EMF since its launch, only 640 (1.4%) SMEs had been granted the full \$200,000;
- of the 36 707 EMF applications received from 2015 to 2017, TID only checked 834 (2.3%) applications and found that 149 (17.9%) of them failed to provide proof that they had substantive business operations in Hong Kong;
- as at 31 July 2018, of the 42 completed SDF projects with applications received from 2013 to 2017 and their residual funds returned, 20 (48%) returned their residual funds less than one month to 109 days late;⁵

⁴ Under SGS, the Administration guarantees 50% of the approved loan amount for a maximum period of five years, subject to a guarantee limit of \$6 million for each SME. If an SME has fully repaid the loans backed up by the guarantee, SME is eligible one more time for the respective amount of guarantee. As such, the available guarantee balance may change as SME applies for new loans or repays the loans backed up by the guarantee.

⁵ Grantees of SDF projects are required to return residual funds to the Administration within one month after submission of the final audited account of the projects.

Trade and Industry Department's work in supporting small and medium enterprises

- the number of visitors to SUCCESS decreased by 90% from 35 653 in 2008 to 3 519 in 2017; and the number of visits to the website of SUCCESS decreased by 21% from 699 170 in 2008 to 548 984 in 2017;
- in the three SME Mentorship Programmes⁶ held in 2011 and 2012, 2014 and 2015 and 2016 to 2018, there were 196, 214 and 191 approved applications respectively. Of these approved applications, 23 (12%), 21 (10%) and 55 (29%) did not fully meet the eligibility criteria published on TID's website; and
- each year from 2013 to 2018 (up to 31 August 2018), there were one to three of the Vetting Committee⁷ members who attended none or only one of the meetings in the year.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the manpower expenditure on the programme area "Support for SMEs and Industries"; handling procedures of SMEs' enquiries on their available guarantee balances under the total guarantee limit of SGS; the implementation and review of SGS; the handling of default claims under SGS and SpGS; the implementation and effectiveness of EMF; the underlying reasons for the decrease in the numbers of SGS and EMF applications and the increase of the aggregate commitment and the cumulative funding ceiling per application of EMF; the response rates to the evaluation surveys of SGS, EMF and SUCCESS seminars; and the implementation of the SME Mentorship Programmes. The replies from **Director-General of Trade and Industry** are in *Appendices 42 and 43*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

⁶ The SME Mentorship Programme aims at providing an opportunity for SME owners at their early stage of business (i.e. the business has been established for less than five years) to learn from and be guided by mentors through one-on-one free counselling.

⁷ The Vetting Committee is responsible to advise and make recommendations to Director-General of Trade and Industry on matters relating to SDF and the Organisation Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales.

Training and development work of the Civil Service Training and Development Institute

The Audit Commission ("Audit") conducted a review of the works of the Civil Service Training and Development Institute ("CSTDI") in meeting the common training needs of civil servants.

2. CSTDI provides training programmes for some 183 000 government employees to equip them with the skills, knowledge and mind-set necessary for providing quality services to the public. In 2017-2018, the financial provision of CSTDI amounted to \$148.3 million.

3. The Committee noted the following findings from the Director of Audit's Report:

- the application and nomination process was automated for only 14 bureaux/departments ("B/Ds") using the two computerized training management systems which had direct interface with the computerized Training Information and Administration System ("TIAS")¹ of CSTDI;
- only 58 (10%) of the 610 classes of central programmes (i.e. open to all B/Ds) held in 2017 used e-forms for enrolment;
- CSTDI used paper-based evaluation forms rather than electronic means to collect feedback from course participants;
- of the 610 classes of central programmes held in 2017, 346 (57%) were over-subscribed. For these over-subscribed classes, Audit found that:
 - (a) for 83 classes (involving 33 workshops and two seminars) over-subscribed by 100% or more in 2017, no re-run was held for 19 workshops and one seminar;
 - (b) seven of the said 19 workshops were also over-subscribed by 100% or more in 2016 but the number of scheduled classes of these workshops remained unchanged in 2017; and

¹ TIAS assists CSTDI in various training administration functions, including inviting and processing nominations, training place allocation, attendance status update, training record maintenance and management reporting. Authorized users of B/Ds can login to TIAS to input training nominations and download training records.

Training and development work of the Civil Service Training and Development Institute

- (c) CSTDI had not arranged video-taping or uploading of the course materials onto the Cyber Learning Centre Plus ("CLC Plus")² for the said over-subscribed seminar without re-run in 2017;
- the practice of setting target class size varied among different training units, and the target class size for individual courses was not recorded in TIAS to facilitate the selection of nominees;
 - for 25 (7%) of the 346 over-subscribed classes in 2017, the number of selected nominees fell short of their respective target class sizes by 1% to 14% (averaging 6%), resulting in unused training places. However, there was no record to show that some of these unused training places had been reallocated to waitlisted nominees;
 - CSTDI had not invited new applications for the re-runs of eight over-subscribed seminars even when the venues could accommodate more attendees than the excess demand. As a result, there were unused training places in three of these re-runs;
 - it was unlikely that all middle-level civil servants (about 13 000 up to 2017 had yet to attend the programmes) could attend national studies programmes within the six-year time schedule as the number of planned training places provided by the three designated Mainland universities only increased from 280 in 2017 to 420 in 2019;
 - all government employees were free to choose accessing the e-learning resources on CLC Plus via their CLC Plus accounts or departmental portal accounts. As at May 2018, there were 139 362 user accounts, of which 79 713 (57%) were CLC Plus accounts and 59 649 (43%) were departmental portal accounts. Audit examination of the usage of CLC Plus revealed that:
 - (a) 14 955 (11%) of 139 362 accounts were not usable. For the remaining 124 407 usable accounts, 85 788 (69%) were inactive for one year or more (including 17 910 accounts which had remained inactive for five years or more); and

² The web-based CLC Plus was launched by CSTDI in September 2002 to provide a range of online training resources for civil servants to learn at their own time and according to their own pace.

Training and development work of the Civil Service Training and Development Institute

- (b) the number of user accounts of 15 B/Ds only accounted for less than 50% (ranging from 13% to 49%) of their establishment;
- CSTDI obtained funding of \$2.7 million for the enhancement of CLC Plus in December 2015. The enhancement work included revamping CLC Plus with a new user interface, which was launched on 21 April 2018, to provide an optimal viewing and interactive experience to support effective mobile learning. In July 2018, Audit used a tablet computer and a smartphone to conduct a test check of 30 e-learning resources on CLC Plus with the highest number of page views from January to April 2018, and discovered that:
 - (a) 17 (57%) e-learning resources could not be viewed on both mobile devices because they were developed using a legacy software not supported by major operating systems of mobile devices; and
 - (b) of 130 e-learning resources on CLC Plus developed using the legacy software, 33 items had been migrated to prevailing technology platforms or retired as at September 2018, while the remaining 97 items were planned to be migrated or retired by 2020;
- CSTDI launched its mobile application, namely "CSTDI App", for two mobile operating systems in March 2014 and March 2015 respectively. According to a survey conducted by CSTDI in 2015-2016 on the usage of CSTDI App by CLC Plus users, 77% of 2 084 respondents had not used CSTDI App before. The usage statistics of CSTDI App also showed that the numbers of downloads and visits decreased from 3 197 in 2015 to 1 136 in 2017 and from 18 260 in 2015 to 5 967 in 2017 respectively;
- there were 2 526 items of obsolete and physically deteriorated learning materials with a total purchase cost of about \$1.4 million being kept in the Learning Resource Centre³ of CSTDI pending disposal. However, there was no record showing when these 2 526 unserviceable resource items had been identified and why they had not been dealt with in previous disposal exercises; and

³ Learning Resource Centre is one of the training facilities of CSTDI providing borrowing service of learning resources and online library services.

Training and development work of the Civil Service Training and Development Institute

- while the utilization rates for most CSTDI training venues from January 2013 to May 2018 were generally above 50%, Audit examination revealed that:
 - (a) CSTDI made use of a web-based booking system to automate the booking of its training venues and ancillary facilities by internal users and the users of the General Grades Office only. Other B/Ds were still required to follow a set of manual booking procedures; and
 - (b) CSTDI had two multi-function areas, which were used to support classroom training, but these multi-function areas were not open for booking by other B/Ds. The respective utilization rates of these two multi-function areas between 2013 and 2018 (up to May 2018) were in the range from 3% to 19% and from 23% to 60%.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the use of information technology by B/Ds to enhance the administration of training applications/nominations; the use of e-forms in the training enrolment process by B/Ds; measures to address the demand for training places of over-subscribed courses; the arrangements for the setting of target class size of training courses; measures to ensure optimal utilization of training places; provision of training places of national studies programmes for middle-level civil servants; the usage of CLC Plus; management of e-learning resources used on mobile devices; measures to increase the usage of CSTDI App; management of learning materials in the Learning Resource Centre; and booking and utilization of CSTDI's training venues and ancillary facilities. The replies from **Secretary for the Civil Service** are in *Appendix 44*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Hong Kong Velodrome and Hong Kong Velodrome Park

The Audit Commission ("Audit") conducted a review of the Hong Kong Velodrome ("HKV") and the Hong Kong Velodrome Park ("HKVP"), covering the project management and the operation, maintenance and usage of facilities.

2. HKV and HKVP, which officially opened on 30 April 2014, are located in Tseung Kwan O and provide a variety of leisure and sports facilities for public use. To serve as a training base for the Hong Kong Cycling Team ("HKC Team"), HKV is equipped with cycling facilities meeting international competition standards, including a 250-metre long wooden cycling track that meets the Union Cycliste Internationale Category 1 standard. The Leisure and Cultural Services Department ("LCSD") was the client department and the Architectural Services Department ("ArchSD") was the works agent for the development of HKV and HKVP ("the Project"). ArchSD engaged two consultants¹ for the Project. In March 2010, ArchSD awarded a works contract ("the Contract") to a contractor ("the Contractor") for the implementation of the Project at a contract sum of \$1,002.7 million. The contract works were completed in December 2013 (about 12 months later than the original contract completion date of December 2012) and the final contract sum was \$1,063.9 million, representing an increase of \$61.2 million (6%) over the original contract sum.

3. Currently, HKV and HKVP are managed by LCSD. LCSD and its works agents (mainly ArchSD) are responsible for the maintenance of all internal/external facilities at HKV and HKVP.

4. The Committee noted the following findings from the Director of Audit's Report:

- during the Contract period, 271 architect's instructions covering 1 613 variation items and amounting to \$80.8 million were issued. Audit examination of 22 variation items with a value over \$1 million each and amounting to \$46 million in total revealed that:
 - (a) the detailed requirements for the installation of smoke ventilators at the multi-purpose arena (located at the main hall of HKV)

¹ A lead architectural consultant was engaged in April 2008 for detailed design, site investigation, preliminary environmental review, preparation of tender documents, and contract administration and site supervision work; and a quantity surveying consultant was engaged in July 2008 for preparation of tender documents and valuing the cost of works.

Hong Kong Velodrome and Hong Kong Velodrome Park

under an approved fire engineering report for HKV of August 2009 had not been fully incorporated into the tender documents of the Contract issued in September 2009. As a result, ArchSD paid \$4.2 million to the Contractor for the variation item;

- (b) the structural loading schedules (which specified the loading of the structural elements such as columns and walls in the building) had not been updated correspondingly to match the revised architectural layout of the HKV building before the issue of the tender for the Contract. Subsequently, ArchSD paid \$1.1 million to the Contractor for the variation item; and
- (c) for 11 architect's instructions (each containing 1 to 20 variation items and at least a variation item with value over \$1 million) under the Contract, the estimated costs differed significantly from the actual costs (ranging from \$0.9 million to \$4.2 million);
- after holding at HKV the HKC Team's performance test in November 2013 and an international competition in January 2014, LCSD was informed that the cycling track which achieved the Union Cycliste Internationale Category 1 standard could not fully meet the training mode and practical needs of the HKC Team and needed to be further enhanced even though The Cycling Association of Hong Kong, China Limited had already been fully consulted during the planning, design and construction stages of the Project. Subsequently, the main hall (where the cycling track, arena and spectator stand facilities are located) in HKV was closed for two months for carrying out the cycling track surface enhancement at an additional cost of \$4.2 million in order to meet the requirements of The Cycling Association of Hong Kong, China Limited;
- variations to the net operational floor area of some items of more than 10% had not been approved by the Property Vetting Committee as required by the Accommodation Regulations of the Government;
- since the completion of HKV in December 2013 and up to June 2018, there were 129 water seepage cases in the main hall. After the completion of a series of rectification works between January 2017 and June 2018, there were still 28 water seepage cases in the main hall. These 28 cases involved 17 spots, of which eight (47%) spots with water seepage occurred more than once;

Hong Kong Velodrome and Hong Kong Velodrome Park


- during the five site visits to HKVP between June and August 2018, Audit observed some cases of inadequacies, including:
 - (a) damaged benches and users riding in the skatepark without wearing head-protected safety helmets; and
 - (b) after days of heavy rain, accumulated stagnant water in the central lawn and less-than-satisfactory turf condition, which indicated that the drainage problem might have been left unresolved;
- as priority was given to the training needs of the HKC Team, the utilization rates (up to June 2018) for the following facilities in HKV had been on the low side since their commissioning in early 2014:
 - (a) cycling track were below 35%;
 - (b) fitness room ranged from 37% to 56% and had generally decreased from 56% in 2015 to 43% in 2018 (up to June 2018);
 - (c) activity rooms and dance room (measuring as a whole) ranged from 35% to 58% and were the second lowest among the six government sports centres in Tseung Kwan O area since 2015; and
 - (d) arena ranged from 67% to 74% and were the lowest among the six government sports centres in Tseung Kwan O area; and
- HKV is furnished with seven specific function rooms, which serve as supporting facilities when major international competitions are held at HKV and are available for booking by organizations and government bureaux/departments only. LCSD did not compile statistics on their utilization for other activities apart from 20 days during international competitions. During the three Audit site visits conducted respectively in May, July and August 2018, most of these specific function rooms were vacant.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the incorporation of necessary requirements, and updates on building design and contract drawings into the tender documents before issuance of the tender; the tendering procedures; measures to minimize contract variations under a lump sum contract; consultation with major stakeholders

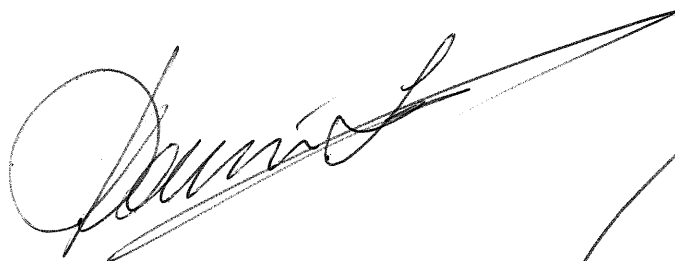
on their requirements for specialized sports facilities; compliance with requirements for changes in accommodation; measures to tackle the water seepage problem in the main hall of HKV; the maintenance and repair of facilities in HKVP; and measures to enhance the utilization of leisure and sports facilities in HKV. The replies from **Director of Architectural Services** and **Director of Leisure and Cultural Services** are in *Appendices 45* and *46* respectively.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

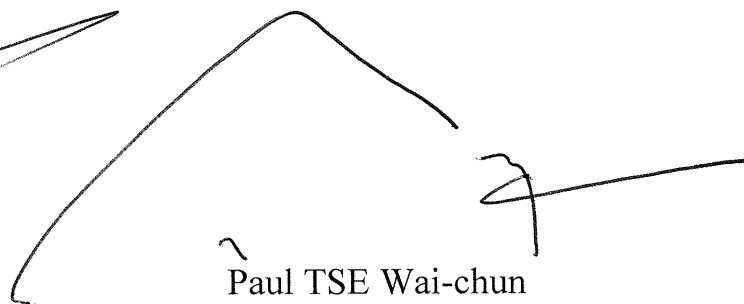
SIGNATURES OF THE CHAIRMAN,
DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE



Abraham SHEK Lai-him
(Chairman)



Kenneth LEUNG
(Deputy Chairman)



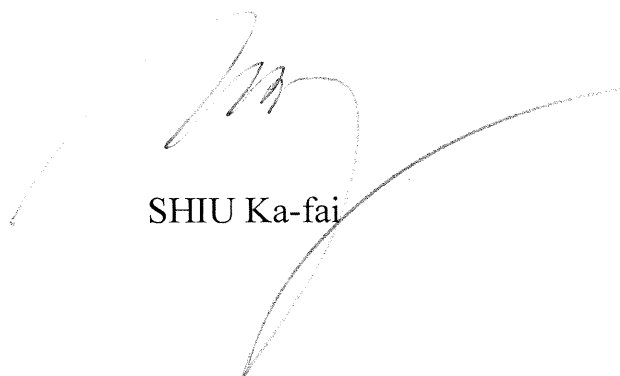
Paul TSE Wai-chun



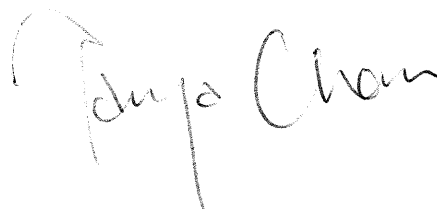
Steven HO Chun-yin



LAM Cheuk-ting



SHIU Ka-fai



Tanya CHAN

25 January 2019

**CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 71
DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT**

**Director of
Audit's Report
No. 71**

**P.A.C.
Report No. 71**

<u>Chapter</u>	<u>Subject</u>	<u>Chapter</u>
1	Centre for Food Safety: Management of food safety	1
2	Centre for Food Safety: Import control of foods	2
3	Procurement of operational equipment by the Hong Kong Police Force	3
4	Management of signboards by the Buildings Department	4
5	Radio Television Hong Kong: Provision of programmes	5
6	Barrier-free facilities at government premises	6
7	Education Bureau's efforts in harnessing information technology to facilitate learning and teaching	7
8	Trade and Industry Department's work in supporting small and medium enterprises	8
9	Training and development work of the Civil Service Training and Development Institute	9
10	Hong Kong Velodrome and Hong Kong Velodrome Park	10

**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.



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電郵地址 Email: ads2@landsd.gov.hk
本署檔號 Our Ref: () in LDC 6/1010/16 Pt. 3
來函檔號 Your Ref: CB4/PAC/CS(68,68A,69&69A)

我們矢志努力不懈，提供盡善盡美的土地行政服務。
We strive to achieve excellence in land administration.

香港北角渣華道三三三號北角政府合署二十樓
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333 JAVA ROAD, NORTH POINT, HONG KONG

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21 January 2019

Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central Hong Kong
(Attn : Mr. Anthony CHU)

By Fax & Post
Fax: 2543 9197

Dear Mr. CHU,

**Follow-up to Public Accounts Committee Report No. 68
Management of squatter and licensed structures**

I refer to your letter dated 4.1.2019.

Please find attached our responses (both Chinese & English versions) to the issues mentioned in your letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alan LO'.

(Alan LO)
for Director of Lands

Encl.

- cc. Commissioner of Rating and Valuation (fax no. 2152 0188)
- Director of Civil Engineering and Development (fax no. 2246 8708)
- Secretary for Financial Services and the Treasury (fax no. 2147 5239)
- Secretary for Development (fax no. 2845 3489)
- Director of Audit (fax no. 2583 9063)

**Public Accounts Committee Report No. 68
Management of squatter and licensed structures**

- (a) **Given that some squatter and licenced structures had existed for a long time and the squatter and licence records kept by LandsD might have changed hands over the years, thus undermining their completeness or accuracy, details of measures to verify and ascertain the accuracy of these records.**

Reply:

In the absence of approval or authorisation, any squatter structure on government land is unauthorised occupation of government land and any squatter structure on leased agricultural land is unauthorised structure on private agricultural lots. The current squatter control policy of the Government provides that any squatter structures registered in the 1982 territory-wide Squatter Structures Survey (surveyed squatter structures), which recorded the location, dimensions (i.e. length, width, height), building materials, and use of the squatter structures, are “tolerated” to remain on a temporary basis notwithstanding their illegal or unauthorised status, provided the location, dimensions, building materials and use are the same as the squatter control records in the 1982 Squatter Structures Survey (the 1982 squatter control records), until the surveyed squatter structures have to be cleared for development, environmental improvement or safety reasons, or until the surveyed squatter structures are phased out through natural wastage (e.g. when the structures are not occupied or cease to exist). As for licensed structures covered by Government Land Licence (GLL) which were mostly granted before the 1980s, the locations, dimensions and use of the licensed structures permitted under the GLL are stipulated as appropriate in the conditions under the respective licence.

Thus the 1982 squatter control records and GLL conditions remain the basis for squatter control or other enforcement actions against surveyed squatter structures and licensed structures under the current squatter control policy. Surveyed squatter structures and licensed structures are tolerated to remain only if they remain at the same location, dimensions, building materials and use as the 1982 squatter control records or the original GLL conditions as the case may be. The squatter control records and GLL records are thus kept to reflect the original conditions of squatter structures or licensed structures, rather than to reflect the changes of such structures

over the years or their current situation, except when records of individual surveyed squatter structures have to be deleted say as a result of the structures having breached the squatter control policy, being cleared for public works, being cleared for safety or other reasons, or found to have ceased to exist.

To facilitate squatter control and enforcement actions as well as land resumption and clearance for public works, Lands Department (LandsD) has embarked upon a project to digitise the 1982 squatter control records. LandsD is also digitising GLL records. Such digitised records would greatly facilitate LandsD's staff in performing their patrol, inspection and enforcement duties, specifically to identify any squatter structures not covered by the 1982 survey, any deviation of surveyed squatter structures from the 1982 squatter control records, any deviation of licensed structures from the conditions of GLL, and deletion of records for structures that no longer exist. LandsD is also testing the use of survey by unmanned aerial vehicles (drones) to check for such deviations of such structures based on the digitised records with a view to facilitating patrol, inspection and enforcement actions.

(b) Latest progress on the above-mentioned initiative and timetable for its completion.

Reply:

The pilot scheme to digitise 10,000 numbers of the 1982 squatter control records was completed in September 2018. The digitisation of the remaining 568,000 numbers of the 1982 squatter control records (i.e. including both the historical and current squatter control records) has commenced in December 2018 and is expected to complete by 2021. Likewise, the digitisation of GLL records has commenced in July 2018. It is expected that the digitization of about 15,000 records can be completed by 2020. The digitised 1982 squatter control records and GLL records would be stored as a centralised database and managed in a geographic information system of the Lands Department.

民政事務總署

香港灣仔軒尼詩道一百三十號
修頓中心二十九及三十樓



Home Affairs Department

29th and 30th Floors, Southorn Centre,
130 Hennessy Road,
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來函檔號： CB4/PAC//CS(68,68A,69&69A)
電話： 2835 1483
傳真： 2834 5466

(By e-mail only)

17 January 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr Chu,

**Follow-up to Public Accounts Committee Report No. 68
Provision of district council funds for community involvement projects**

Thank you for your letter of 4 January 2019. Our response is set out in the ensuing paragraphs.

Response to paragraph 2 (a)

The Home Affairs Department (HAD), in consultation with the Independent Commission Against Corruption, formulated guidelines on “other declarable interests” under the first-tier declaration with a view to facilitating District Council (DC) members in making their first-tier declarations more comprehensive and accurate. As at 9 January 2019, 12 DCs have adopted the Guidelines and the revised declaration forms have been issued to DC members for updating their declarations as appropriate. For the other 6 DCs, they are in the process of considering the Guidelines; for instance, by submitting them to DC/relevant committee for consideration.

As regards the second-tier declaration, HAD has requested DC Secretariats to remind, at every meeting or during circulation of papers,

DC/committee/working group members to declare interests and the Chairpersons to make rulings on the interests declared and to record such rulings in the minutes of meetings. Under the current practice, minutes of meetings are uploaded to DC websites for public inspection. In addition, HAD has worked with DC Secretariats to devise a Good Practice in handling declaration of interests and making rulings at meetings by DC/committee/working group Chairpersons. The Good Practice has been distributed to DCs for reference. As at 9 January 2019, 14 DCs have already adopted the Good Practice in their standing orders or procedures and relevant reminders have been included in the brief for the chairpersons of the meetings concerned to make rulings on interests declared. The other four DCs will go through the necessary consultation process before adopting the Good Practice.

Response to paragraph 2 (b)

HAD has issued Guidelines to facilitate DC Secretariats in assisting their DCs in processing community involvement (CI) project applications and evaluating CI projects. We have highlighted the points to note in the Guidelines with the aim to enhance accountability, transparency and good governance in handling CI projects. One of the areas covered in the Guidelines is the management of conflict of interest in CI projects. For instance, it has been highlighted in the Guidelines that DC members should make a declaration on any conflict of interest or a perception thereof, chairmen of meetings should be reminded to make rulings on all interests declared and that all declarations on interest should be recorded in the minutes of meeting, etc. By doing so, we hope consistency can be achieved amongst the DCs as far as possible.

Yours sincerely,



(Howard YAM)

for Director of Home Affairs

c.c. (By email)

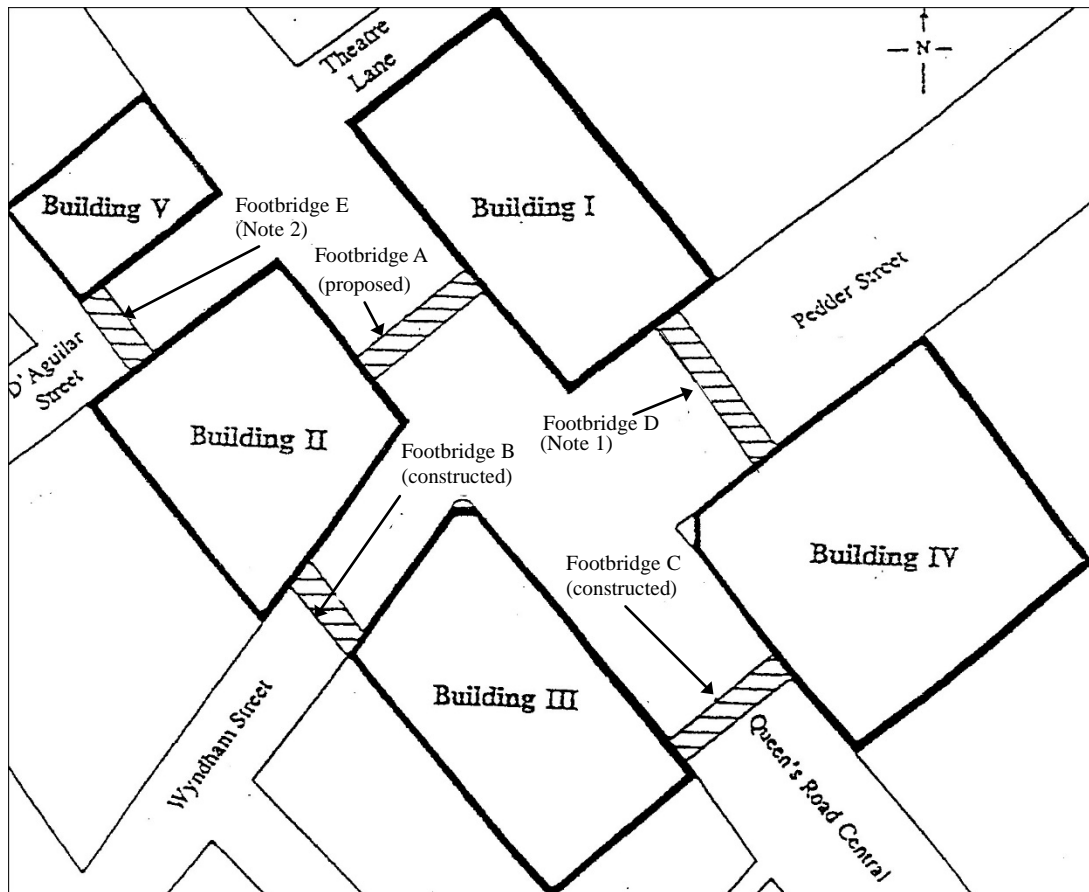
Secretary for Home Affairs

Director of Leisure and Cultural Services

Secretary for Financial Services and the Treasury

Director of Audit

**Location of the five commercial buildings and
the five footbridges in the Central District**



Source: Planning Department records

Note 1: *The construction of Footbridge D will be dealt with when a redevelopment proposal for Building IV is received.*

Note 2: *With reference to Footbridge E, it is pertinent to note that the lease of Building V is an unrestricted lease. The requirement for footbridge connections cannot be incorporated into the lease conditions.*

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(By fax no: 2543 9197)

29 January 2019

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

(Attn.: Mr. Anthony CHU)

Dear Mr. CHU,

**Follow-up to Public Accounts Committee Report No. 61
Management of Roadside Skips**

I refer to the Public Accounts Committee's letter of 4 January 2019 to the Secretary for the Environment and am authorized to give a coordinated reply, taking into account the inputs of concerned Government Bureaux and Departments of the Joint Working Group on Management of Roadside Skips¹ (the "JWG").

As reported in the Government Minute of May 2018, through the coordinated actions of the JWG, the Government has continued the efforts to enhance the management and control of roadside skips through providing two short-term tenancy ("STT") sites in Tseung Kwan O and Tuen Mun² for the skip trade to store idling skips since 2017, and engaging a term service contractor ("TSC") to assist enforcement departments in speeding up the removal of skips found to be posing serious obstruction to traffic and/or imminent danger to the public. The JWG has also conducted a total of 29 and 16 joint enforcement operations in 2017 and 2018 respectively to tackle a number of black spots with idling skips, including Tseung Kwan O, Sai Kung, Kowloon Bay, Kai Tak and Chai Wan areas with the participation of seven government departments³. As a result, the number of idling skips at such locations has reduced. This coupled with relocation of idling skips by skip operators to the two skip storage STT sites has led to significant improvement. The JWG is closely monitoring these

¹ The JWG is led by the Environment Bureau and the Environmental Protection Department ("EPD") and comprises Development Bureau, Transport and Housing Bureau, Food and Environmental Hygiene Department ("FEHD"), Highways Department ("HyD"), Hong Kong Police Force ("HKPF"), Lands Department ("LandsD"), Transport Department ("TD"), and Home Affairs Department (on a need basis).

² The two short-term tenancy sites in Tseung Kwan O Area 137 and Siu Lang Shui in Tuen Mun commenced their operations in January and December 2017 respectively.

³ The participating departments included the District Offices, EPD, FEHD, HKPF, HyD, LandsD and TD.

black spots through regular patrols and will conduct further joint enforcement operations at these black spots and others as advised by District Offices, in order to sustain the improvement achieved and to continue to deter malpractice of indiscriminate placement of skips at roadside.

Also, the JWG has been engaging the skip operators to devise a suitable trade-led registration system for skips under which the specifications for skips will be standardized, with a view to promoting good operational and safety practices.

The specific information requested in paragraphs 2(a) to (c) of your letter of 4 January 2019 is given below:

- (a) latest progress on the removal of roadside skips and statistics on the number of skips that have been removed, breakdown by 18 districts in 2018;

The HKPF and LandsD have been vigilant about the problem of indiscriminate placement of skips on roadside and have been mounting enforcement operations from time to time in order to deter malpractice of skip operators.

At present, the HKPF adopts the “Guidelines for Mounting and Placing of Skips” published by TD as reference to assist its frontline officers in determining any serious obstruction and imminent danger when dealing with roadside skips. In 2017 and 2018, the Police took enforcement actions against operators of 20 and 6 roadside skips respectively for causing serious obstruction and imminent danger to the public under Section 4A of the Summary Offences Ordinance (Cap. 228). Among these cases, a total of 6 and 3 skips respectively in 2017 and 2018 were removed by the TSC whilst the others by the operators themselves shortly after receiving advice or warnings from frontline police officers. So far, the maximum penalty meted out by the Courts in the convicted cases was \$3,500 fine.

As regards the enforcement actions by LandsD under Section 6 of the Land (Miscellaneous Provisions) Ordinance (Cap. 28), the District Lands Offices had posted 1 521 and 824 notices on the skips, resulting in confiscation of 13 and 6 skips in 2017 and 2018 respectively.

The enforcement statistics of the HKPF by Police Districts, and of LandsD by District Councils are tabulated at Annexes 1 and 2 respectively. As compared with the enforcement statistics in 2016, the HKPF and LandsD have devoted considerable efforts in stepping up their enforcement actions against the malpractice of indiscriminate placement of skips at roadside. Since the launch of joint enforcement operations against roadside skips in February 2017, the overall number of idling skips found in a number of black spots, including Tseung Kwan O, Sai Kung, Kowloon Bay, Kai Tak and Chai Wan areas, etc., has been significantly reduced by 90% during our joint operations as well as subsequent regular patrols. This has led to a drop in the number of enforcement notices posted on idling skips by the LandsD in the Eastern, Kwun Tong and Sai Kung districts and reduction in the overall enforcement statistics of the HKPF in 2017 and 2018. With this successful experience, we plan to extend the joint enforcement operations to other districts with black spots of roadside skips in the next few months. The JWG will continue to organize joint enforcement operations to tackle the indiscriminate placement of roadside skips at these black spots and others as advised by the District Offices as necessary.

- (b) plans and the implementation timetable to facilitate skip operations and the latest position of assigning a government department to take up the responsibilities for regulating and facilitating skip operation; and
- (c) timetable for taking forward a review to introduce a regulatory system to regulate and monitor skips operations.

The JWG has been in close liaison with the skip operators to engage its support to devise a suitable trade-led skips registration system to progressively enhance the standards of skip operations, including standardizing the specifications for skips and promoting good operational and safety practices. As indicated in our previous reply dated 26 January 2018, many participants of an earlier seminar organized by the JWG for the stakeholders in September 2017 were receptive to the idea of exploring a voluntary skips registration system to facilitate their skip operations. To facilitate progress on this initiative, the JWG has engaged an external consultant since June 2018 to work with the skip operators and other stakeholders, including the construction trade associations, property management companies, insurance trade, etc., in formulating proposals for setting up a trade-led registration system for skips. The study is still ongoing. Subject to smooth progress of the study and briefings to the skip operator trade, the JWG aims to support the skip operator trade to kick off the voluntary skips registration system in second half of 2019. The voluntary registration system for skips will be instrumental in addressing the trade's concern and stepping up the compliance rate of government requirements and guidelines.

Taking into account the effectiveness and progress of the above measures and the experience gained from the voluntary skips registration scheme, the JWG will review and examine in one year after the implementation of the voluntary registration scheme for skips whether it is necessary to introduce a new regulatory system and assign a government department to take up the responsibilities for regulating and facilitating skip operations in the long run.

Yours sincerely,



(Vanessa Au)
for Director of Environmental Protection

c.c.

The Chief Secretary for Administration (fax no. 2524 5695)
Secretary for the Environment (fax no. 2537 7278)
Secretary for Transport and Housing (fax no. 2537 6519)
Secretary for Development (fax no. 2845 3489)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Lands (fax no. 2152 0450)
Commissioner of Police (fax no. 2520 1210)
Commissioner for Transport (fax no. 2381 3799)
Director of Audit (fax no. 2583 9063)

Enforcement Statistics of Hong Kong Police Force by Police District

Police District	Number of cases in which advice or warnings were issued/ Number of skips removed			Number of cases in which skip operators were prosecuted			Number of cases convicted		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Hong Kong Island									
Eastern	97/ 0	166/ 0	145/1	0	0	2	0	0	2
Western	65/ 0	77/ 3	90/0	0	9	0	0	8	0
Wan Chai	161/ 0	179/ 0	59/0	0	1	0	0	1	0
Central	74/ 0	90/ 0	66/0	0	0	0	0	0	0
Kowloon									
Kowloon City	95/ 0	110/ 0	130/0	0	0	0	0	0	0
Yau Tsim	74/ 0	51/ 0	98/1	0	1	1	0	1	1
Sham Shui Po	59/ 0	59/ 0	24/0	0	0	0	0	0	0
Mong Kok	60/ 0	53/ 0	53/0	0	0	0	0	0	0
Sau Mau Ping	37/ 0	35/ 0	42/1	0	1	0	0	1	0
Wong Tai Sin	21/ 0	17/ 0	19/0	1	0	1	1	0	1
Kwun Tong	29/ 0	27/ 0	35/0	0	0	1	0	0	1
Tseung Kwan O ⁽¹⁾	-	3/ 3	8/0	-	7	1	-	7	1
New Territories									
Tai Po	29/ 0	15/ 0	19/0	0	0	0	0	0	0
Tuen Mun	24/ 0	19/ 0	19/0	0	0	0	0	0	0
Yuen Long	30/ 0	20/ 0	14/0	0	0	0	0	0	0
Border	0/ 0	0/ 0	1/0	0	0	0	0	0	0
Airport	0/ 0	0/ 0	0/0	0	0	0	0	0	0
Sha Tin	32/ 0	23/ 0	30/0	0	0	0	0	0	0
Tsuen Wan	16/ 0	13/ 0	42/0	0	1	0	0	1	0
Kwai Tsing	26/ 0	24/ 0	25/0	0	0	0	0	0	0
Lantau	6/ 0	1/ 0	2/0	0	0	0	0	0	0
Total:	935/ 0	982/ 6	921/3⁽²⁾	1	20	6	1	19	6

Notes: (1) Formerly a part of Kwun Tong District, Tseung Kwan O Division was upgraded to Tseung Kwan O District in 2017.

(2) As the situation of indiscriminate placement of roadside skips in the abovementioned black spots has been improved, the number of joint enforcement operations conducted by the JWG has been decreased in 2018 as compared to that in 2017, and so as the enforcement statistics.

Enforcement Statistics of Lands Department by District Council District

District	Number of notices posted on skips/ Number of skips removed			Number of cases in which skip operators were prosecuted			Number of cases convicted		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Hong Kong Island									
Eastern	422/ 1	522/ 1	295 / 2	0	0	0	0	0	0
Southern	7/ 0	2/ 0	10 / 0	0	0	0	0	0	0
Wan Chai	46/ 1	53/ 0	43 / 0	0	0	0	0	0	0
Central & Western	243/ 0	122/ 0	61 / 0	0	0	0	0	0	0
Kowloon									
Kowloon City	169/ 0	42/ 2	43 / 0	0	0	0	0	0	0
Yau Tsim Mong	63/ 0	49/ 1	55 / 0	0	0	0	0	0	0
Sham Shui Po	13/ 1	22/ 0	28 / 1	0	0	0	0	0	0
Wong Tai Sin	9/ 0	0/ 0	1 / 0	0	0	0	0	0	0
Kwun Tong	242/ 0	81/ 0	26 / 0	0	0	0	0	0	0
New Territories									
Tai Po	13/ 0	5/ 0	1 / 0	0	0	0	0	0	0
Tuen Mun	1/ 0	0/ 0	0/ 0	0	0	0	0	0	0
Yuen Long	0/ 0	0/ 0	2 / 1	0	0	0	0	0	0
North	3/ 0	3/ 0	1 / 0	0	0	0	0	0	0
Sai Kung	762/ 8	524/ 9	223 / 2	0	0	0	0	0	0
Sha Tin	20/ 0	15/ 0	5 / 0	0	0	0	0	0	0
Tsuen Wan	33/ 0	20/ 0	2 / 0	0	0	0	0	0	0
Kwai Tsing	26/ 0	61/ 0	28 / 0	0	0	0	0	0	0
Islands	0/ 0	0/ 0	0/ 0	0	0	0	0	0	0
Total:	2 072/ 11	1 521/ 13	824/ 6⁽¹⁾	0	0	0	0	0	0

Note: (1) As the situation of indiscriminate placement of roadside skips in the abovementioned black spots has been improved after the stepping up of joint enforcement operations, there was a decreasing trend for the enforcement statistics for posting notices on skips, particularly in the Eastern, Kwun Tong and Sai Kung (including Tseung Kwan O) districts.

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18 January 2019

Mr Anthony Chu
Clerk
Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

**Follow-up to Public Accounts Committee Report No. 63
Provision of long-term care services for the elderly**

Thank you for your letter of 4 January 2019 to the Secretary for Labour and Welfare, seeking information on various matters about elderly services. I am authorised to reply as follows.

Number of residential care places and day care places for the elderly

2. As at end of March 2018, there was an accumulated total number of 27 360 subsidised residential care places and 47 137 non-subsidised residential care places for the elderly in Hong Kong; compared to end-March 2017, these include respectively 228 and 92 new subsidised and non-subsidised residential care places provided in two completed development projects of residential care homes for the elderly (“RCHes”) and one project under the Special Scheme on Privately Owned Sites for Welfare Uses (“the Special Scheme”) in 2017-18.

3. Besides, as at end of March 2018, there was an accumulated total number of 3 202 subsidised day care places for the elderly in Hong Kong; compared to end-March 2017, there are 143 new subsidised day care places.

Effect on waiting time for residential care places by the elderly

4. In view of the rising service demand, the Government will continue to increase service places for the elderly through a multi-pronged approach. The Government is implementing 35 development projects for the provision of new contract RCHEs, contract RCHEs cum day care units for the elderly and day care centres for the elderly. It is estimated that about 3 700 residential care places (including subsidised and non-subsidised places) and 1 250 day care places for the elderly will be progressively provided from 2018-19 onwards. In addition, the Government has been implementing the Special Scheme. Assuming that all the proposals for elderly services under the Special Scheme could be implemented smoothly, about 7 000 residential care places and about 2 000 day care places for the elderly could be provided. Moving forward and in response to the welfare sector's request, the Government plans to implement a new phase of the Special Scheme aiming at increasing the provision of much-needed welfare facilities including elderly services. The new phase of the Special Scheme will be launched in April 2019.

5. Apart from the above, the Social Welfare Department has been implementing the Pilot Scheme on Residential Care Service Voucher ("RCSV") for the Elderly ("the Pilot Scheme") since March 2017, offering a total of 3 000 RCSVs by phases from 2017 to 2019, with a view to providing an additional service choice for the elderly. Besides, the Chief Executive announced in the 2018 Policy Address to purchase an additional 5 000 EA1 places under the Enhanced Bought Place Scheme ("the EBPS") in the next five years to increase the supply of subsidised residential care places for the elderly.

6. The waiting time for subsidised residential care places by the elderly is affected by a number of factors, including whether the applicant has any special preference in terms of a particular RCHE, as well as the location, diet and religious background of RCHEs, whether the applicant accepts subsidised residential care places provided under the EBPS and the Nursing Home Place Purchase Scheme, whether the applicant has requested joining family members and / or relatives in a particular RCHE, the turnover rate of the selected RCHEs, etc. As a matter of fact, about 99% of applicants on the Central Waiting List have personal and specific requirements for the location of their selected RCHEs, including 26% who have indicated that they would accept and await a particular RCHE only.

As such, it is not possible to estimate the direct impact of the increase in service places on the waiting time for residential care places for the elderly.

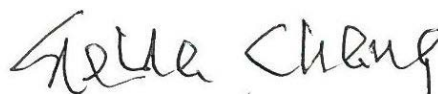
Plan of provision of additional long term care services for the elderly in the next five years

7. For the next five-year plan from 2018-2019 to 2022-2023, additional residential care places for the elderly are expected to be provided through the completion of 12 development projects for the provision of RCHEs. On the other hand, additional day care places for the elderly are expected to be provided through 14 development projects for setting up day care centres / units for the elderly, and a new scheme to set up day care units for the elderly at qualified private and self-financing RCHEs through purchase of places from them. It is estimated that about 1 275 additional residential care places for the elderly (including subsidised and non-subsidised places), and 742 additional day care places will be provided in the next five years. The development timetable of individual projects is subject to change as we continue to work out the details of the projects.

8. Moreover, the Government's plan to purchase an additional 5 000 EA1 places under the EBPS in the next five years as announced in the 2018 Policy Address will also increase the supply of subsidised residential care places for the elderly, and enhance the overall service quality of private RCHEs.

9. Furthermore, it was announced in the 2018 Policy Address that the Government will provide an additional 2 000 service quota under the Enhanced Home and Community Care Services within 2019, and another 1 000 vouchers under the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly in 2019-20, bringing the total to 7 000, to support ageing in place for elderly persons with moderate or severe impairment.

Yours sincerely,



(Miss Stella Chang)

for Secretary for Labour and Welfare

c.c. Director of Social Services (Attn: Mr TAN Tick-ye)



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

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APPENDIX 8

Fax: 2543 9197
(Total 3 pages)

16 January 2019

Mr Anthony Chu
Clerk to the Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr Chu,

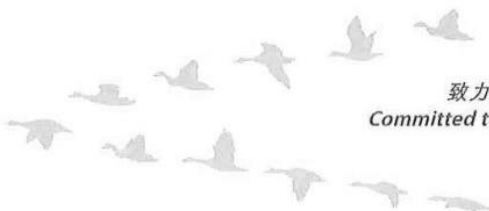
Follow-up to Public Accounts Committee Report No. 63A
Administration of the air traffic control and related services

Thank you for your letter dated 7 January 2019 requesting the Civil Aviation Department (CAD) to provide information related to the occurrence in the Air Traffic Management System (ATMS) on 13 August 2018 and the performance of the ATMS during adverse weather. I am authorised to reply as follows.

- (a) *Further measures to be taken by the Civil Aviation Department (CAD) to prevent the recurrence of similar incidents in the future and to ensure the smooth operation of ATMS*
- (b) *The latest position on the operation of the software fix to ATMS, which was implemented in October 2018*

2. Following the occurrence of the ATMS on 13 August 2018, the CAD has promptly tasked the ATMS contractor (i.e. the Raytheon Company) to conduct a thorough investigation. The contractor subsequently completed an in-depth investigation and submitted a report to the CAD including provision of a long-term solution to solve the problem.

3. According to the report, an unexpected data corruption occurred when the



system software was updating the flight route elements¹. As a result, the software could not continue its processing. It then triggered the safety assurance of shutdown of the primary Flight Data Processor (FDP) of the Main System and an automatic switchover of operation to the secondary FDP as per the multi-layer redundancy in system design, which subsequently was also shut down for the same reason. The technical staff, after consulting the air traffic control (ATC) supervisors on-site, switched from the Main System to the Fallback System, an independent but identical system with the same design, according to the established procedures. The contractor has accordingly provided a software fix to prevent recurrence of similar events².

4. After completion of the on-site testing and safety assessments, the software fix has been successfully implemented to the ATMS for operational use since late October 2018. The software fix implemented validates the flight route elements (including the updates) once again (i.e. one additional validation as compared to the past) prior to the execution of flight route element comparison. The following three new features were introduced in the ATMS through this software fix:

- (i) When a flight route contains an invalid value, the system will not proceed to the flight route element comparison for that flight;
- (ii) The software will stop processing the flight route in question when it encounters the scenario mentioned in paragraph (i). It will then confine the flight route in question and will continue to process information of other flight routes to prevent the FDPs from shutting down and other flight data from being affected; and
- (iii) At the same time, the software will display an alert message to ATC officers and technical staff together with the relevant flight information for subsequent and separate handling of the flight route in question.

5. Briefings to ATC officers and technical staff regarding the cause and follow-up actions of the occurrence have been conducted. The occurrence on 13 August 2018 has not occurred since then. The CAD will continue to closely monitor the performance of the ATMS.

(c) *Under what circumstances will CAD activate the Ultimate Fallback System of ATMS*

6. The ATMS, with sophisticated design, has built-in multiple fallback systems. Besides the Main System, it also includes a Fallback System and an Ultimate Fallback System (UFS). The Main System and Fallback System are two identically designed but independent systems, while the UFS is a separate system with software and system

¹ A flight route comprises an array of elements of a particular flight, such as standard instrument departure procedures, standard instrument arrival procedures, waypoints and airways, etc..

² The CAD issued a press release on 19 September 2018 to set out the above in detail, which is available on the CAD's website:

<https://www.info.gov.hk/gia/general/201809/19/P2018091900981.htm?fontSize=1>

architecture fully independent from those of the Main System and Fallback System. Only in event that both the Main System and Fallback System do not function properly, the system operation will be switched to the UFS according to established procedures. The UFS is therefore part of the multi-layer redundancy in system design to ensure flight safety. The UFS has never been activated since the full commissioning of ATMS on 14 November 2016.

(d) The performance of ATMS during adverse weather brought about by the severe typhoon Mangkhut in September 2018 and in handling the rescheduled flights after the typhoon left Hong Kong. Whether any irregularities of the system were detected during the period

7. The ATMS has been providing safe and reliable ATC services to flights operating in and out of the Hong Kong Flight Information Region since its full commissioning on 14 November 2016. In August 2017, a record high figure of 2 341 aircraft movements was recorded over a 24-hour period when the Hong Kong International Airport recovered from the impact of Super Typhoon Hato. In September 2018, the ATMS handled 2 130 aircraft movements in a 24-hour period following Super Typhoon Mangkhut. The ATMS performed satisfactorily and no irregularity was detected during the period. All these demonstrate the capability of the ATMS in overcoming the challenges brought by adverse weather and clearing the traffic backlogs caused by severe weather.

8. More recently, the ATMS also successfully handled the increased air traffic during the traditional busy travel periods of Christmas and New Year. In 2018, the total number of aircraft movements handled by the ATMS increased by 7.1% as compared with 2017, affirming the performance of the ATMS and professional performance of frontline ATC officers and technical personnel.

9. The CAD will continue to closely monitor the performance of the ATMS and optimise the system to enhance its functions in order to cope with the increasing air traffic in the future. The CAD will continue to be committed to maintaining the highest level of aviation safety.

Yours sincerely,



(Raymond Ng)

for Director-General of Civil Aviation

c.c. Secretary for Transport and Housing (Fax: 2524 9397)
Secretary for Financial Services and the Treasury (Fax: 2147 5239)
Director of Audit (Fax: 2583 9063)



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

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11 February 2019

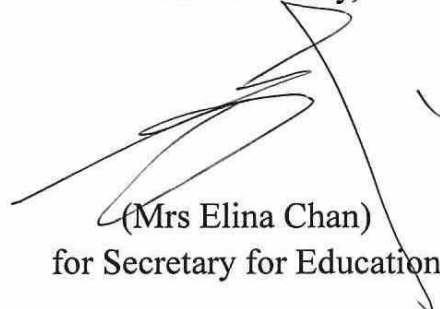
Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
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Hong Kong

Dear Mr Chu,

Follow-up to Public Accounts Committee Report No. 65
Use and disposal of vacant school premises

I refer to your letters of 7 and 9 January 2019 on the captioned subject. Please find attached our input to the request information. As explained earlier, the Development Bureau will separately provide their input to you direct. Thank you.

Yours sincerely,



(Mrs Elina Chan)
for Secretary for Education

c.c. Secretary for Development
Secretary for Financial Services and the Treasury
Director of Audit
Director of Lands

Follow-up to Public Accounts Committee Report No. 65
Use and disposal of vacant school premises

The Education Bureau's Response to
Issues Raised in the letter of 7 January 2019

- (a) A table showing the latest position of vacant school premises (“VSP”), including the location and area of each site;**
- (b) A table showing VSP which have been put to educational or other uses in the past 12 months, with details on the location and relevant use of each site; and**
- (c) Future plan for the use and disposal of existing VSP.**

VSP under EDB's purview and future plan for the use and disposal of these premises

It has all along been the Education Bureau's (“EDB”) policy objective to put VSP into gainful use. When there is a vacant or to-be-vacant school premises, EDB will consider factors including the size, location, physical conditions, etc. of the relevant premises, and the educational needs and relevant policy initiatives with a view to assessing the VSP's suitability for educational use or whether the premises is needed to be reallocated for school or other educational use. Once EDB confirms that the VSP are no longer required by EDB for reallocation for school uses, EDB would inform the Planning Department (“PlanD”) and other relevant departments (such as the Lands Department (“LandsD”) and the Housing Department) for PlanD's consideration of suitable alternative long-term uses in accordance with the central clearing house mechanism.

2. As reported in the last Government Minute tabled on 16 May 2018, of the remaining 108 addresses identified from the stocktaking exercise conducted by EDB, EDB had notified PlanD and other relevant departments of all except one VSP for consideration of suitable alternative long-term uses under the aforesaid central clearing house mechanism. In respect of that remaining one, EDB has subsequently confirmed that it is no longer required for reallocation by EDB for school use and informed PlanD for consideration of suitable alternative long-term use in August 2018. As at end-August 2018, there are nine VSP under EDB's purview which are earmarked/retained for school or other educational uses (including those not yet been confirmed

as being no longer required by EDB). Information on these premises is set out in the table below.

No.	Location	Name of former school	Address	Site area of school premises (rounded to the nearest hundred m²)
1	Wanchai	Wanchai School	30 Oi Kwan Road, Wanchai, Hong Kong	2 000
2	Eastern	HongKong Japanese School	9 Hau Yuen Path, Braemar Hill Road, North Point, Hong Kong	2 900
3	Southern	St. Peter's Secondary School	220 Aberdeen Main Road, Aberdeen, Hong Kong	6 000
4	Kowloon City	Hung Hom Government Primary School	68 Gillies Avenue, Hung Hom, Kowloon	1 900
5	Wong Tai Sin	S.K.H. Ching Shan Primary School	3 Luk Lau Avenue, Choi Hung Estate, Wong Tai Sin, Kowloon	3 700 (Total)
6	Wong Tai Sin	S.K.H. Yat Sau Primary School	1 Luk Lau Avenue, Choi Hung Estate, Wong Tai Sin, Kowloon	
7	Sham Shui Po	Kowloon Junior School	4 Rose Street, Yau Yat Chuen, Kowloon	3 700
8	Tai Po	Tai Po Government Primary School	22 Wan Tau Kok Lane, Tai Po, New Territories	2 400
9	Islands	Cheung Chau Public School	School Road, Cheung Chau, New Territories	5 800

3. EDB would take into account a basket of factors and periodically assess the possible educational use of VSP under EDB's purview. As explained before, there is a need to earmark/retain some VSP to cater for the anticipated future demand for school places and to allow flexible arrangements required in view of the uncertainty involved. In addition, EDB needs VSP to flexibly address various and changing needs, including reprovisioning of existing schools to improve their learning and teaching environment; decanting use by schools undergoing in-situ redevelopment or extension works; allocating school premises for operation of international schools, etc. It is therefore inappropriate and impracticable to impose any fixed target on the length of the vacancy period of a VSP or the number of VSP to be retained. Nevertheless, with the policy objective of putting VSP into gainful use in mind, EDB strives to facilitate the utilisation of VSP in an expeditious manner as far as practicable. In this regard, we circulate the list of VSP within EDB on a half-yearly basis to invite new and/or updated proposals on educational uses and/or short-term uses (where appropriate). We also circulate, on a half-yearly basis, a list of VSP earmarked for educational use but suitable for short-term use to relevant bureaux/departments (including the Home Affairs Bureau, Home Affairs Department, LandsD, PlanD and Social Welfare Department) with a view to identifying short-term use pending the deployment of such premises for the earmarked use so that the land resources can be gainfully used.

4. As regards the nine VSP under EDB's purview listed in paragraph 2 above, EDB is going to launch a School Allocation Exercise ("SAE") in 2019 in respect of one of them for existing schools to apply for reprovisioning use. We are also taking forward the preparation works including technical feasibility studies for six of them, with a view to arranging allocation under the established school allocation mechanism once ready. With regard to the remaining two, EDB is reviewing the possible use of one VSP in accordance with the established mechanism and liaising with the school sponsoring body on the surrender of the other VSP.

Allocation of VSP for school uses

5. In the past 12 months (January to December 2018), EDB has reallocated two VSP in the Kwun Tong and Kwai Tsing Districts respectively for further school uses under the established school allocation mechanism. The VSP in the Kwun Tong District was allocated to an existing primary school for reprovisioning use, whereas the one in the Kwai Tsing District was allocated for the physical extension of an existing primary school. EDB is arranging necessary refurbishment works for the school premises concerned before handing over to the schools concerned.

Allocation of VSP for other uses

6. With regard to the 71 VSP the physical possession of which had not been delivered to the Government after cessation of school operation as at 30 April 2015, we reported in the last Government Minute tabled on 16 May 2018 that no follow-up action is required by the Government in terms of pursuing alternative land use on 30 cases. These included 28 cases where the land leases for the private land concerned do not contain a cessation/diminution of user clause allowing the Government to re-enter the land after cessation of school use (hence future use of the land is at the discretion of the lessees so long as the use is compliant with the lease, zoning and other regulations) and two cases where uses other than school use are allowed.

7. As at end-December 2018, among the 41 VSP warranting further action, 19 were under EDB's purview and 18 of them were being used for educational purpose. For the remaining one VSP, the SSB had completed the site surrender process in April 2018 and EDB is taking follow-up action on the earmarked school use.

Education Bureau
February 2019

Our Ref.: (15) in FEHD Hy 34-105/5/2 C Pt.5
Your Ref.: CB4/PAC/CS(68,68A,69&69A)

29 January 2019

Legislative Council
Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn.: Mr Anthony CHU)
(Fax No. 2543 9197)

Dear Mr CHU,

**Follow-up to Public Accounts Committee Report No. 67
Joint-office operation on water seepage in buildings**

I refer to your letter of 7 January 2019 with a similar copy to the Director of Buildings (DB) enquiring about the progress of formulation of performance indicator relating to the Joint-Office (JO) operation on water seepage in buildings in the Director of Audit Report No. 67 (Audit Report). In consultation with the Buildings Department (BD), I provide a consolidated reply in the following paragraphs.

2. In order to improve the handling of water seepage cases, a task force comprising representatives from the Food and Health Bureau, the Development Bureau, the Food and Environmental Hygiene Department (FEHD), BD and the Water Supplies Department, and convened by the subject Assistant Directors of FEHD and BD was formed in early 2018. The task force is currently conducting a comprehensive review of the JO operation, including streamlining the work procedures and continuing to implement various recommendations of the Audit Report. Among other improvement measures under review, the task force is in the course of collecting data for working out a pragmatic performance indicator for public reference. Upon gathering sufficient information for analysis, JO will be better able to formulate a pragmatic performance indicator for handling straightforward cases.

3. In the meantime, we have analyzed the water seepage cases lodged with us in 2018. Statistics indicate that about 64.59% (23 696) of the 36 684 total water seepage cases received in the year were completed within 90 working days. For the remaining cases, about 2.46% (903) were completed within six calendar months, 2.91% (1 066) within seven to twelve months and 30.04% (11 019) were still being handled by JO.

4. The completion time frame of 90 working days is only applicable to simple and straightforward water seepage cases since longer investigation time would be required for complicated ones, for example, those involving intermittent seepages and multiple seepage sources etc. For such cases, additional, ongoing and repeated tests are needed to ascertain the source of water seepage, resulting in longer investigation process. To expedite the work process, JO has started a pilot scheme to apply new technology (namely infrared thermography and microwave tomography) in three districts to tackle water seepage cases. JO will evaluate the effectiveness of such technology in June 2019, and consider whether more extensive use is justified with a view to shortening the investigation time.

5. Besides, JO staff are required to gain access to the premises suspected to have caused the water seepage for conducting most of the tests. It will require coordination with and cooperation of the owners or occupiers concerned which takes time. If vacant units or uncooperative occupiers are involved, JO staff will have to apply for court warrants to enter the premises for investigation and take even longer time to complete the investigation.

6. For enquiries, please contact the undersigned at 2867 5641.

Yours sincerely,



(CHAN Kam-tong)

for Director of Food and Environmental Hygiene

c.c. Director of Buildings (fax no. 2868 3248)

Secretary for Financial Services and the Treasury (fax no. 2147 5239)

Director of Audit (fax no. 2583 9063)

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

Prof Sophia CHAN Siu-chee	Secretary for Food and Health
Mr Eugene FUNG Kin-yip	Deputy Secretary for Food and Health (Food) ²
Miss Vivian LAU Lee-kwan	Director of Food and Environmental Hygiene
Dr HO Yuk-yin	Controller, Centre for Food Safety Food and Environmental Hygiene Department
Dr Samuel YEUNG Tze-kiu	Consultant (Community Medicine) (Risk Assessment and Communication) Food and Environmental Hygiene Department
Dr Christine WONG Wang	Assistant Director (Risk Management) Food and Environmental Hygiene Department

**A brief account of Chapter 1 of Report No. 71
“Centre for Food Safety: Management of food safety”
by the Director of Audit
at the Public Hearing of the Public Accounts Committee
of the Legislative Council on Monday, 10 December 2018**

Mr. Chairman,

Thank you for inviting me here to give a brief account of Chapter 1 of Report No. 71 of the Director of Audit, entitled “Centre for Food Safety: Management of food safety”. The Audit Commission (Audit) has recently conducted a review of the management and control of food safety by the Centre for Food Safety (CFS). The findings of this audit review are contained in Chapters 1 and 2 of Report No. 71 of the Director of Audit. In Chapter 1, the audit review has focused on assessment of food safety risks, the food surveillance programme (FSP), management of food incidents and complaints, and communicating with the public on food safety risks, covering both imported and locally produced foods. In Chapter 2, entitled “Centre for Food Safety: Import control of foods”, the audit review has focused on matters relating to import control of foods.

Chapter 1 comprises five PARTs.

PART 1 of the Report, namely “Introduction”, describes the background of the audit.

The Food and Environmental Hygiene Department (FEHD) has the mission of ensuring that food for sale in Hong Kong is safe and fit for consumption. To achieve this mission, it established the CFS which controls food safety in Hong Kong by working in the areas of risk assessment, risk management and risk communication. From 2013 to 2017, the number of food incidents increased by 28%. In 2017-18, the CFS incurred an expenditure of \$592 million, increased by 32% from \$448 million in 2013-14.

PART 2 of the Report examines the CFS's assessment of food safety risks.

Risk assessment forms the scientific basis for control actions. Every year, the CFS conducts a number of risk assessment studies which are comprehensive reviews and analyses of food related hazards that are of public health significance. The CFS carries out a population-based food consumption survey (FCS) for establishing a comprehensive database for food safety risk assessment and enhancing the CFS's risk assessment capacity. During an FCS, the CFS collects data on the types and amounts of foods that people consume for the conduct of food safety studies, including total diet studies (TDSs).

However, Audit observed that the first population-based FCS was completed in 2010 with a delay of 42 months. In May 2017, the CFS commenced the second population-based FCS. Audit examination revealed that this FCS was also progressing slowly, had a lower than expected response rate, and its contractor had not delivered sufficient service hours. Audit noted that the CFS had started to address the above-mentioned issues. Therefore, Audit has encouraged the FEHD to continue to closely monitor the progress of the FCS and the performance of the contractor to ensure timely completion of the second population-based FCS.

According to the CFS, a TDS has been recognised internationally as the most cost-effective way to estimate dietary exposure to food chemicals or nutrients for various population groups and to assess their associated health risks. It provides a scientific basis for assessing food safety risks and regulating food supply, and can facilitate risk managers to focus their limited resources on food chemicals or nutrients that may pose the greatest risks to public health. Audit noted that in the first TDS conducted during March 2010 to December 2014, some substances of high concern and some foods containing high concentrations of substances studied had not been covered. Therefore, Audit has recommended that the FEHD should take necessary measures to cover substances of high concern in conducting TDSs in future.

PART 3 of the Report examines the FEHD's FSP.

The CFS's FSP is designed to control and prevent food hazards. It is a key component of the CFS's food safety assurance programme and is aimed to find out the safety of food supply. The CFS adopts a risk-based approach to formulating the FSP, taking into account risk factors such as past food surveillance results, food incidents occurring locally and overseas, results of risk assessments and views of experts and stakeholders. Audit examined the FSPs of 2015, 2016 and 2017 and noted that some potential food hazards had not been covered for surveillance under the FSPs, yet a large proportion of food samples were not of high-risk nature. Audit examination of the FSP of 2017 also revealed wide variations in the ways more than 60,000 food samples were taken from different types of food outlets and from different food types, as well as cases of non-compliance with sampling requirements. Therefore, Audit has recommended that the FEHD should provide more guidelines on taking food samples, and step up the supervision of sampling work.

For the FSP of 2017, the CFS collected 3,868 food samples through online purchase. 93% of the samples were used for chemical testing and radiation testing, and only 7% underwent microbiological testing. Popularity of online food purchase has been growing in recent years, and there might be risks of bacterial growth during delivery, but the proportion of online samples purchased for microbiological testing was on the low side. Hence, Audit has recommended that the FEHD should review the need for increasing the proportion of online food samples purchased for microbiological testing.

PART 4 of the Report examines the CFS's management of food incidents and complaints.

The CFS defines "food incident" as any event where there is concern about actual or suspected threats to the safety or quality of food that could require intervention to protect public health and consumer interests. For food incidents identified, the CFS conducts initial assessments to find out those requiring further actions for risk management. Such further actions include checking local availability of the affected products, taking samples for testing, recalling the products, publicising the food incidents through press releases, etc. Audit observation revealed that the time taken between collection of food samples and subsequent publicising of unsatisfactory testing results was long.

Recall of foods was not entirely effective, too. Half of the food products were not returned in the 23 recall exercises in 2017, and some recalled foods that required disposal were not disposed of under the CFS's supervision. In this connection, Audit has recommended that the FEHD should closely monitor the time taken to publicise unsatisfactory testing results and the effectiveness of food recall, and provide guidelines on disposal of recalled foods.

For the 5,569 food complaint cases handled in 2017, Audit analysed the time lag between the complaint dates and the CFS's eventual closing of the complaint cases. The time lag was more than 30 days in 61% of cases, including 1% of cases where the time lag was more than 240 days. The long time taken to investigate and close some complaint cases was not conducive to ensuring food safety. Therefore, Audit has recommended that the FEHD should closely monitor the time taken to complete investigation of food complaints, and take measures to expedite the investigation.

PART 5 of the Report examines the CFS's communication with the public on food safety risks.

The CFS communicates with the public on food safety matters through a number of channels, including the Internet, CFS publications, forums for the public and the trade, and talks and exhibitions. It has also implemented two charters to promote food safety. The Food Safety Charter provides facilitation for the trade to incorporate food safety measures in day-to-day practices, while the "Reduce Salt, Sugar, Oil. We Do" Charter calls for the active participation of Food Safety Charter signatories to help members of the public reduce the intake of salt, sugar and oil when dining out. However, Audit noted that the number of charter signatories was limited, and promotion could be improved. In this connection, Audit has recommended that the FEHD should review the two charters on food safety.

Our views and recommendations were agreed by the FEHD. I would like to take this opportunity to acknowledge with gratitude the full cooperation, assistance and positive response of the Department's staff during the course of the audit review.

Thank you, Mr. Chairman.

**Public Accounts Committee of the Legislative Council
Public Hearing on Chapter 1 of the Director of Audit's Report No. 71
10 December 2018**

Centre for Food Safety: Management of Food Safety

Opening Remarks by the Secretary for Food and Health

Chairman,

The Government attaches great importance to food safety. I would like to thank the Audit Commission for conducting a review and providing valuable comments on two areas of work of the Centre for Food Safety (CFS), namely "Management of Food Safety" and "Import Control of Foods". The Audit Reports identified the inadequacies and room for improvement of CFS in certain aspects of work and the handling of individual cases. I generally agree with the findings of the Audit Reports on the areas that CFS should improve. CFS must rectify these inadequacies as soon as possible.

2. I have instructed the Director of Food and Environmental Hygiene (DFEH) to follow up seriously and proactively the recommendations in the Audit Reports and propose specific measures to improve the daily operation of CFS. The Food and Health Bureau will provide resources support for CFS where necessary to assist it to implement the improvement measures efficiently.

3. In the course of facilitating the Audit Commission in conducting the review, CFS had already noticed that there were inadequacies in some of its work and had immediately taken various remedial actions. For instance, with regard to its work in the management of food safety referred to in Chapter 1 of the Director of Audit's Report No. 71, CFS has commenced reviewing the distribution of food samples in the Food Surveillance Programme, and is updating its sampling guidelines to increase the diversity of retail outlets and the types of food from which samples are taken. Also, CFS has completed a review on its operational guidelines for the handling of food complaints, and introduced the

updated guidelines in early October this year to set out the timeframe for its staff to follow up food complaints and the requirements for documenting the follow-up actions taken.

4. Despite its inadequacies in certain work procedures, CFS has been fully committed to safeguarding the food safety of Hong Kong. CFS conducts assessments on food safety risks on an ongoing basis, takes as many as 65 000 food samples for testing each year, and handles food safety incidents promptly.

5. We will urge CFS to implement the improvement measures recommended in the Audit Reports as soon as practicably possible to enhance the effectiveness of its daily operation, with a view to strengthening public confidence in the food safety mechanism as well as CFS' work to safeguard food safety.

6. I would like to invite DFEH to respond to the key recommendations in the Audit Report on CFS' management of food safety. Thank you, Chairman.

- END -

(Translation)

**Legislative Council Public Accounts Committee
Public Hearing on Chapter 1 of the Director of Audit's Report No. 71
on 10 December 2018**

Centre for Food Safety: Management of Food Safety

Opening Remarks by Director of Food and Environmental Hygiene

Chairman,

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department is committed to safeguarding food safety in Hong Kong. I would like to thank the Audit Commission (Audit) for its audit on our food safety work. I agree with the recommendations made in the Director of Audit's Report (the Audit Report). Some of the recommendations have been put into practice and the rest are being actively pursued. I shall now give a concise response to the recommendations made in the Audit Report on food safety management by the CFS.

2. Our food safety work operates at various levels, which are closely intertwined. To ensure food safety in Hong Kong, the CFS adopts the risk analysis framework advocated by the Codex Alimentarius Commission to enhance food safety standards through its three components, namely, risk assessment, risk management and risk communication. In undertaking the regulatory function, the CFS adopts the risk-based principle that sets out priorities for performing gatekeeping at different levels, with a view to fully protecting local food safety on all fronts. Since the establishment of the CFS, the satisfactory rate of sampling tests under the Food Surveillance Programme (FSP) has remained high at over 99.8%. On the other hand, the number of food poisoning cases continues to decline and has dropped by more than 50% over the past decade. This indicates that food safety in Hong Kong is adequately protected under the existing regulatory regime.

3. The Audit Report pointed out the inadequacies in some aspects of our work and individual cases handled by the CFS, which touched upon problems in communication, supervision, staff training, operational guidelines, information management, etc.

4. The CFS has made improvements with respect to some recommendations put forward in the Audit Report and is actively pursuing some other recommendations for early implementation. For those recommendations which require a longer processing time, the CFS has laid down work plans to process them as soon as possible.

Food Safety Risk Assessment

5. Let me first talk about **food safety risk assessment**. Risk assessments are technically demanding as scientific research and investigations are involved. The CFS will take into consideration a host of factors, including the latest international standards and practices, and local risk assessment results, in updating the food safety standards in the legislation in a timely manner, so that the regulatory regime is in line with international practices for the protection of public health. Our follow-up actions in response to the recommendations on food safety risk assessment are listed below:

- (a) The CFS has been monitoring closely the progress of the Food Consumption Survey (FCS) currently underway to ensure early completion of the FCS;
- (b) The CFS is exploring feasible survey methodologies to conduct a food consumption survey for the younger population;
- (c) Upon the completion of the second FCS, the CFS will conduct the second Total Diet Study (TDS) to fully assess the potential impacts of the relevant substances in food on public health. In devising the second TDS, we will make reference to the evaluation results of the first TDS and the experience gained to improve the research methodologies and enrich the content of the study; and
- (d) In September 2018, the CFS adopted the new scoring mechanism proposed by the Expert Committee on Food Safety when deciding on topics for risk assessment studies for 2019. The new mechanism has worked well and the CFS will continue to ensure its smooth operation.

Food surveillance

6. Food surveillance is an important part of the risk management work of the CFS. Under the FSP, about 65 000 food samples are taken for testing each year for comprehensive surveillance of food safety. The CFS will keep the FSP under review having regard to such factors as changes of food hazards, legislative amendments and changes in the social environment. The programme will be adjusted as necessary under a risk-based approach to set out priorities for collecting food samples from different food groups and the range of substances to be tested, such as increasing the proportion of samples from food offered for sale on the Internet for microbiological tests.

7. The CFS agrees with the Audit's recommendations and has updated the food sampling guidelines to increase the number and variety of food samples taken from various retail outlets. For example, in collecting food samples at the retail level, the CFS has made reference to statistical data and set the food sampling ratio between "supermarkets, convenience stores and department stores" and "other retail outlets"

at 40:60. A set of operational guidelines was formulated accordingly. To ensure staff compliance with the guidelines the CFS has strengthened monitoring and supervision of the staff concerned, including conducting regular supervisory checking of food sampling records, monitoring the food types sampled and checking whether food samples are collected as required and proper records are maintained.

8. In general, the CFS will make an announcement within 24 hours after a food sample tested under the FSP was confirmed with unsatisfactory results. We are putting in place measures to minimise the time involved from collection of food samples to completion of testing.

Handling of Food Incidents and Complaints

9. Regarding handling of food incidents and risk management, the CFS generally completes risk assessment on a food incident within the same day the incident is brought to its attention. If the product concerned is available for sale in Hong Kong, the CFS will usually issue a press release on the same day. As for food complaints, an internal group led by directorate grade officer was set up in mid-2015 to provide timely and professional advice on food complaints of a complex nature. The CFS will also enhance its database of food complaints to strengthen the analysis of information of complaint cases to facilitate case management and review.

10. To ensure that food complaint cases are handled properly, we have revised the relevant operational guidelines and set a timeframe for investigating officers to follow up on food complaints and collect statements in respect of the complaint cases. A record of the follow-up actions is also required. Moreover, if the food in question is a seasonal or specific type of product, frontline staff should take an enforcement sample immediately so as to shorten the time for processing the complaint case.

Risk Communication

11. As for risk communication, we will further strengthen communication with the public for timely dissemination of information on food safety. The CFS will take public health impacts into account and be forthcoming in putting across its comments and advice to the public. It will make use of diverse channels, including the CFS website, electronic/social media and publications, to provide timely information to the public and the food trade for carrying out food safety education and publicity.

12. Once again, I thank Audit for its valuable recommendations on food safety management by the CFS. I myself, the Controller of the CFS and his colleagues, will actively take follow-up actions to implement improvement measures in safeguarding food safety in Hong Kong.

13. Thank you, Chairman.

- End -



中華人民共和國香港特別行政區政府總部食物及衛生局
Food and Health Bureau, Government Secretariat
The Government of the Hong Kong Special Administrative Region
The People's Republic of China

本函檔案 Our ref. : FH CR 4/2191/18
來函檔案 Your ref. : CB4/PAC/R71

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6 December 2018

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2543 9197)

Dear Mr Chu,

LegCo Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 71
Centre for Food Safety: Management of Food Safety

I refer to your letter dated 30 November 2018, requesting this Bureau to provide supplementary information on Chapter 1 "Centre for Food Safety: Management of Food Safety" of the Director of Audit's Report No. 71. Having consulted with the Centre for Food Safety (CFS) of the Department of Food and Environmental Hygiene, the relevant information is set out as follows –

- (a) The establishment and strength of civil servants and the number of contract staff under each division/section of CFS, and the breakdown of the food control offices located at the air, road and sea control points are at Appendix I;
- (b) The Expert Committee on Food Safety (the Expert Committee), which is a non-statutory advisory body, advises the Director of Food and Environmental Hygiene on matters relating to food safety

as set out in its terms of reference at Appendix II. The current term of the Expert Committee comprises 18 non-official members, of which four are from outside Hong Kong. The membership and background of the non-official members of the Expert Committee is at Appendix III.

The appointment of non-official members to the Expert Committee follows the Government's guidelines on appointing members to advisory and statutory bodies. Specifically, appointment is made taking into account factors such as the candidate's ability, expertise, experience, integrity and commitment to public service and with due regard to the functions and nature of the Expert Committee. To gauge a wide range of views, we have enlisted people of different background and experience, such as professionals on food safety related areas, academics, representatives from the trade and an organisation representing consumers' interest etc., to the Expert Committee.

- (c) The tender document for the second population-based food consumption survey is provided at Appendix IV. A total of two tender offers were received from local service providers during the tendering period. Regarding the basis of tender evaluation, please refer to paragraph 5 of the "Terms of Tender (Supplement)" in the tender document.

According to the provisions in the signed contract, if the Contractor fails to meet the contract requirements, the Government shall be entitled to terminate the contract by giving a written notice to the Contractor. With regard to the inadequacies identified in paragraph 2.5 of the Audit report, the targeted measures taken or to be taken by CFS are as follows –

- A steering committee (the SC), chaired by the Consultant (Community Medicine) (Risk Assessment and Communication), was established within CFS in May 2017. The SC conducts regular meetings on a monthly basis with the Contractor to give advice on the progress of survey and any issues encountered by the Contractor. Additional meetings with the Contractor may also be arranged by CFS for timely intervention of the Contractor's performance and progress as and when necessary.

***Note by Clerk, PAC: Appendix IV not attached.**

- Apart from the provisions in the signed contract, CFS has instituted additional monitoring and control measures, including requiring the Contractor to provide weekly report for review of the fieldwork progress, formulating additional statistical indicators for close monitoring of the Contractor's performance, giving guidance to the Contractor via telephone and email to target at specific areas of improvement and requiring the Contractor to take immediate follow-up actions.
- As of November 2018, CFS has issued three letters, including one warning letter, to the Contractor to demand the latter to expedite the fieldwork of the survey and address its manpower issues for rectifying the situation.
- The SC has been in close liaison with the Contractor to explore how to expedite the progress. A new measure to modify the mode of interview has been proposed by the Contractor and put into trial in late October 2018. Initial findings are that the new measure should be feasible, and that some improvement in the fieldwork progress was noted. Currently, the Contractor is working to roll out the new measure in a larger scale. The SC will closely monitor the effectiveness of the new measure.

The latest progress of the survey as of late November 2018 is as follows –

- According to the weekly report of the fieldwork progress submitted by the Contractor (Week 32), the number of completed cases was 777 (i.e. 26% of the required number of completed cases) and the total number of man-hour of interviewers was 3 861 (i.e. 57% of the required hours). The preliminary response rate was 45%.
 - Comparing with Week 15 as described in the Audit report, some improvement have been noted in the fieldwork progress, the number of man-hour provided and the preliminary response rate. As the survey is still in progress, CFS will continue to closely monitor the Contractor's performance and the survey progress.
- (d) CFS regularly reviews and adjusts the sampling programme and the types of laboratory analysis to be conducted, taking into account

factors such as past food surveillance results, food incidents occurred in Hong Kong and other places, and relevant risk analyses. Through the Food Surveillance Programme (FSP), CFS staff take food samples at import, wholesale and retail levels for conducting microbiological (including bacteria and viruses), chemical (including food additives, contaminants, other harmful substances and toxins) and radiation tests to assess food safety risks.

Case 1 under paragraph 3.6 of the Audit report is about testing of pesticide residues in cereal and grain products under the FSP. The FSP conducted by CFS covers all the 360 pesticides regulated under the Pesticide Residues in Food Regulations (Cap. 132CM). The food types identified for testing each of the pesticides and the priorities of testing those pesticide-food pairs are determined based mainly on CFS's risk assessment. As at end August 2018, cereal and grain products were used for testing a total of 151 pesticides under the FSP. For the other 61 pesticides also applicable to cereal and grain products, CFS will continue to adopt a risk-based approach in determining the priorities of testing cereal and grain products against them.

Among the seven potential food hazards without statutory standards as mentioned in Case 2, CFS has included one of them (i.e. di-isodecyl phthalate) in the FSP for testing in the third quarter of 2018. Having considered the comments of the Expert Committee on Food Safety, 3-monochloropropane-1,2-diol (3-MCPD) and Ochratoxin A will be included in the FSP of 2019. CFS will continue to review the need and timetable for including the remaining four substances in the FSP in a risk-based approach.

Regarding Case 3 on the recent findings of veterinary drug residues in honey products in April 2018, CFS has already planned to include honey samples for testing veterinary drug residues in the FSP of 2019.

CFS will continue to review the FSP with reference to the Audit's views and make adjustments to the programme as necessary in a risk-based approach.

- (e) CFS takes samples from different types of fish for testing, taking into account various factors including relevant health risks, and subject to the actual circumstances of food supply in the market.

CFS will continue to review the FSP and make adjustments to the programme as necessary in a risk-based approach.

With reference to Audit's views, CFS will update the sampling guidelines in order to increase the number of retail outlets for taking samples and the types of sample to be collected.

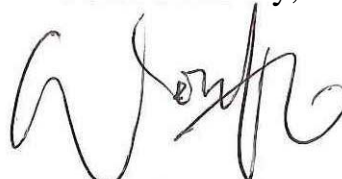
The proportion of 1 973 fish samples collected in 2017 is as follows

—

- Marine fish 59%
- Brackish water fish 21%
- Freshwater fish 8%
- Fish products 12%

- (f) Generally speaking, sampling officers should take samples in accordance with the sampling requirements of the FSP and taking into account the actual circumstances of food supply at the retail level. According to the sampling requirements of CFS, sampling officers should not take more than two food samples from the same retail outlet for the same food surveillance project, and the two samples should be of different food items as far as possible. If the two samples belong to the same food item, they should be from different sources or used for different tests.

Yours sincerely,



(Ms Chelsea WONG)

for Secretary for Food and Health

c.c.:

Director of Food and Environmental Hygiene	(Fax no. 2524 1977)
Controller, Centre for Food Safety	(Fax no. 2536 9731)
Secretary for Financial Services and the Treasury	(Fax no. 2147 5239)
Director of Audit	(Fax no. 2583 9063)

Centre for Food Safety

Civil Service Establishment and Strength and Contract Staff

(as at 30 June 2018)

	Civil Servants		Contract Staff
	Establishment	Strength	
Controller, Centre for Food Safety	1	1	-
Risk Management Division ^{Note 1}	575	529	43
Food Import and Export Section	253	233	26
Veterinary Public Health Section	66	59	-
Slaughterhouse (Veterinary) Section	89	75	8
Food Chemistry Section	20	20	7
Food Surveillance and Complaint Section	122	117	-
Risk Management Section	21	21	2
Others	4	4	-
Risk Assessment and Communication Division	95	93	8
Risk Assessment Section	28	28	6
Risk Communication Section	42	40	2
Food Research Laboratory Section	24	24	-
Others	1	1	-
Corporate and System Management Division	11	11	9 ^{Note 2}
Centre Administration Division	28	27	4
Total	710	661	64

Breakdown of food control offices located at air, road and sea control points

	Civil Servants		Contract Staff
	Establishment	Strength	
Air Food Control Office	58	56	-
Sea Food Control Office ^{Note 3}	74	67	19
Land Food Control Offices ^{Note 4}	128	113	-

Note 1: Formerly known as Food Surveillance and Control Division (on and before 30 June 2018).

Note 2: Excluding IT staff under contract centrally administered by the Office of the Government Chief Information Officer.

Note 3: Including relevant staff in Hong Kong and Kowloon Office, Radiation Inspection Office and Waterfront Office.

Note 4: Including relevant staff in Frontier Office and Import Inspection Unit under the Veterinary Public Health Section.

Expert Committee on Food Safety

Terms of Reference

To advise the Director of Food and Environmental Hygiene on

- existing or new food safety operational strategies and measures to protect public health;
- standards / guidelines relating to food safety and food composition and their suitable adoption in Hong Kong having regard to international practices, trends and developments;
- the strategies for risk communication to promote food safety and how best to implement relevant risk communication or public education programmes; and
- any new directions for any research to be commissioned by the Centre for Food Safety.

Expert Committee on Food Safety

Membership

Chairman

Prof CHEN Zhen-yu

Background

Professor of Food and Nutritional Sciences, School of Life Sciences, Chinese University of Hong Kong

Vice-Chairman

Prof WANG Wen-xiong

Chair Professor of the Department of Ocean Science and Division of Life Science, Director of the Coastal Marine Laboratory, Hong Kong University of Science and Technology

Members

Prof CAI Zong-wei

Chair Professor of Chemistry, Hong Kong Baptist University and Director of State-key Laboratory of Environmental and Biological Analysis, Director of Dioxin Analysis Laboratory

Ms Kenneth CHAN
Kin-nin

President, Hong Kong Food Council

Dr Olivia CHAN
Sinn-kay

Veterinarian and Research Officer, School of Public Health, the University of Hong Kong

Mr CHENG Kit-man

Ex-Senior Physicist, Department of Health Specialist in radiation

Mr Sunny LEE
Wai-kwong

Vice-President (Administration) of the City University of Hong Kong

Dr Wendy MA Lynn

Senior Programme Director, College of Life Sciences and Technology, School of Professional and Continuing Education, University of Hong Kong

Dr Jennifer WAN
Man-fan

Associate Professor, Food and Nutrition Science, School of Biological Science, University of Hong Kong

Dr Raymond WONG Siu-ming	Consultant, Poison Treatment Centre, Department of Medicine and Therapeutics, Prince of Wales Hospital
Dr Keith KWOK Wing-yin	Principal Research and Survey Officer, Consumer Council
Dr June LEUNG Yue-yan	Clinical Assistant Professor and Master of Public Health Programme Director, School of Public Health, Li Ka Shing Faculty of Medicine, The University of Hong Kong
Dr. WONG Ka-hing	Executive Director of Food Safety and Technology Research Centre, The Hong Kong Polytechnic University
Dr Howard WONG Kai-hay	Director, Professional Development and Communications, Director, Centre for Animal Welfare, City University of Hong Kong
Dr CHEW Siang-thai	Veterinarian and Managing Director, Special Project of Agri-Food & Veterinary Authority of Singapore
Prof Steve HATHAWAY	Veterinarian and Director, Science and Risk Assessment, New Zealand Ministry for Primary Industries
Prof QIAO Xiong-wu	Chairman, Codex Committee on Pesticide Residues
Prof WU Yong-ning	Chief Scientist, China National Centre for Food Safety Risk Assessment of the National Health Commission, and Head, World Health Organization Collaborating Centre for Food Contamination Monitoring (China)

Ex-officio members

Representative from the Food and Health Bureau

Representative from the Agricultural, Fisheries and Conservation Department

Representative from the Department of Health



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本函檔號 Our ref. : FEHD CFS/1-125/55/3 C
來函檔號 Your ref. : CB4/PAC/R71

21 December 2018

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2543 9197)

Dear Mr Chu,

LegCo Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 71
Centre for Food Safety: Management of Food Safety

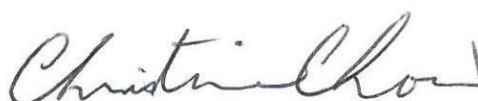
I refer to your letter dated 13 December 2018, requesting this Department to provide supplementary information on Chapter 1 "Centre for Food Safety: Management of Food Safety" of the Director of Audit's Report No. 71. The relevant information is set out below :

- (a) Clauses 1.2 and 1.3 (page 45) of the General Conditions of Contract in Part 2 of the BD-TERMS-2 of the tender document contain information related to contract variations, for example, the Government is entitled to instruct the Contractor direct to vary the services and/or the contract period as specified in the contract by notice in writing and the Contractor shall carry out such variation. Government departments follow the relevant procurement regulations of the Government when handling contract variation issues.
- (b) The second population-based food consumption survey is still in progress and the Contractor is currently conducting the fieldwork. To improve the survey progress, new measures have been implemented by the Contractor and some preliminary improvements have been observed. Relevant rights of the Government granted by the service contract are set out in the tender document. For

example, according to the service contract, the Government shall pay the contract price to the Contractor in four instalments. According to Clause 24.3 of the Special Conditions of Contract, the Government is entitled to suspend payment of the contract price if the Contractor fails to observe or perform any provision of the contract to the Government's satisfaction. In addition, according to Clause 14.1 of the General Conditions of Contract in Part 2 of the BD-TERMS-2, the Government shall be entitled to terminate the contract by giving a written notice to the Contractor if the Contractor fails to meet the contract requirements. Depending on the actual circumstances and needs, the Centre for Food Safety will exercise the rights granted by the contract after obtaining legal advice.

In addition, outside the scope of the service contract, if a contract is terminated, the contractor concerned may be de-listed from the list of contractors for conducting statistical surveys for the Government. This list serves as a reference for Government bureaux/departments in inviting prospective contractors to submit tender proposals for projects relating to the conduct of statistical surveys. As such, if the contract is terminated, the chance of the contractor in participating in other Government tendering exercises in future may be affected.

Yours sincerely,



(Christine CHOW)

for Director of Food and Environmental Hygiene

c.c.:

Secretary for Food and Health	(Fax no. 2526 3753)
Controller, Centre for Food Safety	(Fax no. 2536 9731)
Secretary for Financial Services and the Treasury	(Fax no. 2147 5239)
Director of Audit	(Fax no. 2583 9063)



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本函檔號 Our ref. : FEHD CFS/1-125/55/3 C
來函檔號 Your ref. : CB4/PAC/R71

2 January 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2543 9197)

Dear Mr Chu,

Legislative Council Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 71
Centre for Food Safety: Management of Food Safety

I refer to your letter dated 17 December 2018, requesting this Department to provide supplementary information on Chapter 1 "Centre for Food Safety: Management of Food Safety" of the Director of Audit's Report No. 71. The relevant information is set out in the attached document please.

Yours sincerely,

A handwritten signature in cursive script that reads "Christine Chow".

(Christine CHOW)

for Director of Food and Environmental Hygiene

c.c.:

Secretary for Food and Health	(Fax no. 2526 3753)
Controller, Centre for Food Safety	(Fax no. 2536 9731)
Secretary for Financial Services and the Treasury	(Fax no. 2147 5239)
Director of Audit	(Fax no. 2583 9063)

Reply to Public Accounts Committee's Letter dated 17 December

(a)(i)

The tender document of the first Food Consumption Survey (FCS) did not specify the recruitment method. The tenderers were required to provide proposals on the recruitment method and other details on the survey plan upon submission of the tender offer. The appointed Contractor proposed in the tender offer to use random telephone calls to recruit the respondents. At the first meeting of the Advisory Panel on FCS held with the Contractor after the award of contract, the Advisory Panel discussed the draft survey protocol that was submitted by the Contractor, and commented that the limitation of the recruitment method (i.e. through making random telephone calls) proposed by the Contractor might introduce sampling errors and bias, and in turn affect the representativeness of survey data. The Contractor decided to adopt an improved recruitment method, i.e. recruiting respondents during visits to selected households, in view of comments of the Advisory Panel, and revised the survey protocol accordingly. The views of the Advisory Panel on the recruitment method first proposed by the Contractor were raised after the contract was signed with the Contractor but when the survey was still under planning stage and that the fieldwork had not yet commenced.

(a)(ii)

As mentioned in the aforesaid reply to (a)(i), the views of the Advisory Panel on FCS on the recruitment method first proposed by the Contractor were raised after the contract was signed with the Contractor but when the survey was still under planning stage and that the fieldwork had not yet commenced. As the altered recruitment method was not stipulated in the original contract, and such method was more demanding in terms of resources, the Contractor requested the extension of the contract period for 12 months and an increase in contract price. The legal advice obtained by the Food and Environmental Hygiene Department (FEHD) considered that change of recruitment method after the award of the contract was amounted to the nature of variation of contract, and the Contractor had good cause for its request. Approval was granted by the Financial Services and the Treasury Bureau, after considering the justification provided by FEHD, for the contract variation to extend the contract period, alter the recruitment method and increase the contract value.

(b)

The Centre for Food Safety (CFS) adopted the risk-based approach (e.g. the toxicity level of the pesticides) for selecting 105 (43, 32 and 42 pesticides were tested in 2015, 2016 and 2017 respectively, some were overlapped) pesticides among 212 regulated pesticides relevant to cereal and grain products for testing in the 2015 to 2017 Food Surveillance Programme (FSP). Up till 31 August 2018, a total of 151 pesticides relevant to cereal and grain products have been tested. The CFS will continue to adopt the risk-based approach in determining the priorities of testing cereal and grain products against the remaining 61 pesticides. It is aimed to complete the testings in two years' time (i.e. before end 2020).

(c)

Action levels are set with reference to international guidelines and practices, such as the Codex Alimentarius Commission (Codex) standards, standards of other economies, toxicological evaluations conducted by international and national scientific authorities (for example, the Joint Food and Agriculture Organization of the United Nations / World Health Organization Expert Committee on Food Additives (JECFA)), as well as taking into consideration the local situation.

(d) (i)

The CFS adopts the risk-based approach and considers various factors including the past food surveillance results, local and overseas food incidents, community concerns and relevant food risk assessments in determining the types of food samples to be collected, the frequency of tests, the number of samples and the laboratory analysis planned to be undertaken.

(d)(ii)

The CFS's operational manual on food sampling (September 2018 version) is enclosed at **Annex A** (only English is available). Apart from this manual, the CFS has compiled a supplementary guideline in October 2018 (**Annex B**) (only English is available). The operational manual and guideline are internal documents concerning the enforcement details of the Department, which are not suitable for public disclosure, or else the enforcement work may be affected in the future.

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

(d)(iii)

Before implementation of the Pesticide Residues in Food Regulation, there were a number of food poisoning incidents caused by high levels of pesticides in vegetables. Therefore, the community expressed great concern at that time about the levels of pesticide residues in vegetables. After the implementation of the Pesticide Residues in Food Regulation with effect from August 2014, we needed to collect baseline data to assess the compliance rate of the residual pesticides levels of vegetables and fruits in local markets. Hence, more vegetables and fruits samples were allocated under the FSP in the past few years. Through the collection of more samples for a more comprehensive assessment, we hope that public concern on the residual levels of pesticides in vegetables and fruits in local markets can be removed. Based on the experiences gained in running the FSP in the past few years, and as the baseline data for the majority of vegetables and fruits has largely been collected following the implementation of the Pesticide Residues in Food Regulation with effect from August 2014 and the results of which were satisfactory, the CFS has already started to reallocate resources to testing other foods and food hazards.

(e)(i) and (e)(ii)

The CFS makes reference to the total retail sales of food and beverages in supermarkets/department stores and other retail outlets provided by the Census and Statistics Department (C&SD), and considers other risk factors, in order to set the sampling ratios for “supermarkets, convenience stores and department stores” and “other retail outlets”. The proportion of samples taken by the CFS in supermarkets in 2017 was about 50%, which was broadly in line with the information provided by C&SD.

The CFS has continuously reviewed and adjusted the FSP. With effect from the first quarter of 2018, a food sampling ratio of 40:60 has been set for “supermarkets, convenience stores and department stores” and “other retail outlets”. The proportion of samples for individual food surveillance projects in “supermarkets, convenience stores and department stores” and “other retail outlets” will be adjusted having regard to the usual point of sale of that food item. In addition, the CFS has, in response to the contents of the Audit report, appropriately increased the proportion of samples taken from markets and will adjust the sampling ratio at the retail level in view of local market conditions (Please see reply to (h) in following paragraphs).

(e) (iii)

In implementing the FSP, the CFS officers take food samples for chemical or other tests under the powers conferred by Section 62 of the Public Health and Municipal Services Ordinance (Chapter 132). The routine surveillance samples are generally taken in the form of ordinary purchases. If unsatisfactory conditions are found in the routine surveillance samples, the CFS will follow up, including the announcement of test results, and the taking of enforcement samples from the same location for prosecution purpose.

The Training Section of FEHD regularly provides the Health Inspectors with training related to the knowledge of food safety. At present, FEHD provides induction training to all newly recruited Health Inspectors. Among others, training on food safety control is covered. In addition, refresher courses, experience sharing sessions, seminars and workshops will be organized from time to time for them to reinforce their knowledge and skills and to share experience.

The CFS has adopted a new measure requiring the Senior Health Inspectors of the Food Surveillance Unit to brief the Health Inspectors newly posted to the CFS on the operational guidelines, the issues to note and all relevant circulars. The CFS has also introduced new monitoring and supervisory meetings, enhanced communication with and supervision of the frontline staff, examined information in the Food Surveillance System and ensured that relevant colleagues comply with the various food sampling requirements set out in the FSP. In addition, the Chief Health Inspectors will host refreshment courses every six months to explain the relevant sampling procedures to the Health Inspectors.

As a new measure, the Chief Health Inspectors will conduct accompanied visits with the Health Inspectors every two months. The accompanied visits by the Senior Health Inspectors with the Health Inspectors will be increased from every two months in the past to once every month, in order to enhance the knowledge of the Health Inspectors and the supervision on the standard of sampling work.

(e) (iv)

According to record of the CFS, the most expensive and the cheapest samples are respectively tea and flour, the values of which are respectively HK\$10,113 and HK\$2.8.

(f) (i)

To ensure food safety, the CFS takes food samples for testing at the import, wholesale and retail levels. Whether the CFS is able to take planned samples of intended fish types at the import level depends on the species and quantities of the import consignments available at the time of taking samples. The CFS understands that the types of fish samples should be diversified as far as possible (As a matter of fact, the fish samples taken in 2017, other than those fishes the names of which are listed under Case 5, account for 77 % of the total number of fish samples taken in the year), and be taken at different levels as far as practicable. When encountering difficulties in taking samples of specific fish types at the import level, more samples for these fishes should be taken at the wholesale or retail levels.

As the ratios of taking samples of yellowtail and salmon were on the high side in 2017, the CFS will reduce the sampling proportion of these two fish types under the coming FSP, and at the same time increase the sampling ratio of other fishes, especially for those fishes frequently consumed by the public.

(f) (ii)

A total of 23 fish enforcement samples were taken by the CFS in 2017 from various wholesale fish markets. All test results were satisfactory. Information is set out as follows:

Serial No.	Sampling date	Sampling time	Wholesale Market	Food item	Testing parameter	Result
1	11/1/2017	Midnight	Cheung San Wan Wholesale Food Market	Japanese eel	Malachite Green	Satisfactory
2	17/1/2017			Japanese eel		
3	18/1/2017			Japanese eel		
4	19/1/2017			Japanese eel		
5	20/1/2017			Japanese eel		
6	19/4/2017			Freshwater grouper		
7	6/5/2017			Japanese eel		
8	8/5/2017			Japanese eel		
9	9/5/2017			Japanese eel		
10	10/5/2017			Japanese eel		
11	11/5/2017			Japanese eel		
12	12/5/2017			Japanese eel		
13	5/6/2017			Freshwater grouper		
14	17/7/2017			Japanese eel		
15	18/7/2017			Japanese eel		
16	19/7/2017			Japanese eel		
17	20/7/2017			Japanese eel		
18	21/7/2017			Japanese eel		
19	22/7/2017			Japanese eel		
20	29/12/2017			Red tilapia		
21	30/12/2017			Red tilapia		
22	31/12/2017			Red tilapia		
23	14/12/2017	Morning	Aberdeen Wholesale Fish Market	Sabah Giant Grouper	Nitrofurans	Satisfactory

In view of the unique business mode of the wholesale fish markets (for example, stalls generally only sell fish to the industry or buyers registered with the Fish Marketing Organization (FMO)), the CFS staff are not able to enter the fish market as ordinary people to purchase the samples. The CFS will later liaise with the FMO and explore possible ways to collect fish samples from the wholesale fish markets for routine food surveillance.

(g)

In 2017, the CFS staff took food samples via 75 channels/websites for microbiological testing. At present, a total of 26 Health Inspectors from the Food Surveillance Unit of the CFS take online food samples for testing, accounting for 16% of the average number of samples taken per person per year. The types of the 3,868 food samples taken online are tabulated as follows:

Types of Food	Sub-total
Vegetables, fruits and products	1,281
Cereal, grains and products	765
Aquatic products	421
Meat, poultry and products	391
Milk, milk products and frozen confections	87
Others	923
Total	3,868

The CFS conducts regular online search for specific foods for testing, and makes reference to internal information, the list of licensed/permitted premises and other intelligence to order foods online for routine food surveillance. Besides, in view of food incidents, the CFS will order follow-up samples of relevant foods online for testing.

(h)

The operational guidelines on sampling ratio at the retail level issued to the CFS staff (October 2018 version) is enclosed at **Annex C**. The guidelines are internal documents concerning the enforcement details of the Department, which are not suitable for public disclosure, or else the enforcement work may be affected in the future.

Taking into account comments in the Audit Report, and factors including risk assessment and risk management, the CFS has set the sampling ratio for markets at 15%. The CFS will adopt the risk-based principle and, from time to time, review the ratio for taking food samples from different retail selling points.

(i)

Please see above reply in (e)(iii).

(j)

The testing work of food samples taken under the FSP are mainly performed by the Government Laboratory (GL), the Public Health Laboratory Centre under the Department of Health, the Man Kam To Food Laboratory and the Fu Hing Street Laboratory under the CFS. The relevant testing work includes chemical, microbiological and radiation testings. In addition, the CFS and the GL have respectively outsourced the testing work for some surveillance samples taken under the FSP to an overseas private laboratory and several local private laboratories. (The CFS has outsourced some testing

***Note by Clerk, PAC:** *Annex C not attached.*

work to overseas private laboratory because no local private laboratories provide relevant services).

The CFS has been working and communicating closely with the above-said laboratories in order to cope with the testing demands under different circumstances. Under special circumstances such as food incidents, the laboratories concerned have always deployed their resources flexibly to meet the service needs of the CFS.

(k)

The turnaround time for sample testing refers to the period of time from the collection of food samples to the return of the test results by the laboratory.

The turnaround time for sample testing of six follow-up projects in 2017 is as follows, of which 84% of the tests are processed within 10 days or less:

Turnaround time (days)	Number of Test Results			Number of test results
	Investigation of Food Incidents	Investigation of Food Complaints	Follow-up of unsatisfactory test results of surveillance projects	
0-5	1,345 (36.2%)	7,634 (50.2%)	299 (33.7%)	9,278 (46.8%)
6-10	1,432 (38.5%)	5,666 (37.3%)	297 (33.4%)	7,395 (37.3%)
11-30	863 (23.2%)	1,139 (7.5%)	276 (31.1%)	2,278 (11.5%)
31-60	35 (0.9%)	628 (4.1%)	7 (0.8%)	670 (3.4%)
61-90	36 (1.0%)	141 (0.9%)	9 (1.0%)	186 (0.9%)
>91	8 (0.2%)	2 (0.0%)	0 (0.0%)	10 (0.1%)
Total	3,719 (100.0%)	15,210 (100.0%)	888 (100.0%)	19,817 (100.0%)

(Note: The six follow-up projects in 2017 have taken 6,656 food samples for different tests. Some samples have been used for more than one tests and the total number of test results were 19,817.)

(l)

The follow-up projects and the number of samples taken under the FSP from 2014 to 2016 are as follows:

Follow-up Projects	2014		2015		2016	
	No. of Project	No. of Food samples collected	No. of Project	No. of Food samples collected	No. of Project	No. of Food samples collected
Investigation of food incidents	2	259	2	2,179	2	1,471
Investigation of food complaints	3	3,288	2	3,540	2	3,404
Follow-up of unsatisfactory testing results of surveillance projects	1	296	2	635	2	649
Total	6	3,843	6	6,354	6	5,524

(m)(i)

As at 30 June 2018, the strength of civil service staff responsible for food surveillance in the CFS is 280, and the strength of contract staff is 19.

(m) (ii)

The food sampling duty is mainly taken up by the Health Inspectors. Before their posting to the CFS, they must obtain a professional diploma relevant to meat and foods inspection.

(m) (iii)

Please see above reply in (e)(iii).

(n)

According to the Public Health and Municipal Services Ordinance (Cap. 132), food products for sale in Hong Kong must be fit for human consumption. Various standards have been stipulated under its subsidiary legislations.

In situations where there is no specific standard for certain substances in the legislation, if necessary, the CFS will make reference to the international guidelines and practice such as the relevant standards established by the

Codex Alimentarius Commission, standards adopted in other economies, toxicological assessment evaluated by international agencies such as the Joint Food and Agriculture Organization/WHO Expert Committee on Food Additives (JEFCA), and take into account the local situation, for setting action levels for some hazards to facilitate risk management actions by the CFS. In addition, the CFS will also conduct risk assessment to determine whether the levels of the substances in foods would pose any risk to human health.

(o)

The CFS is the designated contact point for the International Food Safety Authorities Network (INFOSAN) in the Hong Kong Special Administrative Region. Through INFOSAN, the CFS directly receives information on emergent food safety incidents issued by food safety authorities from 188 Member States of the World Health Organization (WHO). In addition, the CFS regularly monitors the Chinese and English websites of food safety authorities of other economies, including the United States, Canada, the European Union, the United Kingdom, Germany, Australia, New Zealand, South Africa, Singapore, the Mainland, Taiwan and Macau, through its Food Incidents Surveillance System (FISS) in order to further collect food incident information and intelligence relevant to these economies.

INFOSAN, managed jointly by the Food and Agriculture Organization of the United Nations (FAO) and WHO, is a rapid food safety information sharing global network comprising food safety authorities from 188 WHO Member States (including most Southeast Asia economies). Members of INFOSAN have to inform the INFOSAN secretariat about food safety related incidents and emergencies of international significance. INFOSAN will assist in disseminating information and data to all concerned economies, ensuring rapid sharing of information during food safety emergencies to stop the spread of contaminated food from one country to another.

(p)

Risk management actions with respect to food incidents : The CFS conducts initial assessment for every food incident identified through the FISS, and depending on the assessment outcome (for example, the nature and severity of the incident and the food hazard involved), take single or multiple necessary risk management actions (including contacting responsible authorities for further information collection, contacting local trade and checking local sales, issuing food incident post, issuing press release, issuing trade alert and conducting food recall exercise). The CFS will, from time to

time, adjust the follow-up measures with regard to the development of the incident and the investigation findings. The factor(s) to be considered by the CFS when determining the different risk management measures to be adopted are set out in the following table:

Risk management action(s)	Factor(s) to be considered
Contact responsible authorities for further information collection	<ul style="list-style-type: none"> ● The CFS wants to gather further information on the food incident from the responsible authority, such as whether the affected product has been exported to Hong Kong.
Contact local trade and checking local sales	<ul style="list-style-type: none"> ● The CFS wants to know whether the affected product is available in the local market.
Issue food incident post	<ul style="list-style-type: none"> ● Upon investigation and assessment of the incident by the CFS, and on the basis of currently available information, it is noted that the affected product is not locally available. Yet, the possibility cannot be excluded that individuals may be in possession of the affected product through travel or other personal reasons. The CFS reminds the public through food incident post.
Issue press release	<ul style="list-style-type: none"> ● In case investigation reveals local availability of the affected product, and has adverse health impact on the public and/or non-compliance with Hong Kong's legal requirements, the CFS will inform the public about the incident and the relevant arrangements (for example, to urge the public not to consume the affected product, suspend the import into and sale in Hong Kong of the affected product, and recall, etc.) by issuing press release. ● The CFS will also update the press release in view of latest developments and follow-up arrangements.
Issue trade alert	<ul style="list-style-type: none"> ● In case investigation reveals local availability of the affected product, and has adverse health impact on the public and/or non-compliance with Hong Kong's legal requirements, the CFS will issue quick trade alerts to instruct/advise the registered traders to take corresponding

Risk management action(s)	Factor(s) to be considered
	measures in response to the affected product. The objective is to facilitate the trade to take timely appropriate actions such as stop selling/recall in order to minimize the health impact on the public.
Conduct food recall exercise	<ul style="list-style-type: none"> ● Food recall means to recall a food product which may pose a safety hazard to consumers from market, distribution location and consumers. ● The CFS will make announcement on food recall exercise when it considers it necessary to remind the public that a food product will endanger health.

The following table lists out some examples of food incidents and relevant risk management actions for reference:

Food incident (example)	Risk management action(s)						
	Contact authorities for further information	Contact local trade and examine local sales situation	Investigation on revealed local availability	Issue food incident post	Issue press release	Issue trade alert	Conduct food recall exercise
Recall of a brand of chocolate block in Australia due to undeclared allergens (Almond and wheat/gluten)	✓	✓		✓			
Recall of a brand of dates in Japan due to contamination by aflatoxins	✓	✓		✓			

Food incident (example)	Risk management action(s)						
	Contact authorities for further information	Contact local trade and examine local sales situation	Investigation on revealed local availability	Issue food incident post	Issue press release	Issue trade alert	Conduct food recall exercise
Recall of a brand of cookie & cream biscuits in the UK due to undeclared allergen (milk).	✓	✓		✓			
Poultry eggs from European Union contaminated with excessive fipronil	✓	✓	✓	✓	✓	✓	✓

(q)

As far as Case 7 is concerned, the main reason for the presence of colouring matters (Sudan red) in the dried Chinese white cabbage is that the concerned stall operator inappropriately tied up the dried Chinese white cabbage with red nylon rope stained with Sudan red.

After receiving the unsatisfactory test result of the dried Chinese white cabbage sample, the CFS has immediately visited the market stall in question, but sale of dry cabbage was not found. The CFS staff informed the vendor of the irregularities and instructed him to suspend the sale of the affected product.

In 2017, the CFS took 15 dried white Chinese cabbage samples for testing of colouring matters. With the exception of two dried Chinese white cabbage samples which were found to contain unpermitted colouring matters, all test results were satisfactory. Generally speaking, before consuming the dried Chinese white cabbage, members of the public will rinse it thoroughly under clean running water. The foreign substances (including colouring matters) from the surface of dried Chinese white cabbage can be removed during the cleaning process. No dried Chinese white cabbage was found for sale by the concerned vendor during the follow-up visit by the CFS staff in December 2018.

(r)(i) to (iv)

The CFS has reviewed the case and found room for improvement in the process of handling food complaints. The CFS has implemented improvement measures. The following is a summary of the sequence of events in handling the case:

	Date	Event
1.	18 August 2016	The concerned district environmental hygiene office (the district) received the complaint. The district staff contacted the complainant on the same day. The complainant complained that she purchased mud crab from the incriminated market stall on 12.8.2016, and that after consumption, symptoms of discomfort and irritation of her throat appeared. The complainant did not seek medical treatment of the discomfort and the symptoms. The district staff conducted a hygiene inspection to the incriminated market stall on the same day and found that its hygienic condition was satisfactory. The district staff contacted the complainant on the same day and informed her of the findings. The district referred the case to the CFS for follow-up on the same day.
2.	29 August 2016	The CFS contacted the complainant. The case was allotted to an investigating officer for action.
3.	27 September 2016	The investigating officer studied the case background and recommended to put up the case to the Food Complaint Risk Analysis Panel (Panel) for directive and expert advice.
4.	28 September 2016	The investigating officer contacted the complainant and further enquired her about the case details (including the method and time of cooking, the time of consumption and on-set of symptoms and the 48 hours' food history) for investigation purpose.
5.	29 September 2016	The Panel discussed the case and suspected that the mud crab contained veterinary drug, namely, Chloramphenicol. The Panel advised to take a surveillance sample of the mud crab from the market stall for analysis of Chloramphenicol. The Panel advised the investigating officer to convey the Panel's advice and the way forward (including the testing parameter) to the complainant before proceeding to the incriminated stall to take sample and deliver the sample for testing purpose.

	Date	Event
6.	5 October 2016	The investigating officer attempted to contact the complainant, but in vain. The Panel's advice and the way forward could not be conveyed to the complainant.
7.	29 November 2016	The investigating officer conducted an inspection to the incriminated market stall. Sale of mud crab was not detected.
8.	15 December 2016	The investigating officer successfully contacted the complainant, conveyed the Panel's advice and the way forward (including the testing parameter) to her. The investigating officer successfully procured a surveillance sample of the mud crab from the incriminated market stall and sent the sample to the Government Laboratory (GL) for analysis of Chloramphenicol.
9.	28 December 2016	The GL completed analysis of the mud crab on Chloramphenicol, and issued a laboratory report.
10.	30 December 2016	The CFS received the laboratory report. The results indicated that the surveillance sample contained prohibited veterinary drug namely, Chloramphenicol.
11.	9 February 2017	The Panel assessed the result and concluded the case. The Panel took the view that mud crab should be classified under the food type of "Shellfish". According to the Harmful Substances in Food Regulations (Cap. 132AF), fish (including shellfish) sold in Hong Kong for human consumption was not permitted to contain Chloramphenicol. The test result was considered unsatisfactory. The Panel suggested a list of follow-up actions on the case for the investigating officer, including (i) to procure a follow-up enforcement sample of mud crab from the incriminated market stall and conduct source tracing; and (ii) to report progress of the procurement of enforcement sample, in order to arrange publication of the unsatisfactory test result of the surveillance sample upon taking enforcement sample.
12.	10 February 2017	The investigating officer successfully procured an enforcement sample of the mud crab from the incriminated market stall and sent the sample to the GL for testing on Chloramphenicol. The CFS publicised the unsatisfactory test result of the surveillance sample.
13.	14 February 2017	The test result of the enforcement sample was satisfactory.

The CFS has implemented the following improvement measures:

	Room for improvement	Improvement measures
1.	The CFS reviewed the case and found that during the course of investigation, the staff of the Food Complaint Unit (FCU) failed to make full efforts to contact the complainant and to conduct sampling work of the incriminated food.	<p>The CFS has advised the concerned staff on the necessity to follow up the food complaint cases timely and properly.</p> <p>The CFS has stepped up monitoring of the progress of investigation of all food complaint cases.</p>
2.	Fail to recognize the incriminated mud crab is a seasonal food and the market supply is time-limited, and therefore warrant accordance of priority to handle the case.	<p>The CFS has revised the relevant guidelines in May 2018 to specify that in taking follow-up actions, the investigating officer must obtain the enforcement sample right away in case the incriminated food is a seasonal food or is of a specified food category.</p> <p>The CFS will closely monitor the time taken between taking food samples and publicising the unsatisfactory testing results of the samples, and take necessary measures to minimize the time taken. In general, upon confirmation of the unsatisfactory results, a public announcement would be made promptly, usually within 24 hours and there is no need to wait for successful collection of the enforcement sample.</p>
3.	Fail to (when the complainant cannot be contacted) report to the supervisor/the Panel and seek directive on the follow-up actions.	<p>Through regular briefings, the CFS explains to staff the requirements on handling food complaint cases and taking follow-up samples in accordance with the relevant guidelines.</p> <p>The CFS has introduced regular case studies to improve communication amongst staff.</p>
4.	Fail to bring up the case to the Panel for discussion on time.	<p>The CFS has advised the concerned staff on the necessity to follow up the food complaint cases timely and properly.</p> <p>The CFS has stepped up monitoring of the timely submission of cases to the Panel for assessment.</p>

(r) (v)

In July 2015, the CFS established a Food Complaint Risk Analysis Panel (Panel), with an aim to providing professional support to the CFS's FCU, in order to enhance the efficiency of the investigation work. The Panel is led by a directorate officer and comprises members from the grades of Medical Officers, Chemists, Health Inspectors and Scientific Officers, and will solicit advice from experts from both inside and outside the CFS as necessary.

If the CFS's FCU and the district Health Inspectors consider it necessary to seek the professional advice from the Panel (for example, the applicability of the analysis items and testing standards of the incriminated foods), they can consult the Panel.

The Panel examines referred cases on more or less every working day. Upon receipt of referrals, the Panel will normally discuss and offer advice on the cases on the same day. Depending on complexity of the cases, the discussion of cases normally completes within around half an hour.

(s)

Details of the 23 food recall exercises mentioned in Table 9 of the Audit Report are at **Annex D**. The CFS has implemented the following measures to improve the effectiveness of the food recall exercise:

- (1) Proactively monitor the entire food recall exercise carried out by the food traders, and request the food traders to submit regular progress reports;
- (2) Has formulated and implemented the "Food recall progress reports" to facilitate the food traders to provide relevant information for timely monitoring of the progress of recall;
- (3) Strengthen communication with the food traders to ensure compliance with the food recall guidelines when carrying out recall exercise; and
- (4) Assign the Senior Superintendents to monitor the whole process of

food recall exercise in order to ensure complete accomplishment of the exercise.

In addition, the CFS is updating the food recall guidelines in the website of the CFS to facilitate the food traders to carry out the recall exercise effectively and unambiguously. We expect the update of the guidelines will be completed in the first quarter of 2019.

(t)

In 2017, there were a total of 37 food recall exercises. There were 14 food recall exercises other than the 23 food recall exercises mentioned in Table 9 of the Audit Report. The main reasons were unsatisfactory food samples detected from the regular surveillance system; investigation results of the food poisoning and complaint cases and notification by overseas authorities. For details, please refer to **Annex E**.

(u)

Food recall refers to actions taken from markets, distribution locations and consumers to retrieve food that has been affected. When the CFS considers it necessary to remind the public that certain foods may pose health hazard, it will announce the recall of the concerned food.

The general food recall will be carried out by the Health Inspector grade officers taking into account the specific circumstances of the incidents and with approval by a directorate officer.

Moreover, the Food Safety Ordinance (Cap. 612) empowers the Director of Food and Environmental Hygiene to make food safety orders prohibiting the import and supply of problem food and ordering the recall of such food.

— END —

Food Recall Exercises in 2017 mentioned in Table 9

(23 Cases)

Case 1

The CFS received notification from the Rapid Alert System for Food and Feed of the European Commission on 4.1.2017 that a batch of anchovy paste manufactured in Italy was suspected to contain histamine at a level which did not comply with standard of Italy and the affected batch was being recalled. Upon notification, the CFS followed up with the concerned importer and found that a total of 25 cartons of the affected product were imported and distributed to 13 local retailers. The CFS issued press release on the same day and instructed the concerned importer to recall the affected products. As the affected product were imported more than 9 months before the recall notification, the products were probably used up by consumers no product was successfully recalled.

Case 2

The CFS received a notification on 10.1.2017 from the Rapid Alert System for Food and Feed (RASFF) of the European Commission that raw oysters harvested in a French location were found to be contaminated with norovirus. The French authority concerned had therefore interdicted harvest and distribution of the affected products from the area from January 5 and a recall of the affected products harvested from December 20, 2016 to January 5, 2017 was underway. According to the information from RASFF, two importers had imported the incriminated oysters. The CFS immediately contacted the two importers concerned for follow up action. The CFS announced in press release on the same day that the import and sale of raw oysters harvested from the affected harvesting areas were prohibited and also informed the French authority of the import ban and notify the local trades accordingly. The total affected oysters were 82 kilograms (kg). Since oysters are highly perishable in nature with short shelf-life, the affected oysters had been used up in partial or disposed of upon receipt of the notification. The quantity of oysters recalled was 11 kg and the recall percentage was 13%.

Case 3

The CFS received a notification on 13.1.2017 from the Rapid Alert System for Food and Feed (RASFF) of the European Commission that raw oysters harvested in an Irish location and produced by the producer concerned were found to be contaminated with norovirus, and the producer was recalling the affected product. Based on the information provided by the RASFF, some of the affected raw oysters had been imported into Hong Kong by four local importers. The CFS immediately contacted the four importers concerned for follow-up and instructed the importers concerned to cease sale of the affected product and to initiate a recall on the same day. Meanwhile, the CFS announced in press release that the import into and sale within Hong Kong of all raw oysters produced by the producer or harvested in the area concerned had been suspended and also notified the local trade to stop sale or use the affected products if possessed. The quantity of the affected products was 2,192.8 kilograms (kg). Since oysters were highly perishable in nature with short shelf-life and had been partly used up or disposed of upon receipt of the notification, there were 847.58 kg of oysters recalled. The recall percentage was 39%.

Case 4

The CFS, through its Food Incident Surveillance System on 26.1.2017, learned that a British manufacturer of prepackaged minestrone soup had initiated a recall of a batch of product as it might contain pieces of plastic. Upon learning the incident, the CFS immediately followed up with major local importers and confirmed with the importer concerned that it had imported the affected product, which were only for sale in its chain of supermarkets. The CFS instructed the importer concerned on the same day to stop sale and remove from shelves the remaining affected product and initiated a recall. Meanwhile, the CFS announced in press release and notified local trade to conduct relevant follow up measures. The total quantity of affected products was 60 cups. Since the affected products were small in quantity which might had been used up or disposed of at time of the notification, 13 cups were recalled and the recall percentage was 22%.

Case 5

The CFS received a notification on 27.1.2017 from the concerned French authority that a batch of pork rillettes manufactured by a French manufacturer was suspected to be contaminated with *Listeria monocytogenes* and the manufacturer concerned initiated a recall of the affected product. According to information provided by the concerned French authority, a local importer had imported the affected product into Hong Kong. The CFS immediately followed up with the importer concerned and urged the importer to initiate a recall. The CFS announced in press release on the same day to advise consumers who have bought the affected product not to consume it and the trade should stop using or selling the product concerned immediately. The total quantity of affected product was 2.37 kilograms. Since the small volume of imported products might have been used up or voluntarily disposed by the consumers upon receipt of the notification, no product was recalled.

Case 6

The CFS, through its Food Incident Surveillance System on 4.3.2017, learned that the UK Food Standards Agency and Food Safety Authority of Ireland had issued notices that a food trader had initiated a recall of prepackaged frozen Spaghetti Bolognese product, because the product contained egg, a food allergen, but the ingredient was not declared on the product's food label. Upon learning the notifications, the CFS contacted local major importers and found that a total of 161 boxes of the affected product were imported by batches in January and February 2017 and were for sale at the importer's own retail shops. The importer had stopped sale the remaining stock, removed from shelves the affected product and initiated a recall. A total of 123 boxes were recalled and the recall percentage was 76%. The CFS issued press release on 7.3.2017.

Case 7

The CFS received a notification from the New Zealand authority on 10.3.2017 that several kinds of prepackaged salad products produced by a New Zealand manufacturer might be contaminated with *Listeria monocytogenes* and the manufacturer recalled the affected products. According to the information provided by the New Zealand authority, there were seven kinds of affected products imported to Hong Kong by an importer.

Upon learning of the incident, the CFS immediately followed up with the importer. The importer confirmed that about 252 boxes of the affected products were imported into Hong Kong and were only supplied to a supermarket for sale. The supermarket had already stopped sale and removed from shelves the affected products. Also the importer initiated a recall. Eventually, the importer recalled 116 boxes. The recall percentage was 46% as the affected products were ready-to-eat food and shelf life of them was short. The CFS issued press release and alerted the trade on the same day.

Case 8

The CFS noted from the media's report on 21.3.2017 about problem in the quality of the meat exported from Brazil. The CFS immediately contacted the Brazilian authority and for the sake of prudence took precautionary measures to temporarily suspend the importation of frozen and chilled meat and poultry meat on the same day. The CFS notified the Brazilian authority and the trade of the import ban. According to the information provided by the Brazilian authority on 22.3.2017, among the 21 plants under investigation, 5 plants had exportation of meat and poultry to Hong Kong. Furthermore, 4 out of the 5 plants were suspected to be involved in fraudulent activity and under investigation by the Brazilian authorities. There was no evidence that the products from these plants had food safety or quality problems.

Subsequent to notification from the Brazilian authority on 24.3.2017 about imposition of export ban to the 21 plants which were under investigation, the CFS ordered a recall of all the frozen and chilled meat and poultry meat imported from the 21 plants in question as a precautionary measure on the same day. The quantity of Brazilian meat and poultry meat involved in the incident

were 92,337 kg. A total of 89,217kg of meat and poultry meat were recalled and the recall percentage was 97%. The CFS issued press release on 21.3.2017, 24.3.2017 and 28.3.2017 respectively.

Case 9

The CFS, through its Food Incident Surveillance System on 25.3.2017, learned that the UK Food Standards Agency and Food Safety Authority of Ireland issued notices that a food trader had initiated a recall of a batch of prepackaged vegetable soup manufactured in UK because the product might be tainted with chemical contamination. Upon notification, the CFS immediately followed up with the concerned importer and found that a total of 18 boxes of the affected product were imported which were only for sale at importer's own retail shops. The importer had stopped sale and off-shelf the affected product and initiated a recall. All the affected product was recalled and the recall percentage was 100%. The CFS issued press release on the same day.

Case 10

The CFS, through its Food Incident Surveillance System on 5.4.2017, learned that the Food Standards Australia New Zealand issued a notice about recall of 3 kinds of prepackaged baby biscuits imported from UK due to potential choking hazard. Upon notification, the CFS immediately followed up with local major importers and retailers. An importer had imported 173 boxes (each 5 packs) a total of 865 packs of the affected products from October 2016 to February 2017 and distributed to two retailers. For prudence sake, the retailers had stopped sale and removed from shelves the affected products and the importer had also initiated a recall. A total of 191 packs of the affected product were recalled from the retailers and the recall percentage was 22%. As the affected products were distributed for sale in local market for quite some time, certain quantity of the products was unable to be recalled. The CFS issued press release on 7.4.2017.

Case 11

The CFS received a notification on 2.6.2017 from the Rapid Alert System for Food and Feed (RASFF) of the European Commission that a kind of cheese with truffle manufactured in the Netherlands was suspected to have been contaminated with *Listeria monocytogenes* and the affected product was being recalled. According to the information provided by the RASFF, a small volume of the affected product had been imported into Hong Kong by an importer. Upon learning of the incident, the CFS has immediately contacted the importer concerned and instructed the importer and the retailers concerned on the same day to remove from shelves and stop sale of the affected product and initiated recall. Meanwhile, the CFS announced in press release on 2.6.2017 to urge consumers not to consume the affected product. The trade should also stop using or selling the product concerned immediately if they possess it. The quantity of the affected product was about 84 kilogram (Kg) and 70.12 kg were recalled. The recall percentage was 83%.

Case 12

The CFS, through its routine Food Incident Surveillance System on 2.6.2017, noted an announcement made by the Agri-Food & Veterinary Authority of Singapore that a food trader recalled a kind of apple and grape fruit juice imported from Japan due to the suspicion of mould found in some of the products. Upon notification, the CFS immediately followed up with the concerned importer and found that a total of 9, 000 packs of the affected product were imported for sale at its own retail outlets. The importer had already stopped sale and removed from shelves the affected product and initiated a recall. A total of 6,459 packs of the affected product were recalled and the recall percentage was 72%. The CFS issued press release on the same day.

Case 13

The CFS, through its Food Incident Surveillance System on 8.6.2017, learned that the Food Safety Centre, Macau issued a notice that a batch of bottled watercress honey manufactured in Macau was detected to contain benzoic acid at a level exceeding the legal limit of Macau. Upon learning the notification, the CFS immediately clarified with the Macau authority whether the affected product had been imported into Hong Kong. The Macau authority informed the CFS on 9.6.2017 that one local importer had imported the affected product. The CFS followed up with the concerned importer and found that a total of 144 bottles were imported. The affected product had been distributed to the importer's retail outlets and all the products were sold out. The CFS issued a press release on 12.6.2017 and instructed the importer to recall the affected product. As the affected products were for sale at retail outlets for nearly 3 months, therefore, none of the products was successfully recalled.

Case 14

The CFS, through its Food Incident Surveillance System on 16.6.2017, noted a notice issued by the Food and Drug Administration of the United States about the recall of five kinds of protein bar as the products might be contaminated with *Listeria monocytogenes*.

The CFS immediately contacted major local retailers for follow up. Preliminary investigation by the CFS found that a shop imported and sold three kinds of the affected bars. The CFS contacted the shop concerned which already stopped sale, removed from shelves and recalled the affected batch of the products. The shop imported 1,948 pieces of affected products and distributed to its own retail shops. 7 pieces of the affected products were sold. In respect of the latest situation, the CFS issued press release and alerted the trade on the same day. A total of 1,941 pieces of affected products were recalled. The recall percentage was 99.6%.

Case 15

The CFS, through its Food Incident Surveillance System on 15.7.2017, learned that the UK Food Standards Agency and Food Safety Authority of Ireland issued notices that four kinds of prepackaged haggis and black pudding products with different use by dates imported from the United Kingdom were being recalled by manufacturer. This was because there was a production fault that may lead to microbiological contamination. Upon learning of the incident, the CFS immediately followed up with the importer concerned and instructed the importer concerned on the same day to stop sale and remove from shelves the affected batches of products and to initiate a recall. Meanwhile, the CFS announced in press release to urge members of the public to stop consuming the affected batches of products if they have purchased any. The quantity of the affected products was about 397 pieces and 180 pieces were recalled. The recall percentage was 45%.

Case 16

The CFS, on 2.8.2017, learned that the Netherlands Food and Consumer Product Safety Authority issued a notice that certain eggs produced in the country were detected as containing a pesticide, fipronil, at levels which might cause adverse health effects. The CFS had contacted major local importers and conducted inspections at major retail outlets. According to the information published by the Dutch authority and the affected egg codes, investigation by the CFS showed that there was no importation of the affected batches into Hong Kong. For the sake of prudence, the CFS collected two samples of Dutch eggs of other batches at retail level for testing. The test results showed that the two samples contained fipronil at levels of 0.064 parts per million (ppm) and 0.055 ppm respectively, exceeding the maximum residue limit of 0.02 ppm as stipulated in local legislation. The CFS upon receiving the laboratory results on 4.8.2017 immediately notified and instructed the concerned importer to initiate a recall and issued press release to inform trade to stop sale and remove from shelves the affected product. The importer had imported by batches from January to August 2017 a total of 8,085 cartons of the affected product and distributed to its own retail shops. As the shelf life of the affected product was short, some batches had already expired during the

recall. The recall percentage was 42% and 3,425 cartons of the affected product were recalled.

Moreover, the CFS, as a precautionary measure, on 4.8.2017 adopted hold and test action at import level for eggs from the Netherlands. As the incident evolved, the precautionary measure of hold and test action at import level was applied to Belgium, Germany, France and ultimately all member states of the European Union by stages before end of August. On 31.12.2017, the CFS reviewed cautiously information provided by the authority of the European Union which indicated that all member states had taken appropriate measures to deal with farms with illegal usage of chemicals on poultry eggs and meat and strengthen surveillance in markets. It was decided to remove the precautionary measure of hold and test action at import level applied to all member states of the European Union on the same day.

Case 17

The CFS received notification from the Macau authority on 14.8.2017 that a batch of bottled preserved bean curd manufactured in Mainland and imported to Macau via Hong Kong was found to contain a pathogen, *Bacillus cereus*, at a level exceeding the safety standard of Macau and also not in compliance with Hong Kong's Microbiological Guidelines for Food. Upon notification, the CFS immediately contacted the Macau authority on the information of the product and distributor. According to the Macau authority, one bean curd sample was exported from the sole distributor of Hong Kong. The CFS contacted the distributor and found that a total of 1,488 cartons (23,808 cans) of the affected product were imported from Mainland in June 2017 and distributed to 219 retailers from late June to early August of 2017. The CFS issued press release on the same day and instructed the importer on 17.8.2017 to recall the affected product. As there was a wide distribution of the affected product at retail level including grocery shops and market stalls, the affected product was probably used up by consumers and it was customers' choice for return of the recalled products. A total of 2,891 cans of the affected product were recalled and the recall percentage was 12%.

Case 18

The CFS, through its Food Incident Surveillance System on 15.8.2017, learned that the Agri-Food & Veterinary Authority of Singapore issued a notice regarding withdrawal of batches of “RIBENA” products by the distributor in Singapore due to a faulty bottling machine which allowed excessive air to enter bottles of some batches. The CFS immediately followed up with the major importers and confirmed that 3 kinds of the affected products had imported into Hong Kong. The importer concerned had removed from shelves the affected product and initiated a recall. The total import quantity of the affected product was 185,208 bottles and 108,681 bottles were recalled, the recall percentage was 59%.

Case 19

The CFS received a notification on 9.9.2017 from the Rapid Alert System for Food and Feed (RASFF) of the European Commission that a kind of pasteurized milk cheese product was under recall because it was suspected to have been contaminated with salmonella organisms. The CFS immediately contacted the local importer and successfully confirmed with the importer concerned on 11.9.2017 that the affected product had been imported and distributed to a restaurant. The affected product had not been used and would be returned to the importer for disposal according to the CFS' instructions. Meanwhile, the CFS announced the case in the press release. The quantity of the affected product was 3.35 kilogram and all of them were recalled. Recall percentage was 100%.

Case 20

The CFS, through its Food Incident Surveillance System on 15.9.2017, learned that the Canadian authority issued a notice that a kind of prepackaged cereal for babies might contain the allergen, gluten which was not declared on the food label and were under recall. Upon notification, the CFS immediately followed up with the major importers and found that a total of 400 packs of the affected products were imported and distributed to 4 retailers. The CFS issued press release on the same day and instructed the importer to stop sale and remove from shelves the affected product and initiate a recall on the same day. A total of 174 packs of the affected product were recalled and the recall percentage was 44%.

Case 21

The CFS, through its Food Incident Surveillance System on 17.10.2017, learned that the UK Food Standards Agency issued a notice that the UK manufacturer of energy drink was recalling an affected batch of the product because it might contain food allergens, milk and soya, but were not declared on the food label. Upon notification, the CFS immediately followed up with major importers and found that a total of 24 boxes of the affected product were imported in September 2017 and immediately partly sold to a distributor. After notified of the incident by the supplier in October 2017, the importer immediately stopped sale and removed from shelves the affected product and initiated a recall. A total of 16 boxes of the affected product were recalled and the recall percentage was 67%. The CFS issued press release on the same day.

Case 22

The CFS, through its Food Incident Surveillance System on 4.11.2017, noted a notice issued by the Food Safety Authority of Ireland that some batches of cheese manufactured in the Ireland might have been contaminated with *Listeria monocytogenes* and the affected products were being recalled. The CFS immediately contacted major local importers and retailers for follow up and received confirmation from one local importer on 7.11.2017 that some of the affected products had been imported into Hong Kong. The CFS immediately instructed the importer concerned on the same day to remove and stop sale of the affected batches of products and initiated recall. Meanwhile, the CFS announced in press release to urge consumers not to consume the affected products if purchased and the trade should also stop using or selling the product concerned immediately if they possess them. The quantity of the affected products was about 62 kilogram (Kg) and 48.69 kg was recalled. The recall percentage was 78%.

Case 23

The CFS had been closely monitoring the incident of French infant and young children formula being contaminated with salmonella organisms. The CFS received notifications from the Rapid Alert System for Food and Feed of the European Commission on 12.12.2017, 13.12.2017, 23.12.2017 and 17.1.2018 the updates of the recalled batches of three kinds of French infant and young children formula products of different batches suspected to be contaminated with salmonella organisms. Upon notification, the CFS immediately followed up with the concerned importer and found that a total of 615,768 tins of the affected products were imported by batches from April 2016 to February 2017 and were distributed to 4 distributors. The CFS had instructed the concerned importer to recall the affected products and issued press release on the same day. As the time between importation and notification of recall was from 10 months to more than one and a half year, the shelf life of some affected batches had already expired upon the recall notification. Consumers most probably had used up most of the affected products. A total of 35,803 tins of the affected products were recalled and the recall percentage was 6%.

**Food Recall Exercises in 2017
(Other than those mentioned in Table 9)
(14 cases)**

Case 1

The CFS collected soya bean curd with chili and sesame oil sample from a supermarket in To Kwa Wan for testing under its routine Food Surveillance Programme on 12.1.2017. The test result dated 17.1.2017 showed that the sample contained *Bacillus cereus* at a level of 120,000 per gram. The CFS immediately informed the vendor and distributor concerned of the test result, and instructed them to stop sale and recall the affected batch of the product. The quantity of the affected product was 18,240 bottles and 4,480 bottles were recalled. The recall percentage was 24.6% as the affected product had been offered for sale in the local market 10 months before sampling. In respect of the latest situation, the CFS issued press release and alerted the trade on 18.1.2017.

Case 2

The CFS collected roast beef sample from an online shop for testing under its regular Food Surveillance Programme on 13.2.2017. The test result dated 21.2.2017 showed the presence of *Listeria monocytogenes* in 25 grams of the sample, exceeding the standard of the Microbiological Guidelines for Food which states that *Listeria monocytogenes* should not be detected in 25 grams of food. The CFS informed the vendor of the test result and instructed to stop sale and recall the affected batch of the product. The concerned manufacturer suspended its production line temporarily to carry out thorough cleaning and disinfection. The total quantity of the affected product was 50.02 kg. The manufacturer had recalled 11.64 kg. The recall percentage was 23.3% as the product was ready-to-eat food and its shelf life was short. In respect of the latest situation, the CFS issued press release and alerted the trade on the same day.

Case 3

The CFS collected smoked salmon sample from a supermarket in Tai Po for testing under its routine Food Surveillance Programme on 18.4.2017. The test result dated 26.4.2017 showed the presence of *Listeria monocytogenes* in 25 grams of the sample, exceeding the standard of the Microbiological Guidelines for Food which states that *Listeria monocytogenes* should not be detected in 25 grams of food. The CFS immediately informed the vendor and importer of the test result and instructed to stop sale, remove from shelves and recall the affected batch of the product. The total quantity of the affected products was 7,800 packs. The manufacturer had recalled 467 packs. The recall percentage was 6% as the shelf life of the affected ready-to-eat products was short. In respect of the latest situation, the CFS issued press release and alerted the trade on the same day. Further investigation with the importer confirmed that the affected products had not subject to any processing after importation and had been distributed to other retailers. Stop sale and import ban of the affected product was enforced in Hong Kong. For the sake of prudence, the CFS further issued press release on 27.4.2017 and informed the exporting country of the import ban and alerted the trade.

Case 4

The CFS received a complaint from a member of the public. The complainant felt sick after consumption of coconut cake at a restaurant in Central. On 5.5.2017, the CFS carried out investigation at the restaurant and collected a sample of coconut milk powder which was the raw material of the cake for testing. The test result dated 9.5.2017 showed that the sample contained milk, a food allergen, but was not declared on the product's food label as an ingredient. The CFS followed up with the restaurant on 10.5.2017 and the coconut milk powder found out of stock. The CFS followed up with the importer (cum distributor) and the coconut milk powder was found out of stock. The CFS informed the distributor of the said irregularity and instructed to stop sale, remove from shelves all batches of the affected product and initiate a recall. The distributor sold 378 kg of the coconut milk powder to 11 catering establishments for the period from 1.5.2016 to 11.5.2017 for food production.

As most of the coconut milk powder has been used in food production, the distributor recalled 22.27 kg coconut milk powder. The recall percentage was 5.8%. The CFS announced and alerted the trade on 12.5.2017.

Case 5

The CFS found a batch of milk without import permission given by the Director of Food and Environmental Hygiene when carrying out a routine inspection to a consignment of Japanese food on 22.5.2017. The import quantity of the concerned product were 420 cartons of packing size 1 litre and 840 cartons of packing size 200 millilitre. The CFS asked the public not to consume the concerned product and the trade to stop sale or using the affected product. CFS had instructed importer concerned to stop sale, off shelf and initiate a recall of the product in question. A total of 205 cartons of packing size 1 litre and 78 cartons of packing size 200 millilitre were recalled. The recall percentage for packing size 1 litre was 48.8%, while for packing size 200 millilitre was 9.3%. The concerned products had only 1 month shelf life left during the recall. CFS issued press release and trade alert on the same day.

Case 6

The CFS received a notification on 30.5.2017 from the Canadian Food Inspection Agency that its manufacturer was recalling prepackaged flour as it might be contaminated with E. coli. 2,100 packs of the affected product had been imported to Hong Kong 6 months before the initiation of recall and the importer had distributed all affected product to 19 distributors after importation. CFS had traced the distribution of the affected product. As the time from the date of import to the receipt of the recall notification was more than half year, the product might have been consumed before the recall, therefore no product was successfully recalled. Moreover, E. coli cannot survive under high temperature and will be destroyed by thorough cooking. In fact, flour are usually consumed after cooking, and thus health risk for consumption of these products was not high. CFS issued press release and trade alert on the same day.

Case 7

The CFS received a notification on 25.6.2017 from the Centre for Health Protection (CHP) of the Department of Health (DH) about a food poisoning case in relation to the consumption of porcini mushrooms. CFS immediately conducted investigation and followed up with the concerned importer and packer of the product. Investigation found that the affected product was only for sale at a department store. The importer had imported 50 packs of the affected product in April 2017 and sold to the department store. The affected product was offered for sale for 2 months before the initiation of the recall. 18 packs of affected product were recalled and the recall percentage was 36%. The CFS had taken samples for morphological examination. Examination result dated 18.7.2018 showed that the sample might have been mixed with inedible or toxic porcini mushrooms. However, no mushroom toxin was detected. CFS issued press release and trade alert on the same day.

Case 8

The CFS received a notification on 2.8.2017 from the Macau authority that a batch of frozen buffalo meat imported from Hong Kong was found to contain a veterinary drug, chloramphenicol. Investigation found that the importer had imported a total of 1,400 cartons of the affected product from South East Asia, 30 cartons were re-exported to Macau while the remaining 1 370 cartons were sold to local distributors. The CFS requested the importer to recall the affected product and alerted the trade to stop selling or using the products concerned. Importers had distributed the affected product to 34 distributors. The CFS immediately traced the distribution of the products concerned. Investigation revealed that apart from the disposal of 3 cartons of the affected product by the distributors, all the affected products were sold out. As the affected product were sold to many distribution outlets, the affected product might have been consumed fast. The recall percentage was 0.21%. The CFS had issued press release and trade alert on 3.8.2017.

Case 9

When following up a case referred by a local organisation, the CFS collected cold pressed bottled fruit juice drink sample from a supermarket in North Point for testing on 14.8.2017. The test result dated 22.8.2017 showed that the sample contained patulin at a level of 93 parts per billion (ppb), exceeding the action level of 50ppb adopted by the CFS. The level is the same as the standard of the Codex Alimentarius Commission on patulin in apple or apple juice. The CFS informed the supermarket concerned of the irregularity. The supermarket stopped sale, removed from shelves and recalled the affected batch of the products according to the CFS' instructions. The quantity of the affected products was 300 bottles and 61 bottles were recalled. The recall percentage was 20.3% as the shelf life of the affected ready-to-eat products was short. In respect of the latest situation, the CFS issued press release and alerted the trade on 25.8.2017.

Case 10

The CFS was notified by the Australian authority on 22.9.2017 night that raw oysters harvested in a local harvesting area were detected with paralytic shellfish poisoning toxin. The oysters harvested from September 12 to 22 of 2017 from the harvesting area concerned were being recalled. According to the information provided by the Australian authority, a local importer, has imported some affected product into Hong Kong. The CFS immediately contacted the importer concerned to follow up. The importer confirmed that 180 dozens of the affected raw oysters had been imported into Hong Kong on 16.9.2017. Since oyster is highly perishable in nature and is to be used up quickly, the affected products might have been used up or disposed of upon receipt of the notification (6 days after import), resulting in unsuccessful recall. CFS issued press release and notified local trade on 23.9.2017.

Case 11

The CFS collected brown crab sample from a supermarket in Sha Tin for testing under its routine Food Surveillance Programme on 9.8.2017. The test result dated 17.10.2017 showed that the sample contained cadmium at a level of 2.84 parts per million (ppm), exceeding the legal limit of 2ppm. The CFS immediately informed the supermarket concerned of the irregularity. They stopped sale and recalled the affected batch of the product according to CFS' instructions.

As the affected product was imported for sale 10 months before sample collection, no product was successfully recalled. The affected product might have been consumed by consumers. In respect of the latest situation, the CFS issued press release and alerted the trade on the same day.

Case 12

The CFS collected packed rice stick sample from a shop in Sham Shui Po for testing under its routine Food Surveillance Programme on 12.10.2017. The test result dated 14.11.2017 showed that the sample contained cadmium at a level of 0.16 parts per million (ppm), exceeding the legal limit of 0.1ppm. The CFS immediately informed the vendor of the irregularity and instructed to off shelf and stop sale the affected product. Concerned importer also initiated recall of the affected batch of the product.

The quantity of the affected products were 27,000 boxes and 221 boxes were recalled. The recall percentage was 0.8% as the affect product was popular food in the market and it had probably been consumed quickly. In respect of the latest situation, the CFS issued press release and alerted the trade on 16.11.2017.

Case 13

While investigating a food safety related complaint about canned fried dace with trace amount of malachite green (0.78 parts per billion) on 15.11.2017, the CFS found the food was kept in a shop in Sham Shui Po. The CFS immediately instructed the vendor to stop sale and remove from shelves the affected batch of the product. The importer/distributor concerned also recalled voluntarily the affected products.

The quantity of the affected product was 2,300 cans and 988 cans were recalled. The recall percentage was 43%. In respect of the latest situation, the CFS issued press release and alerted the trade on 17.11.2017.

Case 14

The CFS received three food poisoning cases notified by the CHP of DH on 28.12.2017 and 29.12.2017. Upon investigation, it was found that the cases suspected to be related to raw oysters produced by an area in France which were supplied by two local importers. For the sake of prudence, the CFS issued press release on 29.12.2017 to suspend the import into and sale within Hong Kong of all raw oysters produced by the area concerned and instructed the two importers concerned to stop supplying and selling the affected raw oysters. The CFS's further investigation found that another two importers had imported and sold the affected raw oysters at retail level. The two importers concerned have immediately stopped supplying and selling the affected product, as well as initiating a recall according to CFS' instructions. The CFS further announced the updates of CFS' investigation in press release and notified local trade on 30.12.2018. The quantity of the affected oysters was about 3,127 kilogram (kg) and about 741 kg was recalled from the 4 importers concerned. The recall rate was 23.7%. Since oyster is highly perishable in nature and believed to be used up quickly or disposed of, only part of affected products were recalled.



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本函檔號 Our ref. : FEHD CFS/1-125/55/3 C
來函檔號 Your ref. : CB4/PAC/R71

21 December 2018

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2543 9197)

Dear Mr Chu,

LegCo Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 71
Centre for Food Safety: Management of Food Safety

I refer to your letter dated 11 December 2018, requesting this Department to provide supplementary information on Chapter 1 "Centre for Food Safety: Management of Food Safety" of the Director of Audit's Report No. 71. The relevant information is set out in the attached document.

Yours sincerely,

A handwritten signature in cursive script that reads 'Christine Chow'.

(Christine CHOW)

for Director of Food and Environmental Hygiene

c.c.:

Secretary for Food and Health	(Fax no. 2526 3753)
Controller, Centre for Food Safety	(Fax no. 2536 9731)
Secretary for Financial Services and the Treasury	(Fax no. 2147 5239)
Director of Audit	(Fax no. 2583 9063)

Replies

(a)(i)

Upon completion of the first population-based food consumption survey (first FCS) by the Centre for Food Safety (CFS), the survey has been reviewed although formal evaluation report was not compiled. Nevertheless, the report of the first FCS has included the limitation of the survey and recommendations for improving the survey methodology. The Advisory Panel (AP) established by the CFS for the second population-based FCS (second FCS) had detailed discussion on the limitations of the first FCS, including method for recruiting respondents, low response rate, insufficient manpower, and long time taken to process data (i.e. paragraph 2.3(c) of the Audit Report) etc., and had explored how these areas may be improved in the second FCS.

Taking into account the recommendation of the AP, improvement measures that have been implemented in the second FCS include: (1) Regarding recruitment method, the first FCS had adopted a scientific methodology, i.e. visits to selected households as opposed to random telephone calls for recruitment which was first proposed by the Contractor; the second FCS continues to adopt the recruitment method through visits to selected households to ensure representativeness of the survey data; (2) Regarding response rate, measures that have been undertaken to enhance the response rate include: making the interview content concise (e.g. the Food Behaviour Questionnaire of the first FCS is no longer required), provision of incentives (e.g. Supermarket coupons worth the value of HK\$50 or above were given to respondents upon completion of survey when the main fieldwork came to the final stage in the first FCS whereas in the second FCS, supermarket coupons worth the value of HK\$150 to every respondent upon completion of survey as a standardized practice has been introduced since the commencement of the main fieldwork), and enhanced publicity of the survey (e.g. press conference, reporting at the Legislative Council (LegCo) Panel on Food Safety and Environmental Hygiene, announcing on the CFS website and social media, etc.) (3) Regarding manpower, the tender document of the second FCS has laid down requirements on provision of full-time interviewers as well as requirement on service hour per week to be provided by the Contractor, drawing upon the undesirable experience of recruiting part-time students as interviewers in the first FCS; (4) Regarding data processing, computer-assisted interface is used in

conducting interview to facilitate data input and preliminary data analysis at the same time as the interview is being conducted, so as to improve data processing time in the second FCS, taking into account the experience from the first FCS and overseas experience in similar surveys.

(a)(ii)

The data submitted by the Contractor of the first FCS in April 2008 was unweighted data. After reviewing the submitted data, the AP established for the first FCS advised the Contractor to further submit the weighted data for review. Having compared both sets of data, the AP was of the view that the weighted data could better represent the food consumption pattern of the Hong Kong population. As such, the Contractor then took a series of procedures to process and analyse the full set of data once again.

Drawing upon the experience from the first FCS, the CFS has laid down requirements in the tender document of the second FCS for the Contractor to submit both weighted and unweighted data as well as the tabulation plan so as to facilitate early preparatory work on data analysis. On the other hand, as computer-assisted interface is adopted in conducting interview in the second FCS, data input and preliminary data verification for ensuring data accuracy can be undertaken at the same time as the interview is being conducted, which helps shorten the time for data processing in the later part of the survey.

(a)(iii)

The AP established for the second FCS had deliberated on response rate in the course of preparation for the second FCS, and considered that higher response rates would help to ensure the survey results are representative of the target population for the second FCS; and response rates of similar surveys ranged from 59-80% according to overseas experience. Furthermore, some surveys conducted by the HKSAR Government, e.g. Population Health Survey of the Department of Health, and Thematic Household Survey of the Census and Statistics Department, had response rates of about 70%.

To achieve response rate of 70%, AP's advice has been adopted in the measures undertaken for second FCS and they include: (1) Good time management, i.e. the content of interview has been made concise (e.g. the Food Behaviour Questionnaire of the first FCS is no longer required); (2) Provision of incentives. Thus, supermarket coupons worth the value of HK\$150 has been presented to every respondent upon completion of survey as a standardized practice since the commencement of main fieldwork; and (3) Enhancing the promotion and publicity of the survey. Thus, there have been conduction of press conference, reports at the LegCo Panel on Food Safety and Environmental Hygiene, and announcements on the CFS website and social media, etc. The measures at (1) and (2) have already been reflected in the tender document in the second FCS. Regarding the measure at (3), the AP has well planned ahead for the promotion, publicity and announcement of the survey to be undertaken early around the commencement of the main fieldwork of the second FCS. These are not remedial measures undertaken in response to the audit exercise of the Audit Commission.

(a)(iv)

According to the latest progress report (week 34, up to 10.12.2018), the number of completed cases was 906; the total service hour of interviewers was 4454 hours; the number of service hours recorded in that week was 315 hours, which was higher than the basic requirement in the tender document (210 hours per week).

Comparing with week 15 as mentioned in the Audit Report, the situation has been improved in week 34, including: (1) Regarding survey progress, the number of completed cases per week has increased from 44 cases in week 15 to 70 cases in week 34, i.e. about 60% increase; (2) Regarding the number of service hours provided by interviewers per week, it has been increased from 213 hours in week 15 to 315 hours in week 34, i.e. about 50% increase; and (3) The preliminary response rate has been increased from 42% in week 15 to 47% in week 34.

Based on the latest progress, the Contractor has estimated that the main fieldwork requires about 2 years for completion, i.e. 1 year later than the expected completion date. Notwithstanding, as computer-assisted interface is adopted in conducting interview in the second FCS, data input

and preliminary data verification for ensuring data accuracy can be undertaken at the same time as the interview is conducted, which helps save time for data processing in the later part of the survey and expectantly, the time required for completion may not take 12 months as projected so that the survey may not necessarily be delayed for a whole year. The CFS will continue to urge the Contractor to expedite the survey progress, and undertake early preparation for the later part of the data processing work in order to shorten the time so required and complete the whole survey as soon as possible. The CFS will also enhance the publicity to increase the response rate as necessary.

(a)(v)

The paper questionnaires used in first FCS are provided at **Annex 1**. Paper questionnaires have been replaced by computer-assisted interface in conducting interview in the second FCS and questionnaires are provided at **Annex 2**.

Differences between the questionnaires of the two surveys are as follows:

- (1) There were three parts in the interview for the first FCS. The interview content of the second FCS has been made concise by not keeping “Food Behaviour Questionnaire” resulting into only two parts in the interview and the number of questions in the “Food Frequency Questionnaire” has been significantly reduced (from 112 questions to 36 questions) for the second FCS. These are in line with AP’s recommendation on good time management for increasing the response rate;
- (2) The “24 Hour Dietary Recall Questionnaire” in the second FCS collects more details on information such as cooking method, which aims to enhance the database for better facilitation of food safety risk assessment; and
- (3) Paper questionnaires were used in the first FCS, but in the second FCS, computer-assisted interface is adopted, in which data input and preliminary data verification for ensuring data accuracy can be undertaken at the same time as the interview is being conducted, and it helps shorten the time for data processing in the later part of the survey.

***Note by Clerk, PAC: Annexes 1 and 2 not attached.**

(a)(vi)&(vii)

There were provisions in the service contract of the first FCS to protect the Government's rights and compensate the Government for any loss incurred by failure of the Contractor to fulfil the contract requirements. For example, the Government is entitled to withhold payment of the Contract Price if the Contractor fails to observe or perform any provision of the Contract to the Government's satisfaction. In addition, the Government shall be entitled to terminate the Contract by giving a written notice to the Contractor if the Contractor fails to meet the contract requirements. If the Contract is terminated and the Government makes other arrangements for the uncompleted Services from any other sources, the Government may recover from the Contractor the relevant additional expenses incurred.

A Steering Committee, chaired by Consultant (Community Medicine) (Risk Assessment & Communication), was established for the first FCS under the Department, to monitor the progress and performance of the Contractor; provide guidance to the Contractor and follow up the progress and findings of the survey.

In the first FCS, approval was granted by the Financial Services and the Treasury Bureau for the contract variation to extend the contract period, alter the recruitment method and increase contract value. Subsequently, approval was granted by the Director of Food and Environmental Hygiene for the variation of contract for extending the contract period.

(b)

In addition to the monitoring measures stipulated in the Contract, the CFS has been giving instructions to the Contractor for targeting specific improvement areas via meetings, telephone calls and emails, and has demanded immediate remedial measures. The CFS had issued a letter to the Contractor on July 18, 2018 (after week 13) to demand the Contractor to expedite the fieldwork. Upon receipt of the letter, the Contractor increased the number of service hours of interviewers in weeks 14 and 15, and thus the progress of the fieldwork was improved. The CFS then further issued letters to the Contractor on October 18 and Nov 23, 2018, demanding the Contractor to improve the survey progress and rectify the

situation. The letters are provided in **Annex 3**. Having considered the fact that these letters contain sensitive information about the Contractor and the contract activities that are yet to be completed, the relevant information has been appropriately shaded. This Department recommends the Public Accounts Committee not to disclose these letters in the public domain, in order to avoid impact on the execution of the contract.

(c)

Regarding the issue on conducting a separate FCS covering the youth population, the Food and Environmental Department had already conducted a food consumption survey for secondary school students in 2000 i.e. before the first FCS. Data collected in that survey could be used for food safety risk assessment. As such, the first FCS that was conducted in 2005, had not covered the youth population under 20 years old.

For the second FCS, the AP has explored the possibility of lowering the age limit in the scope of survey, but considered there was technical difficulty in practice. The AP found that if the age group of “18-29” would be enlarged to become “15 to 29” for covering the younger population, there would be difficulties in interpreting the survey results due to different eating habits between respondents who were studying and who were working. However, if an independent age group of “12 to 17” was added and further grouped by gender, the sampling ratio of the whole survey would need to be adjusted due to the small population base of these two age-gender groups (as compared with other age-gender groups, including “aged 18-29”, “aged 30-49”, “aged 50-64” and “aged 65 or above” for males and females), and the minimum number of successful respondents estimated by statistical calculation would be increased significantly from 4800 to over 12000. As such, at that time, the AP considered that a separate FCS covering the younger population groups would be more feasible.

Meanwhile, the second FCS is in progress. The CFS has also started the preliminary work for conducting FCS for the younger population by studying the methodology of conducting FCS for the younger population

***Note by Clerk, PAC: Annex 3 not attached.**

groups in overseas countries/regions, such as the target population, categorization of age groups, number of respondents, sampling method, data collection method, questionnaire design, etc., for planning of a FCS that is suitable in the local context. Upon completion of the research work, which is expected in 2020, the CFS will take into account the past experience and available resources to further formulate details of the plan for conducting the survey on the younger population.

(d)

To select the substances to be included for the TDS, the following criteria were adopted: (i) recommendations from international authorities (such as WHO); (ii) public health significance and (iii) public concern. The CFS graded the substances as “High”, “Medium” or “Low” against the criteria above-mentioned in order to prioritise substances to be included for the TDS. According to the evaluation report prepared by the CFS under its own initiative, the TDS had covered the majority of the priority substances suggested by international authorities at that time. Nevertheless, taking into consideration factors like the stability of the substances in food is rather low and will decompose with time, use of resources and limitation in testing capacity, certain substances ranked with high priority (including formaldehyde) were not included in the TDS.

While it is impractical to test each and every food item that people eat, a TDS food list was developed to select the representative foods from the food consumption dataset, based on the consumption pattern of the Hong Kong population. In doing so, the number of foods to be analysed could be set within a practicable range. This is also a common practice for conducting TDS internationally. Foods were being selected from the food consumption dataset according to the following criteria: (i) food commonly consumed by the population; and (ii) food that was likely to contain high concentration of certain substances even its consumption may be low. The TDS food list included 150 food items which represented 88% of the average diet of the population. Nevertheless, certain food items that might contain high concentrations of the substances studied had not been covered in the TDS taking into consideration efficient use of resources.

(e)

When conducting future TDS, the CFS will take into account the results of the evaluation conducted under its own initiative and the experience gained in the first TDS, and will consider according priority to including those substances ranked with high priority but had not yet been included in the first TDS. In addition, the CFS will enhance the food list with a view to achieving a more comprehensive and effective coverage of representative foods. Furthermore, the CFS will keep in view the latest practices suggested by international authorities to improve the conduct of the second TDS.

Food consumption data is a pre-requisite for dietary exposure assessment and conducting TDS. The second population-based food consumption survey is being conducted. Upon the completion of the food consumption survey, the CFS will apply the updated food consumption data in conducting the second TDS.

(f)

Every year, the CFS consults the Expert Committee on Food Safety (Expert Committee) on selection of the Risk Assessment Studies (RASs) to be conducted for the next year.

In the meeting held in September 2017, the Expert Committee considered and advised on the RASs to be conducted in 2018. During the meeting, a member of the Expert Committee suggested to introduce a scoring mechanism in future to facilitate the discussion and selection of the proposed RASs by members.

The CFS introduced a new mechanism for the Expert Committee meeting held in September 2018 for selecting RASs for 2019. Under the new mechanism, every proposed RAS will be graded “High”, “Medium” or “Low” against each of the following criteria to facilitate discussion by members:

- a. Whether the subject of the project is of public health significance or concern;

- b. Whether the project helps address risk management problems and provide scientific support to risk managers for identifying risk management options;
- c. Whether the results of the project will provide scientific support to a legislative review; and
- d. Whether the project is of significance in terms of public education, including the development of tailor-made guidelines/practice codes for the trade.

The Expert Committee welcomed the new mechanism in the aforesaid meeting and found it effective.

(g)

The CFS relies on science-based risk assessment and devises risk communication strategies according to the assessed risk level and the public perception of risk.

Basically, the study report, executive summary, presentation slides and press release will be uploaded to the dedicated webpage of the respective RAS.

In addition, the CFS formulates relevant messages and advice according to the needs of target audience. For example, information for the general public is published in the CFS's publication, webpages and social media using easy-to-understand language and recommendations to the trade are provided through guidelines to facilitate them to implement the CFS's advice in their daily operations.

In October 2018, the CFS had posted the related links of supplementary information to the webpage of the corresponding RA studies as recommended by Audit to facilitate the public in obtaining relevant information.

(h)(i)

Preservatives and antioxidants are often used to prolong the shelf-life of foods by protecting against deterioration. While preservatives act against microorganisms, antioxidants counter oxidation.

Fats and oils, particularly the unsaturated ones, as well as foods containing them are most likely to have oxidation problems. When the fats react with oxygen and decompose, unpleasant off-flavours and odours will be developed and cause the foods to become rancid. Rancid foods may not result in food poisoning, but have a bad smell and taste. Some food manufacturers are thus using antioxidants in foods rich in fats and oils to delay the onset or slow down the development of rancidity due to oxidation.

The use of antioxidants in food are regulated under the Preservatives in Food Regulation (Cap 132BD) (The Regulation) in Hong Kong. The Regulation specifies the types of permitted antioxidants and their respective maximum permitted levels in specified foods including vegetable oils and fats. Food additives, including antioxidants, that are allowed to be used in Hong Kong are safe. Consuming foods containing antioxidants at the allowed levels are unlikely to cause adverse health effects.

(h)(ii)

The CFS collected 60 oil samples for testing of antioxidants under the same food surveillance project with satisfactory test results. Besides, the CFS collected about 600 oil samples for testing of antioxidants in 2015 - 2018 (up to November) and all test results were satisfactory.

(h)(iii)

The oil product was packed inside a sealed container. Before delivery to the laboratory, it was stored inside a cabinet of the office of the CFS without direct exposure to sunlight.

(h)(iv)

During processes of inhibiting or delaying oxidation, antioxidants themselves are being oxidized and the level decreases with time. The process of oxidation is affected by a number of environmental factors which mainly include atmospheric oxygen amount, temperature, exposure to light, etc. For fats and oils, they are mostly oxidised by oxygen that penetrates into foods and turn rancid.

Since the concerned oil product is packaged in a sealed container, the amount of oxygen that penetrates into the food is limited. In addition, the concerned product is stored under room temperature and is not exposed to direct sunlight. As such, it is unlikely that the degree of decrement in the antioxidant level of the concerned product, due to environmental factors, would be substantial.

(h)(v)

According to our understanding, there is currently no qualified private laboratory in Hong Kong that can provide services in the testing of antioxidants in food.

(h)(vi)

The new operational guidelines were issued to the CFS staff in October 2018 and implemented with immediate effect (See **Annex 4**). The operational guidelines are internal documents concerning enforcement details of the Department, which are not recommended for disclosure, or else the enforcement work may be affected in the future.

Through the existing Food Surveillance System, the CFS masters information on the collected food samples such as the sampling dates and the test result dates, and can export the sampling information and compile management reports. The CFS is now strengthening the concerned system in order to enhance the supervision and monitoring of the delivery of samples to the laboratory.

— ENDS —

*Note by Clerk, PAC: *Annex 4 not attached.*



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4 January 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2543 9197)

Dear Mr Chu,

Legislative Council Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 71
Centre for Food Safety: Management of Food Safety

I refer to your letter dated 19 December 2018, requesting this Department to provide supplementary information on Chapter 1 "Centre for Food Safety: Management of Food Safety" of the Director of Audit's Report No. 71. The relevant information is set out in the attached document please.

Yours sincerely,

A handwritten signature in black ink that reads 'Christine Chow' in a cursive script.

(Christine CHOW)

for Director of Food and Environmental Hygiene

c.c.:

Secretary for Food and Health	(Fax no. 2526 3753)
Controller, Centre for Food Safety	(Fax no. 2536 9731)
Secretary for Financial Services and the Treasury	(Fax no. 2147 5239)
Director of Audit	(Fax no. 2583 9063)

**Replies to Public Accounts Committee's Letter
of 19 December 2018**

(a)

The Centre for Food Safety (CFS) is the designated contact point for the International Food Safety Authorities Network (INFOSAN) in the Hong Kong Special Administrative Region. Through INFOSAN, the CFS directly receives information on emergent food safety incidents issued by food safety authorities from 188 Member States of the World Health Organization (WHO). In addition, the CFS regularly monitors the Chinese and English websites of food safety authorities of other economies through its Food Incidents Surveillance System (FISS) in order to collect food incident information and intelligence relevant to these economies.

In case follow-up investigation on the relevant information reveals local availability of the affected food in such food incident, and that it will result in adverse health impact to the public and/or violate the local legal requirements, the CFS will adopt one or more risk management and communication measures, including issuing press release, trade alerts and take food recall actions.

Rapid Alert to Trade (trade alert) is sent through electronic means to traders who have registered to receive the alert. Regarding the 300 trade alerts which were issued in 2013, the CFS is not able to identify the exact reasons for the apparently high number of trade alerts issued in this year. It could not be ruled out that during the initial phase of this new trade alerting mechanism, the criteria for issuing of trade alerts were still evolving and some trade alerts might have been unnecessarily issued.

(b)

For details on Cases 8 and 9 in Chapter 1 of the Audit Report, please refer to the written information on item (r) in the Department's letter to the Public Accounts Committee on 2 January 2019.

(c)

Food recall guidelines are promulgated in the CFS's website for reference by the food traders. Please see **Annex 1**. Regarding the measures that have been implemented or will be implemented to monitor the conduct and effectiveness of the food recall exercises, please refer to item (s) of the Department's written information dated 2 January 2019, including the update of the food recall guidelines on the CFS's website to facilitate the food traders to conduct the recall exercise effectively and unambiguously. Towards this end, a trade consultation forum was conducted on 14 December 2018 to collect feedback from the trade. The updated guidelines will be completed in the first quarter of 2019.

Should the food traders do not follow the Food Recall Guidelines in carrying out the recall exercise, the Director of Food and Environmental Hygiene may, under Food Safety Ordinance (Chapter 612) issue orders to direct the food traders to recall the subject foods.

(d)

Details of the 23 food recall exercises in Table 10 of the Audit report are set out under item (s) of the Department's written information dated 2 January 2019. The quantities of food recalled from the 23 food recall exercises are set out in **Annex 2**.

The CFS has implemented improvement measures to proactively and closely monitor the entire food recall exercise carried out by the food traders, as well as to demand the food traders to submit regular progress reports. The CFS will soon update the food recall guidelines on the website, and will clearly specify that the food traders must dispose of the recalled foods under the supervision of the staff of the CFS.

In the event of a massive food incident, the CFS will flexibly deploy manpower to handle different types of work including: ensuring the food traders to take off from the shelf the affected products upon receiving the instructions from the CFS, and to stop sale in the market and initiate recall; as well as carrying out checks of the concerned distributors and retailers to ensure the affected product will not enter the market. Taking the handling of the Brazilian frozen and chilled meat and poultry meat

***Note by Clerk, PAC:** Please refer to Centre for Food Safety website for Annex 1.

incident in 2017 as an example, upon receipt of media reports on 21 March 2017 about the quality problem of the exported Brazilian meat, the CFS liaised immediately with the Brazilian authority. For the sake of prudence, the CFS decided to take precautionary measures on the same day to temporarily suspend the importation of frozen and chilled meat and poultry meat produced in Brazil. The CFS also immediately notified the Brazilian authority and the local traders of the relevant measures. The quantity of Brazilian meat and poultry meat involved in the incident was 92,337 kg. A total of 89,217 kg of meat and poultry meat was recalled and the recall rate was 97%.

(e)

See reply to (c) above.

(f)

The Department uses the Complaint Management Information System to keep the information on all complaint cases. In addition, the CFS maintains a database to keep information on food complaint cases, including the types of food being complained about and the outlets where there are repeated food complaints.

In October 2018, the CFS has enhanced the existing food complaint database, including to add the recording of the entering countries of origins of the foods under complaint. The CFS is planning to set up a new database system to maintain information on the progress of investigation of the food complaint cases, so as to more comprehensively monitor the handling of food complaint cases.

In addition, the CFS has set up a dedicated team in 2017 to conduct a comprehensive review, standardize the operational procedures of the food import regulatory and monitoring system by phases and to reorganize its information system on a large scale to support the frontline colleagues on data management and analysis. The relevant work will strengthen the CFS's regulatory work on food import, food surveillance, food safety incidents, risk assessment and traceability.

(g) (i)

For the “Handling Procedure of Various Kind of Food Complaint Received by Food Complaint Unit (FCU)”, please refer to **Annex 3**. For relevant internal guidelines, please see **Annex 4** (only English version is available). The operational manual and guideline are internal documents concerning the enforcement details of the Department, which are not suitable for public disclosure, or else the enforcement work may be affected in the future.

(g) (ii)及(iii)

Food complaints lodged with the Department are, in the first place, handled by the responsible district environmental hygiene offices. These offices then forward the complaints to the CFS for investigation. In 2017, 5,569 food complaints were forwarded to the CFS, with breakdown of the types of complaints as follows:

Type of complaints	No. of complaints
● Cases with exhibits, complainants have provided statements and agreed to testify in court.	586
● Cases with exhibits, but complainants have refused to provide statements and disagreed to testify in court.	1,403
● Cases without exhibits, and with or without statements by complainants.	3,580
Total:	5,569

In 2017, the CFS conducted 3,584 visits to premises under food complaint for taking food samples. In the same year, the CFS issued a total of 1,031 warning letters to those incriminated premises and initiated 149 prosecutions related to food complaints. Of which, 146 were convicted and a fine of \$500 to \$20,000 was imposed, 2 cases were acquitted and 1 was awaiting for trial.

In 2017, the Department ordered 3 licensed food premises (involved in food complaints and contravention of relevant legislation) to suspend business for 7 days, after the operators were prosecuted by the CFS and were convicted.

***Note by Clerk, PAC:** *Annexes 3 and 4 not attached.*

(g) (iv)

The CFS classifies food complaint cases under the type of “Unwholesome Food” when the complainant alleges that he/she felt sick after consumption of food. Examples of incriminated food include: sushi, sashimi, frozen confections, etc.

(h) (i)

The number of food complaints handled by the CFS increased by 30% (1,275 complaints) from 4,294 (in 2014) to 5,569 (in 2017). The CFS analysed the trend of the food complaint cases in the year and found that (i) all food complaint cases were isolated/sporadic incidents and there were no epidemiologically linked cases, (ii) in the year, there have been several well-publicised food scandals, namely, faked rice & rice products, faked seaweed and faked eggs, leading to a significant increase in the number of food complaints, (iii) some individuals lodged complaints specifically at some shops, for example, a complainant lodged a total of 140 food complaint cases targeted at a chained-supermarket in 2017.

(h) (ii)

The Food Complaint Unit of the CFS is overseen by Assistant Director (Risk Management), and assisted by a Senior Superintendent of Environmental Health to take care of the handling of food complaints. The number of staff members responsible for the handling food complaints from 2014 to 2017 are set out as follows:

	2014	2015	2016	2017
Health Inspectorate				
Superintendent of Environmental Health [^]	1	1	1	1
Chief Health Inspector	1	1	1	0
Senior Health Inspector	1	2	3	3
Health Inspector I/II	13	12	13	14
Other Grades				
Executive Officer II [^]	1	1	1	1
Clerical Assistant	2	2	2	2
Workman II	3	3	3	3
Grand Total	22	22	24	24

[^] : The Superintendent of Environmental Health and the Executive Officer II also oversee / assist Food Labelling Unit of the CFS.

(h) (iii)

In 2017, there have been several well-publicised food scandals including, faked rice & rice products, faked seaweed and faked eggs. 88 out of 118 complaints of “Fake/counterfeit food” were found to be related to faked rice & rice products, 8 cases were found to be related to faked eggs and 6 cases were found to be related to faked seaweed.

The CFS conducted thorough investigations of all 118 complaints, including the taking of food samples for testing. All testing results were found to be satisfactory and all complaints found unsubstantiated. The CFS also used social platforms to publish information to clarify the incidents and to dispel public concerns.

(h) (iv)

In 2017, the CFS handled a total of 733 food complaint in “deteriorated food”. 49 complaints were substantiated cases, the incriminated food included mainly meat and meat products, dairy products (milk and milk beverages) and fruit and vegetables, etc. The remaining 684 cases were unsubstantiated.

For those substantiated complaint cases, the CFS issued a total of 43 warning letters to those incriminated premises and initiated 6 prosecutions related to food complaints. Of which, 5 cases were convicted and imposed with a fine of \$3,000 to \$ 10,000 and 1 case was acquitted.

(i)

Prosecution figures were updated in “Table 13 - Time taken to close complaint cases (2017)” of the Audit Report as follows:

Time taken to close complaint cases (2017)

Time lag between date of complaint and eventual closing of the case (No. of days)	Complaint cases		Prosecution cases No. (Note)	
	No. (Updates)	Percentage (Updates)		
0 to 30	2,116	38%	-	
31 to 60	806	15%	-	
61 to 90	637	11%	-	
91 to 120	461	8%	-	
121 to 150	391	7%	21	
151 to 180	529	10%	72	
181 to 210	498	9%	46	
211 to 240	101	2%	8	
241 to 270	17		1	
271 to 300	4		-	
301 to 330	3		-	
331 to 360	2		-	
361 to 390	2		-	
391 to 420	1		-	
421 to 432	1		1	
Grand Total	5,569		100%	149

Note: The prosecution cases are filed within the statutory time, and the closing date depends on the time required for the court to hear and complete the relevant judicial process.

(j)

The CFS's guideline on handling of food complaint states that the investigating officer should obtain enforcement sample right away in case of the incriminated food involves specified food category, namely frozen confections, dairy products (milk and milk beverages), sushi, sashimi, raw oyster, siu mei and lo mei, etc.

The CFS has revised relevant guidelines in May 2018 such that the enforcement sample would be obtained right away in case the incriminated food involves seasonal food or specified food category that are available on a time-limited basis. The CFS conducted regular review and updated the guidelines whenever necessary.

(k)

The CFS has revised relevant guidelines in May 2018 such that the enforcement sample would be obtained right away in case the incriminated food involves seasonal food or specified food category. For the period from 1 May 2018 to 15 December 2018, the CFS took a total of 318 enforcement samples. Testing results of 3 were unsatisfactory. The CFS publicised within 24 hours upon confirmation of the unsatisfactory testing results. The CFS initiated prosecution against the incriminated vendor/manufacturer on the unsatisfactory testing results.

(l) (i)

The CFS was established in May 2006 and has launched its website simultaneously. The annual statistics of the website's page views, hits and visits are as follows (approximate figures):

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Pages	180K	3010K	10430K	9160K	14220K	14920	18940	21230	28870K	20740K	23580K	30940K
Views						K	K	K				
Hits	1460K	24400K	74790K	53040K	63840K	70720	81660	94080	150360K	147630K	127970K	142470K
Visits	50K	610K	1460K	1430K	1520K	1660K	1840K	2130K	3100K	3000K	3330K	4890K

Remarks: K = 1000

(l) (ii)

The CFS Facebook was launched in October 2013. The number of "likes" of the CFS Facebook increased from 7,335 on 11 December 2016 to 12,179 on 31 December 2018.

The total post reach of the CFS Facebook in 2018 was 964,511.

(l) (iii)

The CFS launched a dedicated Facebook page “Hong Kong's Action on Salt and Sugars Reduction” (HKASSR) in January 2015. The page was face-lifted in 2017, introducing a youthful, relaxed and trendy element to enhance the appeal of the page as a key platform for promoting information on salt and sugar reduction and activities to the public. The number of “likes” of “HKASSR” Facebook reached 9,511 on 31 Dec 2018.

The total post reach of “HKASSR” Facebook in 2018 was 1,677,003.

(l) (iv)

To promote messages on the reduction of salt and sugar in food, the Instagram page of “HKASSR” was launched in July 2018. The number of followers of the “HKASSR” Instagram was 1,623 as at end December 2018.

(l) (v)

The CFS set up its mobile app “Food Safety” in April 2014. The number of download of the “Food Safety” app was 19,214 as at end December 2018.

(l) (vi)

As at end December 2018, the number of subscribers of CFS’s Rapid Alert System was 100,941.

In 2017, a total of 84 Rapid Alert messages were sent through the Rapid Alert System.

(m)

From time to time, the CFS provides food safety information to the public through various channels, such as press releases, CFS Facebook, publications on food safety (paper format and electronic format), pamphlets and posters. The CFS also organises workshops, talks and roving exhibitions regularly to disseminate food safety messages to different sectors of the community. While the CFS issues press releases on

food safety incidents or food safety messages that affect the public or with public concern, at the same time, related information will be disseminated through the CFS Facebook more frequently. According to the experience of CFS, the key to whether food safety messages issued by CFS are reaching out to various sectors of the community depends on the degree of public concern about the message. For example, the recent advices from CFS to members of the public not to eat raw grass carp and uncooked locally harvested oysters reached out to different sectors of the community.

(n)

The community organisation exhibitions presented in Table 16 refer to those food safety exhibitions organised by community organisations which have borrowed exhibition panels and materials from CFS. The number of community organisations that organise exhibitions each year depends on a number of factors, including the community organisation's activity plan in the year, whether the organisation chooses food safety as the theme of the exhibition, whether the organisation needs to borrow exhibition panels and materials from CFS to hold food safety exhibitions, etc. The CFS will consider how to disseminate information to community organisations so that they know they can borrow CFS panels and materials to organise food safety exhibitions. The number of participants in community organisation exhibitions depends on a number of factors, including the location of the exhibition, opening hours, community organisation mobilisation, and whether there are other types of activities in the same venue, such as game booths and souvenirs given away. The 13 community organisation exhibitions held in 2017 are shown in the table below:

Community Organisation Exhibitions in 2017		
Name of Organisation	Location	Opening hours
Health Education Exhibition & Resource Centre	Kowloon Park, Tsim Sha Tsui	08:45 to 18:15
Hong Kong Baptist University	Hong Kong Baptist University	09:30 to 16:30
Hong Kong Baptist University	Hong Kong Baptist University	09:30 to 16:30
We're Family	Tsz Wan Shan Community Hall	13:30 to 17:00
Lions College	Lions College	08:00 to 17:00

Hong Kong Baptist University	Hong Kong Baptist University	09:30 to 16:30
Hong Kong Baptist University	Hong Kong Baptist University	09:30 to 16:30
Hong Kong Baptist University	Hong Kong Baptist University	09:30 to 16:30
Free Methodist Church Tuen Mun Children & Youth Integrated Service Centre	Leung King Estate	11:00 to 19:00
Free Methodist Church Tuen Mun Children & Youth Integrated Service Centre	Yau Oi Estate	11:00 to 19:00
Ma Tau Chung Government Primary School	Ma Tau Chung Government Primary School	08:00 to 15:00
Hong Kong Playground Association	2/F, Island Place, North Point	10:00 to 22:00
Southern District Healthy & Safe Association Limited	Aberdeen Promenade	14:00 to 17:00

(o)

The CFS organises roving exhibitions in public markets at different locations. The usual exhibition time was from 10 am to 4 pm, Monday to Friday, mainly considering manpower and operational arrangements. With reference to the recommendations of the audit report, the CFS has plan to extend the exhibition time to 6 pm and will further explore other improvement measures, including hiring external staff to be on duty at the roving exhibition, roving exhibitions at different locations and extending the exhibition time to 8 pm, as well as holding exhibitions on weekends, etc., to increase the number of visitors.

Apart from uploading information of the exhibitions to the CFS website, the CFS will further enhance publicity, such as providing information of exhibitions to e-news subscribers to promote the exhibitions.

(p), (q), (r) and (t)

The Food Safety Charter and “Reduce Salt, Sugar, Oil. We Do!” programme are part of the work of Risk Communication Section of CFS. The promotion of the programmes to the trade and the public is mainly through the annual event “Food Safety Day” of CFS and articles in Food Safety Bulletin and Food Safety Express. The annual expenses of the

programmes are included in the total expenditure of the Risk Communication Section and cannot be calculated separately.

The Food Safety Charter is a voluntary scheme that encourages the food trade to bear in mind and actually implement the “Five Keys to Food Safety” in its daily operation. Taking into consideration that no matter whether the food trade has participated in Food Safety Charter or not, all food premises are regulated by various licensing requirements and conditions to ensure food safety and hygiene, and that the Food and Environmental Hygiene Department has implemented the Hygiene Manager (HM) & Hygiene Supervisor (HS) scheme which requires all licensed food business to appoint a hygiene manager and/or hygiene supervisor to strengthen food safety supervision of food premises, the CFS will review the objectives and effectiveness of Food Safety Charter and decide the way forward. If we continue to maintain the Food Safety Charter after review, we will introduce improvement measures to monitor the commitment of the signatories of the scheme.

Food safety and healthy eating are closely related. Unhealthy eating habits, including eating too much high-sugar, high-sodium or high-fat foods, can put a burden on your health, which can lead to overweight or obesity and high blood pressure, and increase risk of non-communicable diseases such as diabetes and cardiovascular disease. The food safety regulations in Hong Kong include regulating nutrition labelling of prepackaged foods. Via the Food and Drugs (Composition and Labelling) Regulations (Cap 132W), prepackaged foods are required to list the nutrient content, including the contents of sodium and sugar.

The Government has been striving to promote salt and sugar reduction for the whole population. The work is jointly implemented by the Food and Health Bureau, the Committee on Reduction of Salt and Sugar in Food, the Department of Health (DH) and the CFS to achieve synergy. The “Reduce Salt, Sugar, Oil. We Do!” programme is only one of the measures taken by the Government to promote salt and sugar reduction for the population.

The “Reduce Salt, Sugar, Oil. We Do!” programme is a voluntary programme launched by CFS in 2014. The objective is to encourage the food trade to take reference to the CFS trade guidelines for reducing salt, sugar and oil in foods when preparing food and accept the customers’ request to have less salt, sugar and oil when ordering food. In the past few years, the main challenge that CFS faced when promoting the “Reduce Salt, Sugar, Oil. We Do!” programme is that the public’s acceptance of salt and sugar reduction is not high. The salt and sugar reducing food culture

has not yet established in our community. The food trade has not been able to gain insight into the business opportunities of reducing salt and sugar. Therefore, the food trade participation has not been positive. The CFS also has room for improvement in promoting the programme.

In response to the above, the Food and Health Bureau, the Committee on Reduction of Salt and Sugar in Food, the DH and the CFS have been promoting low-salt and low-sugar in the past few years through “starting from an early age”, enhancing information transparency and strengthening publicity and education. The food culture has enabled the public to gradually change the salty and sweet eating habits, accept a relatively healthy diet and promote the demand for food with less salt and sugar, so that the trade can cooperate more actively. The work has gradually been achieving results. For example, the “Salt Reduction Scheme for School Lunch” launched by the DH in the 2017/18 school year, 12 participating lunch suppliers provide over 1,200 sodium-reduced lunch options for about 480 primary schools in Hong Kong, the average sodium content per lunch was 14% lower than that of 2013. In 2018, a fast food restaurant chain in Hong Kong has introduced a variety of dishes with salt content that meet the definition of low sodium in Hong Kong. The publicity work of the committee through social media has also aroused public interest and positive response.

Earlier this year, the Food and Health Bureau and the CFS have explored ways to step up the promotion of salt and sugar reduction work that has gained good foundation and momentum over the past few years. Together with the food premises in Hong Kong, we will jointly lead the trend of reducing salt and sugar. A new scheme has been launched in recent months to involve restaurants in Hong Kong that have vision and commitment to salt and sugar reduction to lead and influence, and to provide delicious food/dish with less salt and/or less sugar, or welcome customers ordering food with less salt and / or sugar. We expect the new scheme to have initial results in early 2019 and more significant results by the end of 2019. A large-scale salt and sugar reduction campaign with the new scheme kick-off will be held in February 2019. “Reduce Salt, Sugar, Oil. We Do!” programme will be integrated into the new scheme. We will closely communicate with the restaurants participating in the new scheme and review the effectiveness and challenges of the scheme in a timely manner and adjust the plans as necessary.

(s)

When the mobile application of CFS was developed, the launching of “Reduce Salt, Sugar, Oil. We Do!” programme was not confirmed. Therefore, the design of the mobile application has not included a search function for the “Reduce Salt, Sugar, Oil. We Do!” programme.

- END -

Need to ensure proper disposal of recalled foods

Table 10

Disposal of foods in 23 recall exercises

(2017 年)

Disposal practice	No. of recall exercises	Recalled product	Details of disposal action
Disposal under supervision by the CFS			
Fully supervised by CFS staff	11 (48%)	1. Infant and young children formula	35,803 tins
		2. Preserved bean curd	2,891 cans
		3. Prepackaged baby biscuits	191 packs
		4. Eggs	3,425 cartons
		5. Prepackaged cereal for babies	174 packs
		6. Ribena	108,681 bottles
		7. Prepackaged salad products	116 boxes
		8. Energy drink	16 boxes
		9. Prepackaged spaghetti bolognese	123 boxes
		10. Prepackaged protein bars	1,941 pieces
		11. Milk cheese (Note 1)	3.35 kg
Partly supervised by CFS staff (Note 2)	1 (4%)	12. Prepackaged fruit juice	6,459 packs
<i>Sub-total</i>	12 (52%)		

Disposal without supervision by the CFS			
Disposal conducted by traders		13. Raw oysters	11 kg
		14. Prepackaged minestrone soup	13 cups
		15. Raw oysters	847.58 kg
		16. Prepackaged haggis and black pudding products	180 pieces
		17. Cheese	48.69 kg
		18. Cheese with truffle	70.12 kg
		19. Prepackaged vegetable soup	18 boxes
<i>Sub-total</i>	7 (31%)		
Disposal not needed			
Food sold out	3 (13%)	20. Anchovy paste	0 carton
		21. Pork rillettes	0 kg
		22. Bottled watercress honey	0 bottle
Food recalled but found to be in order (Note 3)	1 (4%)	23. Frozen and chilled meat and poultry meat	89,217 kg
<i>Sub-total</i>	4 (17%)		
Total	23 (100%)		

Note 1: Importer confirms that the affected product is distributed to only one food premise and all has been returned to the importer for disposal. The affected product is disposed of under the supervision by the CFS.

Note 2: The affected product is disposed of by the importer under the supervision by the CFS, and the disposal of affected product at retail level is carried out by the food trader.

Note 3: Being in order, the food is subsequently returned to the trader.

香港特別行政區政府
保安局



The Government of the
Hong Kong Special Administrative Region
Security Bureau

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2 January 2019

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee

Consideration of Chapter 3 of the Director of Audit's Report No. 71

Procurement of operational equipment by the Hong Kong Police Force

I refer to your letters dated 17 December 2018 to Secretary for Security and Commissioner of Police. I enclose herewith our consolidated written response to the questions raised by the Public Accounts Committee for your perusal.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Andrew Tsang', written over a horizontal line.

(Andrew Tsang)
for Secretary for Security

c.c.

Secretary for Financial Services and the Treasury

Fax : 2537 3210

Commissioner of Police

Fax : 2866 2579

Director of Electrical and Mechanical Services

Fax : 2882 9042

Director of Government Logistics

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Director of Audit

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Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 71
Procurement of Operational Equipment by the Hong Kong Police Force

Response from Security Bureau and Hong Kong Police Force

Part 2: Implementation of major information and communications technology projects

Questions 1 and 4

According to paragraph 2.2, HKPF has set up an Information and Communications Systems Strategy Steering Committee to oversee the departmental information technology strategy and implementation, and adopted a three-tier project governance structure for each major information and communications technology ("ICT") project. However, according to paragraphs 2.3 and 2.31, there were delays of 60 months and 45 months respectively in implementing the Virtual Workstation project and the Second Generation of Communal Information System project which had deferred the realization of the intended benefits including enhanced operational efficiency and annual cost savings of over \$100 million as mentioned in paragraphs 2.16 and 2.27. What measures will the Administration take to prevent recurrence of similar delays in future? Will the Administration consider conducting a review of the ICT project governance to see if there is room for improvement in light of the substantial delays in these projects?

Reply

The HKPF is fully committed to improving the effectiveness of its ICT project governance and has thoroughly examined the major causes of delay in ICT projects in light of the Audit observations and recommendations. The delays in the two ICT projects were mainly attributable to (a) time taken in the tendering process; (b) technical problems encountered during implementation, such as dealing with the compatibility issue of legacy applications on the Virtual Workstation; and (c) complexity of the system and time taken in system design and implementation in the Second Generation of Communal Information System ("CIS2") project.

In the case of tendering process, significant delay to the Virtual Workstation project was caused by the cancellation of the first tender as there was no conforming bid given the stringent tender requirements.

In line with the Audit's recommendation, the HKPF will improve on the preparation of future ICT project tenders by avoiding over-prescribing requirements and making the tender specifications more easily comprehensible.

The tender preparation process involves consultation with a number of parties including the Department of Justice ("DoJ"), the Government Logistics Department ("GLD") and the Intellectual Property Department ("IPD"). The process could be a long-drawn one. In this regard, the Office of the Government Chief Information Officer ("OGCIO") has developed a set of Standard Terms and Conditions ("T&C") for IT Tenders jointly with the DoJ, GLD and IPD in 2013. The HKPF has since adopted the Standard T&C in its tender preparations which has helped speed up the process.

As regards technical issues encountered during project implementation, in light of the lessons learnt, the complexity of large-scale IT systems such as the CIS2 must not be underestimated. It must be properly reflected in the project timelines. The Information Systems Wing ("ISW") will conduct more in-depth market researches covering a wider scope to obtain market information, and strive to identify technical uncertainties and possible counter measures, especially when dealing with new or emerging technologies, so as to make more realistic estimations on the project timelines in the funding papers submitted to the Finance Committee of the Legislative Council.

As regards ICT project governance, the existing protocol of managing outsourced ICT projects, including the three-tier project governance structure, is developed based on international project management best practices including those good practices promulgated by "Projects In Controlled Environment" ("PRINCE"). Under the three-tier governance structure, the project steering committee at the top level is responsible for authorizing project expenditures and securing resources for the project, endorsing acceptance of project deliverables, giving disposition on change requests and approvals for the project to proceed to the subsequent phase. The project assurance team, being the second tier, makes recommendations to the project steering committee in monitoring the project progress, tracking incurred costs and time against budget and timeline, and considering change requests. The project team works closely with the contractor in providing inputs (e.g. user requirements), providing feedback (e.g. on system design) or validating /evaluating project deliverables (e.g. by conducting user acceptance test). The project team holds regular checkpoint meetings with the contractor to monitor the project progress and to update the project steering committee

and project assurance team any issues of significance. The project steering committee and project assurance team will meet as and when necessary to consider change requests and changes to project timeline. For example, in view of the delay of the CIS2 project, the project steering committee and project assurance team met intensively and had each held eight meetings during 2015 and 2016 to deliberate on the major issues and provide steer on the way forward.

As per existing practice, the OGCIO compiles an annual progress report on the implementation of Government computer systems for submission to the Finance Committee of the Legislative Council. The annual report sets out the latest position of the projects, the latest financial position, as well as the latest projected implementation date. To ensure that ICT projects are implemented in a timely manner, the Security Bureau will continue to closely scrutinize the returns provided by the HKPF by seeking detailed justifications for any deviation from the project timeline, the remedies undertaken by the HKPF/contractor, as well as a more realistic estimate on the revised project timeline.

The HKPF will continue to further improve the effectiveness of ICT project governance. ISW will promulgate the Audit observations and recommendations for the reference of all future committees and teams in the three-tier governance structure (i.e. a project steering committee, a project assurance team and a project team) to ensure that the lessons learnt will benefit personnel involved in these roles in the future.

Question 5

According to paragraphs 2.5 and 2.8, the Third Generation Command and Control Communications System (“the CC3 system”) was mainly implemented by two contracts for the design, supply, delivery, installation and implementation (Contracts A and B), together with project-related activities other than Contracts A and B. The estimated cost of the two contracts was \$849.7 million (comprising \$812.7 million for Contract A based on a market research conducted by the Hong Kong Police Force (“HKPF”) in January 2001 and \$37 million for Contract B). However, in March and May 2003, Contracts A and B were awarded at a total of \$370.3 million, significantly lower than the estimated cost of \$849.7 million. Was the market research done properly? Does HKPF have any other projects with significant over-estimation of tender prices?

Reply

The HKPF fully recognizes the importance of market research before the preparation for information and communications technology (“ICT”) project tenders. The cost estimate of \$812.7 million for Contract A was made by the HKPF based on the result of a market research (i.e. Request for Information) with the assistance of the then Government Supplies Department in January 2001 to obtain budgetary and technical information from 42 respondents. The difference between the pre-tender estimation and the final contract sum was mainly due to the successful tenderer of Contract A being both a key player in the field of the terrestrial trunked radio technology and a major equipment manufacturer, enabling it to leverage this advantage in lowering the development and implementation costs. This unique circumstance was specific to the eventual winning bidder, and could not have been accounted for in relation to all potential bidders. As a matter of fact, the bidding prices received from the other six tenderers for Contract A were HK\$537 million, HK\$597 million, HK\$654 million and HK\$878 million (submitted by three bidders). The significantly lower-than-estimated tender price (i.e. \$333.8 million for Contract A) was therefore entirely attributable to the specific contractor who eventually won the contract. In the circumstances, the HKPF considers that the market research was done properly in accordance with the established protocol.

There is no other similar project undertaken by the HKPF with significant difference between the estimated and actual contract prices.

Question 6

According to paragraph 2.7 and Table 4, over a period of 11 years from September 2004 to July 2015, the CC3 Executive Committee (ICT project steering committee of HKPF) approved 43 items of extension and enhancement work, including 33 items approved after the CC3 system was rolled out in March 2006. These 43 work items were only completed by February 2016 with a total cost of \$322 million charged to the CC3 project subhead. Does HKPF agree that the cost of the extension and enhancement work could not have been funded by the CC3 project vote had there not been an over-estimation of the tender price of Contract A? How did HKPF justify that the expenditure of \$322 million was within the ambit of the approved funding? Can HKPF provide an analysis together with justifications of how the 43 work items in Appendix C were within the ambit of the project scope as stated in the funding paper of 2001 and approved by the Finance Committee (“FC”)?

Given the long time lapse after the completion of CC3 system in 2006, why did HKPF not consult the Financial Services and the Treasury Bureau (“FSTB”) on the propriety of charging into the CC3 project vote the expenditures of the extension and enhancement work?

Reply

The HKPF agrees that had there not been a significant difference between the estimated and actual contract price of Contract A, it would have had to identify alternative funding sources to complete the necessary extension and enhancement work of the CC3 Project.

An analysis of the 43 extension and enhancement work items to the CC3 Project in Appendix C in relation to the proposal of CC3 as discussed in the FC funding paper and the related justifications is set out below –

CC3 proposal in the FC paper	Extension and enhancement work items
(A) <u>To provide comprehensive radio coverage</u> , including, for example, (i) to extend CC3 radio coverage to indoor locations which was all along an intention of the Project; (ii) to provide CC3 radio coverage to new border crossing facilities which could not have been done earlier before the facilities were ready; (iii) to expand system capacity which was incidental to the extension of CC3 radio coverage; (iv) to reconfigure microwave links for CC3 radio communications which would be blocked off by new building developments that were unforeseen; and (v) to enhance CC3 radio communication capacity in areas with increased demand.	1, 3, 7, 9, 10, 12, 16, 18, 19, 25, 28, 30, 35

CC3 proposal in the FC paper	Extension and enhancement work items
(B) <u>To enhance existing systems, replace ageing systems for business continuity and to decommission obsolete CC2 radio system,</u> including, for example, (i) to improve power supply and ventilation in CC3 equipment rooms to enhance system resilience; (ii) to replace obsolete hardware and software for relevant systems to continue functioning properly and to enhance system security; and (iii) to maintain system interface with the Registration of Persons System of Immigration Department subsequent to changes in the latter.	2, 5, 21, 22, 23, 31, 32, 33, 34, 36, 39, 40, 42, 43
(C) <u>To hire EMSD service or contract staff for CC3 work</u> with either (i) supplementary funding for initial work e.g. installation of CC3 equipment on police vehicles and postponement of Phase III roll-out schedule due to WTO HK Ministerial Conference which could not be foreseen or (ii) new commitment for the extension and enhancement work items.	4, 8, 13, 15, 17, 26, 29, 38
(D) <u>To enhance protection against eavesdropping and unauthorized access to radio system.</u>	11, 14
(E) <u>To improve emergency response,</u> e.g. provision of dual-capacity headsets (for both radio and telephone communications) to console operators and additional CC3 radio accessories to PTU officers.	20, 24, 41
(F) <u>To improve communications between frontline officers</u> by provision of CC3 radios to Marine officers who were using a different radio system to communicate with land formations and to a newly established PTU training company.	27, 37
(G) <u>To enhance command and control capability</u> by improving video facilities in command centres.	6

Internal funding approvals were obtained from the project steering committee (i.e. Executive Committee (“EC”)), which was the highest level of the three-tier governance structure under the “Projects In Controlled Environment” (“PRINCE”) methodology recommended by the Office of the Government Chief Information Officer (“OGCIO”). These approvals went through a vigorous internal examination process to ensure that the work items to be carried out were fully justified and within the project scope. Funding applications were submitted to the EC with detailed justifications.

As illustrated in the analysis, the HKPF had all along taken the view that the extension and enhancement items were closely associated with and incidental to the implementation of the project and hence within the project scope as stated in the FC funding paper. In the absence of these items, the CC3 Project could not be regarded as having been completed in accordance with the project objectives, though some of these items and activities were not explicitly outlined in the FC funding paper. On the basis of this interpretation, the HKPF continued to implement these items under the project vote and reported the updated implementation progress to the FC and the FSTB through annual reports up to the project closure in 2015-16, in accordance with the established requirements.

We agree with the Audit’s recommendations that sufficient information should have been provided on the implementation of ICT projects in FC funding papers (such as the phased implementation approach in the CC3 project) and make realistic assessment of the implementation schedule. HKPF will strive to improve on the preparation of FC funding papers for future ICT projects so that any envisaged phased implementation plan to cater for technical uncertainties and evolving circumstances will be clearly articulated.

We also agree with the Audit’s observation that, in case of doubt, we should consult the FSTB on the propriety of charging the expenditure of the extension and enhancement work into the project vote, in line with the spirit of Financial Circular No. 1/2004¹.

¹ Financial Circular No. 1/2004 on “Responsibility of Controlling Officers” stipulates, among others, that: (i) Controlling Officers must satisfy themselves that there are adequate procedures to monitor expenditure in order to ensure that it is only incurred within the limits and scope authorized; and (ii) where in doubt, Controlling Officers should consult the Treasury Branch.

Part 4: Procurement of other operational equipment

Question 7

According to paragraphs 4.4 and 4.11, in 2006-2007, HKPF obtained funding of \$6.2 million for the replacement of the aged vehicle-mounted electronic counter measures system (“ECMS”). In the event, the new ECMS was procured in 2014 after the lapse of some seven years after funding approval and conducting four tender exercises. What measures had HKPF taken to ensure that its capability in dealing with modern threats was not compromised during the lengthy procurement process and what was the related cost? What lessons have HKPF learned from the procurement of ECMS and what measures will HKPF take to prevent recurrence of similar problems in future procurement exercises?

Reply

The Electronic Counter Measures System (“ECMS”) is a vehicle-mounted broad-band jamming system to counter modern Radio Controlled Improvised Explosive Device (“RCIED”) threat. Before the ECMS was successfully procured in 2014, HKPF was using its existing Electronic Counter Measures (“ECM”) vehicle as supplemented by other alternative systems. The ability to counter modern RCIED threat was not compromised as the man-portable systems were maintained to counter such threat. While these man-portable systems did not have the exact capabilities of the vehicle-mounted set (e.g. in terms of mobility), the shortfall had been addressed by a more intense deployment tactic and additional manpower from existing resources.

At the time of commencement of the procurement exercise, the ECMS was a piece of highly sensitive and confidential equipment involving the application of new technology and a market of limited suppliers. Due to its sensitive nature, such systems were usually unadvertised. Its functionality and capability was not a subject of open discussion or disclosure for the sake of protecting its operational effectiveness and security concerns. The procurement was thus conducted through restricted tender with specified requirements to reflect our stringent operational needs. The procurement process was lengthened with repeated tender cancellations, which were partly due to factors beyond the control of HKPF, such as the failure of potential suppliers to obtain necessary permission from overseas governments, critical error in a price quoted by a tenderer, and the quoted price being unreasonably higher than the market price. Eventually, with increasing

demands for ECM technology worldwide and rapid advances in such technology in the span of only a few years, there were more suppliers in the market around the world that could meet our stringent requirements. The emergence of more “qualified” suppliers together with the relaxation of requirements had led to the success of the final exercise.

HKPF agrees with the Audit’s recommendations, including the use of open tender as far as practicable and the adoption of a more flexible tender approach for less essential requirements. Given the highly complicated radio frequency environment in Hong Kong and the requirement for high grade systems, HKPF will try to identify as many potential suppliers as possible in the early phase of market research in the procurement cycle. Wherever applicable, specifications will be classified into desirable requirements and mandatory requirements as appropriate to ensure the widest possible scope of potential suppliers without compromising operational requirements.

Question 8

According to paragraph 4.26(b), HKPF's records showed that the first-in-first-out method for managing stock had not been adopted to prevent prolonged storage of the combat boots which had a shelf life of three years after delivery date. Has HKPF taken any actions to improve stock management? According to paragraphs 4.22 to 4.25, in 2014 and 2015, HKPF awarded two contracts to the supplier for repairing 3 923 pairs of combat boots manufactured in 2009 and 2010 at a total cost of \$2 million. However, in 2016, the detachment of soles still occurred in 64 pairs of the 2014 repaired combat boots. After negotiation with the supplier and consulting the Department of Justice, HKPF accepted the supplier’s offer of replacing 300 of 599 pairs of the 2014 repaired boots in stock with new ones. To address the occupational and safety concern of police officers, HKPF disposed of the remaining 299 pairs of repaired boots in August 2017. What lessons has HKPF learned from the procurement of the boot repair service? What measures will HKPF take to prevent recurrence of similar problems in future?

Reply

Combat boots are used by police frontline officers in carrying out their law enforcement duties. In January 2008, it was decided to phase out the old combat boots through a replacement programme in 4 years. Having regard to the stock level in February 2008, HKPF conducted 5 procurement exercises from 2008 to 2012 for the supply of

new boots to meet the requirements of the replacement programme as well as the on-going and additional requirements of frontline officers.

Since the sole detachment problem was first noted in November 2012, the storehouse had examined the cause and considered possible solutions to address the problem while at the same time maintaining the issue of the boots to meet the continued demand from on-going boots replacement and additional requirements from frontline officers. Before the repair service was completed to rectify the sole detachment problem, there were times when the storehouse arranged exceptionally to issue the latest batch of combat boots to frontline officers for safety considerations. This was a special contingency measure to ensure quality and protection for frontline officers before the repair of the sole detachment problem was fully completed. It has always been the established practice of the HKPF to adopt the first-in-first-out method in managing stock in accordance with the principle of storehouse management.

We agree with the Audit's recommendation to improve stock management to prevent prolonged storage of goods taking into account their shelf lives. In fact, shortly after the discovery of the sole detachment problem, the delivery requirement in procurement contracts of combat boots had been revised from delivery according to fixed schedule to delivery on an "as and when required" basis. This has helped to avoid excessive stock held and maintain an optimal stock level to meet the operational needs, hence minimizing the risk of sole detachment in the stock held and the need for repair. Besides, we have taken measures to strengthen communication with user formations and monitor closely the actual stock consumption rate, before deciding on the timing for re-ordering for replenishment.

From the experience of the procurement of the boot repair service, and in line with the Audit's recommendation, we fully recognize and have reminded all procuring staff the need to include all the essential requirements and key provisions in contract documents in future to protect the Government's interests. We also believe that the improvement of stock management measures mentioned above is an effective way to prevent recurrence of the problems of prolonged storage and sole detachment in future.

Question 9

According to paragraphs 4.32 and 4.34, while the purchase of 124 body-worn video cameras (“BWVCs”) by the first quotation in December 2016 was made after a public order event, the purchase of 272 BWVCs by the second quotation in March 2017 (within a time span of four months) was to meet the operational need arising from the Anniversary of the establishment of the Hong Kong Special Administrative Region in July 2017 which is an annual event. Can HKPF explain why the procurement requirement for this annual event which could have been foreseen was not consolidated with that of the first purchase by quotation to achieve better economy of scale? According to paragraph 4.35(a), Audit's sample checking of HKPF's Stores Management Division's purchases by quotation from 2015-2016 to 2017-2018 revealed 13 cases of non-compliance with the requirement of Stores and Procurement Regulation 246, i.e. the cumulative value of repeated purchases of 13 items of operational equipment within 12 months had each exceeded the quotation limit of \$1.43 million. In 7 of the 13 cases, there were no documented reasons for not following the requirement. What measures will HKPF take to improve the situation?

Reply

Following the principle of prudent management of public resources, the HKPF has strived to adopt a gradual and cautious approach in the procurement of new operational equipment, like in the case of BWVCs to ensure the best use of public money. Hence, small quantities were initially purchased to test their application before wider roll-out and adoption. Subsequent to field trials from March 2013 to July 2015, Contract G was awarded in May 2016 after an open tender to purchase larger quantities. The procurement in December 2016 and March 2017 was mainly to meet operational need arising from new circumstances.

The decision for the procurement of 124 BWVCs in December 2016 was made after a public order event that took place in early November 2016 as the HKPF had identified an imminent operational need in enhancing officers’ capabilities to contain confrontational situations and to collect evidence when handling public order events of similar nature.

For the procurement of 272 BWVCs in March 2017, although the celebration of the Establishment of the HKSAR being an annual event was foreseeable, the 20th Anniversary celebration held on 1st July 2017 was associated with far more special events and activities, details of

which were only made available to the HKPF as the preparatory work unfolded. The year 2017 was also marked with heightened risk of terrorist attacks as a series of such attacks happened successively around the world. To ensure public order and public safety, effective policing of celebrative events and activities required a realistic threat assessment which could only be made closer to the operation when more information was available and the operational need for additional BWVCs was more concrete and explicit.

HKPF is obliged to comply with the SPR while providing adequate operational equipment for frontline officers to carry out law enforcement duties under changing circumstances and on a timely basis. HKPF agrees with the Audit's recommendations that greater efforts should be made to meet the SPR 246 requirement and to document the reasons when such requirement cannot be followed. In this regard, we shall explore the feasibility of bulk purchase by tender for regular items with delivery requirement in batches or on an "as and when required" basis, e.g. in procurement of cloth materials and running shoes. This will obviate the need for repeated purchase by quotation within 12 months which would exceed the financial limit of SPR 246. In addition, the procuring staff have been reminded that in very exceptional and unavoidable situations where SPR 246 cannot be followed, full justifications should be documented on file. HKPF will strive to seek continuous improvement and to comply with the SPR at all times.



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28 December 2018

(By fax 2543 9197)

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Secretariat
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1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

**Public Accounts Committee
Consideration of Chapter 3 of Director of Audit's Report No. 71
Procurement of operational equipment by the Hong Kong Police Force**

I refer to your letter of 17 December 2018 on the above subject.

I attach at Enclosure our response to Questions 2 and 3 for your action, please.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Almaz Leung'.

(Almaz Leung)

for Secretary for Financial Services
and the Treasury

**Reply of the Financial Services and the Treasury Bureau to
Questions 2 and 3**

**Part 2: Implementation of major information and communications
technology projects**

Question 2

According to paragraph 2.8, Financial and Accounting Regulation 320 stipulates that where Controlling Officers have reason to believe that funds surplus to requirements exist under a subhead, they shall immediately inform FSTB so that the excess may be reserved. However, after the issuance of the final acceptance certificate of Contract A in November 2009, HKPF had not closed the project accordingly or reported the unspent balance of \$414.7 million under Contracts A and B to FSTB. In response to the Audit Commission (“Audit”)’s enquiry in this regard, HKPF said that there were still activities to be undertaken within the CC3 project scope and the updated implementation progress of the project had been reported to FC and FSTB through the annual reports on implementation of major ICT projects up to the project closure in 2015-2016. Was FSTB aware of the unspent balance under Contracts A and B? If yes, why had the unspent balance not been reserved? If not, was FSTB satisfied that HKPF had fully complied with the Financial and Accounting Regulation 320 requirement?

As mentioned in paragraph 2.8(b) of the audit report, the progress on implementation of the Third Generation Command and Control Communications System (CC3 project) was reported to the Finance Committee (FC) and Financial Services and the Treasury Bureau (FSTB) through the annual reports on implementation of major information and communications technology (ICT) projects. However, these reports do not specifically cover funds surplus to requirements in the CC3 project.

2. Financial and Accounting Regulation (F&AR) 320 stipulates that where Controlling Officers (COs) have reason to believe that funds surplus to requirements exist under a subhead, they shall immediately inform the Secretary for Financial Services and the Treasury so that the excess may be reserved. In accordance with paragraph 2.8(a) of the audit report, the Hong Kong Police Force (HKPF) considered at that time that there were still activities to be undertaken within the CC3 project scope after issuance of the final acceptance certificate of Contract A. As additional expenditure might need to be incurred, the HKPF could not determine at that time whether and, if so, to what extent, the balance would be realised as funds surplus to requirements in the CC3 project. In other words, the HKPF did not have any reason at that point in time to believe that funds surplus to requirements existed for the CC3 project, and did not therefore see the obligation to report to FSTB under F&AR 320.

3. Having said that, in light of the audit findings, we see a need for FSTB to further strengthen the monitoring of funds surplus in capital non-works projects (i.e. administrative computer systems funded under Capital Works Reserve Fund (CWRP) Head 710, and non-administrative computer systems and communication equipment funded under CWRP Head 708). Specifically, in addition to the F&AR 320 requirement, we will implement the following measures –

- (a) For capital non-works projects approved by the Legislative Council (LegCo) in the 2019-20 legislative session and thereafter, providing the LegCo with quarterly reports on significant deviations between the accepted tender prices of the projects and the estimated provision in the approved project estimate when the deviations equal or exceed \$15 million or 10% of the original estimated provision, whichever is greater. The excess will be reserved administratively; and
- (b) prior to seeking the FC's approval of capital non-works projects, reminding the respective COs of the need to observe, among others, the requirements of reporting funds surplus under F&AR 320.

Question 3

According to paragraph 2.11, HKPF informed Audit that with an aim to provide a more comprehensive radio coverage and ensure the stability and reliability of the CC3 system, the CC3 Executive Committee approved 33 items after core system roll-out in 2006, on the premises that they were within the project scope. However, according to paragraph 2.12, FC's approval of \$948 million was for the replacement of the Second Generation Command and Control Communications System by the CC3 system and was not a blanket approval for extension and enhancement work for some ten years after the CC3 system roll-out in 2006. Can FSTB explain the requirements under Financial Circular No. 1/2004 which stipulates that Controlling Officers must satisfy themselves that there are adequate procedures to monitor expenditure in order to ensure that it is only incurred within the limits and scope authorized, and whether HKPF had complied with these requirements in charging to the CC3 project vote the expenditure of the extension and enhancement work after the CC3 system roll-out?

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4. The Public Finance Ordinance (Cap 2) (PFO) and subsidiary regulations and circulars provide the framework for the control and management of public finances in Hong Kong. One of the major objectives of Financial Circular No. 1/2004 (the Circular) is to remind COs of their responsibilities under the PFO. Section 6(3), one of the key provisions in the PFO highlighted in Annex A to the Circular, limits expenditure to within the approved provision for each subhead. To assist COs to discharge their responsibilities under this section, the Circular reminds them that they must satisfy themselves that there are adequate procedures to monitor expenditure in order to ensure that it is only incurred within the limits and scope authorised. In the case of the HKPF, as mentioned in paragraph 2.2 of the audit report, it has put in place a three-tier governance structure (i.e. a project steering committee, a project assurance team and a project team) for monitoring the implementation of major ICT projects, including project expenditure to ensure that it is only incurred within the limits and scope authorised. As such, we consider that there were established procedures in the HKPF for monitoring the CC3 project.

5. However, we note Audit's views that the FC's approval of \$948 million was for the replacement of the Second Generation Command and Control Communications System by the CC3 system and not a blanket approval for extension and enhancement work. We agree that there is a need to strengthen the control and monitoring of expenditure more closely. In this regard, FSTB will implement additional measures as set out in paragraph 3 above.

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2 January 2019

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Mr Anthony Chu
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Legislative Council Complex
1 Legislative Council Road,
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Dear Mr Chu,

Public Accounts Committee

Consideration of Chapter 3 of Director of Audit's Report No. 71

Procurement of operational equipment by the Hong Kong Police Force

I refer to your letter of 17 December 2018 on the above subject.

I attach at Enclosure our response to Questions 11 and 12 for the consideration of the Public Accounts Committee, please.

Yours sincerely,

(Lina NG)

for Director of Government Logistics

Encl.

- c.c. Secretary for Security (fax no. 2877 0636)
Secretary for Financial Services and the Treasury (fax no. 2537 3210)
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Public Accounts Committee

Consideration of Chapter 3 of the Director of Audit's Report No. 71

Procurement of operational equipment by the Hong Kong Police Force

Part 3 : Procurement of police vehicles

- (11) According to paragraphs 3.7 and 3.8, HKPF encountered various operational problems in using the electric vehicles, including long charging time, lower average availability and lower maximum driving range. EMSTF in its maintenance of the electric saloon cars for HKPF also found that some of them had deteriorating battery performance. Have other user departments of these electric vehicles encountered similar operational problems? Has GLD carried out trials before introducing these electric vehicles? If yes, what was the result? If not, why not? According to paragraph 3.14(a), as at September 2018, 14 electric saloon cars were still pending battery replacement. What action has been/will be taken by the Administration to speed up the outstanding battery replacement work and to protect the Government's interest?**

Of the 119 electric cars procured under Contracts D1 and D2, 69 and 50 of them were used by the Hong Kong Police Force (HKPF) and 24 other departments respectively. Similar to HKPF, these departments also experienced deteriorating battery performance. Battery replacement is therefore required. According to the contract terms, in the event of any defect in design, materials or workmanship in the vehicle being discovered during the warranty period, the contractor shall repair the defect and replace all defective components with new ones for the Government. To protect the Government's interest, we have urged the contractor to speed up the battery replacement process and closely monitored the progress.

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2. Other departments also faced similar situation of short driving range of electric cars. Taking into consideration their operational needs and the characteristics of electric cars, departments have deployed these vehicles to duties involving scheduled routes, short trips and assigned transport orders which have charging facilities for electric vehicles at the visiting venues etc. There was no major operational problem encountered by these departments.

3. For the 11 electric motorcycles procured under Contract C (as mentioned in the Audit report), 10 of them were deployed to HKPF while one unit was used by another department. Having regard to the short driving range of the vehicle, the department has deployed the motorcycle for short distance trips and GLD has not received any feedback on other operational problem encountered by the department.

4. As regards the 59 electric motorcycles procured under Contract E (as mentioned in the Audit report), 52 and seven of them were allocated to HKPF and three other departments respectively. As mentioned in the Audit Report, the batteries for all the electric motorcycles had been replaced. Since the battery replacement works had been completed, we have not received any report from the other departments concerning other operational problem with the motorcycle.

5. As electric vehicles (EVs) have no tailpipe emissions, replacing conventional vehicles with EVs can help improve roadside air quality. For promoting a wider use of EVs, the Government has committed to taking the lead in adoption of EVs in the government fleet. Over the years, the Government had conducted trials of EVs with a view to exploring the feasibility of using more environment-friendly vehicles in the Government fleet.

6. In 2008, HKPF conducted a small scale trial of a Model A^{Note} electric scooter and confirmed that it was suitable to meet their operational needs. Model A was the only available electric scooter/motorcycle in the market at that time and HKPF needed electric scooters for their operation in the "Olympic Torch Relay" in May 2008. HKPF also decided to have a larger scale trial of the electric scooters. Six

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Model A electric scooters were therefore procured to meet both purposes. Given the positive feedback from the HKPF, another six Model A electric scooters were procured in the same year for trial by several departments to determine whether electric scooters were suitable to meet their departmental requirements.

7. In 2010, the Environment Bureau (ENB) arranged a trial of Model B electric motorcycle by some departments. Model B was provided with lithium ion battery which had an improved driving range. The performance of Model B was found satisfactory for meeting the daily operational needs of the departments. A tender was then arranged for procuring electric motorcycles/scooters and 11 Model B electric motorcycles were procured in 2011 (Contract C as mentioned in the Audit report).

8. Given the trial experiences in the past few years, a tender for the procurement of electric motorcycles / scooters was issued in 2012. A total of 59 Model C electric motorcycles were procured (Contract E as mentioned in the Audit report).

9. As regards the trial of electric cars, ENB conducted a trial of Model D electric car in May 2009 with the participation of various departments. Based on the satisfactory trial results, a tender for the supply of electric cars was then arranged and ten units of Model D were procured in August 2009 for various departments.

10. As the Government decided to introduce more EVs into the government fleet, tenders were arranged for the procurement of electric cars in the following years when there were available electric car models in the market that could meet the general requirements of the departments. Eleven Model E electric cars were procured in 2010. At that time, having regard to the relatively short driving range of electric vehicles, the electric cars Model D and Model E were operated by departments to serve scheduled routes, single shift and orders which have recharging facilities at the venues with no report of any particular problem in general. Then a total of 119 Model F electric cars with slightly better reported driving range than models D and E were procured in 2012 and 2013 (Contracts D1 and D2 as mentioned in the

Enclosure

Audit report). The Government later found that the battery performance of Model F could deteriorate in a few years and actions were taken by the contractor to replace the batteries.

11. With the introduction of new models of electric cars in Hong Kong, we have arranged trials of electric car models by bureaux / departments from time to time with a view to facilitating them to assess whether EVs can meet their operational requirements. We will continue to identify environmental-friendly vehicles to replace departments' vehicles subject to the availability of suitable models in the market and operational requirements of the departments.

[Note : Instead of naming the models of the electric vehicles on trial or procured, denotation is used.]

12. For the 14 police electric cars mentioned in paragraph 3.14(a), battery replacement for seven of them had been completed. For the remaining seven cars, the contractor advised that tentatively two and five of them would be completed by January and March 2019 respectively.

13. We have been urging the contractor to speed up the early replacement of the batteries since November 2017. Warning letters were issued to the contractor on 22 January 2018, 13 September 2018 and 13 November 2018 requiring them to take all necessary actions to speed up the battery replacement work. We informed the contractor that we would not release the contract deposit if the batteries were not replaced in a timely manner. Apart from closely monitoring the replacement progress, we will not release the contract deposit until the battery replacement program is completed and EMSTF confirms that the performance of the replaced batteries is satisfactory.

(12) According to paragraphs 3.17 and 3.18, in March 2016, GLD awarded a contract (Contract F) at a cost of \$69.3 million for the supply of 129 large police vans to be delivered by two consignments, i.e. 66 and 63 by June and August 2017 respectively. However, up to September 2017, only 48 vans had been delivered and there were defects found in the delivered vans. Of the eight vehicle procurement contracts awarded to this contractor, five (including Contract F) had experienced delays in vehicle delivery. Up to September 2018, 124 vans had been delivered and the remaining five vans were rejected by EMSTF because of quality issues. What measures have been / will be taken by the Administration to ensure contractors' capability of due performance of multiple government contracts awarded? According to paragraph 3.20(a), after re-inspection by EMSTF, 124 delivered vans were found to require retrofit work due to defective retractable side steps and bumper cracks. Up to October 2018, some retrofit work was still in progress. What actions have been / will be taken by the Administration to speed up the retrofit work?

In respect of contract F referred to in the Audit Report, it has been stipulated in the contract that the contractor shall pay to the Government, as and by way of liquidated damages, for the losses and damage sustained by the Government resulting from the delay during the period from the deadline delivery date for the delayed vehicle to the date on which the contractor actually delivers to the Government the delayed vehicle in ready to use condition, a sum of 0.5% of the vehicle price of that vehicle, for each week of such delay up to a total maximum of 10% of the vehicle price of that delayed vehicle. If the contractor fails to deliver a delayed vehicle(s) or any part thereof in ready to use condition within sixty (60) days after the applicable deadline delivery date, notwithstanding anything else contained in the contract, the Government shall be entitled to reject the delayed vehicle(s) and/or terminate the Contract. GLD has closely liaised with EMSTF on the delivery status of the vehicles since the contract award and has reminded EMSTF to consider taking appropriate action against the

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contractor as provided under the contract conditions, including claiming liquidated damages in case of delay in delivery, withholding contract payment and/or executing contract termination, where appropriate.

2. GLD and EMSTF held a meeting with the contractor to review the vehicle delivery status in December 2017 and closely monitored the delivery status of the outstanding vehicles in accordance with the revised delivery schedule submitted by the contractor after the meeting. All 129 large vans were delivered and accepted by EMSTF in November 2018 and EMSTF has also exercised its right to claim liquidated damages for the delay in delivery of the vehicles.

3. As regards the other 4 contracts that had experienced delivery delay, delivery and acceptance of the vehicles under 2 contracts were completed in January and June 2018 respectively. The delivery of the vehicles under the remaining 2 contracts is expected to be completed in January 2019. In conjunction with the relevant procuring departments, GLD will closely monitor the progress of vehicle delivery and take necessary follow up actions against the contractor in accordance with the contract conditions to protect Government's interest. Meanwhile, the relevant procuring departments have exercised/ would exercise their right to claim liquidated damages for the delayed delivery.

4. From a risk management perspective, bureaux / departments ("b/ds") should make a comprehensive risk assessment, monitor contractor's performance effectively, and draw up contingency plans as appropriate. GLD has already kept records of contractors' performance evaluation made by b/ds in the Procurement and Contract Management System ("PCMS") database. B/ds should consider the relevant past performance records of a contractor and take appropriate measures to reduce risks of default.

5. During the period from August 2015 to December 2016 when these five contracts which had experienced delays in delivery were awarded, the past performance of the contractor had been assessed to be satisfactory. To protect the Government's interest, it has also been stipulated in the tenders of these five contracts that payment would be made to the contractor either 100% upon acceptance of the vehicles or

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in two stages with the provision of an advance payment bond for the first stage payment upon notification by the contractor that delivery of the chassis to the contractor has been completed.

6. All 129 units of the large vans were accepted by EMSTF in Nov 2018. Some premature defects were identified by EMSTF after the vehicles have been accepted and used during the warranty period. As the contractor shall have contractual obligations to rectify any defects, including premature defects found after the acceptance of the vehicles and throughout the warranty period, EMSTF, who is the technical party responsible for the testing and acceptance of the vehicles, has liaised and would continue to liaise with the contractor for follow-up arrangements. The retrofit work involves both the retractable side step and the bumper of 124 large vans. The retrofit work on the re-designed retractable side step for all 124 large vans and bumper for 90 large vans has been completed. The outstanding retrofit work on the bumper component for the remaining 34 large vans is expected to be completed by end January 2019.

7. It has been stipulated in the contract that, in the event of any defect or mal-function or deficiency of any one large van or any part thereof being discovered during the 36-month warranty period from the date of acceptance note for that large van, the contractor shall arrange repair of the defect, mal-function or deficiency at no cost to the Government. The contractor shall also ensure that the vehicle availability in respect of each large van shall not be less than 97% annually throughout the warranty period and shall provide for free six months' extension of the warranty period for each failure of the availability threshold in respect of each of the large van, and up to a cap of 30 months of total extension per large van. If there is an increasing trend of warranty repairs or any lengthy down time, the contractor shall identify the root cause of the defect and be responsible for repairing the defects, even after the warranty period if the remedial action still has not been completed. If the remedial action implemented cannot resolve the root cause of the defect, the Government may proceed to rectify the defects by repair or replacement, on its own or through a third party service provider. All costs incurred by the Government arising from such repair or replacement shall be borne by the Contractor. The

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Government shall be entitled to terminate the contract if the contractor fails to observe or perform any of the terms and conditions of the contract, including any of the warranties and failure to remedy the breach to the satisfaction of the Government. GLD would provide assistance, in consultation with the Department of Justice, to EMSTF, where necessary, to enforce the contract terms if the contractor fails to perform its contractual obligations.

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Central, Hong Kong

(Attn.: Mr Anthony CHU)

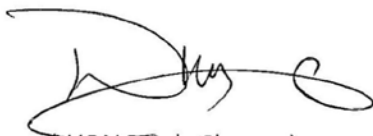
Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 71
Procurement of Operational Equipment by the Hong Kong Police Force

Thank you for your letter of ref. CB4/PAC/R71 dated 17 December 2018 requesting our response to Question 10 listed in the Appendix of the letter.

Please find our response to Question 10 in the attached Annex 1.

Yours sincerely,



(WONG Sek Cheung)
for Director of Electrical and Mechanical Services

Encl

- c.c. Secretary for Security (Fax no. 2877 0636)
- Secretary for Financial Services and the Treasury (Fax no. 2537 3210)
- Commissioner of Police (Fax no. 2866 2579)
- Director of Government Logistics (Fax no. 2116 0183)
- Director of Audit (Fax no. 2583 9063)

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 71
Procurement of Operational Equipment by Hong Kong Police Force
Response from the EMSD

For the Electrical and Mechanical Services Department (EMSD)

Part 3: Procurement of police vehicles

- 10) *According to paragraphs 3.17 and 3.18, in March 2016, the Government Logistics Department ("GLD") awarded a contract (Contract F) at a cost of \$69.3 million for the supply of 129 large police vans to be delivered by two consignments, i.e. 66 and 63 by June and August 2017 respectively. However, up to September 2017, only 48 vans had been delivered and there were defects found in the delivered vans. Of the eight vehicle procurement contracts awarded to this contractor, five (including Contract F) had experienced delays in vehicle delivery. Up to September 2018, 124 vans had been delivered and the remaining five vans were rejected by the Electrical and Mechanical Services Trading Fund ("EMSTF") because of quality issues. What measures have been/will be taken by the Administration to ensure contractors' capability of due performance of multiple government contracts awarded? According to paragraph 3.20(a), after re-inspection by EMSTF, 124 delivered vans were found to require retrofit work due to defective retractable side steps and bumper cracks. Up to October 2018, some retrofit work was still in progress. What actions have been/will be taken by the Administration to speed up the retrofit work?*

To safeguard the government interests on multiple government contracts awarded, EMSD has requested the contractor to submit a works program at the commencement of each contract to provide milestones on major production and modification activities so as to keep track on the contractor's performance. In addition, EMSD has conducted regular site inspections, factory acceptance tests of sample vehicles and final quality checking of each vehicle before it was delivered to user department.

All 129 large police vans under Contract F were delivered to Hong Kong Police Force (HKPF) on or before 13 November 2018. In relation to the delay of vehicle delivery, EMSD has exercised the contract term to impose liquidated damages on the contractor and would deduct up to 10% of the unit price for each delayed vehicle.

To ensure contractors' capability of due performance of multiple government contracts, EMSD will, in conjunction with the Government Logistics Department, introduce additional tender requirements such as a higher contract deposit, provision of advance payment bond for milestone payments and devising appropriate payment schedule for accepted deliverables at different contract milestones to better protect the Government's interests.

As for the 124 delivered vans¹ found to require retrofit work on retractable side step and bumper component during the warranty period, EMSD has developed a works program to keep track of the retrofitting progress, which has taken into account the requirement to minimise disruption to the user's operation. Up to 27 December 2018, retrofit work of retractable side steps for 124 vans and bumper components for 90 vans were completed respectively. EMSD will continue to closely monitor the bumper retrofit work on the remaining 34 vans scheduled for completion by end of January 2019. It is the contractor's obligation under the contract to rectify any defect found in the warranty period. EMSD continues to strictly follow the contractual provisions in handling such defects.

¹ Under Contract F, 124 out of 129 large police vans were found requiring retrofit work. The remaining 5 vans had already applied the re-designed kit on the retractable side step and new fitting method on the bumper component when they were delivered to HKPF.



YOUR REF 來函檔號： CB4/PAC/R71
OUR REF 本署檔號： L/M to L/M (14) to BD CR/4-35/2 C
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7 January 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Chapter 4 of the Director of Audit's Report No. 71
Management of Signboards by the Buildings Department

Thank you for your letter of 17 December 2018 concerning the captioned Audit Report. We are pleased to provide the requested information and clarification in the Annex.

2. For any further questions, please contact the undersigned or our Chief Officer / Minor Works and Signboard Control, Mr PANG Yuk-lung, Michael, at 3106 8019.

Yours sincerely,

(Ms YU Po-mei, Clarice)
Assistant Director/Corporate Services
for Director of Buildings

c.c. Secretary for Financial Services and the Treasury (Fax: 2147 5239)
Secretary for Development (Fax: 2899 2916)
Director of Audit (Fax: 2583 9063)

Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 71
Management of Signboards by the Buildings Department

Part 2: Signboard Control Schemes and Surveys

Question 1

According to paragraph 2.6, for each submission selected for desktop and/or site audit, officers of the Buildings Department (BD) would input into BD's computer system some specific information. Is information provided through minor-works submissions also captured by the computer system for searching or tracking purposes? If yes, what information is captured by the system? If not, how is the information provided for minor-works submissions processed, particularly does BD only keep hardcopies or scanned copies of the submissions?

Response

At present, the information on minor works (MW) submissions input into the computer system, viz. Minor Works Management System (MWMS) includes -

- (a) MW submission reference number;
- (b) location /address of the premises concerned;
- (c) receipt date of the submission;
- (d) particulars of the person who arranged for the carrying out of the MW;
- (e) particulars of the prescribed registered contractor (PRC) and prescribed building professionals (PBP) (for Class I MW only) appointed;
- (f) MW item number;

- (g) commencement date and completion date of the MW;
- (h) scanned images of all submitted documents;
- (i) audit results as described in paragraph 2.6 of the Audit Report; and
- (j) particulars of the owner's corporations or the management companies for MW involving common parts of the building.

All submitted documents including specified forms, drawings, photos, design calculations and other supporting documents will be stored permanently in the MWMS. The original hard copies will be disposed of in due course in accordance with the requirements of the Government Records Service.

Question 2

According to paragraph 2.9, there was a lack of follow-up on the issues discovered through the desktop and site audits. While BD had commenced a revamp of the computer system which was envisaged to be completed in 2020 (paragraph 2.16 refers), what functions and improvements would be made for the revamped computer system, and whether the new features would be able to tackle the issues highlighted in Director of Audit's Report? In the meantime, what urgent steps will BD take against those issues highlighted in Director of Audit's Report, especially on improving the enforcement of the policy against those withdrawal cases suspected of contravening the Buildings Ordinance (Cap. 123)?

Response

We intend to launch the revamped MWMS in 2020 which would bring the following improvements -

- (a) capturing more audit information, including nature and seriousness of irregularities identified and progress of the rectification of irregularities;
- (b) addition of an automatic alert function for overdue cases which could provide an overview of all audit cases to case officers thereby facilitating their management and organisation of auditing work. The function can also enhance the supervision and monitoring by the senior management of BD; and

- (c) compilation of the following regular reports for management purposes -
 - (i) number and details of the audit cases with serious irregularities;
 - (ii) number and details of overdue audit cases;
 - (iii) number and details of withdrawn cases which require follow-up actions; and
 - (iv) list of PBP and PRC who have received warning letters.

Pending the launching of the revamped MWMS, the following interim measures have been or will be pursued -

- (a) written instructions on handling withdrawn submissions have been issued¹;
- (b) enhancement of the existing MWMS to record audit cases with serious irregularities is in progress and will be completed in early 2019;
- (c) the standard record sheet of audit check result is being revised to differentiate cases requiring follow up actions from those rectified cases; and
- (d) the database on PBP and PRC served with warning letters under the Minor Works Control System (MWCS) is being enhanced to identify repeated offenders.

Question 3

With reference to paragraph 2.10, how were the sample size of desktop audit and site audit (i.e. 4% and 2%) respectively determined, and whether the Administration had conducted reviews on the sample size? If BD has not reviewed the sample size, will BD agree to immediately review whether the sample size is appropriate for the purpose of checking compliance with the Buildings Ordinance?

¹ As mentioned in para. 2.9 (b) of the Audit Report, BD has an established practice that withdrawn submissions will not be accepted if they are suspected to have contravened the Buildings Ordinance. Written instructions have been issued to affirm this established practice and will be incorporated into the internal operational guidelines. The answer to Question 4 below is relevant.

Response

Under the MWCS, MW submissions are selected randomly² for audit checking. In addition, some cases are manually picked for audit checking due to, e.g. public reports or complaints. The number of cases selected for audit check is generally based on the results of audit checking in the preceding year and the available manpower.

As shown in **Table 1** below, the ratio of MW submissions (including submissions in relation to signboards) requiring follow-up actions is declining. This reflects that the PBP and PRC are more and more acquainted with the MWCS requirements and the relevant provisions of the Buildings Ordinance (BO), and that the audit check is effective in deterring non-conformance. We will continue to monitor the overall result of audit check to all MW submissions, regularly review the effectiveness of the MWCS implementation and timely adjust the amount of audit cases.

Table 1
Statistics on Audit Check of MW Submissions

	Year		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of MW submissions received	115,832	135,187	126,504
Number of MW submissions selected for desktop audits and site audits ^{Note}	6,742	7,104	7,260
Number of advisory letters issued ^{Note}	641	299	208

Note: The figures do not necessarily correspond to the audit cases selected in the same year. In addition, more than one advisory letter may be issued for a particular audit case.

2 The random selection will not take into account the type and class of the MW submissions.

Question 4

According to paragraphs 2.11 to 2.14, delays and deficiencies were found with the follow-up actions on desktop and site audits. Are there currently any internal guidelines on processing and following up with desktop and site audits? If yes, a copy of the guidelines and how will BD improve those guidelines given the issues highlighted? If no, whether BD will consider formulating such guidelines?

Response

Internal guidelines (see **Appendix 1**) for audit check have all along been available and all audit checks are conducted pursuant to the guidelines. A review on these internal guidelines is being carried out with a view to formulating practical time targets on conducting audit check, incorporating the instructions on handling withdrawn submissions as mentioned in the reply to Question 2 above and reflecting latest policy and procedures on instigating prosecution / disciplinary actions against PBP and PRC who have contravened the BO under the MWCS.

Question 5

In paragraph 2.23(b) of Chapter 1 of Director of Audit's Report No. 64 published in 2015, it was recommended that BD strengthened its action to publicize the Validation Scheme for Unauthorized Signboards. What were the steps taken in response to that report? Why was the response for the Validation Scheme still low (paragraphs 2.19 to 2.22 refer)? Will BD review the implementation of the Validation Scheme, and consider ways of improving the Scheme, such as by setting an end date for the Scheme, after which a territory-wide stocktaking and removal exercise will take place, or by offering incentives for signboard owners (e.g. the Administration subsidizes a portion of the inspection and rectification cost if the signboard owners completed the inspection and rectification prior to a certain date)?

Response

As reported to the Public Account Committee of the Legislative Council in the Government Minute in October 2015, BD has enhanced the publicity strategy for promoting the Signboard Validation Scheme (SVS) through various channels, such as publicity booklets and pamphlets, BD website,

briefings to the industry and general public, mobile applications, and TV/radio Announcement in the Public Interest (API). In addition, our staff has been promoting the SVS when meeting owners of signboard eligible to join the SVS during the course of enforcement action including large scale operations (LSO) on signboards in target streets (paragraph 3.3 of the Audit Report refers). The publicity activities relating to SVS in 2018 include -

- (a) promoting the SVS in the *Police Magazine* TV programme covering the Signboard Control System which was broadcasted in April 2018;
- (b) a new API with posters was launched in September 2018 and the production of a new publicity leaflet is underway; and
- (c) advisory letters have been issued to stakeholders³.

We will continue to conduct publicity and educational activities to promote the SVS.

Apart from the above, we will streamline the application procedure for validation of signboards for food business premises in collaboration with the Food and Environmental Hygiene Department through promulgating a single certificate for food business licence and the SVS.

As mentioned in paragraph 2.21(b) of the Audit Report, we noted that there were more signboard owners choosing to remove and re-erect signboards under the MWCS rather than apply for validation under the SVS. Nevertheless, we still see value in SVS as an option to signboard owners who wish to retain their existing unauthorised signboards erected before 2 September 2013. In view of the large number of unauthorised signboards and the fact that LSO against signboards have only been implemented since 2012, we have no plan to set an end date for the SVS. As signboards are generally erected for commercial purposes and they generate direct / indirect incomes to the relevant owners, we consider it inappropriate to use public money to subsidise the cost of validating unauthorised signboards.

³ Since 2014, about 300 advisory letters have been issued to stakeholders including major retail shops, chain stores, banks, public transport corporations and trade associations, etc., encouraging them to erect new signboards legally and validate their existing unauthorised signboards.

Question 6

According to paragraphs 2.23 to 2.25, BD had yet to make any progress on establishing a more comprehensive database of all legal and validated signboards. However, the Minor Works Control System ("MWCS"), the Validation Scheme and approval system for large signboards provide BD with all the necessary information on all legal and validated signboards in Hong Kong. As such, how can BD justify that the establishment of a database is a long-term goal, rather than an urgent need for immediate monitoring and enforcement purposes? Will BD take action immediately in setting up the database by reviewing all the information received through MWCS and approvals for large signboards? If not, what are the difficulties and will BD agree to set a date for the completion of such a database?

Question 7

According to paragraph 2.23(c), BD had no readily available data on large signboards erected or removed. Can BD provide an explanation on why the data was unavailable, given that all such works should have obtained BD's prior approval and consent, and whether BD had readily available data on all other types of works that require BD's prior approval and consent?

Response to Questions 6 & 7

Signboards may be legally constructed through obtaining BD's prior approval of plans and consent for the commencement of works (approval and consent process) or under the simplified requirements of the MWCS. For cases involving approval and consent process, the information on such signboards is embedded in the approved plans. To establish a database on legally constructed signboards already in existence, BD will need to undertake an extensive exercise to retrieve the respective approved plans, MW submissions and validation submissions and extract the relevant information from such records. We plan to conduct a sample trial as soon as possible within this year to estimate the manpower and time needed to extract such information from existing building records.

Question 8

According to paragraph 2.36, BD had set in August 2018 the internal targets on inspection of signboards under regular surveys. What are the targets specifically and will BD regularly review the targets?

Response

We have set an internal target of inspecting 10,200 signboards in 2018. We will regularly review the annual target on the proactive survey of signboards taking into account the number of targeted signboards identified in the preceding period, recent signboard incidents and the manpower situation of BD. As mentioned in paragraph 2.41 of the Audit Report, we will review the mode of operation of the proactive survey with a view to enhancing its effectiveness, e.g. streamlining the procedure of survey by recording the sections of streets inspected instead of counting the number of signboards inspected. BD staff will also take timely follow-up actions including the issue of removal orders / dangerous structure removal notices (DSRNs) and instigate prosecutions against dangerous, abandoned, and work-in-progress unauthorised signboards identified in these proactive surveys.

Question 9

According to paragraph 2.38, BD had not used the computer system to follow up on enforcement actions taken against targeted signboards identified in regular surveys. Can the BD's current computer system assist BD to monitor the progress of enforcement actions taken against unauthorized building works, and if not, will this capability be included as a requirement for the revamped computer system?

Response

At present, information on follow-up actions with regard to the targeted signboards identified in the proactive surveys are input into BD's Building Condition Information System (BCIS) on a building basis for record and monitoring purposes along with other enforcement information on the parent buildings. However, as mentioned in paragraph 2.38 of the Audit Report, the BCIS cannot extract specific information on those signboards from the database. Hence, information regarding the progress of follow-up actions arising from proactive surveys cannot be compiled. In this connection, we have already enhanced the BCIS to enable flagging up of targeted signboards found in the proactive surveys to facilitate monitoring of the progress of follow-up enforcement actions.

Question 10

According to paragraph 2.41(d), BD had set time targets for the issuance of Dangerous Structure Removal Notices ("DSRNs") and removal orders.

What other steps will BD take to ensure that DSRNs and removal orders will be issued promptly and monitor the progress, especially given that these signboards pose an imminent threat to public safety?

Response

BD has in October 2018 set the time targets of issuing DSRNs and removal orders within 30 days and 150 days respectively from the date of inspection, which are the same targets for cases arising from public reports. As a result of the enhancement to the BCIS as mentioned in our reply to Question 9 above, the case officer will manage and organise follow-up enforcement actions and their supervisors will use the BCIS to monitor the progress of follow-up action of these cases in regular progress monitoring meetings. When carrying out inspections of signboards arising from public reports and proactive surveys, BD will engage Government Contractors immediately to remove those signboards posing imminent danger.

Part 3: Large-scale operations and handling of public reports

Question 11

According to paragraph 3.4, BD guidelines suggested that any street meeting at least two of the criteria listed in paragraphs 3.4(a) to (f) might be considered for a large-scale operation ("LSO"). Has BD conducted any survey to identify the number of street sections in Hong Kong which meet the requirements, and thus be able to prioritize LSOs appropriately? If not, why has BD not conducted such a survey and will BD agree to conduct such a survey?

Response

As advised in paragraph 1.10 of the Audit Report, our Signboard Control Unit (SCU) is responsible for, among others, identifying and taking enforcement actions against dangerous or unauthorised signboards. Each year, SCU will shortlist problematic street sections after taking into account case officers' knowledge of the latest condition of signboards within their responsible districts and the established selection criteria. An internal selection panel will then finalise the list of target street sections for BD senior management's endorsement. In view of the rich and up-to-date knowledge of SCU staff of the general conditions of signboards in districts under his charge and having regard to time and resource constraints, we consider that the present approach is more effective in prioritising street sections for LSO than conducting an

one-off territory-wide street survey, especially given that the erection, demolition and condition of signboards change frequently and the result of such survey will become outdated soon.

Question 12

According to paragraph 3.13, the Audit Commission's site visit revealed a large number of unauthorized large signboards. Given the prominence of some of the large unauthorized signboards, will BD prioritize enforcement actions against owners of large unauthorized signboards? In addition, how will BD address the concerns/difficulties highlighted in paragraph 3.15 regarding the enforcement actions against large unauthorized signboards?

Response

Due to the practical difficulties encountered in enforcement actions as mentioned in paragraph 3.15 of the Audit Report and with a view to tackling blatant cases more effectively, we have promulgated a new strategy in April 2016 whereby enforcement actions against large unauthorised signboards would be taken promptly through applying for priority demolition orders (PDO) from the District Court under section 24B of the BO. This new strategy has so far been effective in dealing with large unauthorised signboards erected for rental purposes involving frequent changes of signboard inscriptions. Up to November 2018, about 60 large signboards⁴ were removed under PDO actions. We will continue to take PDO actions against blatant and difficult cases of large unauthorised signboards.

At the same time, BD will continue to step up LSOs on large unauthorised signboards. As mentioned in paragraph 3.19 of the Audit Report, we have already reviewed and revised the actionable criteria of LSO on large unauthorised signboards as well as setting time targets. Our target is to issue 170 removal orders under LSOs in 2018, as compared to 106 removal orders under LSOs 2017.

⁴ These include signboards removed by the signboard owners voluntarily during the investigation stage before issuance of PDO.

Part 4: Follow-up actions on statutory notices and orders

Question 13

According to paragraphs 4.4 to 4.6, only 5% of DSRNs were complied with within the 14-day time limit. Given that structures issued with DSRNs pose an imminent danger to public safety, what urgent steps will BD take to clear the backlog of DSRNs and to improve the compliance with DSRNs?

Response

BD has all along attached great importance to the prompt removal of dangerous signboards to ensure public safety. As stipulated in paragraph 1.6(a) and 1.9(a) of the Audit Report, Government Contractor will be immediately engaged to remove signboards posing imminent danger without issuing any DSRN.

We have taken active steps to clear all outstanding DSRNs issued in 2017 by the end of December 2018 and only a few remaining cases are still in progress. Moreover, we will streamline the procedure of carrying out default works by Government Contractors and if necessary, redeploy resources to ensure timely clearance of the expired DSRNs.

Question 14

According to paragraphs 4.15 to 4.23, BD could take prosecution actions against non-compliance of DSRNs/removal orders and recover costs of default works from the owners. Does BD consider it effective to refer all cases of non-compliance to the Legal Services Section regardless of the scale of the signboards, or whether it is more appropriate to set out guidelines on prioritizing the referral of non-compliance cases relating to large signboards and those identified as Class I signboards?

Response

In view of the large number of outstanding removal orders and to make more effective use of resources, we have been prioritising prosecution actions against newly-built unauthorised signboards, unauthorised signboards posing serious hazard to life and limb⁵, and repeated offences in accordance with the

⁵ The risk posed by a signboard mainly hinges on its design, construction and maintenance. The size of the signboard may not be the only factor.

existing prosecution policy. As mentioned in paragraph 4.20 of the Audit Report, BD staff under the Legal Services Section has been following departmental internal guidelines and exercising professional judgement to instigate prosecution proceedings against non-compliant removal orders related to signboards, with due regard to the circumstances of individual cases.

Miscellaneous

Question 15

Will BD review the manpower requirements for the enforcement of MWCS and other issues highlighted in the Director of Audit's report?

Response

As of December 2018, BD's SCU had 42 professional and technical staff for identifying and taking enforcement actions against dangerous or unauthorised signboards, administration of the SVS, and checking of MW submissions relating to signboards. We will keep in view the manpower situation of the SCU and seek additional resources as needed.

Procedures for Audit of Submissions**Background**

The Minor Works Control System (MWCS) is a self regulatory system. Non-ORS will be selected at random for audit to ensure that they generally comply with the provisions of the Buildings Ordinance (BO) and its subsidiary regulations, and deter abuse of the MWCS by the Prescribed Building Professional (PBP)/Prescribed Registered Contractor (PRC). For cases with irregularities found during audit, appropriate warning, enforcement, prosecution and disciplinary actions should be considered. Audit comprises Audit Fundamental Check (AFC) and Site Audit Check (SAC). The AFC focuses on procedural compliance of Building (Minor Works) Regulation [B(MW)R] while the SAC focuses on building safety and compliance with the BO. Both AFC and SAC will be carried out by the Minor Works and Signboard Control Section (MW&SCS). The detailed procedures of AFC and SAC are given in the flow chart in Appendix A.

Selection for Audit

2. Upon receipt, submitted Form MW01, 03, 05 & 06 will be selected randomly by the computer system for audit check. Submissions related to statutory order / notice / direction will be excluded from the audit selection. Once the Form MW01 or MW03 is selected for audit, its corresponding Form MW02 or MW04, when submitted, will be assigned as audit cases automatically.

3. If situation requires, e.g. cases related to reported cases or sensitive issues, SPO may manually select the corresponding submissions for audit.

Full Data Entry in Processing & Enquiry Module (PEM)

4. Clerical staff will enter and scan all information into the PEM for submissions selected for audit. This should be done within **7 working days** from the date of receipt of submission so that the Technical Officer(TO)/Survey Officer(SO)/Case Officer/Senior Professional Officer(SPO) in the MW&SCS can process the audit selected submissions.

Referral of Site Supervision Plan (SSP) to the Site Monitoring Unit Section (SMS)

5. For an audit-selected submission under notification of commencement of Class I

MW (Form MW01) requiring SSP as stipulated by the technical memorandum, the SSP and the related documents will be referred to the SMS through email for audit check within 7 working days from the receipt of the submission. If the SSP is required but not submitted together with the MW submission, after verification by SPO, it will be considered as an irregularity under the audit check system.

Audit Fundamental Check (AFC)

6. The submissions are allocated to SO/TO in the MW&SCS in a sequential order. They shall:

- (a) check if the submitted information is complete, e.g. the fields in the form, plans and photos etc.;
- (b) if applicable, check the history of the submission (related submissions processed previously and the corresponding reply letters);
- (c) check consistency of address and works specified in the form and those on the plans and photos;
- (d) check the works specified in the submissions are in compliance with the detailed descriptions as stipulated in Schedule 1 & 3 of the B(MW)R;
- (e) verify if the administrative procedures of the submission comply with the B(MW)R;
- (f) check whether the structural calculation is provided for Class I MW (reference should be made to Appendix B for the list of MW items for which structural calculation is required);
- (g) make recommendation to Case Officer.

7. Upon completion of checking by SO/TO in the MW&SCS (and SPO in para 5 if appropriate), the submission will be allocated to the Case Officers in the MW&SCS in a sequential order. The Case Officers shall vet the submissions further and record the findings in the computer system.

Site Audit Check (SAC)

8. SAC aims at ensuring that the works specified in the Minor Works Specified Form and the works carried out comply generally with the BO and its subsidiary legislation. The standard of SAC should in principle be the same as the current "approval and consent" system and in accordance with BD Instruction 6.8.

9. SAC would not be carried out on submissions related to demolition, general building repair, excavation and Class III A/C supporting frame. Reference should be made to Appendix C for more details. A certain percentage of other submissions will be selected randomly for SAC. Depending on the resources strength, this percentage will be reviewed periodically.

10. The Case Officers will carry out desk study before site inspection on submission selected for SAC. During site inspection, sufficient information and photos should be taken for record. The SAC should be carried out within 60 calendar days from the receipt of submission and the result should be recorded in the computer system in the form of a checklist and report as shown in Appendix D.

Pre-commencement Site Audit Check (PSAC) of Class I/II Minor Works

11. PSAC is a kind of SAC which only focuses on “7-day-notification”. Under s30 & s33 of B(MW)R, a notification in the specified form should be submitted to the Building Authority (BA) not less than 7 days before the commencement of any class I & Class II minor works. To ensure that the commencement of minor works do not contravene these regulations, it is necessary to carry out PSAC to check whether the works have been commenced within 7 days from the date of receipt of minor works submissions (Day 7). The PSAC will be conducted by the Minor Works Unit (MWU).

12. A certain percentage of the submissions for notification of commencement (Form MW01 & MW03) which have been selected for audit check will be further selected randomly for PSAC. The cases will be allocated to the Case Officers in the MWU in a sequential order.

13. The principle of PSAC should be similar to SAC as mentioned in para. 8 to para. 10.

Long Outstanding Certificate of Completion for Class I/II Minor Works

14. Under s31, s32, s34 & s35 of B(MW)R, a certificate in the specified form should be submitted to the BA within 14 days after the date of completion of any class I & Class II minor works. To ensure that the completion of minor works do not contravene these regulations, it is necessary to carry out audit check on suspected cases where their certificates of completion are outstanding for a long period of time after their notification of commencement of works submitted to BD.

15. To screen out the suspected cases, a report will be generated regularly listing out all the cases with completion still outstanding 6 months after the submission of notification of

commencement. A letter will be issued to the PBP/PRC concerned to remind them to submit the notification of completion.

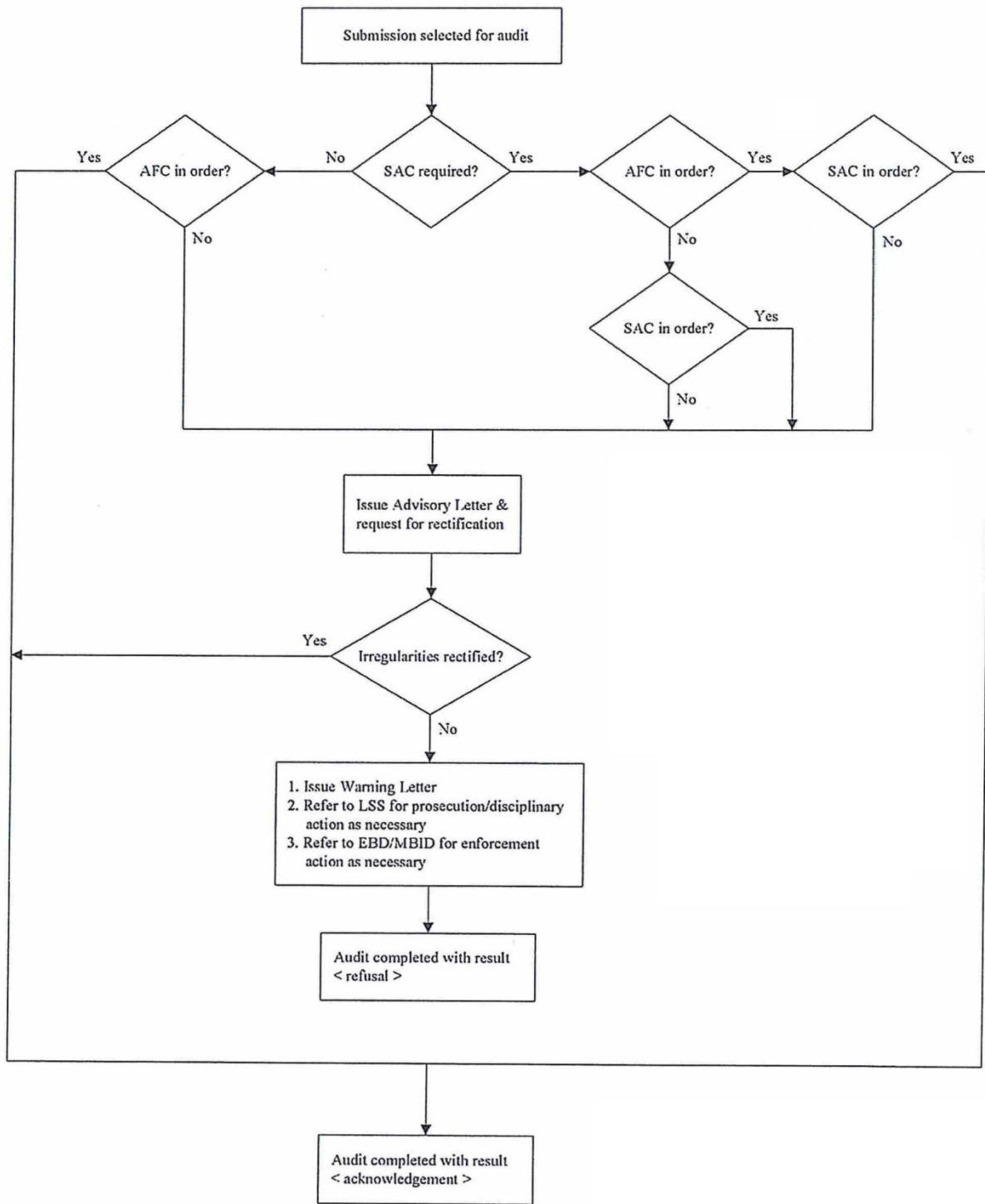
16. If no action is taken by the PBP/PRC concerned in 14 days, the cases involved will be selected randomly for audit check at a certain percentage. The principle of audit should be similar to AFC and SAC as mentioned in para. 6 to para. 10.

Follow-up Action for AFC & SAC

17. The MW&SCS will carry out AFC and SAC/PSAC (if applicable) for the submissions selected for audit. The Case Officers will compile the audit findings, record the details on the computer system and make recommendation to SPO on the following actions where appropriate:

- (a) to notify the PBP/PRC/PAW the irregularities found in the audit checks by issuing an advisory letter (Appendix E);
- (b) to issue warning letter (Appendix F) if the irregularities are not rectified after issuing of advisory letter;
- (c) to refer the case to EBD for enforcement action;
- (d) to refer the case to LSS for prosecution / disciplinary action;

First issue : January 2015
Index under : Minor Works Submissions



Legend

<XXXX> - PEM command

Table for Class I MWs Requiring Structural Calculation under B(MW)R s37

MW Item	Works Description	New Works (N) / A&A (A)	Remark
1.1	Erection or alteration of any internal staircase	N or A	
1.2	Formation of any opening in a slab	A	
1.3	Building works associated with the installation or alteration of any service lift	N or A	
1.4	Building works associated with the installation or alteration of any stairlift or lifting platform	N or A	
1.5	Removal of any supporting structure for an air-conditioning unit, water cooling tower, solar water heating system or photovoltaic system located on a cantilevered slab		The removal of loading on cantilever slab may affect the back-span structure
1.6	Alteration or removal of any protective barrier	A	
1.7	Erection or alteration of any solid fence wall	N or A	
1.8	Erection or alteration of any external mesh fence	N or A	
1.11	Construction or alteration of any spread footing associated with the carrying out of any other minor works or designated exempted	N or A	
1.12	Excavation works associated with the carrying out of any other minor works or designated exempted works		According to APP-57, ELS plans will be required for excavation works: (a) deeper than 2.5m and greater than 5m in length; and (b) liable to affect any road, building, structure, slope steeper than 30 degree or water main 75mm diameter or greater, the affected area being defined as within the 45 degree line up from the base of the excavation to the ground surface
1.13	Erection or alteration of any supporting structure for an antenna or transceiver on the roof of a building	N or A	
1.14	Erection or alteration of any supporting structure for a radio base station solely for telecommunications services in the form of an equipment cabinet on the roof of a building	N or A	
1.15	Erection, alteration or removal of any external reinforced concrete	N or A	
1.17	Repair of any structural elements		Structural calculation is required if the repair works involve the redistribution of stress in the structural element
1.18	Erection or alteration of any supporting structure for a solar water heating system on-grade or on a slab	N or A	
1.19	Erection or alteration of any supporting structure for a photovoltaic system on-grade or on a slab	N or A	
1.20	Erection or alteration of any projecting signboard	N or A	
1.21	Erection or alteration of any signboard on the roof of a building	N or A	
1.22	Erection or alteration of any wall signboard	N or A	
1.23	Erection or alteration of any outdoor signboard fixed on-grade	N or A	
1.25	Repair of any underground drain		Associated with 1.12 (Excavation)
1.26	Addition or alteration of any underground drain	N or A	Associated with 1.12 (Excavation)
1.27	Erection, alteration or removal of any canopy projecting from the external wall	N or A	The removal of canopy may also need calculation if it affects the back-span structure
1.28	Erection, alteration or removal of any metal supporting frame for an air-conditioning unit or any associated air ducts projecting from the external wall	N or A	Cases for erection and alteration require calculation, but case for removal may not require calculation, depending on its effect on parent structure
1.29	Erection or alteration of any supporting structure for an air-conditioning unit, water cooling tower or any associated air ducts on-grade or on a slab	N or A	
1.31	Erection, repair or removal of any panel fixed by metal dowels and fixings onto a wall	N	Cases for repair or removal may not require calculation
1.32	Removal of any internal staircase		May require calculation depending on the effects of the works on parent structure
1.33	Building works associated with the removal of any service lift		May require calculation depending on the effects of the works on parent structure
1.34	Building works associated with the removal of any stairlift or lifting platform		May require calculation depending on the effects of the works on parent structure
1.36	Removal of any underground drain		Associated with 1.12 (Excavation)
1.41	Erection of any non-load bearing block wall, laying of any solid floor screeding, or erection or alteration of any aboveground drain	N	Erection or alteration of any aboveground drain only may not require calculation
1.43	Erection of any non-load bearing block wall in a flat	N	
1.44	Thickening of any floor slab in a flat by laying solid screeding	N	

Minor Works Item for Site Audit Check (SAC)

Appendix C

Class 1			Class 2			Class 3		
MW item	*Erection/ Installation/ Construction/ Addition/ Laying/ Thickening	*Alteration/ Strengthening/ Formation/ Replacement/ Reinstatement	MW item	*Erection/ Installation/ Construction/ Addition/ Laying/ Thickening	*Alteration/ Strengthening/ Formation/ Replacement/ Reinstatement	MW item	*Erection/ Installation/ Construction/ Addition/ Laying/ Thickening	*Alteration/ Strengthening/ Formation/ Replacement/ Reinstatement
1.1	M	M	2.1	-	M	3.1	-	-
1.2	-	M	2.2	-	-	3.2	-	-
1.3	M	M	2.3	-	M	3.3	-	M
1.4	M	M	2.4	-	-	3.4	-	-
1.5	-	-	2.5	-	M	3.5	-	-
1.6	-	M	2.6	M	M	3.6	M	M
1.7	M	M	2.7	M	M	3.7	-	-
1.8	M	M	2.8	M	M	3.8	-	-
1.9	-	-	2.9	-	-	3.9	M	M
1.10	-	-	2.10	M	M	3.10	-	-
1.11	M	M	2.11	-	-	3.11	M	M
1.12	-	-	2.12	-	-	3.12	-	-
1.13	M	M	2.13	M	M	3.13	M	M
1.14	M	M	2.14	M	M	3.14	M	M
1.15	M	M	2.15	-	-	3.15	M	M
1.16	M	M	2.16	M	M	3.16	S	S
1.17	-	-	2.17	-	-	3.17	S	S
1.18	M	M	2.18	S	S	3.18	-	-
1.19	M	M	2.19	S	S	3.19	-	-
1.20	S	S	2.20	S	S	3.20	-	-
1.21	S	S	2.21	S	S	3.21	-	-
1.22	S	S	2.22	S	S	3.22	-	-
1.23	S	S	2.23	-	S	3.23	M	M
1.24	-	-	2.24	-	-	3.24	-	-
1.25	-	-	2.25	-	-	3.25	M	M
1.26	M	M	2.26	-	-	3.26	-	-
1.27	M	M	2.27	-	-	3.27	-	-
1.28	M	M	2.28	-	-	3.28	-	-
1.29	M	M	2.29	M	M	3.29	M	M
1.30	-	-	2.30	M	M	3.30	-	-
1.31	M	-	2.31	-	-	3.31	M	M
1.32	-	-	2.32	-	-	3.32	-	-
1.33	-	-	2.33	M	M	3.33	-	-
1.34	-	-	2.34	-	-	3.34	-	M
1.35	-	M	2.35	-	M	3.35	-	M
1.36	-	-	2.36	-	-	3.36	-	M
1.37	-	-	2.37	-	-	3.37	-	M
1.38	-	-	2.38	-	-	3.38	-	M
1.39	-	-	2.39	-	-	3.39	M	-
1.40	-	-	2.40	-	-	3.40	M	-
1.41	M	-				3.41	M	-
1.42	-	M				3.42	M	-
1.43	M	-						
1.44	M	-						

Notes:

- 1) "-" - SAC is not required.
- 2) M - MWU to carry out SAC
- 3) S - SBCU to carry out SAC
- 4) SAC for the works involving general building repair, excavation, demolition & Class III a/c supporting frame are not required.
- 5) * Terminology corresponds to relevant items in B(MW)R.

Checklist for Minor Works Submission

[Please tick in the appropriate box(es).]

MW Submission No. : MW

1																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 @ f()

Date of Inspection:

Commencement → ①

Completion → ②

Part I

1. Desk Study Y N NA

a. Works specified in the submissions covered by correct Minor Works

b. Works specified in conformity with the last site Inspection record in EB file ?

2. Site Inspection – Inspection Report @ f()

(Applicable to non-ORS for Notice of Commencement only)

①

a. Works specified compatible with site condition ?

b. Adequate precautionary measures provided on site ?

c. No obvious contravention of BO/Sub-Leg arising from the proposed works ?

(Applicable to Certificate of Completion)

②

d. Completed works on site is in conformity with the submission ?

e. No material deviation from submission for commencement ?

f. No contravention of BO/Sub-Leg caused by the completed works amounting to imminent danger or health hazard?

For any N, provide details in Part II if necessary

[Please tick in the appropriate box(es).]

Part II

Details of Irregularities identified

3. Initial Action Taken against irregularities

N/A

Inform PBP PRC to rectify irregularities identified on

dd	mm							yyyy	

 on phone. by letter @ f().

Irregularities rectified by PBP completely PRC partly on

dd	mm							yyyy	

 and verified @ f().

4. Follow up Action against Irregularities not rectified

N/A

(Building Works)

ID – s.24AA order recommended Non-ID – advisory letter recommended

Other Contraventions : _____

(Other irregularities)

MW carried out not by the appropriate PBP/PRC

disciplinary action against the PBP PRC Recommend
 prosecution PRC

Outstanding irregularities not rectified by the PBP/PRC

disciplinary action against the PBP PRC Recommend
 prosecution PRC

Inspecting Officer(s):

Signature:		
Name:		
Rank:		
Date:		

Unit Head's endorsement & Date:

INSPECTION REPORT

Name of building: _____

MW No.: _____

Address of building: _____

Date of Inspection: _____

Refer Folio	Location of MW	Description of MW	Photo. Nos.	Recommendations / Comments

Photo Record

	Photo No.:
	Location:
	Description:
	Photo No.:
	Location:
	Description:



YOUR REF 來函檔號： CB4/PAC/R71
OUR REF 本署檔號： L/M to L/M (14) to BD CR/4-35/2 C
FAX 圖文傳真： 2868 3248
TEL 電話： 2626 1130
www.bd.gov.hk

1 February 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

**Public Accounts Committee
Chapter 4 of the Director of Audit's Report No. 71
Management of Signboards by the Buildings Department**

Thank you for your letter of 18 January 2019 concerning the captioned Audit Report. We are pleased to provide the requested information and clarification in the Appendix.

2. For any further questions, please contact the undersigned or our Chief Officer / Minor Works and Signboard Control, Mr PANG Yuk-lung, Michael, at 3106 8019.

Yours sincerely,

(Ms YU Po-mei, Clarice)
Assistant Director/Corporate Services
for Director of Buildings

c.c. Secretary for Financial Services and the Treasury (Fax: 2147 5239)
Secretary for Development (Fax: 2899 2916)
Director of Audit (Fax: 2583 9063)

Reply to question 1

Question: Could the Buildings Department (BD) clarify whether search function is built into the Minor Works Management System (MWMS)? For example, is it possible to retrieve all prior submissions by the same prescribed registered contractor or prescribed building professional, or retrieve all prior submissions inputted into the system by a particular location/address of the premises?

Response: The MWMS has built-in search functions enabling retrieval of all prior submissions by (a) the same prescribed registered contractor or prescribed building professional; and (b) location/address of the premises.

Reply to question 3

Question: According to BD's reply to question 3, the number of cases selected for audit check is generally based on the results of the audit checking in the preceding year and the available manpower. Can BD clarify whether there were any occasions in the past few years where the sample rate for audit check was limited by manpower available?

Response: The total number of MW submissions received by BD and the number of such submissions selected for audit check in the past five years are tabulated below.

Year	Total no. of MW submissions received by BD	No. of MW submissions selected for auditing*
2014	106 829	6 638 (6 000)
2015	115 832	6 742 (6 500)
2016	135 187	7 104 (6 500)
2017	126 504	7 260 (7 200)
2018	125 211	7 093 (7 000)

* The corresponding estimate in the Controlling Officer's Report is shown in the brackets.

As shown in the above table, the annual estimated indicator on the number of MW submissions selected for auditing (“indicator”) has by and large taken into account the estimated total number of MW submissions in the coming year, the latest results of audit checking and the available manpower. As observed, the estimated indicators and the actual numbers of MW submissions selected for auditing in 2014 to 2018 have generally followed the trend on the total numbers of MW submissions received over the same period. BD does not consider that the number of MW submissions selected for auditing has been limited by the manpower available.

Reply to question 5

Question: The reply has failed to make a convincing argument that there were incentives for businesses to participate in the Signboard Validation Scheme (the Scheme), and thus no concrete improvement measures have been proposed for the Scheme. It seems that there is no convincing case to preserve the Scheme. In this connection, could BD give an argument as to why businesses would participate in the Scheme? If BD could not provide such an argument, should BD’s strategy focus on encouraging removal and re-erection instead.

Response: Taking into consideration the fact that many of the existing unauthorised signboards in Hong Kong are in active use by business operators and that their existence carries considerable value for sustaining local commercial activities and contributing to Hong Kong’s prosperity, BD introduced the Scheme in September 2013 with a view to providing an alternative for owners of relatively small unauthorised signboards apart from removing and re-erecting their signboards under the Minor Works Control System (MWCS), i.e. joining of the Scheme is on a voluntary basis. It provides flexibility to owners who prefer to retain their existing unauthorised signboards for reasons such as avoiding disruption to their businesses, cost consideration, etc.

Although the number of applications under the Scheme is not substantial, the continuing receipt of such applications reflects that some signboard owners do prefer to join the Scheme to retain their unauthorised signboards.

Besides, the Scheme offers an alternative to signboard owners and at times help reduce confrontation with signboard owners during BD's enforcement action. It is also prudent to see if more applications will be received after the promulgation of the single certification for food business licence and the Scheme.

Reply to questions 6 and 7

Question: Please provide a firm date on when the sample trial will start and finish?

Response: It is estimated that the sample trial will commence in July 2019 and complete in March 2020.

Reply to question 9

Question: Based on the reply, it appears that there are two separate computer systems, namely MWMS and the Building Condition Information System (BCIS). Based on the answer to questions 1 and 2, it seems that MWMS is only used for resolving minor works submissions, while BCIS is used for enforcement in general. Could BD elaborate on whether this is the case, and provide details on how BD staff utilize these two separate systems to facilitate the enforcement on unauthorized signboards?

Response: The MWMS and BCIS are two independent computer systems. The MWMS is for recording the information of all MW submissions made to BD under the MWCS, as well as facilitating the audit check of MW submissions. As mentioned in our response to question 2 in our reply to you on 7 January 2019, the revamp of MWMS is being pursued with a view to capturing more audit information and enhancing the supervision and monitoring of audit work of BD. On the other hand, the BCIS is for processing, recording and monitoring of reports, complaints, referrals, statutory orders/notices, works orders and consultancy assignments related to enforcement action against existing buildings under the Buildings Ordinance.

Using the MWMS, BD staff can verify whether a particular signboard was erected under the MWCS which is one of the factors to determine the legal status of that signboard. All enforcement actions on unauthorised/abandoned/dangerous signboards will be processed, recorded and monitored using the BCIS.

Reply to question 13

Question: Could BD give detailed statistics on how many outstanding Dangerous Structure Removal Notices (DSRNs) were cleared and how many still remain, by the year that DSRNs were issued?

Response: The number of DSRNs complied with by the year of issue of the DSRNs in the past five years is tabulated below. In general, lead time is required for signboard owners to comply with the DSRNs.

As at 30 January 2019, only one outstanding DSRN issued in 2017 has yet been complied with. Government contractor has been mobilized for necessary default works for closing the case. Other than this remaining case, all DSRNs issued in or before 2017 have been cleared.

For the DSRNs issued in 2018, more than one-fourth of the DSRNs (i.e. 170) were issued in Q4 of 2018. As mentioned above, lead time is generally necessary for compliance of the DSRNs by the signboard owners, while BD will consider and handle the cases on its individual circumstances if the signboard owners are arranging for removal or repair of the signboards concerned. Having said that, BD will expedite the clearance of the DSRNs issued in 2018 and take follow-up action as appropriate.

Year	No. of DSRNs in respective year		
	Issued	Cleared in that year	Not cleared in that year
2014	590	435	155
2015	816	546	270
2016	908	655	253
2017	860	450	410
2018	625	227	398

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4 January 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of programmes

Thank you for your letter dated 14 December 2018 to the Secretary for Commerce and Economic Development regarding the captioned chapter. The Commerce and Economic Development Bureau's response to the questions raised therein is as follows:

Non-civil Service Contract ("NCSC") Staff

1) Regarding paragraph 2.14, please advise on the following:

- (a) **What are the reasons for the prolonged employment of a large number of NCSC staff by Radio Television Hong Kong ("RTHK"). Please list by post titles and number of staff concerned. Are some of these NCSC staff employed to meet**

/ Cont'd....

recurrent and long-term operational needs? If so, is this contradictory to the Government's policy (paragraph 2.13 refers) of employing contract staff, i.e. the Government employs temporary and short-term contract staff in order to meet short-term, part-time, changing or fluctuating service needs from time to time?

(b) According to paragraph 2.14(a) and Table 8, the number (and percentage) of NCSC staff of RTHK decreased from 291 (35%) as at 31 March 2014 to 188 (22%) as at 31 March 2018. Please explain the reason(s) for the decrease of these 103 deleted NCSC posts (e.g. deleted, converted to civil service posts or by natural wastage). Is there any plan to reduce the number and percentage of RTHK's NCSC staff?

(c) Referring to the above question, 28 out of 188 NCSC staff had been continuously employed for 10 years or more, and the longest period of employment was 18.8 years. Please advise the main duties of those staff and why RTHK refused to include those staff in the civil service establishment.

- 1) Pursuant to the Charter of Radio Television Hong Kong (the Charter), Radio Television Hong Kong (RTHK) is tasked to be Hong Kong's public service broadcaster and to provide professional radio, television and new media services. The Charter clearly states that RTHK is a government department and is subject to all applicable government rules and regulations, including those on human resources management. As RTHK is a government department, it is under the policy purview and housekeeping oversight of the Commerce and Economic Development Bureau (CEDB), whilst the Director of Broadcasting is accountable for all matters relating to the operation and management of RTHK.

RTHK's employment of non-civil service contract (NCSC) staff falls within the day-to-day human resource management of the department, and we understand that RTHK has made the relevant arrangements in accordance with guidelines issued by the Civil Service Bureau to all Government departments. In the past two financial years, with CEDB's policy and resource support, RTHK has replaced 13 NCSC positions with civil service posts. CEDB will continue to monitor RTHK in its review of service needs for NCSC positions and conversion of such positions with long-term service needs into civil service posts as appropriate, and will consider any such proposals in

/ Cont'd....

line with the Government's resource allocation mechanism. CEDB will, in accordance with the Charter, continue to provide support to RTHK and monitor its follow-up actions in response to the recommendations in the Audit report.

As for the details concerning RTHK's employment of NCSC staff mentioned in questions 1(a) to (c), please refer to RTHK's response to question 6.

Need to review acquisition procedures

- 2) **With reference to paragraphs 2.27 to 2.34, please advise the Committee whether the Commerce and Economic Development Bureau and the Financial Services and the Treasury Bureau have conducted a comprehensive review on RTHK's acquired programmes to see how many acquisitions are in the nature of procurement of stores or services and how many are in the nature of licensing of copyright; for those which are of the nature of a procurement matter, whether RTHK has followed the procedures stipulated in the Stores and Procurement Regulations ("SPR"); and whether failure to comply with the relevant requirements of SPR will pose a collusion risk even if the acquisitions are in the nature of licensing of copyright;**

- 2) The Charter clearly states that RTHK is a government department. As such, RTHK must abide by all rules and regulations applicable to government departments, including those on financial control and procurement matters. CEDB is not involved in RTHK's routine programme acquisition, but understands that RTHK has, in response to a report issued in 2015 by the Independent Commission Against Corruption on RTHK's acquisition of television programmes for digital terrestrial television channels, developed a set of guidelines on acquisition of television programmes with reference to the control measures in the Stores and Procurement Regulations.

CEDB accepts the views and recommendations set out in the Audit report, and will monitor RTHK's comprehensive review of its acquisition procedures to dispel concerns of any collusion risk.

- 3) **Regarding paragraphs 2.35 and 2.36, RTHK agreed to review the acquisition procedures of television and radio programmes. Please advise whether such review has been completed. If yes, what is the result? If not, when will the review be completed?**

/ Cont'd....

- 3) CEDB agrees with the recommendations in the Audit report that RTHK should formulate acquisition policy and guidelines for its acquisition of radio programmes and review the acquisition procedures for television and radio programmes with advice from the Financial Services and the Treasury Bureau.

In response to the Audit report's recommendation, CEDB has urged RTHK to review its acquisition procedures for television and radio programmes. According to information provided by RTHK, the review is expected to be completed around mid-2019. CEDB will continue to monitor RTHK's follow-up actions in response to the recommendations in the Audit report.

We should be grateful if you could please relay our response to the Members of the Public Accounts Committee for their reference.

Yours sincerely,



(Alvin Wong)

for Secretary for Commerce and Economic Development

c.c.

Secretary for Financial Services and the Treasury (Fax no.: 2537 3210)

Director of Broadcasting (Fax no.: 2337 2403)

Director of Audit (Fax no.: 2583 9063)

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28 January 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of programmes

We refer to your letter dated 18 January 2019 to the Secretary for Commerce and Economic Development regarding the captioned chapter and seeking further information in respect of question 18(e). The Commerce and Economic Development Bureau's response is as follows:

Concerning RTHK's imposition of two additional mandatory requirements on potential service providers when procuring services for the TV Appreciation Index Survey, we will request RTHK to provide the Bureau with a detailed written report to facilitate our understanding of the circumstances leading to the case. Upon receipt of the report, the Commerce and Economic Development Bureau will determine the follow-up action subject to the information to be submitted. Should there be any instances of irregularities, we will handle them in accordance with the established procedure.

/ Cont'd....

We should be grateful if you could please relay our response to the Members of the Public Accounts Committee for their reference.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alvin', written in a cursive style.

(Alvin Wong)
for Secretary for Commerce and Economic Development

c.c.

Secretary for Financial Services and the Treasury (Fax no.: 2537 3210)
Director of Broadcasting (Fax no.: 2337 2403)
Director of Audit (Fax no.: 2583 9063)



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

本局檔案 Our Ref. : EDB(CDI/ETV)/1-80/3/12(2)

電話 Telephone : (852) 2892 5803

來函檔案 Your Ref. : CB4/PAC/R71

傳真 Fax Line : (852) 2573 5299

8 January 2019

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of programmes

I refer to your letter dated 14 December 2018 to the Secretary for Education requesting for response and/or information. Our reply is set out at Annex for reference by the Public Account Committee.

Yours sincerely,

(Joe KS NG)
for Secretary for Education

Encl

c.c. Secretary for Commerce and Economic Development (fax no. 2588 1421)
Director of Broadcasting (fax no. 2337 2403)
Secretary for Financial Services and the Treasury (fax no. 2537 3210)
Director of Audit (fax no. 2583 9063)

Public Accounts Committee
Consideration of Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of Programmes

Secretary for Education's reply to
written questions raised by the PAC

Background

The broadcast of Educational Television (ETV) was first made in the 1970s and its development has changed ever since. The work of the ETV Unit of the Education Bureau (EDB) is no longer confined to the production of ETV programmes but includes the development of other multimedia resources at the same time (see Appendix for the list of resources).

Given that the mode of use of video resources in the education sector has changed, there has been a downward trend in watching ETV programmes by teachers and students in the classroom in recent years. In this connection, the EDB has divided the programmes into chapters and short clips with a length of a few minutes have been uploaded to the Hong Kong Education City (HKEdCity) ETV website (<https://etv.hkedcity.net>) for schools' flexible use. Teachers can even download these resources according to their needs. Students may watch the ETV video segments over the Internet at home for lesson preparation or revision, thereby making the most of the lesson time to engage in in-depth problem solving or consolidation activities. This could help enhance learning and teaching effectiveness.

In view of today's mode of use, the HKEdCity ETV website was revamped in 2016 with enhancements such as adopting a responsive web and web accessibility design, the provision of programme chapters and other multimedia resources available for download by teachers, and the addition of on-demand subtitles (also available in text files), etc. Since the revamp of the HKEdCity ETV website, over three million hits are recorded every year. Moreover, the "ETV mobile application" was launched by the EDB in late 2012 and the number of downloads has been rising steadily, exceeding 77,000 at end-2018.

To evaluate the utilisation rate and effectiveness of ETV service, since 2002 the EDB has been commissioning a tertiary institute or agency to conduct annual surveys, and continuously improving the quality of service based on the survey results and teachers' feedback. However, the surveys are targeted at schools and rely on curriculum co-ordinators or panel chairpersons to collect and collate subject and class data. It relates only to students' viewing ETV resources arranged by teachers and for this reason, the survey findings cannot adequately reflect students' access to ETV

resources over the Internet outside class. The EDB will improve the methodology of surveys on the use of ETV multimedia resources with a view to yielding more comprehensive data which can fully reflect their utilisation. Given the absence of complete usage figures, we cannot simplistically conclude that “the usage of ETV service is dropping continuously”.

As regards other multimedia resources, since 1998 the ETV Unit of the EDB has been developing multimedia resources for schools’ flexible use. Examples include a multimedia interactive teaching kit on environmental education (consisting of videos, interactive learning software and electronic presentation slides) and digital disc series for different subjects produced in earlier years; theme-based short videos, multi-ending micro movies, photos and sound tracks (e.g. the sounds of Asiatic Painted frogs and trams to support the development of descriptive writing skills) developed in recent years; and a learning and teaching resource package for kindergartens (《做個健康好寶寶》) which contains picture books, numbered musical notations and music videos of nursery rhymes, videos, animations, etc. (see Appendix for the list of resources). Besides, various sections of the EDB also produce video resources related to school subjects and the introduction to education policies while adhering to the principle that such initiatives do not duplicate the work of the ETV Unit. The ETV Unit and other sections of the EDB both commission outside production houses to handle the technical aspects of the production work.

Today, ETV, whether it is a full programme or a short clip, is one of the myriad educational video resources.

4(a) According to paragraph 4.50(a), schools are gradually ceasing to designate lessons for watching school ETV programmes, has RTHK discussed with the Education Bureau (EDB) to consider introducing other multimedia educational resources so as to making better use of public money? If yes, what are the details? If not, what are the reasons? As there is a continuous decline in the usage of school ETV services, does the Government think that assessment review should be conducted to evaluate whether it is cost effective to continue providing this service?

The EDB has all along been reviewing the production and transmission of ETV programmes. The following actions have been taken in response to the findings of the reviews and the development of the media and learning and teaching modes:

- (1) Changes were made in the form of ETV: the programmes are available not only in a full-programme form, but also in segments with a length of a few minutes;
- (2) Changes were made in the mode of broadcast of ETV: apart from broadcasting ETV programmes on a commercial channel for one

hour on each school day and via RTHK Channels TV 31 and 31A for one hour on weekdays, these resources are available for viewing and download on the HKEdCity ETV website. Moreover, the ETV mobile application was launched by the EDB in late 2012 and the number of downloads has been rising steadily, exceeding 77,000 at end-2018.

- (3) Other multimedia resources have been developed (see 'Background' and Appendix).

In view of these changes and the developmental needs, the EDB has made several reductions in the funding for RTHK, resulting in reductions in the total financial provision as follows:

- (1) from \$44.2 million in the 2002-03 financial year to \$39.5 million in the 2003-04 financial year;
- (2) from \$35.2 million in the 2006-07 financial year to \$27.3 million in the 2011-12 financial year; and
- (3) from \$29.8 million in the 2017-18 financial year to \$27.7 million (estimate) in the 2018-19 financial year.

Moreover, the EDB does not confine the development of video resources to the ETV programmes produced by RTHK. Instead, the EDB has proactively developed other multimedia resources (see Appendix). In particular, the learning and teaching resource package for kindergartens 《做個健康好寶寶》, which contains picture books, numbered musical notations and music videos of nursery rhymes, videos, animations, puppets, etc., has been distributed to all kindergartens in Hong Kong and the feedback is positive.

However, as mentioned in 'Background', the survey findings at present cannot fully reflect students' use of ETV resources over the Internet outside class. Therefore, we could not simplistically conclude that "the usage of ETV service is dropping continuously".

- 4(b)&(c) Although paragraphs 4.51 and 4.57 explained the reasons of low staff productivity and high production cost, the staff productivity and production cost of school ETV programmes is still high when compared to the production of commercial television broadcasters. How will RTHK and EDB follow up on this issue?**

As some of the departments producing multimedia programmes (e.g. Information Services Department) do not outsource the programme production to RTHK and ETV programmes are not broadcast on RTHK or commercial television channels, will the Government consider carrying out a study to examine whether it

will be more cost-effective for EDB to produce ETV programmes itself?

The EDB will conduct a comprehensive and in-depth evaluation of the position of ETV as one of the e-learning resources and the need for its production, as well as the cost-effectiveness of the ETV programmes currently produced by RTHK. The EDB will consider outsourcing the production of suitable programmes, even before the completion of the holistic review, if the cost is significantly lower.

- 4(d) According to paragraph 4.60, why did RTHK and EDB not take forward the proposal of the Standing Committee on the Development of the ETV Service in 2003, to jointly formulate commissioning strategy or draw up definite plan for commissioning the production of school ETV programmes? As RTHK's hourly cost of production on the ETV programmes is high, does the Government agree that EDB and RTHK should explore the possibility of increasing the scale of commissioning of school ETV programme productions?**

Between 2002 and 2003, the EDB negotiated with RTHK about clawing back 5% of the production funding for the 2003-04 financial year for the purpose of outsourcing the production of nine ETV programmes. The proposal was supported by the Standing Committee on the Development of ETV Service. After then both parties explored ways to formulate the targets and strategies of the outsourcing, and it was expected that 25% of the ETV programmes could be outsourced. However, later on RTHK was concerned about the impact of outsourcing on the size of its staff establishment, so the abovementioned proposals (including the transfer of 5% of the production funding from RTHK to the EDB and the progressive increase in the number of outsourced programmes) were not implemented. In view of the development of the media and learning and teaching modes, the EDB has reduced the allocation to RTHK (see part (a)) and produced other educational video resources, with outside production houses being commissioned to handle the technical aspects of the production work (see 'Background'). These measures have in fact achieved the objective of outsourcing the production of part of the multi-media resources.

The EDB will conduct a comprehensive and in-depth evaluation of the position of ETV as one of the e-learning resources and the need for its production, as well as the cost-effectiveness of the ETV programmes currently produced by RTHK.

- 4(e) According to paragraph 4.61, since 2005, various committees have been set up by EDB to review its ETV service on an on-going basis. Please inform the results and the follow-up actions taken by EDB.**

Since the dissolution of the Standing Committee on the Development of ETV Service in 2004, the EDB has set up different committees including the Programme Development Committee for the Primary and Pre-primary Sector (2005-2007) and the Programme Development Committee for the Secondary Sector (2005-2007), which were responsible for the in-depth evaluation of the content and quality of individual programmes, the Curriculum Development Council Committee on Learning Resources and Support Service (since 2001), which reviews at a macro-level the direction for the development of learning and teaching resources, as well as the Ad Hoc Committee on the Development of School ETV Programmes (since 2012), which provides suggestions on the direction for the development of ETV service. These committees seek to continually review the development of ETV and adopt follow-up actions, leading to significant changes in the content, format, target users, channels of transmission, etc. For example, in light of social changes, ETV has transcended time and geographical constraints, evolving into digital discs in earlier years and videos transmitted primarily over the Internet and mobile applications in recent years (see 'Background'). In response to the findings of the reviews and the development of the media and learning and teaching mode, educational video resources have been transformed from television programmes into a variety of multimedia resources.

With the support of the Ad Hoc Committee on the Development of School ETV Programmes, the ETV Unit has introduced the following changes:

- (1) Apart from the eight Key Learning Areas, the programmes also cover cross-curricular themes like moral and civic education, information technology in education, etc. Besides, a programme series entitled "Education Magazine" is produced to present information on the latest developments in local education;
- (2) The ETV Unit develops other multimedia resources mentioned in 'Background' more proactively;
- (3) The target users have also been extended to include students from the kindergarten level to the senior secondary level, teachers, parents and the general public;
- (4) The ETV mobile application has been launched and the HKEdCity ETV website (<https://etv.hkedcity.net>) revamped with enhanced features such as adopting a responsive web and web accessibility design;

- (5) Teacher professional development programmes and school visits have been organised to introduce different kinds of newly developed multimedia resources, share schools' experiences in using ETV resources to support e-learning and collect views from frontline teachers. In the Learning and Teaching Expo held in 2010 and 2016, exhibition booths and talks on ETV were arranged to share the strategies and experiences of using ETV resources to facilitate e-learning. The response was very enthusiastic.
- (6) As regards publicity, promotional materials such as leaflets, posters and folders, etc. on different resource series, including "STEM Education", "Lifelong Love of Reading" and "Introduction to Chinese Classics", are regularly produced by the ETV Unit for distribution to kindergartens, primary schools and secondary schools with the aim of keeping teachers informed about the latest developments of ETV. In addition, "Monthly Update" on the newly uploaded resources and links is disseminated to over 1,500 subscribed teachers via email and social media groups.

4(f) According to paragraphs 4.64(b), 4.65 and 4.66, have EDB and RTHK completed the comprehensive review on RTHK's production of school ETV programmes to determine the way forward and the improvement measures? If yes, what are the results? If not, when will the review be completed?

As mentioned in (b), the EDB will conduct a comprehensive and in-depth evaluation of the position of ETV as one of the e-learning resources and the need for its production, and review in collaboration with RTHK the cost-effectiveness of the ETV programmes currently produced by RTHK. The review has not been completed yet. On the other hand, the EDB needs to improve the methodology of surveys on the use of ETV multimedia resources with a view to revealing more comprehensively the usage of ETV resources across various transmission platforms. Because of the need to conduct a comprehensive review of the future direction for the development of ETV and the mode of collaboration with RTHK as well as to extensively solicit stakeholders' views, a target date of completion of the review cannot be fixed at the moment. In the meantime, the EDB will also consider outsourcing the production of suitable programmes if the cost is significantly lower.

Examples of Multimedia Resources Outsourced by the EDB

Year	Title
1998 – 2007	1. 后羿射日
	2. 本地史—史前至南北朝
	3. 本地史—隋代至明代
	4. 本地史—香港開埠
	5. 本地史—孫中山遺蹟與辛亥革命
	6. 本地史—抗日戰爭與日治香港
	7. 校園檔案：書包重嗎？
	8. Give me back my name
	9. Phonics Segments (1-3)
	10. Alice in Cyberland
	11. 探索追蹤
	12. 小碗豆與巨人
	13. 預防呼吸道感染
2007 - 2018	14. 大豆回家
	15. 米的未來
	16. 科研之光
	17. 通訊新領域
	18. 電子教科書宣傳短片
	19. 《景物描寫 (步移法)》(第一部分) - 短片及動畫 25 段
	20. 《景物描寫 (定點觀察)》 - 短片及動畫 11 段
	21. 《聽聽這聲音》及《聲音描寫》 - 短片 16 段 - 聲效 30 段 - 相片 23 張
	22. 《多感官觀察及描寫》 - 短片 32 段
	23. 《做個健康好寶寶》幼稚園學與教資源套 - 短片 19 段 - 動畫 13 段 - 繪本 12 本 - 歌曲集(兒歌曲譜 20 首) - 手偶、貼紙
	24. 《抉擇人生》價值觀教育學與教資源套 - 《文具店》(一個故事及四個不同結局) - 《舞台上下》(一個故事及四個不同結局)

	<ul style="list-style-type: none"> - 小學課堂片段及訪問片段 3 段 - 中學課堂片段及訪問片段 3 段
	<p>25.活學趣論・基本說法《基本法》視像教材套</p> <ul style="list-style-type: none"> - 緣來《基本法》 - 「一國兩制」與五十年不變 - 中央和香港特別行政區的關係 - 法律與高度自治 - 日常生活與港人治港
	<p>26.《基本法》視像教材套(小學)</p> <ul style="list-style-type: none"> - 《基本法》與香港歷史 - 一個國家・兩個制度 - 治港有道 - 樂活香港 - 《基本法》與我 - 守法小公民
	<p>27.全港性系統評估介紹——校園篇</p>
	<p>28.全港性系統評估介紹——家長篇</p>
	<p>29.《景物描寫 (步移法)》(第二部分)</p> <ul style="list-style-type: none"> - 短片及動畫 3 段
	<p>30.《景物描寫 (綜合法)》</p> <ul style="list-style-type: none"> - 短片及動畫 8 段
	<p>31.通識教室 (共有 4 個約 10 分鐘節目)</p>
	<p>32.兒歌動畫</p> <ul style="list-style-type: none"> - 兒歌動畫 10 個(中秋節、端午節、農曆新年、數字歌、小雨點、Find the ABC、筆順歌 (一)至(四))
	<p>33.《探索與發現》</p> <ul style="list-style-type: none"> - 短片 86 段
	<p>34.《非物質文化遺產——傳統手工藝》(製作中)</p> <ul style="list-style-type: none"> - 短片 12 段
	<p>35.幼兒數學動畫系列 (製作中)</p> <ul style="list-style-type: none"> - 解難短片 7 段



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

本局檔案 Our Ref. : EDB(CDI/ETV)/1-80/3/12(2)

電話 Telephone : (852) 2892 5803

來函檔案 Your Ref. : CB4/PAC/R71

傳真 Fax Line : (852) 2573 5299

30 January 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee

Consideration of Chapter 5 of the Director of Audit's Report No. 71

Radio Television Hong Kong: Provision of programmes

I refer to your letter dated 18 January 2019 to the Secretary for Education requesting for response and/or further information. Our reply is set out at Annex for reference by the Public Account Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Joe KS NG'.

(Joe KS NG)

for Secretary for Education

Encl

c.c. Secretary for Commerce and Economic Development (fax no. 2588 1421)
Director of Broadcasting (fax no. 2337 2403)
Secretary for Financial Services and the Treasury (fax no. 2537 3210)
Director of Audit (fax no. 2583 9063)

Public Accounts Committee
Consideration of Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of programmes

Education Bureau's Reply to
Issues Raised in Letter dated 18 January 2019

Follow-up question raised pursuant to Director of Broadcasting's reply
on 8 January 2019

2) Item 21(i)

Please provide the ratings of school education television ("ETV") programmes on commercial television and the channels of the Radio Television Hong Kong, and the situation of watching ETV programmes in schools for the past three years.

According to the information provided by Radio Television Hong Kong (RTHK), the ratings of Educational Television (ETV) programmes aired on a commercial channel and RTHK channels ranged from 0 to 0.5 in the past three years. As stated in our reply dated 8 January 2019, since the viewing of ETV programmes by teachers and students in the classroom has become less frequent owing to the changes in the modes of using video resources, the ratings of ETV programmes cannot adequately reflect the actual utilisation of ETV service. In this connection, the Education Bureau (EDB) has divided the programmes into chapters and short clips with a length of a few minutes. The short clips have been uploaded to the Hong Kong Education City ETV website (<https://etv.hkedcity.net>), and over three million hits are recorded every year. Moreover, since the launch of the "ETV mobile application" by the EDB in late 2012, the number of downloads has been rising steadily, i.e. exceeding 77 000 in late December 2018.

In addition, the EDB has been commissioning a tertiary institution or agency to conduct an annual survey to evaluate the utilisation rate of ETV service in schools. The findings revealed that the average numbers of ETV programmes watched by each class in the 2014/15, 2015/16 and 2016/17 school years were 4.9, 4.4 and 2.3 in kindergartens, 48.6, 71.0 and 39.9 in primary schools, and 3.0, 6.0 and 5.3 in secondary schools. The annual

survey is conducted on a school basis, which only collects figures of students' viewing of ETV resources arranged by teachers. Such findings cannot fully reflect students' access to online ETV resources outside the classroom. The EDB will improve the methodology of surveys on the use of ETV multimedia resources so as to gauge the actual utilisation of ETV resources in a more comprehensive manner.

Follow-up question raised pursuant to Secretary for Education's reply on 8 January 2019

3) Item 4(a)

Although it could not be simply concluded that "the use of ETV service was dropping continuously" from the survey findings, it could not be proved either positively that students were using ETV resources over the Internet outside class. In fact, the hit rate data concerned is not difficult to collect. Will the Government allocate resources to review the relevant situation, so as to understand the cost-effectiveness of ETV service as soon as possible?

To evaluate the cost-effectiveness of ETV service, it is important to understand the utilisation of ETV resources. As stated in our reply to Question 2, the findings from the current school surveys on ETV service and the ratings of ETV programmes cannot fully reflect the actual utilisation of ETV service. Therefore, the EDB will allocate resources to improve the survey methodology as soon as possible, and review the actual situation of students' using the internet to access ETV resources by themselves outside the classroom for a more comprehensive review of the position and cost-effectiveness of ETV service as one of the e-learning resources. This will facilitate the EDB to plan and deliver the related service more effectively.

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FINANCIAL SERVICES AND THE
TREASURY BUREAU

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來函檔號 Your Ref. : CB4/PAC/R71

By fax and email

28 December 2018

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
[email address: ahychu@legco.gov.hk]

Dear Mr Chu,

Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of programmes

Thank you for your letter dated 14 December 2018 to Secretary for Financial Services and the Treasury. I append below the required information –

In accordance with Stores and Procurement Regulations (“SPRs”) 125, Controlling Officers (“COs”) of departments are responsible for the procurement of stores, services and revenue contracts within the financial limits set out in the SPRs, and the management of the relevant contracts awarded. COs shall observe and uphold a culture of compliance with the requirements set out in the SPRs, regularly remind all the staff concerned about their need to always comply with the SPRs and closely monitor their compliance. Besides, as laid down in SPR 180, it is the responsibility of all public officers to ensure the integrity and impartiality of the Government’s procurement process. All public officers involved in procurement must be alert to situations which may lead to actual, potential or perceived conflict of interest and ensure that sufficient safeguards are in place to avoid such situations from arising.

We understand that the Radio Television Hong Kong is reviewing whether the acquisition of programmes is within the scope of SPRs, so that appropriate follow-up actions can be taken. This bureau will provide relevant advice pursuant to the findings of the review.

I should be grateful if you could relay the above information to Members of the Public Accounts Committee for reference.

Yours sincerely,



(Miss Pat Chung)
for Secretary for Financial Services
and the Treasury

c.c. Secretary for Commerce and Economic Development
(Fax no. : 2588 1421)

Director of Audit
(Fax no. : 2583 9063)

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By fax and email

28 January 2019

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
[email address: ahychu@legco.gov.hk]

Dear Mr Chu,

Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of programmes

Thank you for your letter dated 18 January 2019 to Secretary for Financial Services and the Treasury. I append below the required information –

The Radio Television of Hong Kong (“RTHK”) is reviewing whether its acquisition of television and radio programmes falls within the scope of application of the Stores and Procurement Regulations (“SPRs”). We are considering the information provided by RTHK, and seeking further information from RTHK.

As regards the follow-up question of the Public Accounts Committee (‘the Committee’) on RTHK’s reply of 4 January 2019, according to SPR 126(a), Controlling Officers should adopt fair, competitive and open bidding practices in conducting procurement exercises. SPR 280(a) stipulates that when preparing specifications, procuring departments may make reference to the “Guidelines for Drawing Up Tender Specifications” at Appendix III(F), where appropriate. Paragraph 3(d) of the said Guidelines states that “*department should guard against over-prescribing requirements. Output- or performance-based (rather than*

input-based) specifications should be adopted. Over-prescription or input-based specifications may perpetuate incumbent advantage, inhibiting competition and leading to over-reliance on single contractor". Besides, paragraph 6(c) of the Guidelines also stipulates that "given that non-compliance with a requirement specified as an "essential requirement" will render the tender non-conforming, departments should vigorously assess whether a requirement should be specified as an "essential requirement" ". In the light of the above, procuring departments should make reference to the stipulated Guidelines in drawing up tender specifications according to their individual practical operational needs. We understand that RTHK is contemplating on amendments to the essential requirements in view of the recommendations in the Audit Report.

I should be grateful if you could relay the above information to Members of the Committee for reference.

Yours sincerely,



(Miss Pat Chung)
for Secretary for Financial Services
and the Treasury

c.c. Secretary for Commerce and Economic Development
(Fax no. : 2588 1421)

Director of Broadcasting
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Translation

4 January 2019

Our Ref: RTHK CR/4-35/1 Pt.5

Clerk, Public Accounts Committee
(Attn: Mr Anthony CHU)
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of Programmes
Questions and Requests for Information

Your letter of 14 December 2018 to the Director of Broadcasting on the captioned subject refers.

The replies from Radio Television Hong Kong to questions 6 to 20 and 22 to 26 are at **Appendix** for the consideration of the Public Accounts Committee. Since **Annexes 4, 6 and 12** enclosed are negotiation instructions or contracts with business organisations, please provide these documents for the perusal of the Public Accounts Committee only and do not make open to the public.

Regarding question 21, it is correlated with question 4. As the deadline for reply to question 4 by the Education Bureau has been extended to noon, 8 January 2019, we wish to be allowed to submit the reply to question 21 on the same day of the Education Bureau (i.e. noon, 8 January 2019).



(Philip LAM)
for Director of Broadcasting

Encl.

c.c. Secretary for Commerce and Economic Development
Secretary for Education
Secretary for Financial Services and the Treasury
Director of Audit

Part 2: Production of Programmes

Non-civil Service Contract (NCSC) Staff

- 6) **Regarding paragraph 2.14, please advise on the following:**
- (d) **What are the reasons for the prolonged employment of a large number of NCSC staff by Radio Television Hong Kong (“RTHK”). Please list by post titles and number of staff concerned. Are some of these NCSC staff employed to meet recurrent and long-term operational needs? If so, is this contradictory to the Government’s policy (please see paragraph 2.13) of employing contract staff, i.e. the Government employs temporary and short-term contract staff in order to meet short-term, part-time, changing or fluctuating service needs from time to time?**
 - (e) **According to paragraph 2.14(a) and Table 8, the number (and percentage) of NCSC staff of RTHK decreased from 291 (35%) as at 31 March 2014 to 188 (22%) as at 31 March 2018. Please explain the reason for the decrease and the whereabouts of the posts (e.g. deleted, converted to civil service posts or by natural wastage). Is there any plan to reduce the number and percentage of RTHK’s NCSC staff?**
 - (f) **Referring to the above question, 28 out of 188 NCSC staff had been continuously employed for 10 years or more, and the longest period of employment was 18.8 years. Please advise the main duties of those staff and why RTHK refused to include those staff in the civil service establishment.**

RTHK’s Reply:

- 6) (d) Given the on-going development of RTHK’s services and the diversified and fast-changing media industry, RTHK has to employ a certain number of NCSC staff to assist in the production of radio, television and new media programmes, and provide other back-up support services, etc., in order to

enable RTHK to recruit talents with the latest expertise from the market.

As at 31 March 2018, RTHK has engaged a total of 188 full-time NCSC staff (please refer to **Annex 1** for the breakdown). RTHK has followed the guidelines issued by Civil Service Bureau on the engagement of NCSC staff.

- (e) As compared with 31 March 2014, the number of NCSC staff of RTHK decreased from 291 to 188 as at 31 March 2018, which was a reduction of 103. Meanwhile, 85 NCSC staff were appointed as civil servants through RTHK's open recruitment exercises. In addition, natural wastage was also the reason for the reduction of the number of NCSC staff.

RTHK conducts a review of all the NCSC positions every year, and follows the established procedures to convert positions that have long-term service needs to civil service posts. During the process, RTHK would take into account a number of factors, including whether the positions concerned are of long-term service needs, whether it is more appropriate for civil servants to carry out the duties concerned, etc. In response to the Director of Audit's Report (Audit Report), RTHK is now conducting a comprehensive review on the engagement of NCSC staff to ascertain the service needs and would convert positions that have long-term service needs to civil service posts under established mechanism.

- (f) The 28 long-serving NCSC staff with over 10 years of service are mainly deployed to assist in the production of radio, television and new media programmes. Their main duties include serving as producers, network and system support, programme production, corporate development, filming and set dressing, administrative duties and other support services.

RTHK accepts the Audit Report's recommendations and is now conducting a comprehensive review on the engagement of NCSC staff to ascertain service needs; and will convert the positions that have long-term service needs to civil service posts under established mechanism.

Need to Improve the Process of Engaging Category II (Cat II) Service Providers

- 7) **Regarding paragraphs 2.12 and 2.18 to 2.23, and the response in 2.26(b), RTHK indicated that it would remind its staff to submit contract request forms to the Central Administration Unit (CAU) for processing as early as practicable. After all, why did RTHK not follow the guidelines in the first place? Was it because of the constraints in manpower or the ecology of the industry? How will RTHK ensure that its staff would act in accordance with the guidelines after being reminded?**

RTHK's Reply:

- 7) For the cases of not following guidelines mentioned in paragraph 2.23 of the Audit Report, one case was caused by miscommunication during the handover of the former and succeeding executive producers. The other was due to the loss of contract in mailing. As the service provider concerned had already started working, the responsible officer had to reprint the contracts for the service provider concerned to sign again. RTHK accepts the recommendation of the Audit Report and has reminded user sections not to engage service providers before the contract requests are approved and contracts are issued. RTHK will also further enhance the mechanism of the engagement of Cat II service providers, and strengthen its monitoring system, such as requesting supervisor at management level to conduct random check on contracts. Meanwhile, relevant guidelines will be circulated regularly in order to ensure that all responsible officers understand and follow the guidelines.

Need to Review Acquisition Procedures

- 8) **Regarding paragraph 2.32, please advise on the reason why it is difficult for RTHK to request suppliers to provide quotations first when acquiring programmes.**

RTHK's Reply:

- 8) The copyrights of programmes are usually owned by a single distributor and awarded to the highest bidder. According to industry practice, broadcasting rights are acquired through competitive bidding by potential licensees, instead of the copyright owner offering a quotation.

In fact, while negotiating with RTHK, a distributor may also negotiate with other television (TV) broadcasters about the acquisition of programmes. During negotiation, a distributor usually does not fill in tender documents so as to avoid contractual disputes arising from the violation of tender procedures in case a higher bid is offered by other TV broadcasters. Hence, it is difficult for RTHK to request suppliers to provide quotations first when acquiring programmes.

- 9) **Regarding paragraphs 2.27 to 2.34, please advise on the following:**
- (a) **Referring to paragraph 2.33(b), whether the Government has studied and compared the nature of the programmes successfully and unsuccessfully acquired.**
 - (b) **Regarding paragraph 2.33(c), distributors claimed that “the procurement requirements deviated significantly from the industry practice and unfairly hindered their parallel negotiation with other interested licensees”. What are the details regarding this matter? Please further explain how the industry operates in general.**
 - (c) **The measures RTHK will carry out to address the Hong Kong Independent Commission Against Corruption’s (ICAC) concerns as mentioned in its report over the acquisition of television programmes, i.e. RTHK’s practice of acquiring programmes “by proposing the price and then negotiating with the supplier, instead of inviting a quotation from the supplier, could pose a collusion risk of circumventing the controls built in the standard government procurement procedures with a view to favouring a supplier” (paragraph 2.32).**
 - (d) **Whether RTHK can explain and give examples of the difference between the procurement of stores or services and the licensing of copyright.**
 - (e) **The number of programme hours of acquired programmes per month in the past 12 months for**

RTHK's TV and radio programmes, and their respective percentages in comparison with the total programme hours.

- (f) Please provide a list of programmes acquired by RTHK in the past 5 years.**
- (g) The prevailing guidelines on the selection and assessment of acquired programmes, and the relevant assessing guidelines and documents.**
- (h) How RTHK appoints members of the Acquired Programme Committee (APC); the details of declaration of interests required for each member; whether there has been any programme which needed to be selected was produced by members of APC, and the relevant details.**
- (i) Please provide samples of the agreement and tender concerned.**

RTHK's Reply:

- 9) (a) To follow-up with the result of the review on acquisition of TV programmes for digital terrestrial television (DTT) channels by the ICAC in 2015, RTHK conducted a 1-month trial from March to April 2016, in which 11 distributors were approached and invited to submit quotations in accordance with the Government's Stores and Procurement Regulations (SPR), with a view to procuring the broadcasting rights of 42 hours of TV programmes in Hong Kong, including animations and documentaries. The result was that one distributor refused to submit a quotation, two distributors refused to accept RTHK's contract terms, four distributors did not reply, three distributors submitted quotations but the requested prices exceeded RTHK's budget by 136% to 198%. Finally, RTHK could only obtain an acceptable quotation from one distributor, and acquired the TV broadcasting rights in Hong Kong of a 2-hour series of children's animation. According to the outcome of the trial, there is no direct relationship between the programme nature and success in acquisition.

- (b) When licensing broadcasting and telecast rights, distributors usually award the rights to qualified media organisations through competitive bidding. The price of an acquired TV programme is market driven, and depends mainly on the popularity of the programme, the nature of the programme, as well as the licensing strategy of the distributor.

As mentioned in the reply to Question 8, a distributor may also negotiate with other TV broadcasters while negotiating with RTHK about acquisition of programmes. During negotiation, a distributor usually does not fill in tender documents so as to avoid contractual disputes arising from the violation of tender procedures in case a higher bid is offered by other TV broadcasters. Therefore, when a distributor's strategy is to award the rights to the highest bidder, it would not be possible for RTHK to obtain a quotation.

- (c) In response to the ICAC report in 2015 on acquisition of TV programmes, RTHK has formulated a set of rigorous Acquisition Policy (ACQ Policy) on acquisition of TV programmes, detailing the guidelines, procedures and monitoring measures in negotiating copyright licensing of programmes, with reference to the controls built in SPR, so as to keep up with industry practice while ensuring that the concerned procedures are conducted under strict control. For instance, the selection and assessment of acquired TV programmes must be handled by the Acquired Programme Committee (comprising 1 Chief Programme Officer and three officers of the rank of Programme Officer or above) in accordance with assessment guidelines (assessment criteria include concept and ideas (30%), presentation skills (30%), informative and educational values (20%) and attractiveness of programme (20%)). To deal with situations where actual, potential or perceived conflict of interest may arise, all officers engaged in the assessment, negotiation of price, approval and signing of contracts are required to declare interest. RTHK also circulates relevant circulars regularly to ensure that all officers participating in procurement stay vigilant and take sufficient measures to prevent such situations from arising. In addition, RTHK keeps detailed records of all assessment reports, negotiation correspondence and contracts of programme acquisition for checking, so that

relevant procedures are conducted impartially and fairly. In August 2016, RTHK reported progress of implementing ICAC's recommendations to ICAC and confirmed that the newly promulgated ACQ Policy was implemented on 26 May 2016. In its reply letter dated 21 September 2016, ICAC acknowledged receipt of RTHK's ACQ Policy and noted RTHK's implementation of ICAC's recommendations.

- (d) RTHK's understanding is that procurement of stores refers to the purchase of materials for meeting a government department's operational needs (such as stationaries, office equipment, government vehicles, etc.). Procurement of services is the hiring of specific services as required by a department (such as security service, cleaning service, printing service, etc.). As for the acquisition of broadcasting rights, it concerns acquiring the right to broadcast a programme for a number of runs under certain conditions as negotiated with the distributors. RTHK does not own the programmes as inventory items, and the broadcasting rights are subject to restrictions in terms of broadcast territories and platforms. The copyright of the programmes still belongs to the copyright owners. Upon expiry of the licensing period, the copyright owners can license the programmes to other TV broadcasters or organisations. Therefore, RTHK is of the understanding that acquisition of broadcasting rights of programmes is not procurement of stores. Moreover, as all acquired programmes are completed works and distributors do not provide extra services to RTHK, RTHK's understanding is that the acquisition of broadcasting rights is not procurement of services either. That said, RTHK agrees with the Audit Report's observations and views. RTHK would proactively follow-up the recommendations by reviewing the procedures of acquiring TV and radio programmes. RTHK has already written to the Financial Services and the Treasury Bureau to seek its advice on whether acquisition of programmes falls within the definition of procurement.
- (e) With regard to the number of programme hours of acquired programmes per month in the past 12 months for RTHK's TV and radio programmes, and their respective percentages in comparison with the total programme hours, please refer to **Annex 2(1) and Annex 2(2)**.

- (f) With regard to a list of programmes acquired by RTHK in the past 5 years, please refer to **Annex 3(1) and Annex 3(2)**.
- (g) As with all in-house productions of RTHK, acquired programmes are selected with regard to the objectives of RTHK's TV services as laid down in the "Charter of Radio Television Hong Kong", with a view to presenting quality productions from around the world to local audience. These programmes must comply with RTHK's editorial standards and technical specifications. Assessment criteria include concept and ideas (30%), presentation skills (30%), informative and educational values (20%), and attractiveness of programme (20%), etc.

RTHK's ACQ Policy, which also states the approving officers and respective fee ranges, is at **Annex 4**. As for the assessment form, please refer to **Annex 5**.

- (h) As mentioned in the response to part (c) above, RTHK's Acquired Programme Committee comprises RTHK's experienced producers who conduct assessment in accordance with the guidelines. Members of Committee are required to declare interest with regard to every assessment report. Since all members are full-time staff of RTHK, and all the programmes being selected are non-RTHK productions, there will be no circumstances that the programmes to be selected and assessed are produced by members of the Committee.
- (i) As RTHK does not acquire programmes by adopting tender procedures, no sample of tender is available.

As for sample of contract for acquired TV programmes, please refer to **Annex 6**.

***Note by Clerk, PAC:** *Annexes 4 and 6 not attached.*

- 10) Regarding paragraphs 2.35 and 2.36, RTHK agreed to review the acquisition procedures of TV and radio programmes. Please advise whether such review has been completed. If yes, what is the result? If not, when will the review be completed?**

RTHK's Reply:

- 10) RTHK agrees with the recommendations of the Audit Report and will proactively take follow-up actions. RTHK has been reviewing the acquisition procedures of TV and radio programmes, and has written to the Financial Services and Treasury Bureau to seek its advice on whether acquisition of programmes falls within the definition of procurement. The review is expected to be completed by the middle of 2019.

Community Involvement Broadcasting Service (CIBS)

- 11) Regarding paragraphs 2.37 to 2.55, please advise on the following:**
- (a) The reasons that the number of successful applications in 2017-18 (up to December) has increased for merely 27.4% as compared with that in 2013-14, but the expenditure was about 4.8 times higher;**
 - (b) According to paragraph 2.44, some of the programme recordings were submitted later than the broadcast date. For such circumstances, what would be the impact and measures to cope with;**
 - (c) According to paragraph 2.46, whether RTHK knows the reasons for delay in submission of post-broadcast reports in over half of the cases. Was there any problem concerning the work? What were the participants' reasons for the late submission? What are included in the format and content of the relevant report? Were the late submissions due to the fact that the report is relatively more difficult to complete? Please provide a sample of the report;**
 - (d) According to paragraph 2.47, "RTHK would terminate the agreement with those participants who fail to submit**

the post-broadcast reports within 12 months after the broadcast of the programme without a legitimate reason. Upon termination, any outstanding portion of payment according to the agreement will not be paid to the participants.” Based on the agreement concerned, what are the fine prints and the details on the agreement relating to the payment of funding to the participants? Is RTHK paying in installments? In accordance with the current guidelines, how will the post-broadcast reports be chased for;

- (e) Referring to the above question, can a participant apply for the Community Involvement Broadcasting Fund (CIBF) again if he / she violated the agreement before?**
- (f) Regarding paragraph 2.53, the public awareness on CIBS programmes was relatively low, while in paragraph 2.55, RTHK stated that it would continue its promotional efforts to further enhance its reach to the service targets and listenership. What are the schedule and details of the review?**
- (g) Please provide samples of the relevant agreement and application form.**

RTHK’s Reply:

- 11) (a) The number of successful CIBS applications increased from 62 in 2013-14 to 79 in 2017-18 (a rise of 27.4%), while the relevant expenditure incurred increased from \$1.1 million in 2013-14 to \$6.4 million in 2017-18 (4.8 times higher). The reasons are as follows:

CIBS provides four quarters of programmes annually, with broadcast starting in January, April, July and October respectively. When applying for programme production, organisations/individuals can apply for funding from CIBF at the same time, which includes an advance disbursement of 20% of the approved funds. Applicants can only apply for reimbursement of production expenditure other than the 20% advance disbursement after all episodes of the programme for the quarter are broadcast. The first quarter of the CIBS scheme started receiving applications in

December 2012 and the programmes were first broadcast in July 2013. Therefore, only 10 applications for reimbursement of production expenditure in two quarters as well as advance disbursement applications for the following quarters were processed in 2013-14 (programmes of the third quarter were broadcast starting from January, which means reimbursement of production expenditure was handled in April). As a result, the expenditure of CIBF was only \$1.1 million. In 2017-18, the expenditure of CIBF covered the programme expenditure for the whole year, during which 66 applications for reimbursement of production expenditure and advance disbursement for the following quarters were processed. Furthermore, the number of broadcasting hours increased from 14 per week in 2013-14 to 16 starting from July 2017, raising the expenditure to \$6.4 million.

- (b) Since the launch of CIBS, no CIBS production unit has failed to submit the programme before its scheduled broadcast date. Production units are required to submit their programmes in advance. Recordings of the first two episodes are to be submitted one month prior to the scheduled broadcast date. From the third episode onwards, recordings must be submitted two weeks before the scheduled broadcast date. Among the 12 cases examined by the Audit Commission, the latest submission was two days before the scheduled broadcast date. Under the current mechanism, if a production unit fails to submit programmes, RTHK reserves the right to demand compensation of administrative cost from the production unit. According to the existing mechanism, the compensation will not exceed 20% of the approved funds. Requirements concerning submission of programmes and reports are detailed in the “Community Involvement Broadcasting Service Handbook” and the agreements signed by RTHK and applicants. The Secretariat also explains the requirements in the facilitation talks (designed to introduce details of CIBS to applicants). RTHK staff would also remind production units of the requirements through various means such as emails, phone calls and text messages.

- (c) CIBS production units are mostly individuals or groups from the community who may not have professional administrative experience. Of the 12 programmes examined by the Audit Commission, the production units of seven programmes failed to submit post-broadcast reports timely according to the deadline (within 12 months) specified in the agreements. Reasons provided by production units for their delay include: delay caused by the audit firm, failure to handle documents as member(s) of the programme team was out of town, unavailability of the person in charge of the organisation to handle documents, etc. The content and requirements of the report were set down by RTHK with reference to the funding projects of other departments.

A sample of the report is at **Annex 7**. Content of the report concerned include:

- Limited Assurance Engagement Reports prepared by Hong Kong's accredited/registered accountants (**Annex 7(1)**)
- Copyright documents on music or information (**Annex 7(2)**)
- An English or Chinese translation of the transcript of each episode of programme (if the original recording of the programme is not in English or Chinese) (**Annex 7(3)**)
- Evaluation form (**Annex 7(4)**)

RTHK accepts the recommendations of the Audit Report that RTHK should take measures to ensure timely submission of programme recordings and relevant documents by the participants and is reviewing the mechanism regarding submission deadlines for different episodes and considering simplifying the requirements of the report concerned.

- (d) As mentioned in part (a) above, when applying for programme production, organisations/individuals can also apply for funding from the CIBF at the same time, which includes an advance disbursement of 20% of the approved funds. Applicants are required to submit a completed report after the whole quarter of programme is broadcast.

Funds will be provided on an accountable basis after confirmation. As production units of CIBS are mostly individuals or groups from the community who may not have professional administrative experience, RTHK will contact them to find out the reasons for not being able to submit post-broadcast reports within 12 months after their programmes have been broadcast. It is only when no alternatives are available, for example, when a production unit fails to provide reasonable explanation for delayed submission, that RTHK will consider terminating the agreements with them. Upon termination, any outstanding portion of payment mentioned in the agreement will not be paid. If an advanced disbursement has been made, RTHK will issue a demand note through relevant units to demand refund from the production unit when necessary. According to current guidelines, RTHK staff will urge, through various means such as emails, phone calls and text messages, production units who have missed the submission deadline to submit reports as soon as possible.

- (e) Applicants who violated the agreement can still apply for CIBF in future. However, records of such violation will be stated in the reference materials for the CIBS Selection Committee. Up to present, no applicant whose agreement with RTHK was terminated has applied for CIBF again.
- (f) Following recommendations of the Audit Report on enhancing its reach to the service targets and listenership, RTHK will step up CIBS promotion, includes broadcasting CIBS-related information and programme highlights on radio channels other than the Putonghua Channel to enhance public awareness of CIBS programmes and the service, exploring more promotional means (such as public transport, social media, etc.), and displaying printed and audio-visual promotional items. The new promotion plan is expected to start in April 2019.
- (g) A sample of the agreement concerned is at **Annex 8**, and a sample of the application form is at **Annex 9**.

Commissioning of TV Programmes

- 12) **Regarding paragraphs 2.59 to 2.61, please advise on the following:**
- (a) **What are “production materials”?**
 - (b) **Based on the information, for about 90% of the commissioned programmes, there were delays in the submission of production materials and audited reports. The average time for the delay in submitting both the materials and audited reports was around 2 months. Has RTHK looked into the reasons behind?**
 - (c) **Is there any measure or penalty imposed on the contractors for late submission of the production materials and audited report?**
 - (d) **Referring to the above question, if a private production company violates the agreement, will RTHK engage the company to produce TV programmes again?**
 - (e) **Please provide samples of the contracts and tenders concerned.**

RTHK’s Reply:

- 12) (a) “Production materials” are items specified in the contract for production, which is signed by the production company and RTHK. In total there are 13 items of materials, including the completed TV programme, music produced for the programme, a music cue sheet, relevant publicity stills, a subtitling script, a written programme introduction, scripts, a list of all credits for the programme, a list of crew members, original raw tapes or video files, a 30-second promotional video, documents and proofs of licence or consent for use of all works in relation to the underlying copyright of the programme and an audited production cost report of the programme.
- (b) Currently, an experienced production staff of RTHK is assigned to each commissioned TV programme as the executive producer, who oversees the progress and provides

comments to make sure that the programme is in line with the required standard and programming arrangement of RTHK. In addition, the progress of all commissioned TV programmes is reported in the monthly internal meeting. However, the production process may sometimes be delayed by weather, accidents, etc. Some new directors may also encounter difficulties in applying for company registration, or in engaging an auditor, which result in delay in the submission of the audited report.

To follow-up on the recommendations of the Audit Report that RTHK should take measures to ensure that commissioned contractors submit production materials and audited reports in a timely manner, RTHK will review and draw up a reasonable and feasible production schedule for commissioned programmes. For future TV commissioning programmes, progress will be more closely monitored and reported, so that the production team of commissioned TV programmes can complete the production according to an agreed schedule as far as possible, except in circumstances where delay is caused by unavoidable difficulties during production.

(c) RTHK will pay the instalments in accordance with the production schedule stipulated in the contract. There are seven instalments for “Documentary” and “Drama”:

- (i) Signing of Agreement (20%);
- (ii) Completion of Treatment and Shooting Script (20%);
- (iii) Completion of Principal Photography (10%);
- (iv) Completion of Rough Cut (20%);
- (v) Completion of Fine Cut (5%);
- (vi) Delivery of the Programme (5%); and
- (vii) Submission of Audited Report (20%).

For “Animation”, there are 6 instalments:

- (i) Signing of Agreement (20%);
- (ii) Completion of Finalised Script and Animatics (20%);
- (iii) Completion of 50% of the Programme (20%);
- (iv) Completion of Fine Cut (10%);
- (v) Delivery of the Programme (10%); and
- (vi) Submission of Audited Report (20%).

In the event that contractors delay their submission of production materials and audited reports, RTHK can take follow-up actions according to the contract terms, including refusing to pay the relevant instalments, issuing warning letters and even terminating the contracts.

- (d) When assessing proposals of commissioned programmes, criteria including creativity, content originality, enhanced ideas to illustrate the theme, production flexibility, relevant expertise, equipment and facilities support, suitability for prime time broadcast, production budget and producer's performance during interview would be considered. In addition to the above factors, the track record of the production company is another criterion that will be taken into account. If a production company had a record of violating the agreement, the Selection Board will take this into consideration in deciding on whether to commission it to produce TV programme.
- (e) Commissioning of TV programmes does not have tender. Please refer to **Annex 10** for the samples of the agreement.

- 13) Regarding paragraph 2.66, the number of output hours of commissioned programmes per year was very small in comparison with the number of total output hours, ranging from 21 to 33 hours. Does the Government consider that, in such situation, the commissioned programmes can provide an open platform for independent producers to exhibit their creativity, just like what is stated in paragraph 2.56?**

RTHK's Reply:

- 13) The commissioning of TV programmes of RTHK aims to introduce creative thinking to the production of TV programmes, and to provide an open platform for independent producers to showcase their talents. As RTHK has to ensure that the production quality of the commissioned programmes meets its requirements, a rigorous assessment mechanism has thus been formulated to identify suitable applications. In the past five years (from 2013-14 to 2017-18), this project received 242, 291, 212, 254 and 391 applications respectively. Eventually, 16, 21, 18, 23 and 31 applications were selected

respectively in those five years, and 40 episodes of animation, 34 episodes of documentary and 35 episodes of drama were produced in total.

The commissioned TV programmes of RTHK received numerous local and international nominations and awards, programmes such as “China Stories – Ballerina in a Field”, “China Stories – Blind Soccer”, “Kaleidoscope of Ideas – Life Goes On” received awards respectively at the New York Festival, the Chicago International Film Festival, the TBS DigiCon6 Awards, Japan, etc. In the past, some of the commissioned TV programmes were included in the TV Appreciation Index Survey. Programme such as “China Stories” was well-received by the local audience. To the producers, their talents were recognized.

RTHK accepts the Audit Report’s recommendations and plans to increase the output hours of commissioned TV programmes. The target is to increase the annual production hours of commissioned TV programmes to 51 hours in 2021-22. Meanwhile, RTHK will continue to maintain its rigorous assessment mechanism, in order to ensure that the production quality of the commissioned programmes meets RTHK’s requirements.

- 14) Regarding paragraphs 2.68(c) and 2.69, has the Government explored the feasibility of increasing the number of output hours of commissioned programmes? If so, what is the result?**

RTHK’s Reply:

- 14) RTHK agrees with the recommendation of the Audit Report and already has plans to gradually and appropriately increase the total number of output hours of commissioned programmes. The target is to increase the annual programme hours of commissioned TV programmes to 51 hours annually in 2021-22.

Part 3: Broadcasting of Programmes and New Media Services

Need to Enrich the Programmes of TV 31 and TV 32

- 15) **Regarding paragraphs 3.4 to 3.7, please advise on the following:**
- (a) **Regarding paragraph 3.4(b), the numbers of re-run programme hours for RTHK TV 31 and TV 32 were 4 877 hours and 2 021 hours respectively. Does the Government agree that RTHK has not managed to produce enough hours of programmes in order to utilise the available broadcasting hours of these two channels more fully? Is RTHK simply filling up broadcasting hours with re-run programmes, without detailed consideration of whether these re-run programmes are in demand?**
 - (b) **Regarding paragraph 3.4(d), has RTHK ever monitored the ratings of miscellaneous contents and assessed the corresponding awareness levels and appreciation indexes? Has any public opinion on these miscellaneous contents been collected?**
 - (c) **Regarding paragraphs 3.6(a) to 3.6(c) and 3.7(a), RTHK stated that it would strive to increase output hours of TV output/first-run programme hours, and devise a strategy for re-run programmes starting from 2018-19. What is the progress in these aspects? However, before finding out the reasons for the relatively low TV ratings, increasing output hours of TV programmes may be fruitless and lead to a waste of resources. Therefore, will RTHK consider reviewing its low TV ratings and production strategy first?**
 - (d) **Regarding paragraphs 3.6(e) and 3.7, has RTHK explored different ways to enrich the miscellaneous contents of RTHK TV 31 and TV 32 with a view to enhancing the channels' attractiveness?**
 - (e) **Paragraph 3.7(c) stated that "TV 32 is a live event channel, ... broadcasting of miscellaneous contents between live events is therefore inevitable". Will**

RTHK review the positioning strategy of RTHK TV 32? Some live event programmes lack attractiveness to the general public. For example, the regularly broadcast “TV Journey” programme is not attractive, and viewers will not stay tuned to RTHK TV 32 to wait for breaking news programmes. As a result, if breaking news programmes or press conferences are going to be broadcast on RTHK TV 32, will the Government consider providing a reminder on the flagship channel, RTHK TV 31, or even consider following the practice of commercial TV news channels to show the breaking news programmes or press conferences at the corner of the screen on RTHK TV 31, and let the interested viewers adjust to the appropriate audio channel themselves? This practice may further increase the ratings for breaking news programmes or press conferences, free up time for broadcasting other programmes on RTHK TV 32, and adjust the broadcasting strategy of RTHK TV 32.

RTHK’s Reply:

- 15) (a) In 2018-19, the number of output/first-run programme hours on RTHK TV 31 is approximately 6.6 hours per day, which represents an increase of around 18% as compared with 5.6 hours in 2017-18.

As viewers have different habits of watching TV programmes, RTHK considers that re-run programmes would enable them to watch programmes in different time slots. RTHK also reviews its programming regularly with reference to audience opinions collected from various channels. For instance, variety shows and concerts were re-run on holidays, while special programmes produced for the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region, the “Transformers” and the “Big Cities”, were re-run corresponding to the occasion. Character series were also re-run in memory of celebrities who had passed away, such as “Success Stories: Charles KAO”, “Success Stories: Louis CHA”, “The Flavours of Life: Eunice LAM”, etc.

RTHK agrees with the recommendations of the Audit Report and is committed to increasing output/first-run programme hours. A clearer and more systematic programming strategy will also be devised for re-run programmes.

- (b) Since miscellaneous contents are currently only broadcast during non-operating hours and time slots between live programmes, RTHK has not looked into the awareness levels and appreciation indexes of these programmes.
- (c) Starting from 1 April 2019 onwards, the coverage of digital terrestrial television service will reach 99% of Hong Kong's population. RTHK TV 31 will then provide 24-hour broadcast. The output/first-run programme hours of RTHK TV 31 will also increase gradually from 1 566 hours in 2018-19 to 1 758 in 2019-20 and 1 810 in 2020-21. On top of the increase in first-run/output hours of RTHK TV 31, RTHK TV 32 will also continue to explore the broadcasting of more local sports events, international news and highlights of international sports events, with a view to increasing first-run programme hours.

According to the "Charter of Radio Television Hong Kong", as a public service broadcaster, RTHK should provide TV services in areas not adequately provided by commercial broadcasters. RTHK's TV services must cater to the interests and needs of a broad spectrum of audiences as well as minority interest groups, providing timely public affairs programmes and offering a platform for information and discussion. In response to the Audit Report, RTHK will review afresh its production strategy and follow-up accordingly.

- (d) RTHK TV 31 will provide 24-hour broadcast from April 2019, by then the arrangement of broadcasting miscellaneous contents during non-operating hours will cease. As a live event channel, RTHK TV 32 mainly covers Legislative Council (LegCo) meetings and important local press conferences, etc. The broadcasting hours as well as broadcasting time of these live events are beyond RTHK's control. With these constraints, it is difficult for RTHK to arrange for a complete programme to be

broadcast between live programmes, otherwise the programmes may have to be interrupted frequently to make way for live broadcast. As such, RTHK broadcasts miscellaneous contents between live events. RTHK has been exploring different ways to enrich miscellaneous contents on RTHK TV 32. In addition to the introduction of “TV Journey”, RTHK has continuously explored the provision of more international news coverage and highlights of international sports events. RTHK agrees with the Audit Report’s recommendations and will keep on enriching miscellaneous contents in this direction.

- (e) As mentioned in (c) above, RTHK TV 32 is a live event channel which mainly broadcasts LegCo meetings as well as local and international news coverage. It includes press conferences of the Hong Kong Police Force, Fire Services Department, Hong Kong Observatory, Consumer Council, Transport Department and other governmental departments in response to emergency and accidents, as well as press conferences on government’s policies. RTHK TV 32 has provided complete live coverage of important issues or news, including the historic North Korea-United States Summit, the opening of the Express Rail Link’s Hong Kong Section, LegCo By-election, and the bus accident in Tai Po (please refer to [Annex 11](#)). In addition, RTHK TV 32 is increasing its broadcast of local sports events.

RTHK accepts the suggestion in question (e) and will insert in-programme breaking news prompts on RTHK TV 31 to remind audience. RTHK will provide reminder on breaking news or press conferences on RTHK TV 31, and devise a dual-display and dual-audio system that enables interested audience to choose by themselves.

As mentioned previously in part (d), RTHK TV 32 is subject to constraints in broadcasting programmes as a live event channel. That said, RTHK will continue to review the broadcasting strategy of RTHK TV 32 and enrich its contents.

Content Licensing

- 16) **Regarding paragraphs 3.8 to 3.20, please advise on the following:**
- (a) **What are the contents of the contract for content licensing? Please provide a sample of the contract.**
 - (b) **Regarding the situation of low price mentioned in paragraph 3.13, has RTHK found out the reason behind, and have staff members/persons who are equipped with professional knowledge or experience been invited to participate in determining the prices?**
 - (c) **Regarding paragraphs 3.19(a), 3.19(b) and 3.20, has RTHK taken follow-up actions in respect of setting guidelines on how to determine the offer price to potential licensees, as well as documenting the basis for the determination of the offer price and the negotiation process with the potential licensees? If so, what are the results?**

RTHK's Reply:

- 16) (a) The contract for content licensing mainly includes the title, fee, broadcasting right, broadcasting region, licence period and number of runs, etc. Please refer to **Annex 12** for the contract.
- (b) Regarding the price setting, RTHK conducts reviews regularly on its sales situation and the market situation in the past, and makes reference to information about international market prices when adjusting its internal Licensing Price Scheme. Since RTHK's main objective of licensing broadcasting rights of its programmes is to enhance audience reach, strengthen RTHK's corporate branding, promote networking and enhance creativity and cultural exchange, licensing is conducted in a non-exclusive basis, meaning that the same programme can be licensed in the same territory multiple times, and thus the prices will not be set at a high level.

***Note by Clerk, PAC:** *Annex 12 not attached.*

Currently, the officer responsible for licensing in RTHK is a professional who is experienced in programme licensing in the commercial sector. RTHK agrees with the Audit Report's recommendations, and will pay attention to the market situation when setting the prices.

- (c) RTHK agrees with the Audit Report's recommendations, and has adopted the following measures:
- (i) listing the criteria for determining offer price (including the type of programme, the licence period, the number of runs, the licensed territory and market share of the licensee, etc.) in the internal "Content Licensing Guidelines"; and
 - (ii) documenting the basis for the offer of price and the price negotiation process with potential licensees.

As the relevant measures are newly introduced, RTHK will continue to keep in view of the number and price of licensed programmes.

Decreasing Trend of Daily Page View of RTHK Website

- 17) Regarding paragraphs 3.22 to 3.24, please advise on the following:**
- (a) Do the mobile applications mentioned in paragraph 3.21 cover all contents available on the RTHK website? If no, what are the contents included in the mobile applications; and what are the contents included in the mobile applications but not on RTHK website?**
 - (b) What are the total numbers of downloads of the mobile applications mentioned in paragraph 3.21? To facilitate usage by the public and ensure effective management and maintenance, why did RTHK not consider combining all the applications into one?**
 - (c) As mentioned in paragraph 3.24, "the RTHK website had undergone a re-structuring revamp in March 2017 to facilitate effective user access by simplifying the web navigation process, thus it would reduce the number of**

daily page views accordingly”. Does it imply that every click on a sub-page of the webpage is counted as a single hit rate?

- (d) As mentioned in paragraph 3.24, “the indicator ‘page views’ was not applicable to mobile access”. Does it mean that there is currently no technology for counting the number of mobile device users, or that RTHK has not mastered the technology? If the situation is the latter, will RTHK introduce a counter of visits on mobile devices?**

RTHK’s Reply:

- 17) (a) RTHK’s mobile applications do not cover all the contents of the RTHK website. In view of the habit and trend of the general public in using mobile phones, RTHK provides applications with different contents and functions. Each application provides specific contents to facilitate download and use by the public according to their needs and preferences. The core contents provided by the applications are as follows:
- (i) RTHK On The Go – provides Chinese and English instant news, radio live broadcasts, podcasts and programme recommendations by RTHK. Through the application, users can also gain access to RTHK’s website and the contents on other RTHK mobile applications.
 - (ii) RTHK Screen – provides functions such as live webcasts of RTHK TV 31 and 32, video-on-demand, download, programme subscription, etc. It enables users to access video programmes anytime anywhere.
 - (iii) RTHK News – provides instant news, news programmes and traffic news in both Chinese and English, which contain texts, photos and audio-visual contents. The “Push Alert” function instantly brings the latest world and local news to users.
 - (iv) RTHK Mine – provides live webcasts of the seven radio channels, highlighted video clips, programme

archive and weather news. Users can also create playlists by making use of personalised settings such as “Favourites” and “Play Later”.

- (v) RTHK Vox – enables users to produce and upload selfie videos on specific topics of the application. The videos will be posted and shared through the application and RTHK’s website.
- (vi) Chinese History : the Flourishing Age – a selection of enchanting stories and characters of some splendid dynasties in Chinese history for users to understand Chinese history in a lively way through audio dramas and four-frame comics.
- (vii) RTHK Memory – a collection of RTHK’s classic programmes over the years, which documented the historic changes and cityscapes of Hong Kong in different times.

The highlighted video clips on “RTHK Mine” and the four-frame comics on “Chinese History – the Flourishing Age” were produced especially for the mobile applications. Hence, the relevant contents are not included on RTHK’s website.

- (b) As at 30 November 2018, the total number of downloads for RTHK’s mobile applications are as follows:
 - (i) RTHK On The Go – 1,998,465
 - (ii) RTHK Screen – 404,106
 - (iii) RTHK News – 133,928
 - (iv) RTHK Mine – 327,471
 - (v) RTHK Vox – 14,485
 - (vi) Chinese History – the Flourishing Age – 112,189
 - (vii) RTHK Memory – 35,048

Each of the RTHK mobile applications provides different functions and unique features for the public to download and use according to their needs. Integrating the seven applications into one will drastically increase server load and the risk in management.

- (c) When a user clicks to a subpage of the website, it will be counted as one page view. The revamped RTHK website has simplified website design and navigation, thereby minimising the number of subpages a user needs to click through and thus allowing direct access to the relevant webpages. As a result, the overall number of daily page view reduced accordingly.
- (d) Currently, the RTHK website did not count the mobile usage in a comprehensive manner. In view of the Audit Report's recommendation, RTHK will take measure to assess the service performance of the new media platform and plans to introduce trackers to all RTHK mobile applications in 2019-20 for more effective counting of the mobile usage.

Part 4: Evaluation of Programmes and Other Administrative Issues

Procurement of Service for TV Appreciation Index (TVAI) Surveys and Radio Audience Surveys

- 18) Regarding paragraphs 4.3 to 4.14, please advise on the following:**
- (a) What are the expenditure and number of staff involved in conducting the TVAI Surveys in the past 10 years?**
 - (b) Which are the relevant units and who are the staff members responsible for selecting service providers?**
 - (c) Please explain the reasons for introducing the two additional requirements of “established for at least 15 years” and “conducted at least 20 appreciation surveys”. Which unit is responsible for approving the relevant mandatory requirements? Has RTHK noticed that the incorporation of these two additional requirements would render only Service Provider A qualified? Has RTHK explored whether this practice**

would violate relevant guidelines on procurement of services?

- (d) Has RTHK implemented measures to ensure that sufficient qualified service providers were invited in the procurement exercise and revisited the need for imposing the mandatory requirements? Will RTHK consider relaxing the requirements to ensure that they do not create undesirable obstacles to competition amongst potential service providers?
- (e) Since 2011, RTHK programmes have been the majority among programmes scoring the highest TVAI. Meanwhile, RTHK introduced 2 additional requirements mentioned in paragraph 4.11 without providing any explanation. Will the Government consider commencing an investigation to explore whether there was any malpractice?

RTHK's Reply:

- 18) (a) The contract for each TVAI Surveys lasts for 2 years. During the past 10 years, the expenditure and personnel involved were as follows:

Year	Expenditure (\$)	Participating Staff Members
2009-10 & 2010-11	976,080	1 Principal Programme Officer and 1 Senior Programme Officer were responsible for the procurement, including preparation of the quotation documents, communication with the contracted survey agency, arrangement of meetings for the Television Appreciation Index Advisory Panel, etc.
2011-12 & 2012-13	976,080	Ditto.

2013-14 & 2014-15	1,024,000	Ditto.
2015-16 & 2016-17	1,072,000	Ditto.
2017-18 & 2018-19	1,280,000	Ditto.

- (b) The relevant units responsible for selecting the service providers include: the TV Division and the Corporate Communications & Standards Unit. Responsible staff members include: the Deputy Director of Broadcasting (Programmes), the Assistant Director of Broadcasting (Television & Corporate Businesses), and the Head and Deputy Head of the Corporate Communications and Standards Unit.
- (c) The contract for each TVAI Surveys lasts for two years, during which eight opinion surveys are covered. Each time, as many as 80 programmes were included in the survey and the total number of targeted samples was over 2 000. Respondents were asked about their awareness of and level of appreciation about 40 programmes. As a result, the design of the questionnaire and the details involved were rather complicated, and so the surveys had to be conducted by a sizable and experienced survey agency. The whole procurement process was conducted in accordance with the SPR of the Government. Since the contents of the TVAI Survey questionnaires were quite complex, RTHK, after internal discussion, added these two mandatory requirements in order to ensure that the service provider engaged had sufficient relevant professional experience, and thus be able to provide high quality survey data and reports.
- (d) In order to cover more qualified contractors in RTHK's Departmental Supplier list, RTHK has sent out invitations in early November to eight local universities for inclusion in the list. Their replies are being awaited.

RTHK accepts the Audit Report's recommendation and will strive to ensure that sufficient number of service providers

would be invited in the relevant procurement exercises. RTHK will also consider adjusting the mandatory requirements.

- (e) The procurement procedure of the TVAI Survey has been conducted in accordance with SPR of the Government. The results and scores of the TVAI Surveys were obtained through qualified and recognised survey agencies. At the same time, the Television Appreciation Index Advisory Panel was formed for the TVAI Survey, comprising representatives from TV broadcasters, the academia and the advertising industry. The Advisory Panel is responsible for determining the contents of the questionnaires, survey methods and scopes of programmes to ensure that the surveys are credible and can accurately reflect the appreciation levels. The current members of the Advisory Panel include the Assistant Director of Broadcasting (Television & Corporate Businesses) and Controller (Television) of RTHK, one representative from ViuTV and i-CABLE Entertainment Limited respectively, four scholars/media researchers, one member of the Hong Kong Advertisers' Association and one representative of the survey agency.

As mentioned above, RTHK will proactively follow-up with the recommendations of the Audit Report to ensure that sufficient number of service providers are invited to provide quotations in the relevant procurement exercises as well as consider adjusting the mandatory requirements.

Evaluation of TV Programmes and Radio Programmes

- 19) Regarding paragraphs 4.15 to 4.34, please advise on the following:**
- (a) **What are the expenditure and establishment of RTHK's TV and Radio services in the past 5 years;**
- (b) **Has it been examined that, despite a high Television Appreciation Index (TVAI), the relatively low average awareness levels and TV ratings might reflect outdated assessment in the TVAI Surveys? For example, when the awareness level is below a certain level, the small**

sample size will affect the accuracy of TVAI;

- (c) Regarding paragraphs 4.23 and 4.24, RTHK has engaged service providers to conduct surveys on the TV ratings of its programmes. According to the TV ratings report on RTHK TV 31 / 31A during January to June 2018, the average ratings for 31 / 31A was 0.1 (i.e. 6 400 viewers). Regarding the figure, a member of the management of RTHK has said that the relevant calculation of TV ratings might not fairly reflect the popularity of RTHK programmes, given the high number of non-operating hours of RTHK TV 31 / 31A. In this aspect, why has RTHK not mentioned such a point during audit? Is the above an opinion of RTHK? If so, why has RTHK not requested the service provider to adjust the TV ratings accordingly, so that the popularity of RTHK programmes is reflected more fairly? As the non-operating hours of RTHK TV 31 only make up for 20.8% of the total broadcasting hours, the adjusted average TV ratings will only range from 0.1 to 0.2. Does the Government agree that the TV ratings are still quite low, and that continuing to broadcast TV programmes of ratings this low may not be sustainable and cost effective?
- (d) RTHK TV programmes have low TV ratings, scoring less than 1 even during the prime time. According to Table 25 of paragraph 4.27, some RTHK programmes broadcast on a free channel of a commercial TV operator only scored an average ratings of around 5. The Audit Commission pointed out that some RTHK programmes were produced for minority interest groups. However, the low TV ratings in general also showed that RTHK TV programmes have failed to work the way they should. Therefore, in addition to finding out the reasons for low TV ratings, will the Government consider setting targets for ratings, in order to prevent wasting resources?
- (e) There has been opinion that some contents of RTHK programmes and the political stance of some presenters have caused dissatisfaction among some members of the public. Will the Government consider carrying out a

study to explore whether this is a reason of low TV ratings, or whether this has led to improper use of resources? Also, will the Government launch an investigation into relevant programmes and staff members, and handle properly if any inappropriateness is found?

- (f) Currently, some RTHK programmes are broadcast during some time slots on commercial TV channels. What are the details of the time slots? What are the number of hours of first-run programmes broadcast on commercial channels and RTHK respectively?**
- (g) At present, some higher-quality programmes have been selected to be broadcast during some time slots on commercial TV channels, yielding better TV ratings. With a view to improving TV ratings of RTHK TV channels, will RTHK consider broadcasting programmes with better TV ratings on RTHK TV channels as first-run or exclusive programmes, in order to attract members of the public to watch them on RTHK TV channels? Moreover, given that some commercial TV channels enjoy habitual ratings, will RTHK consider broadcasting some unattractive, yet necessary promotional and informational programmes for the public during some time slots on commercial TV channels, so that ratings of these programmes can be improved, and resources can be utilised more effectively?**

RTHK's Reply:

- 19) (a) The expenditure and establishment of RTHK's TV and Radio services in the past 5 years are at **Annex 13**.
- (b) On top of commissioning academic institutions, the Television Appreciation Index Advisory Panel, comprising representatives from TV broadcasters, the academia and the advertising industry, is also established for TVAI Survey. The Advisory Panel is responsible for determining the contents of the questionnaires, survey methods and scopes of programmes to ensure the surveys are credible and can accurately reflect the appreciation levels. The current members of the Advisory Panel include the Assistant

Director of Broadcasting (Television & Corporate Businesses) and Controller (Television) of RTHK, one representative from ViuTV and i-CABLE Entertainment Limited respectively, four scholars/media researchers, one member of the Hong Kong Advertisers' Association and one representative of the survey agency.

The TVAI Survey has set the cut-off line for the surveyed programmes at awareness level of 5%. Programmes of awareness levels of 5% or above are listed separately in the report from those of awareness levels below 5%. In each quarter, RTHK announces the 20 programmes that score highest in the TVAI Survey, all of an awareness level above 5%.

The cut-off awareness level of 5% was determined by the Advisory Panel. The number of respondents is about 2 000, which complies with academic requirements of the survey.

- (c) RTHK accepts the views in paragraphs 4.23 and 4.24 of the Audit Report on the average low TV ratings of RTHK TV 31/31A and will proactively follow-up with the Audit Report's recommendations. The opinion of excluding non-operating hours for calculation of TV ratings by an RTHK staff member is only one of the ways of calculating TV ratings. RTHK accepts that the exclusion of non-operating hours does not affect the overall TV ratings significantly.

Moreover, owing to the rapid advancement of technology and online platforms, as well as changes in lifestyle, the TV viewing habit of the general public has changed in recent years. Many viewers do not watch TV programmes in real time, but enjoy RTHK's programmes through a variety of online platforms, resulting in a long tail effect. They can view RTHK's programmes through the mobile application "RTHK Screen", RTHK's webpage, YouTube channel, and specific Facebook Fan Pages. In 2018, RTHK's TV programmes accumulated approximately 125 million views in total across different platforms. In this regard, RTHK already has plans to introduce trackers in all mobile applications in 2019-20 in order to have a more effective

count of mobile usage, in addition to taking reference from ratings.

According to the “Charter of Radio Television Hong Kong”, as a public service broadcaster, RTHK should provide TV services in areas not adequately provided by commercial TV broadcasters, catering to the interests and needs of minority interest groups. Meanwhile, RTHK will also review the quality of programmes and programming, to ensure that its TV programmes can cater to the interests of a broad spectrum of audiences as well as minority interest groups.

- (d) Commercial TV broadcasters tend to produce popular programmes, such as dramas, entertainment programmes and variety shows, etc., to attract audiences. As a public service broadcaster, RTHK needs to cater for the interests and needs of minority interest groups, for instance, civic education programmes advocating the rights of underprivileged groups or the physically challenged as well as programmes encouraging creativity and local original contents to complement TV services in areas not adequately covered by commercial TV broadcasters.

RTHK agrees with the Audit Report’s recommendations and will collect cross-media TV ratings to obtain more comprehensive information on the viewership of RTHK programmes. RTHK will also consider setting targets or benchmarks for different types of RTHK programmes based on the quality of programme (e.g. appreciation index) and awareness level, to make a more meaningful assessment of TV programmes. In addition, as mentioned in the reply to part (c) above, RTHK will also review the quality of programmes and programming to ensure that its TV programmes can cater to the interests of a broad spectrum of audiences as well as minority interest groups.

- (e) As a public service broadcaster, RTHK pledges to uphold the core values of editorial independence and impartiality. The “Producers’ Guidelines” issued in 1998 specified requirements in this regard, so as to enhance the transparency and accountability of its operation. All production staff must comply strictly with the Guidelines in programme production. Established procedures are also in place to handle complaints and opinions.

- (f) With regard to the Communications Authority's conditions for issuing licences to two commercial free TV broadcasters (i.e. TVB and ViuTV), RTHK will arrange for programmes to be broadcast via these two broadcasters. In order to increase the number of audience and widen audience base, RTHK will also license its programmes to other commercial TV broadcasters. The current details of broadcasting RTHK programmes via commercial TV broadcasters are as follows:

TVB Jade	Total Broadcast Hours (hours): 195.9 (first-run programme hours: 103.5 hours in total)
Monday to Friday	6:00 p.m. – 6:30 p.m.
Sunday	8:00 a.m. – 9:00 a.m.

Cable TV Live News Channel	Total Broadcast Hours (hours): 736.1
Monday	12:30 a.m. – 2:30 a.m. 3:00 a.m. – 4:30 a.m. 11:00 p.m. – 11:25 p.m.
Tuesday to Saturday	1:00 a.m. – 1:25 a.m. 3:00 a.m. – 3:25 a.m. 11:00 p.m. – 11:25 p.m.
Sunday	1:00 a.m. – 2:00 a.m. 3:30 a.m. – 4:30 a.m. 4:00 p.m. – 5:00 p.m. 5:30 p.m. – 6:30 p.m.

ViuTV 99	Total Broadcast Hours (hours): 130
Monday to Friday	6:30 p.m. – 7:00 p.m.

now Direct	Total Broadcast Hours (hours): 586
Monday	1:30 a.m. – 3:30 a.m.
Saturday	4:00 p.m. – 5:00 p.m.
Sunday	1:00 a.m. – 2:00 a.m. 3:30 a.m. – 4:30 a.m. 4:00 p.m. – 5:00 p.m. 5:30 p.m. – 6:30 p.m.

Hong Kong International Business Channel	Broadcast Commenced on 30 July 2018 Projected Total Broadcast Hours (hours) in 2018-19: 132.5
Monday	12:00 a.m. – 1:30 a.m.
Saturday	9:00 p.m. to 10:00 p.m.
Sunday	12:00 a.m. – 12:30 a.m. 6:30 p.m. – 8:00 p.m.

- (g) Currently, two out of the five RTHK programmes broadcast on TVB Jade from Monday to Friday from 6:00 p.m. to 6:30 p.m. were first run on RTHK TV 31. The other three programmes have all along been arranged to be broadcast on TVB Jade first in line with audience's TV viewing habit. It is RTHK's current programme strategy to arrange for programmes to have their first-run on RTHK TV 31 whenever possible.

Programmes arranged to be broadcast on other commercial TV channels, including Cable TV Live News Channel, now Direct, ViuTV and Hong Kong International Business Channel had all been first run on RTHK TV 31.

RTHK will continue to arrange different types of programmes to be broadcast on various commercial channels, and regularly review the effectiveness, so as to facilitate suitable programming arrangements.

Key Performance Measures in Respect of the Four Programme Areas

- 20) **Regarding the contents of Appendix C, please advise on the following:**
- (a) **For the past 5 years, the numbers of programmes per programme staff of RTHK were only 8.2 to 12.8, and the costs per hour were as high as \$276,200 to \$472,900. Has the Government compared the figures with those of the commercial TV broadcasters, so as to ascertain whether RTHK's output hours and costs are reasonable?**
- (b) **The hourly ratings of RTHK's programmes represents only 6 400 viewers, which is only 1/10 to 1/100 of the**

ratings of the commercial TV broadcasters, namely Television Broadcasts Limited and the then Asia Television Limited. In view of the high cost and low cost effectiveness, will the Government conduct a comprehensive and serious operational strategy review to ensure value for money is achieved? If so, what are the details and the timetable?

- (c) In the event that the ratings are still low after the review and the implementation of improvement measures, will the Government consider other measures to fulfil or even enhance the public purposes and missions of RTHK?**

RTHK's Reply:

- 20) (a) RTHK does not have the information about the output hours and production costs of the commercial TV broadcasters for comparison.
- (b) Commercial TV broadcasters tend to produce popular programmes, such as dramas, entertainment programmes and variety shows, etc., to attract audiences. According to the "Charter of Radio Television Hong Kong", as a public service broadcaster, RTHK should provide TV services in areas not adequately provided by commercial TV broadcasters. Therefore, RTHK's programming differs from that of the commercial TV broadcasters. RTHK's TV programmes must cater to the interests and needs of a broad spectrum of audiences as well as minority interest groups, promote education and culture, provide timely public affairs programmes, offer a platform for information and discussion, encourage creativity and local original contents to provide nutrients for community and culture, and produce diversified and less popular programmes. Hence, it is hard for RTHK to compare with commercial channels on TV ratings. TV ratings are neither the major nor sole indicator for RTHK's performance. Nevertheless, RTHK accepts the Audit Report's recommendations and will consider setting targets or benchmarks for different types of RTHK programmes based on the quality of programme (e.g. appreciation index) and awareness level, to make a more meaningful assessment of TV programmes. RTHK will also collect cross-media ratings to obtain more comprehensive information on the viewership of RTHK programmes.

RTHK has plans to introduce trackers to all mobile applications in 2019-20 in order to have a more effective count of the mobile usage.

- (c) RTHK will strengthen the services of RTHK TV 31 and 32, review the following items and set out improvement measures:
- (i) first-run programme hours;
 - (ii) enrich programme contents and broadcast more international sports events;
 - (iii) enhance publicity and promotional activities to improve the awareness level of RTHK; and
 - (iv) collect public views on the contents of RTHK TV programmes through survey and group discussions, in order to review the programme strategy.

RTHK will continue monitoring the performance of RTHK's TV services and make appropriate improvements, so as to fulfil the public purpose and mission of establishing RTHK.

Others

- 22) Since the trial run of the digital terrestrial television (DTT) channels in January 2014, what are the resources allocated to TV programme production per annum and the changes in the amount of resources allocated respectively? Please set out by year (from January 2014 to November 2018) the changes in the budget, staffing, working hours of the staff, and facilities (such as equipment and studios areas) for TV programme production.**

RTHK's Reply:

- 22) For the resources allocated to TV programme production and the changes, please refer to **Annex 14** for details.

As regards production studios, RTHK has all along been using four TV studios, which are of 1 150 square metres in total. In the past five years, RTHK had also increased approximately 82 square metres of floor area for in-house programme productions by refurbishing and reshuffling the usage of areas within the TV House on the Broadcast Drive. These include

one server room, one presentation room, one file ingestion room and one quality control room.

With regard to the equipment, the acquisition made and refurbishment projects conducted by RTHK in the past five years for the provision of DTT services include:

Financial Year	Equipment and Refurbishment Projects
2015-16	<ul style="list-style-type: none"> • Development of TV Presentation System
2016-17	<ul style="list-style-type: none"> • Acquisition of additional production equipment and system • Production systems enhancement, such as the exchange and ingestion servers for editing services • Development of the integrated library management system
2017-18	<ul style="list-style-type: none"> • Refurbishment of the TV post-production suite • Refurbishment of the studio at the Educational Television Centre • Expansion of the Chinese news video production system
2018-19	<ul style="list-style-type: none"> • Replacement of the aged satellite dish at the Broadcasting House • Acquisition of video server for live subtitle with live edit feature • Acquisition of the 2nd TV copies system • Enhancement of the existing on-air operation system

- 23) Referring to the above question, has an assessment been made to evaluate whether the budget would meet the requirements of the provision of DTT services, broadcasting hours and programmes (including the provision of diversified in-house production and acquired programmes)?**

RTHK's Reply:

- 23) From 2013-14 onwards, RTHK has been provided funding to develop DTT services. RTHK has launched the current

three DTT channels and increased the number of first-run programme hours since January 2014. With the gradual increase in resources, the number of first-run programme hours of RTHK TV programmes will increase from 1 409 in 2017-18 to 1 566 in 2018-19. The allocated provision and first-run programme hours from 2013-14 to 2018-19 are as follows:

Year	Allocated Provision (million dollars)	First-run Programme Hours
2013-14	361.5	764.4
2014-15	372.5	1 349
2015-16	416.2	1 334
2016-17	522.3	1 398
2017-18	541.4	1 409
2018-19	565.2 (revised estimate)	1 556

In 2019-20 and 2020-21, the number of first-run programme hours of RTHK TV programmes will be further increased to 1 734 and 1 810 respectively.

RTHK will continue to provide a wide range of in-house productions and acquired programmes in accordance with the purposes and mission, as well as the targets of TV services stated in the “Charter of Radio Television Hong Kong”.

- 24) Since the trial run of the DTT channels in January 2014 to November 2018, what are the changes in areas (e.g. facilities such as recording studios) used for in-house production of programmes (including radio and TV programmes)? What was the usage of the facilities (e.g. the serviceable life of the facilities) in the Broadcasting House (BH)? Has an assessment been conducted to evaluate the effect on the usage of facilities resulted from not being able to commence the construction of the New BH?**

RTHK’s Reply:

- 24) To meet the developmental needs of radio and TV production, RTHK has refurbished and reshuffled the usage of areas within the existing buildings on the Broadcast Drive in the past five years. Approximately 165 square metres of floor areas in total for in-house programme productions (including radio and TV

programmes) were made through refurbishment and reshuffling. These include three server rooms, one master control room, two presentation rooms, three editing rooms, one file ingestion room and one quality control room. Meanwhile, RTHK has carried out various projects to upgrade its equipment and enhance its facilities.

In 2015-16, RTHK had upgraded the continuity studios for Chinese Programme Services of the Radio Division, refurbished the Central Control Room, acquired a virtual set studio, developed and backed up the TV Presentation System, etc.

In 2016-17, RTHK had acquired additional production equipment and system to further develop its existing DTT service; enhanced production systems, such as the exchange and ingestion servers for editing services and the radio production studio; replaced the audio mixer in the production studio; developed the integrated library management system; acquired the news management system, etc.

In 2017-18, RTHK had upgraded the on-air routing system, audio mixing equipment, and the uninterruptible power supply. In addition, it refurbished the TV post-production suite and the studio at the Educational Television Centre, and expanded the Chinese news video production system.

In 2018-19, RTHK will refurbish the aged radio telephone booth and radio news studio, replace the aged satellite dish at the Broadcasting House, acquire a video server for live subtitle with live edit feature and the 2nd TV copies system, and enhance the existing on-air operation system.

The BH and the TV House were built in 1969 and 1975 respectively. Lacking of space and the ageing infrastructure pose challenges to RTHK's development in digitalisation. Before the re-provisioning of the new building, RTHK will continue to strengthen maintenance and repair. Multiple temporary measures are to be adopted to improve the existing facilities and work environment of RTHK's buildings on Broadcast Drive, so as to ensure that RTHK can provide professional public service broadcasting to the general public.

- 25) **The Charter of Radio Television Hong Kong stipulates that as the public service broadcaster in Hong Kong, RTHK has the purposes and missions of: A) encouraging social inclusion and pluralism; B) promoting education and learning; and C) serving a broad spectrum of audiences and catering to the needs of minority interest groups. As the purposes and missions are different from those of the commercial broadcasters, is it appropriate to use ratings as one of the main indicators for measuring programme performance? Apart from ratings, will other indicators be developed to evaluate the programmes?**

RTHK's Reply:

- 25) According to the "Charter of Radio Television Hong Kong", as a public service broadcaster, RTHK should provide TV services in areas not adequately provided by commercial broadcasters, which differentiates RTHK from commercial broadcasters in programmes arrangements. RTHK's TV services need to cater for the interests and needs of a broad spectrum of audiences as well as minority interest groups, promote education and cultures, provide timely public affairs programmes, offer a platform for information and discussion, encourage creativity and local original contents, provide nutrients for the community and culture, and produce diversified and less popular programmes. As such, TV ratings are neither the major nor sole indicator for RTHK's performance. RTHK agrees with the Audit Report's recommendations and will collect cross-media TV ratings to obtain more comprehensive information on the viewership of RTHK programmes and consider setting targets / benchmarks for different types of RTHK programmes based on the quality of programme (e.g. appreciation index) and awareness level, to make a more meaningful assessment of TV programmes.

- 26) It has been learnt that after a commercial television company had renewed its licence for 12 years in May 2015, the Communications Authority (CA) began to allow the company to broadcast RTHK programmes during non-prime time on weekdays. At that time, RTHK had reservations about the arrangement but its views were not accepted by CA. Has an assessment been made to evaluate the effect of the said arrangement on the ratings of the RTHK programmes?**

RTHK's Reply:

- 26) According to CA, prime time slot is the period from 7:00 p.m. to 11:00 p.m.

Since September 2016, the broadcast time of the RTHK programmes at that commercial TV broadcaster was changed from 7:00 p.m. to 7:30 p.m. to 6:00 p.m. to 6:30 p.m. The number of TV viewers in Hong Kong during that period (6:00 p.m. to 6:30 p.m.) is generally only half or less in comparison with that during 7:00 p.m. to 7:30 p.m.

Non-civil Service Staff in RTHK as at 31.3.2018

Non-civil Service Contract Job Title	Number
Creative Director	1
Head of Programme & Content Management	1
Assistant Content Management Officer	1
Executive Producer	1
Newscast Director	3
Sub-editor	2
Senior Producer	4
Producer	6
Assistant Producer	50
News Announcer	1
Principal Multimedia Sub-editor	2
Senior Multimedia Journalist	4
Multimedia Journalist	12
Multimedia Sports Reporter	1
Multimedia Web Designer	2
Operation Support Officer	1
Project Officer	3
Assistant Project Officer	5
Assistant Reference Library Officer	1
Assistant Scheduling Officer	3
Assistant Subtitling Officer	1
Corporate Communications Assistant	1

Non-civil Service Contract Job Title	Number
Floor Manager	1
Deputy Outside Broadcast Production Manager	2
Radio Studio Services Assistant	1
TV Studio Services Assistant	1
Film Crew Assistant	1
Production Assistant	5
Image Designer (Costume)	1
Hair Dresser	3
Make-up Stylist	3
Cameraman	1
Photographer	1
Lightingman	1
Set Designer	3
Video Editor	3
Video Tape Technician	1
Videographer	2
Audio Dubbing Technician	2
Electrician	1
Senior Scene Crew	5
Scene Crew	2
Scene Painter	1
Senior Engineer (Building Services)	1
Engineer (Building Services)	1
Engineer III	2

Non-civil Service Contract Job Title	Number
Engineer II	7
Engineer I	7
Network Engineer	1
IT Support Officer	1
Senior Network Support Officer	1
Network Support Officer	1
Network Support Assistant	1
System Development Officer	1
System Consultant	2
System Analyst	1
Web Copywriter	1
Senior Administrative Assistant	1
Administrative Supervisor	1
Administrative Assistant	8
Assistant Accounting Manager	1
Assistant Training Officer	1
General Clerk	1
Total	188

Hours of acquired TV programmes in each of the past 12 months and the proportion to broadcasting hours of RTHKTV 31:

Month	Hours of Acquired Programmes	RTHKTV 31 Broadcasting Hours	Proportion of Acquired Programmes
January 2018	116.5 hours	589 hours	19.78%
February 2018	116.5 hours	532 hours	21.90%
March 2018	128.5 hours	589 hours	21.82%
April 2018	122.5 hours	570 hours	21.49%
May 2018	136.25 hours	589 hours	23.13%
June 2018	129 hours	570 hours	22.63%
July 2018	127.5 hours	589 hours	21.65%
August 2018	126.5 hours	589 hours	21.48%
September 2018	119.5 hours	570 hours	20.96%
October 2018	122 hours	589 hours	20.71%
November 2018	121.75 hours	570 hours	21.36%
December 2018	131 hours	589 hours	22.24%

Hours of acquired radio programmes in each of the past 12 months and the proportion to the total broadcasting hours:

Month	Acquired Programmes Hours	Total Broadcasting Hours	Proportion
January 2018	92 hours	4 989.0 hours	1.84%
February 2018	80 hours	4 506.0 hours	1.78%
March 2018	92 hours	4 989.0 hours	1.84%
April 2018	87 hours	4 827.5 hours	1.80%
May 2018	66 hours	4 989.0 hours	1.32%
June 2018	70 hours	4 827.5 hours	1.45%
July 2018	67 hours	4 989.0 hours	1.34%
August 2018	82 hours	4 989.0 hours	1.64%
September 2018	74 hours	4 827.5 hours	1.53%
October 2018	58 hours	4 989.0 hours	1.16%
November 2018	70 hours	4 827.5 hours	1.45%
December 2018	78 hours	4 989.0 hours	1.56%

List of Acquired TV Programmes broadcast on RTHK 31 in 2014

- Disappeared Construction
- Porcelain
- Takeshi's Art Beat
- Little Human Planet
- Giselle
- The Nutcracker
- Currency
- Hugh's Fish Fight
- The Green Journey: Scrapheap Orchestra
- Vanguard
- Go Back To Where You Came From
- The Cruel War: Songs of War
- The Cruel War: The Pity of War
- The Cruel War: Footprints of War
- Zoobabu
- Dipdap
- Raa Raa The Noisy Lion
- Sandra, The Fairytale Detective
- Warm and Cold We Share Together
- Agricultural Paradise
- A Life of Tempestuous Waves
- Against All Odds: Poor Kids
- Against All Odds: Ukraine's Forgotten Children
- Against All Odds: Deaf Teens - Hearing World
- Against All Odds: After the Apocalypse
- Against All Odds: Kashmir's Torture
- Against All Odds: The Turtle Boy
- Against All Odds: Doctors without Borders
- Supersized Earth
- BBC Selections: Secret World of Materials (Metal)
- BBC Selections: Secret World Of Materials (Plastic)
- BBC Selections: Secret World of Materials (Ceramics)
- BBC Selections: Tomorrow's World
- BBC Selections: Inside My Mind
- BBC Selections: Prehistoric Autopsy - Neanderthal

- BBC Selections: Prehistoric Autopsy - Homo Erectus
- BBC Selections: Prehistoric Autopsy - Lucy
- BBC Selections: How to be More Creative
- BBC Selections: The Hunt For AI
- BBC Selections: Global Weirding
- BBC Selections: Voyager - To The Final Frontier
- BBC Selections: How Big is the Universe
- BBC Selections: How Small is the Universe
- BBC Selections: In Orbit - How the Satellites rule our world
- BBC Selections: The Great Japanese Retirement
- BBC Selections: World's busiest maternity ward
- BBC Selections: Swallowed by a Black Hole
- BBC Selections: Life, Death and Mistakes
- BBC Selections: Fighting Cancer
- BBC Selections: Inside the Cell
- BBC Selections: When Bjork Met Attenborough
- BBC Selections: Out of Control
- BBC Selections: Why Don't You Speak English
- BBC Selections: The Men who Made Us Thin
- BBC Selections: The Coffee Trail With Simon Reeve
- BBC Selections: The Tea Trail With Simon Reeve
- BBC Selections: India's Supersize Kids
- BBC Selections: Where is Flight MH370?
- BBC Selections: Chopin Saved My Life
- BBC Selections: Junk Food Mum
- BBC Selections: The Men Who Made Us Buy
- BBC Selections: Agnetha - Abba & After
- BBC Selections: David Bowie - Five Years
- BBC Selections: The Story Of Quadrophenia - Can You See The Real Me?
- BBC Selections: Roberta Flack - Killing Me Softly
- Somewhere On Earth
- Through Your Eyes
- Explore More II
- Faces From Places

List of Acquired TV Programme broadcast on RTHK 31 in 2015

- Takeshi's Art Beat
- Design Ah!
- Billy Joel: Live At Shea Stadium
- Santana: Live in Mexico
- Don McLean: American Troubadour
- Stevie Wonder: Live At Last
- 2Cellos - Live at Arena Pula
- Hugh Laurie: Copper Bottom Blues
- Tony Bennett & Lady Gaga: Cheek to Cheek
- Joan Baez - How Sweet The Sound
- Romeo & Juliet
- La Traviata
- Sleeping Beauty
- The Tsarina's Slippers
- The Marriage of Figaro
- Carmen
- Swan Lake
- Barber of Seville
- The Wayward Daughter
- A History of Jazz: Oxygen for The Ears
- Judy Collins: Live At the Metropolitan
- The Cure at Hurricane Festival
- Kraftwerk - Pop Art
- The Piano Guys live at Red Butte Garden
- Stradivarius: Mysteries of the Supreme Violin
- Currency
- Money World: Hidden Economy: Money and Power in North Korea
- Money World: Backlight: Big Data; the Shell Search
- Money World: Backlight: The Tax Free Tour
- Money World: Fair Trade - Behind the Scenes
- Money World: Charity Business: Humanitarian Excesses
- Money World: Backlight: The Africa-China Connection
- The Green Journey: Scrapheap Orchestra
- The Green Journey: Filmstar Fish, Struggle for Survival
- The Green Journey: The Seahorse Man

- The Green Journey: Rooftop Rainforest
- The Green Journey: Trash to Treasure
- The Green Journey: A Meaty Issue
- The Green Journey: E-Waste Tragedy
- The Green Journey: Zero Waste
- The Green Journey: Toxic Clothing
- The Green Journey: Backlight: Seed Battles
- The Tipping Points
- The Green Journey 2: SOS - Earth Calling!
- Tasty Tale
- International Insight: Ebola Frontline
- International Insight: Children on the Frontline
- International Insight: Lovebirds - Rebel lovers in India
- International Insight: Across Land Across Sea
- International Insight: Fukushima
- International Insight: Google and the World Brain
- International Insight: Murky Water
- International Insight: Hell In Paradise
- International Insight: Dust
- The Cruel Wars II: Apocalypse - The Rise of Hitler (Part I)
- The Cruel Wars II: Apocalypse - The Rise of Hitler (Part II)
- The Cruel Wars II: General Ishiwara: The Man Who Triggered the War
- The Cruel Wars II: Japan, the Emperor, and the Army
- The Cruel Wars II: Last Day in Vietnam (Part 1)
- The Cruel Wars II: Last Day in Vietnam (Part 2)
- The Cruel Wars II: Afghanistan 1979, The War That Changed the World 001
- The Cruel Wars II: Islamic State: The Origins of IS
- International Insight 2: Panorama: The Long Road - Europe's Border Crisis
- International Insight 2: Escape from ISIS
- International Insight 2: Pepe Mujica - Lessons from the Flowerbed
- The Norden
- Caps Club
- Zoobabu
- Dipdap
- Carefree Capers
- Raa Raa The Noisy Lion
- Sandra, The Fairytale Detective
- Sarah and Duck

- Earth to Luna
- Manon
- Mily Miss Question
- Agricultural Paradise
- The Great Outdoors: Our National Parks
- Pump Up Old Folks: Hip Hop-Eration
- Pump Up Old Folks: Cyber Seniors
- Pump Up Old Folks: The Optimists
- Pump Up Old Folks: Adrift in Old Age
- Pump Up Old Folks: Adrift in Old Age - Living with Dementia
- Pump Up Old Folks: The Retirement Gamble
- Pump Up Old Folks: Life and Death in Assisted Living
- Pump Up Old Folks: Two Raging Grannies
- Legendary Tales: IM Pei-Learning from Light
- Legendary Tales: Picasso, The Legacy
- Legendary Tales: Yoyoi Kusama: The Polka Dot Princess
- Legendary Tales: John Cage - Journeys in Sound
- Legendary Tales: Aung San Su Kyi, Freedoms As Legacy
- Legendary Tales: Nelson Mandela, The Myth & Me
- Legendary Tales: The Worlds of Philip K. Dick
- Legendary Tales: Orson Welles: Shadows And Light
- Come and See My World
- Science With You: Secrets of a Long Life
- Science With You: Science of Fasting
- Science With You: Gut Our Second Brain
- Science With You: Invisible Revolutions
- Science With You: Mystery of Dark Matter
- Science With You: Super Fungi
- Science With You: Body Language
- Science With You: Inside a Trader's Brain
- Science With You: Amazon Code
- Science With You: Panorama: To Walk Again - A Medical Miracle
- Science With You: Allergy: The Toxic Burden
- Science With You: Chronobiology
- Science With You: Medicines and Children
- Science With You: Horizon: Battle In Your Mind
- Science With You: Will We Soon Be Eating In Vitro Meat
- Science With You: Deep Down & Dirty - The Science of Soil

- Science With You: Digital Memory Gatekeepers
- Science With You: Animals Doctors
- Science With You: Operation Wild
- Science With You: The Fantastical World of Hormones
- Science With You: Horizon: Cats Uncovered
- Science With You: A Natural History of Laughter
- Science With You: Superlife
- Science With You: Party Animals
- Science With You: Survival of the Fabulous
- Science With You: Secret Life of Twins
- Science With You: Mars, The Ultimate Frontier
- Science With You: Custom Made Babies, The Future Of Human Reproduction
- Science With You: Immortals
- Science With You: Nanomedicine
- Science With You: The Empire of the Scents
- Science With You: Medical Revolution
- Secrets of Bones
- The Mysteries of the Brain
- Through Your Eyes
- Marco Polo: The China Mystery Revealed
- Faces From Places
- Ghost Fleet: The Epic Voyage of Zheng He
- Koxinga: A Hero's Legacy

List of Acquired TV Programme broadcast on RTHK 31 in 2016

- Design Ah! 2
- A Kylie Christmas
- 64
- Money World II: Falciani's Tax Bomb - The Man Behind The Swiss Leaks
- Money World II: Land Grabbing
- Money World II: Europe For Sale
- Money World II: Vino Business
- Money World II: Safari tourism: Paying to Kill
- Money World II: Trillion Dollar Island
- Money World II: Fantasy Sports Gamble
- Money World II: Planet FIFA
- Money World III: Panama Papers: The Hold-up of the Century
- Money World III: Art Trafficking - A Gray Market
- Money World III: Electricity: The Price to Pay
- Money World III: Backlight: The Breakthrough in Renewable Energy
- Money World III: Backlight: The Chinese World Order
- Money World III: Chocolate is the New Black Gold
- Money World III: Gaming, The Digital Revolution
- The Green Journey III: The Bee Effect
- The Green Journey III: Blood Lion
- The Green Journey III: Gambling on Extinction
- The Green Journey III: What future for the Oysters
- The Green Journey III: Sand Wars
- The Green Journey III: Inside fur
- The Green Journey III: Unbreathable: Cities on the Verge of Asphyxiation
- The Green Journey III: Dirty Gold War
- The Green Journey III: Gringo Trails
- The Green Journey III: Backlight: Fossil Free
- Tasty Tale 2
- Ainsley Eats the Street
- International Insight 2: Nuclear Nation II
- International Insight 2: Chechnya - War Without Trace
- International Insight 2: Cotton
- International Insight 2: I am Kuba
- The Norden

- International Insight 3: Two Black Men A Week
- International Insight 3: Ghostland
- International Insight 3: The Great European Disaster Movie
- International Insight 3: Reach for the Sky
- International Insight 3: Inside IS
- International Insight 3: Children On The Frontline
- International Insight 3: Watani: My Homeland
- International Insight 3: Babushkas of Chernobyl
- International Insight 3: India's Daughter
- International Insight 3: Europe for Sale
- Rita & Whatsit
- Earth to Luna
- Manon
- Mily Miss Question
- Full Proof
- Mimi & Lisa
- Zack & Quack
- No Direction Home: Bob Dylan
- Agricultural Paradise
- Different Lives: The Flying Stars
- Different Lives: Gayby Baby
- Different Lives: Shibuya Crossing
- Different Lives: Light Fly Fly High
- Different Lives: Song From The Forest
- Different Lives: Taiga
- Different Lives: Alice Cares
- Different Lives: Radioman
- Different Lives: Tears of a Thief
- Different Lives: Transforming Gender
- Different Lives: No Word for Worry
- Different Lives: Lost and Found
- Science With You: In Search of Colour (Ep 1)
- Science With You: In Search Of The Dark
- Science With You: Cosmic Dawn: The Real Moment of Creation
- Science with You 2: Aftershock: The Hunt for Gravitational Waves
- Science with You 2: Oceans of the Solar System
- Science with You 2: Islands of Evolution
- Science with You 2: Dynamic Salt

- Science with You 2: Is Anybody Out There
- Science with You 2: The Visit - An Alien Encounter
- Science with You 2: Backlight: The Human Rebot
- Science with You 2: Horizon: How to Build an Astronaut
- Science with You 2: End of Memory?
- Science with You 2: Brain Power
- Science with You 2: Secret Life of Midges, The
- Science with You 2: Under the Pole
- Science with You 2: Cancer: The New Trailblazers
- Science with You 2: From Baby to Kiss
- Science with You 2: Autists: A Place Among The Others?
- Science with You 2: Our Genes Under Influence
- Science with You 2: Space Robot Revolution
- Science with You 2: Inside Einstein's Mind
- Science with You 2: Memory Hackers
- Science with You 2: Climate: A Few Degrees Less
- Science with You 2: Hurricane: The Anatomy
- Science with You 2: Empathy the Heart's Intelligence
- Science with You 2: Sonic Magic
- Science with You 2: Zero Gravity: A mission in space
- Science with You 2: Project Greenglow and the Quest for Gravity Control
- Science with You 2: The Dark Energy Mystery
- Science with You 2: The Truth About Dementia
- Science with You 2: Immortality, the last frontier
- Science with You 2: Lost and Sound
- Science with You 2: The Experiment
- Science with You 2: The Dark Side of a Pill
- Science with You 2: Aliens: The Big Think
- Science with You 2: The Fabulous Story of Canelle the Chimp
- Science with You 2: Medical Revolution-Back Pain and the Brain
- Science with You 2: Medical Revolution-Preventing Dementia
- Science with You 2: Origins of Land-Nishinoshima Island
- Science with You 2: Bacterial World
- Science with You 2: Secret Life of Growing Up Episode 1
- Science with You 2: Secret Life of Growing Up Episode 2
- Science with You 2: The Funny Side of Science
- Science with You 2: Mosquitoes - Annoying Invaders
- Along the banks of the Yangtze

- Behind the Champions: Sir Alex Ferguson - Secrets of Success
- Behind the Champions: First - The Official Film of the London 2012 Olympics (Part 1)
- Behind the Champions: First - The Official Film of the London 2012 Olympics (Part 2)
- Behind the Champions: The Equalizer
- Behind the Champions: Doped
- Behind the Champions: Munich '72 and Beyond
- Behind the Champions: Nadia Comaneci, The Gymnast and the Dictator
- Behind the Champions: Hitler's Champions #1
- Behind the Champions: Hitler's Champions #2
- Behind the Champions: Jesse Owen
- Bridge the Gap
- Caribbean with Simon Reeve, Ireland with Simon Reeve, Greece with Simon Reeve, Simon Reeve's Sacred Rivers
- Explore More III
- Cariocas Today

List of Acquired TV Programme broadcast on RTHK 31 in 2017

- Abandoned Engineering
- Design Ah! 2
- The Eight Seasons
- Hong Kong Philharmonic Orchestra At Musikverein
- Melody Gardot: Live at the Olympia Paris
- Gregory Porter: Live In Berlin
- 2Cellos at Sydney Opera House
- John Wilson at the BBC Proms - Tribute to Leonard Bernstein
- Salzburg Festival 2016: Yuja Wang and the Camerata Salzburg
- Money World III: Pirates: Threatening Global Trade
- Money World III: DAESH Financing System
- Money World III: America: The World's Anti Corruption Police
- Money World III: Higher Education: The New Global Economic War
- Money World III: The Price of Fairness
- Money World III: Zembra: Dutch roses from Ethiopia
- Money World III: Automation and the future of jobs
- Money World III: The Secret of Your Clothes
- Money World III: Appetite for Destruction: The Palm Oil Diaries
- Money World III: Inside the Storm
- Revolution School
- Everybody's Business
- 31 See the World: Inside the "Kimdom": North Korea Exposed
- 31 See the World: Syria's Disappeared: The Case Against Assad
- 31 See the World: Free Lunch Society
- 31 See the World: Mundiya Kepanga, The Voice of the Forest
- 31 See the World: South Korea: Success At All Costs
- 31 See the World: The Wait
- 31 See the World: Democracy Road
- 31 See the World: Venice, Holding Back The Tide
- 31 See the World: INDONESIA: The Invisible Giant
- 31 See the World: This World: North Korea - Murder in the Family
- 31 See the World: Burma, The Power of Monks
- 31 See the World: Segregation is Back
- 31 See the World: Cyborgs: Human Machines
- 31 See the World: The Grown Ups

- 31 See the World: The Other Jerusalem
- The Cruel War: Battle of Chosin
- The Cruel War: The Gathering Storm
- The Cruel War: The Phony War
- The Cruel War: Witness to a Massacre: Nanjing 1937
- The Cruel War: Blitzkrieg
- The Cruel War: Alone
- Sarah and Duck
- Zack & Quack
- Free as a Bird
- We're Going on A Bear Hunt
- The Stick Man
- Sydney Sailboat
- Floogals
- Kit & Kate
- Miru Miru
- Adele - Live in London
- Leonard Cohen: Bird On A Wire
- A Tribute to Barbara Streisand
- A Tribute to James Taylor
- Front and Centre: James Blunt
- Front and Centre: Norah Jones
- Soundstage: Tom Jones
- On the Run - Beyonce & Jay Z Live in Paris
- Soundtracks – Songs That Defined History
- Agricultural Paradise
- Legendary Scholar Lun Man-chui
- Born Naughty
- The World According to Kids
- Different Lives 2: Wandering Village
- Different Lives 2: A Young Patriot
- Different Lives 2: Cat Heaven Island
- Different Lives 2: Who's Gonna Love Me Now
- Different Lives 2: My Love, Don't Cross That River
- Different Lives 2: The Dreamer
- Different Lives 2: Rocking Cambodia: Rise of a Pop Diva
- Different Lives 2: Nowhere To Call Home
- Different Lives 2: Waiting for Invasion

- Different Lives 2: Pennies
- Different Lives 2: Survival Artists
- Different Lives 2: Raving Iran
- Science with You 3: Medical Revolution - Killer Stress #1
- Science with You 3: Medical Revolution - Killer Stress #2
- Science with You 3: Evolving AI: Blessing or Curse?
- Science with You 3: The Great Math Mystery
- Science with You 3: Ride the Tiger: A Guide Through the Bipolar Brain
- Science with You 3: Brain Overload
- Science with You 3: Do Animals Have Rights
- Science with You 3: Touch the Music
- Science with You 3: Planet Hunters
- Science with You 3: Dallol Volcano
- Science with You 3: Titans of the Deep
- Science with You 3: Horizon: Secrets of the Solar System
- Science with You 3: Beyond Earth
- Science with You 3: Forces of Nature
- Science with You 3: Dangerous Earth
- Science with You 3: Search for the Super Battery
- Science with You 3: The Musical Brain
- Science with You 3: The Nuclear Option
- Science with You 3: Deep Ocean: Lights in the Abyss
- Science with You 3: Miracle Body: Russia's Golden Mermaids
- Science with You 3: Secrets of Centenarians
- Science with You 3: Glucose Spike: Uncovering a Hidden Threat
- Science with You 3: How To Live Longer
- Science with You 3: Should We Go To Mars
- Science with You 3: Clean Eating
- Science with You 3: A World without Mosquitoes
- Science with You 3: Aids: Countdown to a Cure
- Science with You 3: The Science of Hypnosis
- Science with You 3: Life in Outer Space
- Science with You 3: Neutrinos – Messengers from the Edge of the Universe
- Science with You 3: Battle for Blood
- Science with You 3: Horizon: Why Did I Go Mad?
- Science with You 3: Horizon: ADHD & Me
- Science with You 3: Follow Your Nose - Cracking Smell's Code
- Science with You 3: 3D - Printing the Future

- Science with You 3: Horizon: Strange Signals From Space
- Science with You 3: Sound Waves - The Symphony of Physics
- Science with You 3: Military Medicine: Beyond the Battlefield
- Science with You 3: Poisoned Water
- Science with You 3: Superplants - Or how to make money from saving the environment
- Science with You 3: Tuberculosis - A Real Threat
- Science with You 3: X-Ray Run: The Secret of Movement
- Unseen Enemy
- Potential Hazards: The Meat Lobby: Big Business Against Health
- Potential Hazards: Fluoride: a Friend that wants to harm you
- Potential Hazards: Deodorant, Air Fresheners: The War of Odors
- Potential Hazards: The Fertility Business
- Potential Hazards: Luna Park, Adrenaline at all Costs
- Potential Hazards: Video Game Abuse is a Health Hazard
- Potential Hazards: In the Mind of Reckless Drivers
- Potential Hazards: Milk - Facts, Figures and Beliefs
- Potential Hazards: Lethal Fake Medicine
- Potential Hazards: Unfiltered - The Truth about Aerotoxic Syndrome
- Potential Hazards: Toxic Chemicals: Kids in Danger
- Potential Hazards: Supplements and Safety
- Potential Hazards: Fresh Fruit Fakers
- Potential Hazards: The Salmon Industry
- Potential Hazards: Why Trains Crash
- Potential Hazards: Backlight: What Makes You Click
- Potential Hazards: Tampon, Our Closest Enemy
- Potential Hazards: Tuna: What's in the Can?
- Potential Hazards: Toxic Waters
- Potential Hazards: Money Flows
- Potential Hazards: Global Water Wars
- China, Land of Colors
- Simon Reeve's Sacred Rivers, Operation Arctic, Pilgrimage With Simon Reeve, Turkey with Simon Reeve, Colombia with Simon Reeve
- Secret Cities
- Martin Clunes: Man & Beast

List of Acquired TV Programme broadcast on RTHK 31 in 2018

- Through the Heart of China
- Yo-yo Ma & Manfred Honeck in Baden-Baden 2016
- Verbier 2016: Kyung Wha Chung and Charles Dutoit
- Queen: Rock Montreal
- Air Supply: Live in Hong Kong
- Hollywood in Vienna 2017: A Tribute to Danny Elfman
- Netrebko and Hvorostovsky : Live in Red Square
- Luciano Pavarotti 2017 10th Anniversary Concert
- Stayin' Alive: A GRAMMY Salute To The Music Of The Bee Gees
- BBC Proms 2017: Last Night
- Morrissey 25: Live
- Norah Jones: Live At Ronnie Scotts
- A Cook Aboard
- No Passport Required
- The Wandering Chef's Yunnan Adventure
- The Life Swap Adventure
- Astronauts: Toughest Job in the Universe
- 31 See the World: The making of a Putin
- 31 See the World: Death in the Philippines
- 31 See the World: Daughter of the lake
- 31 See the World: The Home Show
- 31 See the World: Angela Merkel, The Unexpected
- 31 See the World: Women of the Venezuelan Chaos
- 31 See the World: Beyond Seeing and Hearing
- 31 See the World: Putin's Revenge
- 31 See the World: Black Code
- 31 See the World: Ocean's Cartels
- 31 See the World: E-Life
- 31 See the World: Wasted! The Story Of Food Waste
- 31 See the World: Land of the Free
- 31 See the World: The Balfour Declaration: The Promise to the Holy Land
- 31 See the World: The Plastic Surgery Capital of the World
- 31 See the World: Father Mother Donor Child
- 31 See the World: Can We Live With Robots?
- 31 See the World: What's Wrong With White America

- 31 See the World: Climate Challenge
- 31 See the World: Yemen, Kids and War
- 31 See the World: Erdoğan: The Dictator's Republic
- 31 See the World: Children of the Jihad, Ticking Time Bombs
- 31 See the World: Russian Spy Assassins: The Salisbury Attack
- 31 See the World: World Cup of Spies
- 31 See the World: Working with Weinstein
- 31 See the World: Singled Out
- 31 See the World: Silas
- 31 See the World: Iran, Dreams of an Empire?
- 31 See the World: India's Partition: The Forgotten Story
- 31 See the World: Cuba, Embracing its Future
- 31 See The World: Digital Addicts
- 31 See The World: Stacey Dooley Investigates: Russia's War on Women
- 31 See The World: Stacey Dooley Investigates: Young Sex for Sale in Japan
- 31 See The World: Old Marine Boy
- 31 See The World: Catalonia - War of the Flags
- 31 See The World: I'm Somewhere
- 31 See The World: Myanmar's Killing Fields
- 31 See The World: Backlight: The Immortals
- 31 See The World: Japan's Secret Shame
- 31 See The World: King's Coffee
- 31 See The World: Separated: Children at the Border
- 31 See The World: UN Sex Abuse Scandal
- 31 See The World: Anne & Jean-Paul Our World
- 31 See The World: Escaping the Venezuelan nightmare
- 31 See The World: The Ugliest Car
- 31 See The World: Toxic Trends-Food
- 31 See The World: Toxic Trends-Plastic
- The Cruel War: Barbarossa
- The Cruel War: A Day in Infamy
- The Cruel War: The Turning Point
- The Cruel War: The End of the Beginning
- The Cruel War: The Beginning of the End
- The Cruel War: Overlord
- The Cruel War: Hell is on Us
- The Cruel War: Unconditional Surrender
- The Cruel War: A Thousand Suns

- The Cruel War: The Arrow of Time, The Arrow of Time, Gorbachev and The Opportunity For Peace Wasted
- The Cruel War: Rise of the Superpowers
- The Cruel War: Paranoia
- The Cruel War: Revolution
- The Cruel War: Nuclear Poker
- The Cruel War: Peace and War
- The Cruel War: Cold War II
- The Cruel War: Warmonger
- The Cruel War: Falling Dominoes
- Animals that Changed History
- Napoleon Bonaparte, The Egyptian Campaign
- Napoleon - The Russian Campaign
- Apocalypse World War 1
- Waterloo, The Ultimate Battle
- The First Silent Night
- Sarah & Duck Season
- Nelly & Nora
- Hey Duggee
- Pablo
- Earth To Luna
- Granny, Butch and Waffles
- Floogals
- The Seven Ages of Elvis
- World's Wildest Weather
- Peking Opera Film: Dragon and the Phoenix Bringing Prosperity
- Farewell my Concubine
- Science with You: Hearing Voices
- Science with You: Horizon: Mars - A Traveller's Guide (2017)
- Science with You: Top Science Stories 2017
- Science with You: Beyond a Year in Space
- Science with You: Eclipse Over America
- Science with You: The 21st Century Race for Space
- Science with You: Space Probes
- Science with You: AI: Into the Real World
- Science with You: Deep Ocean: Journey to the Deepest
- Science with You: Brains in Danger
- Science with You: Expedition New Earth

- Science with You: Brain Factory
- Science with You: Let There Be Light
- Science with You: Black Hole Apocalypse
- Science with You: Expedition Volcano
- Science with You: Secret Life of Pearls
- Science with You: Deep Ocean: Giant of the Antarctic Deep
- Science with You: Iron Heart
- Science with You: The Crispr Revolution
- Science with You: Dust Storm
- Science with You: AI: Your New Brain
- Science with You: The Science of Dreams
- Science with You: Masters of the Elements: Fire
- Science with You: Masters of the Elements: Air
- Science with You: Masters of the Elements: Earth
- Science with You: Medical Revolution: Ghost Blood Vessels
- Science with You: The invisible enemy-deadly super pathogens from pharmaceutical factories
- Science with You: The Great Wild Indoors
- Science with You: First Face of the Americas
- Science with You: Fixing Nature - Water
- Science with You: Fixing Nature - Fire
- Science with You: Fixing Nature - Soil
- Science with You: The School of Tomorrow
- Science with You: Decoding the Weather Machine
- Science with You: Distracted While Driving
- Science with You: Rediscovering T.rex
- Science with You: Super Germs: The Deadly Enemies
- Science with You: Master of the Elements: Water
- Science with You: Car: from the Status Symbol to the Nightmare
- Science with You: Artificial Intelligence - will the robots ruin us?
- Science With You: Meet The Humans
- The Secrets Of Sleep
- The Secret Life of Springs
- Mainland Affairs: World's Forgotten Army
- Mainland Affairs: Exodus of 100 Million Farmers
- Mainland Affairs: Citizens Battle to Clear the Skies
- Mainland Affairs: Feeding Personal Wealth to Growth Industries
- Mainland Affairs: China's E-commerce Revolution

- Mainland Affairs: Complicit
- Mainland Affairs: When Siberia Will Be Chinese
- Mainland Affairs: The Chinese Lives of Uli Sigg
- Mainland Affairs: Plastic China
- Mainland Affairs: The Chinese Mayor
- Mainland Affairs: The Spokesperson
- Mainland Affairs: Still Tomorrow
- Mainland Stories 2018: China's Westward March
- Mainland Stories 2018: China's Leftover Men
- Mainland Stories 2018: Lady of the Harbour
- Mainland Stories 2018: My Chinese Boss
- Mainland Stories 2018: China on Film
- Route Awakenings
- Hidden History of FIFA World Cup
- Russia with Simon Reeve, Burma with Simon Reeve
- Life at the Extreme with Davina McCall
- Amazing Train Journeys
- Safari

List of acquired radio programmes in 2014

- “33rd Hong Kong Film Awards Presentation Ceremony”
- “BBC World Service Programmes”
- “Chamber Music Festival – Vadim Repin & Friends”
- “Chamber Music Festival Closing Night Gala”
- “The 66th Hong Kong Schools Music Festival”
- “Mei Yi Foo Piano Recital”
- “The King’s Singer Concert”
- “Ning Feng & Javier Violin & Piano Perianes Recital”
- “Great Sax Concert”
- “Doric String Quartet”
- Film (Audio): “Infernal Affairs”
- Film (Audio): “Infernal Affairs II”
- Film (Audio): “A World Without Thieves”
- Film (Audio): “Life Without Principle”
- Film (Audio): “Don’t Go Breaking My Heart”
- Film (Audio): “Overheard”
- Film (Audio): “Overheard 2”
- Film (Audio): “A Simple Life”
- Film (Audio): “The Last Tycoon”
- Film (Audio): “What Women Want”
- Film (Audio): “Forever and Ever”
- Film (Audio): “Shaolin Soccer”
- Film (Audio): “Love Lifting”
- Film (Audio): “Hooked on You”
- Film (Audio): “If You Are the One”
- Book (Audio): “Life and Death are Wearing Me Out”
- Radio Drama: 《圈子圈套 — 戰局篇》
- Radio Drama: 《圈子圈套 — 迷局篇》
- Radio Drama: 《圈子圈套 — 終局篇》
- Radio Drama: 《暗算 — 深海突圍》
- Radio Drama: 《暗算 — 特別情報》
- Radio Drama: “Candle in the Tomb: The Ruins of One Ancient City”
- Radio Drama: “Candle in the Tomb: The Lost Caverns”
- Radio Drama: “Drawing Sword”
- “2018 Shanghai TV Spring Festival Gala”

List of acquired radio programmes in 2015

- “34th Hong Kong Film Awards Presentation Ceremony”
- “BBC World Service Programmes”
- “City Chamber Orchestra of Hong Kong Concerts”
- “6th Hong Kong International Chamber Music Festival”
- “67th Hong Kong Schools Music Festival”
- “Concerts from European Broadcasting Union”
- “David Greilsammer Recital”
- “Jerusalem Quartet Recital”
- “Ning Feng and Southbank Sinfonia”
- “Avi Avital and the Cologne Academy at Hong Kong City Hall Concert Hall”
- Film (Audio): “Christmas Rose”
- Film (Audio): “Overheard 3”
- Film (Audio): “Unbeatable”
- Film (Audio): “The Big Boss”
- Film (Audio): “Way of the Dragon”
- Film (Audio): “Game of Death”
- Film (Audio): “Fist of Fury”
- Radio Drama: “White Deer Plain”
- Radio Drama: “The Flowers of War”
- Radio Drama: 《喬家的兒女》
- Radio Drama: “New Age of Marriage”
- Radio Drama: 《大崩潰》
- Radio Drama: “Premier of the Qing Dynasty”
- Radio Drama: “Multi Channel Tracking”
- Radio Drama: “Pride & Prejudice”
- Radio Drama: “Robinson Crusoe”

List of acquired radio programmes in 2016

- “35th Hong Kong Film Awards Presentation Ceremony”
- “68th Hong Kong Schools Music Festival”
- “BBC World Service Programmes”
- “City Chamber Orchestra of Hong Kong Concerts”
- “Hong Kong International Chamber Music Festival 2016”
- “Concerts from European Broadcasting Union”
- “Louis Schwizgebel Recital”
- “Concert by Narek Hakhnazaryan at the Hong Kong City Hall Concert Hall”
- Film (Audio): “The White Haired Witch of Lunar Kingdom”
- Film (Audio): “A Better Tomorrow”
- Film (Audio): “A Chinese Ghost Story”
- Film (Audio): “Rouge”
- Film (Audio): “Once a Thief”
- Film (Audio): “Little Big Master”
- Film (Audio): “Out of Inferno”
- Radio Drama: 《鬼吹燈之鎮庫狂沙》
- Radio Drama: 《鬼吹燈之金棺陵獸》
- Radio Drama: 《許我向你睇》
- Radio Drama: 《一厘米的陽光》
- Radio Drama: 《紅與黑》

List of acquired radio programmes in 2017

- “37th Hong Kong Film Awards Presentation Ceremony”
- “69th Hong Kong Schools Music Festival”
- “BBC World Service Programmes”
- “City Chamber Orchestra of Hong Kong Concerts”
- “Iskandar Widjaja Violin Recital at City Hall Concert Hall”
- “Hong Kong International Chamber Music Festival 2017”
- “American Boychoir Concert”
- “Z.E.N. Recital”
- Film (Audio): “Diva”
- Film (Audio): “Boat People”
- Film (Audio): “Fat Choi Spirit”
- Film (Audio): “Shanghai Grand”
- Film (Audio): “Song of the Exile”
- Book (Audio): 《童年的我·少年的我》
- Book (Audio): 《何紫兒童小說精選集》
- Book (Audio): 《何紫兒童小說精選集 2》
- Radio Drama: “Song of Huaru”
- Radio Drama: 《雪擁藍關》
- Radio Drama: 《大金王朝》
- Radio Drama: 《那個不為人知的故事》
- Radio Drama: 《歡樂頌 1》
- Radio Drama: 《歡樂頌 2》

List of acquired radio programmes in 2018

- “37th Hong Kong Film Awards”
- “70th Hong Kong Schools Music Festival”
- “BBC World Service Programmes”
- “City Chamber Orchestra of Hong Kong Concerts”
- “10th Anniversary Gala Concert”
- “Concerts from the 9th HK International Chamber Music Festival”
- “Danish Quartet Recital”
- “Hong Kong Sinfonietta Concert”
- Film (Audio): Eighteen Springs
- Film (Audio): A Better Tomorrow III: Love and Death in Saigon
- Film (Audio): An Autumn's Tale
- Film (Audio): The Last Message
- Film (Audio): Temporary Family
- Film (Audio): Office

Acquired Programme Committee Assessment Form**Mandatory Requirements:**

1. Programme content satisfies RTHK editorial standards.
2. Quality of the programme is up to prevailing technical requirements
 - Visual: 16:9 format, HD 1920x1080 unless with strong justifications (such as archive films)
 - Audio: Stereo with International Soundtracks (Mixed minus Narration)

Assessment Guidelines:

	Criteria	Marking Scheme	Subtotal
1.	Concept & ideas APC members should assess whether the concept and idea of the programme is unique and original; and how well it fits with channel strategy and positioning. The programme should be effective in achieving the channel's targets.	Outstanding (25-30) Effective (19-24) Moderate (13-18) Weak (7-12) Very Weak (0-6)	30
2.	Presentation skills APC members should assess the visual and audio presentation of the programme in terms of its structure, theme, style, format, talent employed and how the programme unfolds from beginning to end	Outstanding (25-30) Effective (19-24) Moderate (13-18) Weak (7-12) Very Weak (0-6)	30
3.	Informative & educational values The programme should provide information and/or knowledge that would help widen the vision of our audience. Topics rarely featured on local TV would be more desirable.	Outstanding (17-20) Effective (13-16) Moderate (9-12) Weak (5-8) Very Weak (0-4)	20
4.	Attractiveness of the programme The programme should be appealing to the general population in Hong Kong and can enhance the channel's engagement with local TV audience	Outstanding (17-20) Effective (13-16) Moderate (9-12) Weak (5-8) Very Weak (0-4)	20
		Total marks:	100

** Programmes scoring 60% or above in total will be recommended by the Acquired Programme Committee for acquisition.

Acquired Programme Committee Assessment Form

Title Name	Epi	Dur.	Year	Concept and ideas	Presentatio n Skills	Info. and Edu. values	Attractivene ss
Genre: Arts and Culture							
Distributor Name: <u>Company A</u>				30%	30%	20%	20%
Title A	13	26	2016				
Distributor Name: <u>Company B</u>				30%	30%	20%	20%
Title D	2	52	2016				
Genre: Continuing Education							
Distributor Name: <u>Company B</u>				30%	30%	20%	20%
Title C	1	52	2016				
Genre: Mainland Affairs							
Distributor Name: <u>Company B</u>				30%	30%	20%	20%
Title B	6	26	2016				

Signature: _____

Date: _____

Name: _____

Title: _____

Community Involvement Broadcasting Fund Guide to the Auditors on Limited Assurance Engagement

1 Background

- 1.1 The Government of the Hong Kong Special Administrative Region (The Government) had established the Community Involvement Broadcasting Service (CIBS) and tasked Radio Television Hong Kong (RTHK) to devote part of its airtime to provide a platform for the community, non-government organisations and the underprivileged to participate in broadcasting. The Government has also established the Community Involvement Broadcasting Fund (CIBF) to provide funding for application by groups or individuals interested in producing radio programmes under the CIBS.
- 1.2 RTHK administers the CIBS and CIBF to encourage community organisations or individuals to bid for resources for the production of radio programmes and arranges for the programmes to be broadcast on RTHK.

2 Conditions for Disbursement of Approved Fund

- 2.1 After the completion of the programme, the Applicant subsidised by CIBF shall submit to RTHK a Limited Assurance Engagement Report prepared by a practicing Certified Public Accountant (Auditor) registered under the Professional Accountants Ordinance (Cap. 50). The approved fund or the remaining approved fund shall be disbursed to the applicant upon acceptance of the “Limited Assurance Engagement Report” by RTHK.
- 2.2 RTHK reserves the right to withhold the approved fund or disburse only part of the approved fund if the performance of the Applicant is found unsatisfactory or if the Applicant breaches any terms and conditions of approved funding as stated in the agreement.
- 2.3 RTHK reserves the right to demand from the Applicant compensation of administrative cost if the Applicant fails to submit the programmes, or the programme is unsuitable for broadcast for any reason. The administrative cost will normally not exceed 20% of the approved fund.

3 Guidelines on Use of Approved Fund by Applicant

- 3.1 Ensure the proper use of approved fund.
- 3.2 The approved unit rate and quantity of each approved item are fixed. Unless otherwise agreed by RTHK, unit rate and / or quantity of each approved item shall not be enhanced in any event.

3.3 The applicant is prohibited from obtaining any revenue or interest from the programme productions or activities related to the production apart from the approved fund.

4 Guidelines for Limited Assurance Engagement

4.1 The auditor should comply with the relevant Standards and Statements of Professional Ethics issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants.

4.2 The Applicant should prepare a Statement of Expenditure (refer to Annex 1) for the programme approved under CIBF and submit completed Annex 1 – 8 to auditor. The auditor should check whether the actual expenditure conform to the approved categories and items.

4.3 All expenditure should be recorded in a separate and complete set of books and records. The related expenditure and procurement records should be properly maintained, including invoices; receipts; counterfoils; names; HKID Card numbers; job titles; dates of service; episodes involved; acknowledgement receipts with date of payees for honorarium (refer to Annexes 2-4); procurement records (refer to Annexes 5-7); registers for procurement of CDs (refer to Annexes 8), etc. The dates of the expenditure and procurement records to be audited should be no earlier than the effective date of agreement and no later than the signing date of the Limited Assurance Engagement Report.

4.4 All procurement of goods and services should follow the instructions listed in paragraph 8 of the Handbook for Community Involvement Broadcasting Service and should include relevant proof of price quotations (refer to Annex 9).

5 Limited Assurance Engagement Report

5.1 The auditor should provide a Limited Assurance Engagement Report for the programme (refer to Annex 10).

5.2 The Annex 1 Statement of Expenditure should be included to the Limited Assurance Engagement Report.

Checklist:

1. Statement of Expenditure
2. Claim Form for Honorarium Expenditure
3. Acknowledgement of Honorarium
4. List of Production Crew
5. Summary Record for Procurement of Services and Goods above HK\$1,000
6. Summary Record for Procurement of Services and Goods up to HK\$1,000
7. Result of Quotation for Procurement
8. CD Register
9. Paragraph 8 of the “Handbook for Community Involvement Broadcasting Service”
10. Specimen Limited Assurance Engagement Report

Community Involvement Broadcasting Service Statement of Expenditure

This Annex should be completed and submitted to the auditor for audit.

For Official Use Only

Application No.:
Date:

Applicant: _____

Programme Title: _____

Person of the Organisation Responsible for the Application
(For Applicant as an Organisation): _____

Project Co-ordinator: _____

Date of Annex Submission to auditor: _____

Category (A)	Approved Item	Approved Head-count	Approved Amount	Actual Head-count	Actual Expenditure	Claim Amount
Production Crew – ("Honorary")	Project Coordinator					
	Producer					
	Technical Producer					
	Scriptwriter					
	Researcher					
	Actor/Presenter					
	Sub-total (A)					

Details of the above expenditure can be referred to Annex 2 and 3

Category (B)	Approved Item	Approved Quantity	Approved Amount	Actual Quantity	Actual Expenditure	Claim Amount	Receipt No.
Services and Goods	Studio Rental (one-hour episodes)						
	Studio Rental (half-hour episodes)						
	Music CDs						
	CD-ROMs						
	Limited Assurance Engagement Report						
	Sub-total (B)						
Total (A) + (B)							

To conclude, the total claim amount of the title programme is HK\$ _____.

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

Certified by :

Signature of the applicant/ Person of the Organisation Responsible for the Application:

Name of the applicant/ Person of the Organisation Responsible for the Application:

Chop of the organisation: _____

Date: _____

Community Involvement Broadcasting Service Claim Form for Honorarium Expenditure

This Annex should be completed and submitted to the auditor for audit.

Name of Applicant: _____

Programme Title: _____

Period of Broadcast: _____ to _____

No.	Job Title <small>Note 1</small>	Name of Payee	HKID Number <small>Note 2</small>	Total Amount Paid to the participant	Actual Total Amount of the Job Title	Approved Amount
Total						

Note:

1. As voluntarism is the core spirit of the CIBS, a standard honorarium of HK\$300 per episode, subject to a quota, will be granted to each participant assuming one of the following six types of job titles for each episode: producers, project coordinators, researchers, scriptwriters, actors/presenters and technical producers. The respective quota for producers, project coordinators and technical producers is one, researchers and scriptwriters two, and actors/presenters eight. The overall quota is ten. A person assuming more than one post for the same episode can only receive an honorarium of HK\$300.

2. Personal Information Collection Statement

- (a) Personal data provided by applicants in the application forms and all other documents will be used for the following purposes:
- i. Claim for honorarium expenditure;
 - ii. Review of the CIBS.

All personal data provided by applicants shall not be used for any purposes other than those stated above.

- (b) Applicants who wish to gain access or make corrections to their personal data may submit the requests in writing to the Secretariat to the CIBS project.

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

Certified by :

Signature of the applicant/Person of the Organisation Responsible for the Application:

Name of the applicant/ Person of the Organisation Responsible for the Application:

Chop of the organisation: _____

Date: _____

Community Involvement Broadcasting Service Acknowledgement of Honorarium

This Annex should be completed and submitted to the auditor for audit.

Name of Applicant: _____

Programme Title: _____

Period of Broadcast: _____ to _____

Please alert that the date of signing by the payee, the paying officer and the witness should be the same.

Episode Note 1	Name of Payee	HKID Number Note 2	Job Title	Date of Service	Amount	Signature of Payee	Date of Signing

Note:

1. Please list the no. of the episodes which the payee was involved, e.g.: 1st, 5th, etc.
2. Personal Information Collection Statement

- (a) Personal data provided by applicants in the application forms and all other documents will be used for the following purposes:
 - i. Claim for honorarium expenditure;
 - ii. Review of the CIBS.

All personal data provided by applicants shall not be used for any purposes other than those stated above.

- (b) Applicants who wish to gain access or make corrections to their personal data may submit the requests in writing to the Secretariat to the CIBS project.

Signature: _____ Signature: _____

Name of Paying Officer: _____ Name of Witness: _____

Date: _____ HKID: _____

Relation with Applicant: _____

Date: _____

Certified by :

Signature of the applicant/ Person of the Organisation Responsible for the Application:

Name of the applicant/ Person of the Organisation Responsible for the Application:

Chop of the organisation: _____

Date: _____

Community Involvement Broadcasting Service List of Production Crew

This Annex should be completed and submitted to the auditor for audit.

Programme Title: _____

Episode: _____ (e.g. 1st, 2nd, etc)

Broadcast Date/Time: _____

	Name	Job Title	Dramatic Personae/Alias (if applicable)	Honorary Payment* (Y)
1		Producer		
2		Project Coordinator		
3		Researcher		
4		Researcher		
5		Scriptwriter		
6		Scriptwriter		
7		Actor/Presenter		
8		Actor/Presenter		
9		Actor/Presenter		
10		Actor/Presenter		
11		Actor/Presenter		
12		Actor/Presenter		
13		Actor/Presenter		
14		Actor/Presenter		
15		Actor/Presenter		
16		Actor/Presenter		
17		Technical Producer		

18				
19				
20				

* Mark "Y" if the person accepts payment.

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

Certified by :

Signature of the applicant/ Person of the Organisation Responsible for the Application:

Name of the applicant/ Person of the Organisation Responsible for the Application:

Chop of the organisation: _____

Date: _____

**Community Involvement Broadcasting Service
Summary Record for Procurement of Services and Goods above HK\$1,000**

This Annex should be completed and submitted to the auditor for audit.

Name of Applicant: _____

Programme Title: _____

Period of Broadcast: _____ to _____

No.	Item (Brand, model & colour etc.) Note 1	Unit Rate (HK\$) (a)	Qt. (b)	Total (HK\$) (c) = (a) x (b)	Date of Obtaining quotation (DD/MM/YY)	Name of Supplier and Receipt No. Note 2	Location of Storage	No. of Quotations Obtained	Ref. No. of Quotations
			Total (HK\$)						

Note:

1. If any item of above is lost or damaged, please inform the Secretariat of Community Involvement Broadcasting Service in writing.
2. For the procurement of goods and services above HK\$1,000 but not more than HK\$50,000, at least two written quotations shall be obtained. For the procurement of goods and services above HK\$50,000, at least five written quotations shall be obtained. Applicants shall accept the lowest conforming offer.

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

Certified by :

Signature of the applicant/ Person of the Organisation Responsible for the Application: _____

Name of the applicant/ Person of the Organisation Responsible for the Application: _____

Chop of the organisation: _____

Date: _____

Community Involvement Broadcasting Service
Summary Record for Procurement of Services and Goods up to HK\$1,000
(Details of Music CD procurement to be filled in another form)

This Annex should be completed and submitted to the auditor for audit.

Name of Applicant: _____

Programme Title: _____

Period of Broadcast: _____ to _____

No.	Item Note 1	Unit Rate (HK\$) (a)	Qt. (b)	Total (HK\$) (c) = (a) x (b)	Date of Procurement (DD/MM/YY) Note 2	Name of Supplier and Receipt No.
Total						
(HK\$)						

Note:

1. If any item of above is lost or damaged, please inform the Secretariat of Community Involvement Broadcasting Service in writing and retain the good for audit/inspection.
2. For the procurement of goods and services up to HK\$1,000, an oral or written quotation shall be obtained. Efforts shall be made to ensure that the charges/prices are reasonable.

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

Certified by :

Signature of the applicant/ Person of the Organisation Responsible for the Application: _____

Name of the applicant/ Person of the Organisation Responsible for the Application: _____

Chop of the organisation: _____

Date: _____

**Community Involvement Broadcasting Service
Result of Quotation for Procurement**

This Annex should be completed and submitted to the auditor for audit. For quotation obtained in writing, please also attach the written quotation by supplier.

Name of Applicant: _____

Programme Title: _____

Type of Purchase: (Tick where appropriate)

Studio Rental

Others: _____

I. Requirement:

<u>Description</u>	<u>Quantity</u>	<u>File Ref. No</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

II. Quotation Obtained:

In writing^{Note 1}

Verbally^{Note 1}

Note:

1. For the procurement of services and goods over HK\$1,000 but not more than HK\$50,000, at least two written quotations shall be obtained. For the procurement of services and goods over HK\$50,000, at least five written quotations shall be obtained. Applicants shall accept the lowest conforming offer. For the procurement of services and goods up to HK\$1,000, an oral or written quotation shall be obtained. Efforts shall be made to ensure that the charges/prices are reasonable.

III. Quotation Summary:

Date of Obtaining Quotation	Time	Name of Supplier	Contact Person	Tel. No.	Unit Rate (HK \$)	Total Amount (HK \$)	The Accepted Supplier (Put ✓ on the row)	Remark (e.g. Why lowest offer is not accepted etc.)

Enquiry made by (the person who enquire and obtain the quotation cannot be the checking person):

Name: _____
 HK ID Card No.: _____
 Relationship with Applicant: _____
 Signature: _____
 Date: _____

I solemnly declare and confirm that there is no actual, potential or perceived conflict of interest for me to take part in this procurement procedure with the above suppliers.

Checked as in order by (the person of the organisation responsible for the application/applicant or project coordinator):

Name: _____
 HK ID Card No.: _____
 Position: _____
 Signature: _____
 Date: _____

I solemnly declare and confirm that there is no actual, potential or perceived conflict of interest for me to take part in this procurement procedure with the above suppliers.

Community Involvement Broadcasting Service CD Register

This Annex should be completed and submitted to the auditor for audit.

Name of Applicant: _____

Programme Title: _____

Period of Broadcast: _____ to _____

No.	Album Title <small>Note 1</small>	Publisher	Maker's Number.	Date of Procurement <small>Note 2</small>	Price	Receipt No.

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

Note:

1. If any item of above is lost or damaged, please inform the Secretariat of Community Involvement Broadcasting Service in writing and retain the item for audit/inspection.
2. For the procurement of goods and services up to HK\$1,000, an oral or written quotation shall be obtained. Efforts shall be made to ensure that the charges/prices are reasonable.

Paragraph 8 of the “Handbook for Community Involvement Broadcasting Service”

Procurement of Services and Goods

- 8.1. Services and goods shall be procured in an open, fair and value for money manner. Actual, potential and perceived conflict of interests should be avoided during the procurement process. The services and goods acquired shall be relevant to the programme production.
- 8.2. For the procurement of services and goods over HK\$1,000 but not more than HK\$50,000, at least two written quotations shall be obtained. For the procurement of services and goods over HK\$50,000, at least five written quotations shall be obtained. Applicants shall accept the lowest conforming offer.
- 8.3. For the procurement of services and goods up to HK\$1,000, an oral or written quotation shall be obtained. Efforts shall be made to ensure that the charges/prices are reasonable.
- 8.4. All studio rental hours should be procured in advance. Considering that the CIBS is a voluntary service project and most participants have their own career, arrangements for programme recording shall be flexible and applicants shall be allowed to divide the studio hire hours into sessions. Each session shall have a minimum of 8 hours and can be assigned to different days. Applicants may regard a session as a unit for procurement. For instance, if the estimated total recording hours are 40, they can be divided into 5 sessions of 8 hours each. Applicants can procure the service 5 times. For procurement up to HK\$50,000, at least two written quotations shall be obtained; for procurement over HK\$50,000, at least five written quotations shall be obtained.
- 8.5. The total expenditure on music CDs shall not exceed HK\$1,000 and the maximum number shall not exceed 10 pieces. The total expenditure on CD-ROMs for programme recording shall not exceed HK\$200 and the maximum number shall not exceed 50 pieces.
- 8.6. Music CDs listed as permissible expenditure items shall be handed over to RTHK for keeping upon completion of the programme production for the use of future successful applicants.

**Specimen Limited Assurance Engagement Report
on the Statement of Expenditure of XYZ Programme
under the Community Involvement Broadcasting Fund
[Unqualified Opinion]**

TO [Applicant NAME] OF XYZ PROGRAMME

Pursuant to the agreement made between the Government of the Hong Kong Special Administrative Region (HKSAR Government) and [Applicant name] and the Guide to the Applicant on use of Approved Funding in respect of XYZ Programme (“the Programme”) funded by the Community Involvement Broadcasting Fund (“CIBF”), we have performed a limited assurance engagement to report on whether [Applicant name] has complied with, in all material aspects, the requirements set by the Director of Broadcasting (D of B), including the requirements to keep proper books and records for the Programme, to prepare Statement of Expenditure for the Programme on page [] , and all the terms and conditions of funding under CIBF, as specified in the following documents:

- (a) the agreement made between the HKSAR Government and [Applicant name] in respect of the Programme;
- (b) the Handbook for Community Involvement Broadcasting Service Sections 7 and 8 “Funding Criteria” and “Procurement of Services and Goods” respectively;
- (c) the Guide to the Auditors on Limited Assurance Engagement; and
- (d) all instructions and correspondences issued by D of B to [Applicant name] in respect of the Programme.

Respective responsibilities of the Applicant and auditors

D of B requires [Applicant name] to comply with the requirements set by him/her, including the requirements to keep proper books and records for the Programme, to prepare Statement of Expenditure for the Programme, and all the terms and conditions of funding under CIBF, as specified in the documents mentioned in the above paragraph.

It is our responsibility to form an independent conclusion, based on our limited assurance engagement, and to report our conclusion to you.

Basis of Conclusion

We conducted our limited assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” [or any updated standard on this subject] issued by the Hong Kong Institute of Certified Public Accountants and with reference to the latest Guide to the Auditors on Limited Assurance Engagement issued in **2017** by the Radio

Television Hong Kong of the HKSAR Government (RTHK). The engagement process comprised evidence gathering, evaluation and measurement to support a conclusion.

Conclusion

Based on the foregoing, nothing has come to our attention that causes me to believe that the Statement of Expenditure as attached is materially incorrect.

Use of this Report

This report is intended for filing by [Applicant name] with RTHK, and is not intended to be, and should not be, used by anyone for any other purpose.

Certified Public Accountants (Practising)
Hong Kong,
Date

**Community Involvement Broadcasting Service
Copyright of Music & Song Register**

Name of Applicant: _____

Programme Title: _____

Channel: _____

Episode: _____ (e.g. 1st, 2nd....etc)

Broadcast Date & Time of this Episode: _____

No.	Maker's Number	On Air Duration	Music/Song Title	Artiste	Composer	Lyricist

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

Community Involvement Broadcasting Service Copyright Royalty on Reserved Materials Register

Name of Applicant: _____

Programme Title: _____

Channel: _____

Episode: _____ (e.g. 1st, 2nd....etc)

Broadcast Date & Time of this Episode: _____

No.	Publisher	Title	Author	Year of Publication	Version	Usage (%)

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

**Community Involvement Broadcasting Service
Copyright Royalty on Audio Archive Register**

Name of Applicant: _____

Programme Title: _____

Channel: _____

Episode: _____ (e.g. 1st, 2nd....etc)

Broadcast Date & Time of this Episode: _____

No.	Maker's Number	Title	Artist	Composer	Duration	Source

I am the project coordinator of the titled programme and confirm the above data and information are correct.

Signature of Project Coordinator: _____

Name of Project Coordinator: _____

Date: _____

社區參與廣播服務
Community Involvement Broadcasting Service
遞交以社區參與廣播基金購買的製作物資*
Submission List of the Production Materials Purchased with CIBF*

申請團體 / 申請人 / Applicant : _____

申請編號 / Application Number : _____

節目名稱 / Programme Title : _____

No.	音樂鐳射唱片名稱／書籍名稱／其他* CD Title / Book Title / Others*	音樂鐳射唱片出版編號／國際標準書號／其他* CD Maker's Number / ISBN / Others*
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Person of the Organisation Responsible for the Application / Applicant / Project Coordinator [#] 是次申請的團體負責職員／申請人／計劃統籌人 #		簽署/Signature:	
姓名/Name:		日期/Date:	

#請刪除不適用者 Please delete as appropriate

促導員姓名 /Name of Facilitator:	簽署/Signature:
日期/Date:	

*此表格須一式兩份簽署確認，然後雙方各保存一份。Two copies of this form shall be signed and both parties shall keep one of the copies.

Community Involvement Broadcasting Service

Confirmation of the Programme Transcripts

(For non-Chinese and non-English programmes)

Part I: Project Details

Application No.: _____

Applicant: _____

Programme Title: _____

Broadcast Date & Time: _____

Part II: Declaration

Our organization / I certify that the programme contents and the translation of the transcripts provided to RTHK comply with the Radio Code of Practice issued by the Communications Authority.

<p>Signature of Person of the Organization Responsible for the Application / Applicant Project Coordinator :</p> <p>_____</p> <p>Name : _____</p> <p>Post : _____</p> <p>Date : _____</p>	<p>Signature of Facilitator : _____</p> <p>Name : _____</p> <p>Date : _____</p>
---	---

Official use only

Application No.: _____

Date: _____

**Community Involvement Broadcasting Service
Evaluation Report**

(To be completed by Applicant)

Part A – Project Information

Applicant: _____
Programme Title: _____
Broadcasting Date: _____ to _____
Broadcasting Time: _____ to _____

Part B – Project Performance

1. Number of Honorarium Recipient(s)* and Actual Expenditure

Job Title	No. of Honorarium Recipient(s)	Actual Expenditure
Project Coordinator		\$
Producer		\$
Technical Producer		\$
Scriptwriter		\$
Researcher		\$
Actor / Presenter		\$
	Total:	Total: \$

2. Details of Participation by Organisation(s) and Individual(s)

Name	Participation
<i>Example 1: Heung Shing College</i>	<i>Assisting in the production</i>
<i>Example 2: Doctor Chan Tai Man</i>	<i>Being Interviewed</i>

(Entries can be added if applicable.)

* **“Number of Honorarium Recipient(s)”** means the number of “participant(s)” who took part in the programme and received honorarium.
e.g. 1: Mr. A was the “producer” of the entire 13 episodes, then the **“Number of Honorarium Recipient(s)”** is 1 (participant).
e.g. 2: Mr. A was the “producer” for the first 6 episodes and Mr. B was the “producer” for the remaining 7 episodes, then the **“Number of Honorarium Recipient(s)”** is 2 (participants).

3. Performance Assessment and Overall Effectiveness

3.1 Assessment Methodology and Process

Please elaborate the assessment methodology and process when evaluating the project outcome, including project objectives, production schedule, expected deliverables, overall effectiveness, comments, etc.

e.g.

1. *Assessment Methodology: Survey*
2. *Process:*
 - 10 Jul to 10 Sept 2013 Distribute questionnaires to guests and production crew members*
 - 11 Sept to 15 Sept 2013 Collect questionnaires*
 - 16 Sept to 30 Sept 2013 Analyse questionnaires*

3.2 Self-Evaluation

3.2.1 Please evaluate the outcome according to (1) project objectives, (2) production schedule, (3) expected deliverables stated in the proposal and agreement.

(Please indicate the score by putting a “✓” in the appropriate box.)

Item	Score (1 is the lowest score, 10 the highest)									
	1	2	3	4	5	6	7	8	9	10
Project Objectives										
Production Schedule										
Expected Deliverables										

3.2.2 Production Team’s Overall Satisfaction towards the Programme

(Please indicate the score by putting a “✓” in the appropriate box.)

Score (1 is the lowest score, 10 the highest)									
1	2	3	4	5	6	7	8	9	10

3.2.3 Overall Performance (e.g.: What have you learned? Any experience worth sharing, etc.)

Stamp of Organisation

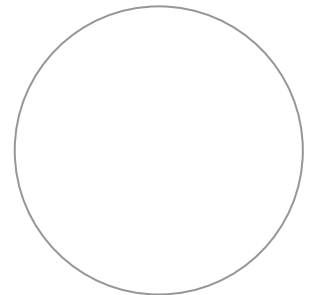
Signature of Person of the Organisation Responsible

for the Application/Applicant :

Name of Person of the Organisation Responsible

for the Application/Applicant :

Date :



THIS AGREEMENT is made on the _____.

BETWEEN

- (1) **The Government of the Hong Kong Special Administrative Region of the People's Republic of China**, as represented by the Director of Broadcasting of Radio Television Hong Kong of 30 Broadcast Drive, Kowloon, Hong Kong ("**RTHK**"); and
- (2) *[[Participant Name]*, a company incorporated in Hong Kong under the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) whose registered office is at [xxx] (Certificate of Registration number [XXXX]) ("**Participant**").]

OR

[[Participant Name], a society registered under the Societies Ordinance (Cap. 151 of the Laws of Hong Kong) whose principal place of business is at [xxx] (Registration number [xxxx]) ("**Participant**").]

OR

[[Participant Name], an approved charitable institution or trust of a public character which is exempt from tax under Section 88 of the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) whose principal place of business is at [xxx] ("**Participant**").]

OR

[[Individual Name] (holder of Hong Kong Identity Card number [XXXXXX]) of XXXX Hong Kong ("**Participant**").]

WHEREAS

- (A) RTHK administers a Community Involvement Broadcasting Fund ("**Fund**") in Hong Kong to encourage the community to participate in producing radio programmes for broadcast on RTHK's radio channels.
- (B) The Participant has applied to RTHK for funding under the Fund and RTHK has agreed to provide the Sum to the Participant for producing the Programme and other deliverables in accordance with the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1 Definitions and Interpretation

- 1.1 In this Agreement, the following words and expressions shall have the following meanings, unless the context otherwise requires or expressly provides otherwise:

“Approved Proposal” means the proposal regarding the structure and content of the Programme accepted and approved by RTHK, a copy of which is attached as Schedule III.

“Communications Authority” means the Communications Authority of the Government.

“Copyright Ordinance” means the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong).

“Delivery Materials” means the materials specified in paragraph 6 of Schedule I.

“Government” means the Government of Hong Kong.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“HK\$” means Hong Kong dollars, the lawful currency of Hong Kong.

“Intellectual Property Rights” means patents, trademarks, service marks, trade names, design rights, copyright, domain names, database rights, rights in know-how, new inventions, designs or processes and other intellectual property rights, whether now known or created in future (of whatever nature and wherever arising) and in each case whether registered or unregistered and including applications for the grant of any such rights.

“Internet” means an interconnected system of networks that connects computers around the world via the transmission control protocol/internet protocol.

“Limited Assurance Engagement Report” means the report prepared by a certified public accountant (practicing) (as defined in the Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong)), in accordance with the “Hong Kong Framework for Assurance Engagements” published by the Hong Kong Institute of Certified Public Accountants in 2004 (as may be amended, supplemented or replaced by the Hong Kong Institute of Certified Public Accountants from time to time), which expresses an opinion about the evaluation of the financial statements in relation to the production of the Programme.

“Personal Data (Privacy) Ordinance” means the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

“Prevention of Bribery Ordinance” means the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

“Programme” means a series of radio programmes specified in paragraph 1 of Schedule I to be produced by the Participant in accordance with this Agreement.

“Production Budget” means a budget detailing the expenditure items for the production of the Programme prepared by the Participant and approved and accepted by RTHK and attached hereto as Schedule II.

“Production Schedule” means a schedule of due dates of completion of milestones of production of the Programme specified in paragraph 4 of Schedule I.

“Production Team” means those individuals specified in paragraph 7 of Schedule I, being the employees or contractors of the Participant designated in different positions to produce and complete the Programme in accordance with this Agreement.

“Radio Code of Practice on Programme Standards” means the code of practice on programme standards issued by the Communications Authority as may be amended, supplemented or replaced by the Communications Authority from time to time.

“RTHK Facilitator” means a RTHK officer acting for and on behalf of RTHK with contact details specified in paragraph 8 of Schedule I or any other person nominated from time to time by RTHK as the RTHK Facilitator for the production of the Programme.

“Sound Broadcasting Service” means the transmission of sound for general reception by means of analogue or digital radio waves.

“Sub-contractors” includes sub-contractors at all tiers of sub-contracting.

“Sum” means the sum of money payable by RTHK to the Participant as specified in paragraph 2 of Schedule I and in accordance with Clause 3 of this Agreement.

“Termination” has the meaning given to it in Clause 13.3.

“Territory” means the country, territory or area specified in paragraph 5 of Schedule I.

1.2 In this Agreement, unless the context requires otherwise:

- (a) words importing the singular shall include the plural and vice versa; words importing a gender shall include any gender; references to any person shall include references to an individual, firm, body corporate or unincorporated (wherever established or incorporated);
- (b) words importing the whole shall be treated as including a reference to any part of the whole;
- (c) the words “include” and “including” shall be construed without limitation to the words “following”;
- (d) all references to “any” shall be construed to mean “any and all”;
- (e) references to Clauses and Schedules shall be to clauses and schedules of this Agreement;
- (f) references to any statute, order, regulation or other similar instrument shall be construed as a reference to the same as it may have been, or may from time to time be amended, modified, extended, re-enacted, substituted or replaced (whether before or after the date of this Agreement) and shall include all subsidiary legislation;
- (g) any act, default, neglect or omission of any employee, licensee, agent or contractor of either party hereto shall be deemed to be the act, default, neglect or omission of that party; and
- (h) clause headings are inserted for convenience only and shall be ignored in construing this Agreement.

1.3 This Agreement means this agreement, including all schedules hereto, which shall form and be read as an integral part of this Agreement.

2 Engagement

2.1 RTHK engages the Participant and the Participant accepts the engagement regarding the production of the Programme in accordance with this Agreement.

2.2 The engagement shall commence on the date of this Agreement and shall continue until the earlier of:

- (a) completion of the Programme, delivery by the Participant to RTHK of all the Delivery Materials and completion of all other obligations and duties of the Participant under this Agreement, in all cases in accordance with the provisions of this Agreement and to the satisfaction of RTHK; or
- (b) termination of this Agreement pursuant to the provisions of this Agreement.

3 Payment

3.1 Subject to the terms and conditions of this Agreement and the observance and performance by the Participant of its duties and obligations under this Agreement, RTHK shall pay the Participant the Sum in accordance with the following schedule:

- (a) 20 % of the Sum on signing of this Agreement; and
- (b) 80% of the Sum upon issue of notification by RTHK that the Programme and all the Delivery Materials are acceptable to RTHK and completion by the Participant of all of its obligations and duties under this Agreement in accordance with this Agreement and to RTHK's satisfaction. .

3.2 Notwithstanding anything in this Agreement to the contrary, each portion of the Sum specified in Clause 3.1 shall only be paid within 30 days after RTHK's receipt of an invoice for such portion which may only be issued after that portion becomes payable under Clause 3.1. The Participant shall not be entitled to charge any interest or claim any compensation or relief of whatever nature against RTHK in the event of any late or withholding of payment of any Sum by RTHK for any reason whatsoever.

3.3 Without prejudice to any claim, right or remedy to which RTHK may have, RTHK shall not be obliged to make any payment referred to in Clause 3.1 if Participant fails to correct any material defects in the Programme identified to the Participant in writing in accordance with Clause 4 below.

3.4 In the event that during the course of the production of the Programme, any material changes in the sole opinion of RTHK have taken place which cause any expenditure items in the Production Budget to be unnecessary, RTHK shall have the right to re-evaluate the Production Budget and reduce the Sum payable to the Participant accordingly.

- 3.5 Unless otherwise agreed by RTHK, the Production Budget, including the fees budgeted for Project Co-ordinator, Producer(s) and/or Script Writer(s), shall not be increased in any event.
- 3.6 Notwithstanding any provisions provided to the contrary in this Agreement, in the event that the Limited Assurance Engagement Report indicates that the total expenditure on the production of the Programme is less than the Sum, the Sum shall be taken to have been reduced to an amount equal to the total expenditure amount as indicated in the Limited Assurance Engagement Report. If RTHK has already made an overpayment pursuant to the payment schedule under Clause 3.1, the Participant shall immediately refund to RTHK the overpaid amount. Any outstanding installment of the Sum specified in Clause 3.1(b) shall either no longer be payable by RTHK or be reduced according to the difference between the original amount of the Sum and revised amount of the Sum pursuant to this Clause.
- 3.7 The Sum constitutes the sole remuneration payable to the Participant by RTHK for performing its obligations and duties under this Agreement. No other money or compensation whatsoever shall be payable by RTHK to the Participant in respect thereof (whether by way of upfront payment or reimbursement). All costs and expenses incurred by the Participant whether or not purportedly in discharge of its obligations and duties under this Agreement shall be deemed as costs and expenses incurred for performing such obligations and duties, and be compensated for by the Sum only. The Participant shall perform all of its obligations and duties at its own cost, and will receive no reimbursement or payment apart from the Sum.
- 3.8 In line with the Government policy of promoting and rewarding excellence in creativity for independent producers and in the event that the Programme is awarded any prize money, testimonials or trophies at any festivals or competitions and where the Participant complies with Clause 9.1(k) of this Agreement, upon RTHK's receipt of the aforementioned items, RTHK shall provide to the Participant an incentive of an amount in Hong Kong dollars equivalent to the prize money received for the Programme.
- 3.9 RTHK is entitled to withhold the payment, or to take action for the repayment, of any portion of the Sum in the event that:
- (a) the Programme or any Delivery Materials is not provided to the satisfaction of RTHK;
 - (b) RTHK has reasonable grounds to believe that the Participant is or will be liable to RTHK under the indemnity clause for any loss or damage suffered by RTHK; or
 - (c) the withholding is required by any applicable law.
- 3.10 Notwithstanding any other provisions in this Agreement and RTHK's acceptance of the Programme or the Delivery Materials, any payment of any portion of the Sum shall be without prejudice to or any implication whatsoever for any rights or cause of action which has or may have accrued, or which may accrue, or any remedy available, to RTHK under this Agreement or the law in respect of any breach whatsoever of this Agreement by the Participant.

4 Errors and Omissions

Without prejudice and in addition to Clause 10 and any other claim, right or remedy which RTHK may have against the Participant, in the event that the Programme or any of the Delivery Materials contains any error or omission or any part which RTHK considers is not

suitable for broadcast, the Participant shall correct the same forthwith upon being requested in writing by RTHK to do so or upon the Participant becoming aware of the same and such correction shall be effected within seven (7) days (or such longer period as RTHK may specify in writing) without charge to RTHK and to the satisfaction of RTHK.

5 Programme and the conduct of work

5.1 The Participant hereby agrees:

- (a) to complete the Programme in accordance with the Approved Proposal and the Production Schedule and ensure that it and all persons employed, engaged or appointed by it have all the necessary qualifications, ability, experience, skill, expertise and capacity to carry out its duties and obligations on the terms and conditions set out this Agreement;
- (b) to ensure that the Programme shall comply with the editorial and ethical standards of Hong Kong; the Radio Code of Practice on Programme Standards and technical standards stipulated by the relevant governmental authorities of Hong Kong;
- (c) to rectify any violation of the Radio Code of Practice on Programme Standards by re-recording or editing the Programme even after the delivery of the Programme as specified in paragraph 4 of Schedule I;
- (d) to ensure that the Programme is delivered in the format specified in paragraph 3 of Schedule I;
- (e) not to use, solicit or receive any other form of funding, sponsorship or benefits of any kind from any other person for the production of the Programme and any related promotional activities of the Programme;
- (f) to ensure that it and the Production Team shall use the Sum in a prudent and cost-effective manner for the production of the Programme; use the Sum solely and exclusively for the production of the Programme; and any compact discs (CDs) purchased for the production of the Programme shall be returned to RTHK Sound Archive Library as specified in paragraph 4 of Schedule I; and
- (g) to engage, maintain and use the Production Team or such replacements of equivalent qualification and experience subject to prior written approval by RTHK, throughout the term of this Agreement for the production of the Programme; and
- (h) to keep full, proper and separate set of books and records relating to the Programme and Delivery Materials and the production thereof and this Agreement (including without limitation all transactions, receipts and expenditure relating thereto; all records of procurement of goods, services and equipment relating thereto; all records of salaries and other remuneration paid to the persons employed, engaged or used by the Participant for the purpose of this Agreement); to maintain the aforesaid books and records during the continuance of this Agreement and for a minimum period of seven years after the expiry or termination of this Agreement; to ensure that RTHK and their authorized representatives shall be allowed access to all or any of the aforesaid books and records for conducting audit (including value for money audit), inspection,

verification and copying from time to time upon reasonable notice during the continuance of this Agreement and the seven-year period mentioned above.

6 Consultation

- 6.1 RTHK Facilitator or RTHK's authorized representatives shall upon request be given access by the Participant for monitoring the production of the Programme. RTHK Facilitator may give advice to the Participant in relation to the production of the Programme and the Participant shall follow such advice.
- 6.2 In the event of a dispute between the Participant and RTHK Facilitator in relation to the production of the Programme, the opinion of the RTHK Facilitator shall prevail.

7 Intellectual Property Rights and Ownership

- 7.1 Save as provided in Clauses 7.2 and 7.3, the ownership of, and all Intellectual Property Rights subsisting in, the Programme (finished or otherwise), the Delivery Materials (finished or otherwise) and all the other underlying works created, generated or acquired by the Participant, its employees, contractors, Sub-contractors or agents (including the Production Team) in the course of the performance of this Agreement, including any scripts, photographs, other literary or dramatic works, music, plans, software, source code and object code of all programming, data, models (computer models or otherwise) and other materials and drafts of all and any of the aforementioned items, shall be vested in and belong to RTHK upon creation, or to the extent they already exist as at the date of this Agreement, shall hereby be assigned in favour of RTHK, in each case free and clear of all rights, interests, encumbrances of whatsoever nature whether belonging to the Participant or any other person.
- 7.2 On or before the final delivery date specified in paragraph 4 of Schedule I or upon the early termination of this Agreement for whatever reason (whichever is earlier), the Participant shall provide RTHK with a list of underlying works (a) which exist as at the date of this Agreement, and (b) the Intellectual Property Rights in which belong to third party as at the date of this Agreement. The Participant shall specify in the list such additional details as RTHK may require. Subject to verification by RTHK of the items specified in the list, the provisions of Clause 7.1 shall not apply to the underlying works specified in the list provided by the Participant under this Clause 7.2.
- 7.3 In relation to each item of underlying works as specified in the list as approved by RTHK under Clause 7.2, the Participant shall procure the relevant third party which owns the Intellectual Property Rights in such underlying work to grant in favour of RTHK, and each of its authorized users, successors-in-title and assigns, a royalty-free, non-exclusive, sub-licensable, irrevocable, transferable and world-wide licence to exercise all and any of the rights specified in Clause 8 in respect of such underlying work (whether on its own or as incorporated in the Programme) for the full period of protection of the Intellectual Property Rights subsisting in such underlying work under the laws of all and any applicable jurisdiction of the Territory.
- 7.4 The Participant hereby irrevocably waives and undertakes to procure at its own cost and expense all relevant authors of the items referred to in Clauses 7.1 and 7.3 (including members of the Production Team) to irrevocably waive all moral rights (whether past, present

or future) in the respective items. The waiver shall operate in favour of RTHK, its assigns, authorized users and successors-in-title and shall take effect upon the vesting of the Intellectual Property Rights in RTHK pursuant to Clause 7.1 or upon the grant of licence to RTHK, its authorized users, assigns and successors-in-title pursuant to Clause 7.3 (as the case may be). A pro forma waiver is attached hereto as Schedule IV and shall be signed by all relevant authors including each member of the Production Team and other relevant employees, Sub-contractors and agents of the Participant and such replacements engaged in the production of the Programme or the Delivery Materials.

7.5 The Participant shall procure, at its own cost and expense and before the fixation and/or recording of any performance or otherwise the incorporation or use of any performance into or in relation to the Programme and/or the Delivery Materials:

- (a) the grant by the performer of that performance to RTHK, its authorized users, assigns and successors-in-title of a royalty-free, non-exclusive, sub-licensable, irrevocable, assignable, transferable and worldwide licence to exercise all the performers' economic rights in relation to such performance;
- (b) the consent of the performer of that performance and all other persons which may be necessary for each of RTHK, its authorized users, assigns and successors-in-title and the Participant to make fixations and/or recording of such performance;
- (c) the consent of and clearance from the performer of that performance and all other persons as may be necessary for such fixation and/or recording of the performance and for performing any acts restricted by sections 202 to 207A of the Copyright Ordinance by the Participant, RTHK and its authorized users, assigns and successors-in-title in relation to such fixation or recording, or copies thereof, and at no additional cost to any of them; and
- (d) the Participant shall procure at its own cost and expense the performers referred to in this Clause 7.5 to waive their moral rights over their performances in relation to the Programme and/ or the Delivery Materials, such waiver shall operate in favour of RTHK, its authorized users, assigns and successors-in-title and to have effect immediately upon each of the relevant performance is given.

The afore-mentioned licence, consent and clearance shall continue to subsist so long as the performer's economic rights and the performer's non-economic rights subsist in the relevant performance.

The terms "fixation", "performers", "performance", "performers' economic rights", "performers' non-economic rights" and other related terms in this Agreement including this Clause shall have the same meanings as those given to them in Part III (Rights in Performances) of the Copyright Ordinance.

7.6 For the purposes of Clauses 7.1, 7.3, 7.4 and 7.5, the Participant undertakes, at its own cost and expense, to execute or procure the execution of all such deeds and documents and take all such steps as RTHK may from time to time require for the purposes of assuring the performance of its duties and obligations hereunder and of securing the rights assigned or intended to be assigned under this Agreement.

8 Non-exhaustive Rights of RTHK

8.1 The purposes for which RTHK may exploit the Programme and/or the Delivery Materials and/or the items referred to in Clauses 7.1 and 7.3 and/or any respective part thereof, whether as the owner of the Intellectual Property Rights therein by virtue of Clause 7.1 or as a licensee by virtue of the licence specified in Clause 7.3, whichever is applicable, include the following:

- (a) the right to broadcast, transmit, exploit or include, or authorize any person to broadcast, transmit, exploit or include, the Programme and/or the Delivery Materials and/or the items referred to in Clauses 7.1 and 7.3 and/or any respective part thereof, by all means and in all media, whether now or hereafter devised for any purpose whatsoever, including the broadcast, transmission, exploit or inclusion of the Programme and/or the Delivery Materials and/or the items referred to in Clauses 7.1 and 7.3 and/or any respective part thereof in any Sound Broadcasting Service and making available the Programme and/or the Delivery Materials and/or the items referred to in Clauses 7.1 and 7.3 and/or any respective part thereof on the Internet;
- (b) the right to advertise and publicize or authorize any person to advertise and publicize the title of the Programme, names and photographs of the artistes, producer and script writer for the promotion of the Programme and/or RTHK;
- (c) the right to use or authorize any person to use the Programme and/or the Delivery Materials, and/or the items referred to in Clauses 7.1 and 7.3 and/or any respective part thereof (including the excerpts of the Programme) in any manner it thinks fit for publicity purposes generally or for the promotion of the Programme;
- (d) the right to use, copy, adapt, change, revise, delete from, add to or rearrange the Programme and/or the Delivery Materials, and/or the items referred to in Clauses 7.1 and 7.3 and/or any respective part thereof, or authorize any person to do the same, for such purposes it thinks fit, including the purposes of voice-dubbing or programme scheduling; and
- (e) the right to make, produce, sell, publicly exhibit, lease, license, hire, market, reproduce mechanically, graphically, electronically, digitally or otherwise howsoever, or exploit or authorize any person to do the same, in respect of the Programme and/or the Delivery Materials, and/or the items referred to in Clauses 7.1 and 7.3 and/or respective part thereof in whole or in part with or without adaptation.

9 Warranties

9.1 The Participant warrants, undertakes and agrees that:

- (a) it has full power and authority to enter into this Agreement and to give effect to its terms; and it has all the necessary authorizations and approvals in order to lawfully enter into and exercise its rights and perform its obligations under this Agreement;
- (b) the obligations expressed to be assumed by the Participant in this Agreement are legal and valid obligations binding on it and enforceable against it in accordance with the terms thereof;

- (c) except for the underlying works identified under Clause 7.2, the Participant legally and beneficially owns those items listed in Clause 7.1 and exist as at the date of this Agreement, and has the right to assign to RTHK those items on the terms set out in Clause 7.1;
- (d) except for the underlying works identified under Clause 7.2, all items listed in Clause 7.1 consist of original works created, developed or made by or on behalf of the Participant for RTHK during the course of or in connection with this Agreement;
- (e) after the vesting and assignment under Clause 7.1, all of the items listed in Clause 7.1 is and will be owned by RTHK free from all rights, interests, encumbrances of whatsoever nature whether belonging to the Participant or any other person;
- (f) in respect of the underlying works mentioned in Clause 7.2, the Participant has a valid and continuing licence under which it is entitled to use the same to the extent necessary or desirable for performing its obligations and duties under this Agreement or for producing the Programme, the Delivery Materials and other underlying works in accordance with the requirements of this Agreement, and it has separately procured all necessary licences, clearances and consents in favour of RTHK and each of its authorized users, assigns and successors-in-title on the terms set out in Clause 7.3;
- (g) there are no claims, actions or proceedings (pending or threatened) which may adversely affect the rights of RTHK under this Agreement;
- (h) the provision of any services by the Participant or the otherwise performance of this Agreement by the Participant does not and will not infringe the Intellectual Property Rights of any person;
- (i) the exercise by RTHK, its authorized users, assigns and successors-in-title of any of the rights granted under this Agreement will not infringe any Intellectual Property Rights of any person;
- (j) the Programme does not contain any material which is obscene, libelous or defamatory or violate any applicable law (including the laws of Hong Kong);
- (k) the Participant shall seek RTHK's prior written approval before the submission of the Programme or any versions of the Programme to any festivals or any other use for any purposes whatsoever; the Participant shall bear all costs relating to such submission; and should the Programme or any versions of the Programme be awarded any prize money, testimonials or trophies, the Participant shall hand over all such prize money, testimonials or trophies to RTHK immediately;
- (l) the members of the Production Team as listed in paragraph 8 of Schedule I shall be the persons who will carry out the production of the Programme save for any replacement from time to time approved by RTHK; and
- (m) all information supplied, and statements and representations made by or on behalf of the Participant in relation to the Programme, the Production Budget, the Approved Proposal or this Agreement are true, accurate and complete in all respects and are not misleading, whether by omission or otherwise.

10 Delivery

- 10.1 Subject to Clause 10.3, the Participant shall deliver the Programme and the Delivery Materials on or before their respective due delivery dates specified in paragraph 4 of Schedule I.
- 10.2 Should RTHK find the Programme (or any part thereof) or the Delivery Materials (or any part thereof) delivered under this Agreement not of a technical standard suitable for radio broadcast, RTHK shall by written notice inform the Participant. The Participant shall deliver replacement Programme and Delivery Materials to the satisfaction of RTHK within seven (7) days from the date of the notice or at such later date as may be determined by RTHK. All costs and expenses arising out of such replacement shall be solely borne by the Participant.
- 10.3 The Participant shall submit the Limited Assurance Engagement Report, the self-evaluation report (in such form as RTHK may specify) and CDs purchased for the production of the Programme on or before the submission deadline as specified in paragraph 4 of Schedule I. The Participant shall ensure that the certified public accountant, who prepares and signs the Limited Assurance Engagement Report, is not connected in any way with the Participant or the Programme.

11 Indemnity

- 11.1 In addition to and without prejudice to Clause 12, the Participant shall indemnify and keep indemnified RTHK, its authorized users, assigns and successors-in-title from and against:
- (a) all and any demands, claims, actions, arbitrations and/or proceedings threatened, brought or instituted against RTHK, its authorized users, assigns and successors-in-title; and
 - (b) all liabilities and indebtedness (including liabilities to pay damages or compensation), losses, damage, costs and expenses incurred or suffered by RTHK, its authorized users, assigns and successors-in-title (including all legal and other costs, charges, and expenses, on a full indemnity basis, which RTHK, its authorized users, assigns and successors-in-title may pay or incur in initiating, defending, counter-claiming, settling or compromising any action or proceeding by or against RTHK, its authorized users, assigns and successors-in-title)

which in any case arise directly or indirectly from, or in connection with, or out of, or which relate in any way to:

- (i) a breach of any provision of this Agreement by the Participant (regardless of whether such breach was caused by the Participant, any member of the Production Team, any of the Participant's directors, employees, agents or contractors (or any person acting on its or their behalf) (each a "Relevant Person"));
- (ii) any warranty and representation given by the Participant in this Agreement is incorrect, inaccurate, incomplete or misleading;
- (iii) the negligence, recklessness, willful misconduct or unauthorized act of the Participant or of any Relevant Person in performing this Agreement;

- (iv) the use by the Participant or any Relevant Person of any personal data in contravention of the Personal Data (Privacy) Ordinance (Cap. 486); or
- (v) a breach of the duty of confidence under general law by the Participant or any Relevant Person.

12 Intellectual Property Right Indemnities

12.1 In addition and without prejudice to Clause 11 and Clauses 12.2 to 12.5, the Participant shall indemnify and keep indemnified RTHK, its authorized users, assigns and successors-in-title (collectively “indemnified parties”) from and against:

- (a) all and any demands, claims, actions, arbitrations and/or proceedings threatened, brought or instituted against an indemnified party; and
- (b) all liabilities and indebtedness (including liabilities to pay damages or compensation), losses, damage, costs and expenses incurred or suffered by an indemnified party (including all legal and other costs, charges, and expenses, on a full indemnity basis, which an indemnified party may pay or incur in initiating, defending, counter-claiming, settling or compromising any action or proceeding by or against an indemnified party)

which an indemnified party may sustain or incur, directly or indirectly as a result of or in connection with the infringement or alleged infringement of any Intellectual Property Rights of a third party by the Participant or an indemnified party arising from (each an “infringing act”):

- 12.1.1 the exercise by RTHK of any Intellectual Property Rights subsisting in those items listed in Clause 7.1; or the exercise of any right conferred on the indemnified parties by virtue of the licences mentioned in Clause 7.3;
- 12.1.2 the performance by the Participant of this Agreement in the manner provided for or contemplated under this Agreement;
- 12.1.3 the enjoyment or exercise by the RTHK of any of its right or powers under this Agreement;
- 12.1.4 whether or not involving any element of fault or negligence on the part of the Participant, any act, omission or default by the Participant in the performance of this Agreement; or
- 12.1.5 the breach of any warranties or representations set out in this Agreement concerning Intellectual Property Rights.

Each of the above is separate and shall be construed independently and shall not prejudice, or be limited by reference to or inference from, the other of them or other provisions of this Agreement.

12.2 In the event that there is an infringing act or an alleged infringing act, the Participant shall forthwith upon the first written request of RTHK, at its own costs and expenses, without

prejudice to any other rights and remedies of an indemnified party:

- 12.2.1 procure the consent of all relevant parties on such terms to the satisfaction of RTHK to permit the infringing act or alleged infringing act; or
 - 12.2.2 adapt, modify or replace the affected items so as to avoid infringement or alleged infringement of any third party's Intellectual Property Rights (in which event the Participant shall compensate RTHK for the full amount of any loss and damage sustained or incurred by RTHK arising from such adaptation, modification or replacement) provided always that any adaptation, modification or replacement must first be approved by RTHK in writing.
- 12.3 Without prejudice to any other rights and claims that the RTHK may have under this Agreement or at law, if neither Clause 12.2.1 nor Clause 12.2.2 can be accomplished, then:
- 12.3.1 the Participant shall forthwith abstain from performing the infringing act or alleged infringing act;
 - 12.3.2 the Participant shall refund the Sum paid by RTHK; any remaining balance of the Sum shall cease to be payable by RTHK;
 - 12.3.3 the Participant shall compensate RTHK for all costs and expenses sustained or incurred by RTHK in procuring and implementing replacement services, equipment, software or facilities; and
 - 12.3.4 RTHK may, at its option, terminate this Agreement in accordance with Clause 13.1.
- 12.4 Whether during the continuance of this Agreement or thereafter, the Participant shall forthwith notify RTHK in writing if any claim or demand is made or action brought against it for infringement or alleged infringement of any Intellectual Property Rights arising from any of the circumstances mentioned in any of sub-clauses of Clause 12.1 whether during the continuance of this Agreement or thereafter.
- 12.5 As and when RTHK may require whether during continuance of this Agreement or thereafter, the Participant shall, at its cost, forthwith upon receiving written directions and instructions from time to time of RTHK, take all such actions (including initiating or defending a legal action in its name or in such other manner as RTHK deems fit), or provide to RTHK all such documents or information in the possession or under the control of the Participant, to cause all and any claims, demands, or actions instituted against RTHK and/or the Participant referred to in Clause 12.4 to be withdrawn, resisted, disputed, counter-claimed, settled or compromised in such manner as RTHK may direct.

13 Termination

- 13.1 Without prejudice to other rights and claims of RTHK under this Agreement or at law, RTHK shall be entitled to terminate this Agreement immediately by serving a notice in writing on the Participant if:
- 13.1.1 the Participant persistently or flagrantly fails to carry out the whole or any part of this Agreement punctually or in accordance with the terms and conditions of this Agreement;

- 13.1.2 the Participant fails to observe or perform any of its obligations under this Agreement and (in the case of a breach capable of being remedied) has failed to remedy the breach to the satisfaction of RTHK within 14 days (or such longer period as RTHK may, in its sole discretion, allow) after the issuance by RTHK to the Participant of a notice in writing requiring it to do so;
- 13.1.3 any of the warranties or representations made by the Participant in or in relation to this Agreement is untrue, incomplete or inaccurate;
- 13.1.4 a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, bankruptcy, administration, reorganization, reconstruction, or dissolution of the Participant otherwise than for the purpose of a solvent reconstruction or amalgamation previously approved by RTHK in writing, or the Participant makes any composition or arrangement with creditors; or a receiver, administrator, trustee or similar officer has been appointed in respect of the Participant or all or any part of its business or assets;
- 13.1.5 the Participant abandons this Agreement in part or in whole;
- 13.1.6 the Participant assigns or transfers or purports to assign or transfer all or any part of this Agreement or all or any of its rights or obligations thereunder without the prior written consent of RTHK; or
- 13.1.7 RTHK opts to terminate this Agreement pursuant to Clause 12.3.4 or Clause 14.2.
- 13.2 RTHK may at any time or times prior to completion of the Programme at its option terminate this Agreement by giving the Participant at least fourteen (14) days' written notice of such termination without cause.
- 13.3 Upon early termination (howsoever occasioned) or expiry of this Agreement ("Termination"):
- 13.3.1 this Agreement shall be of no further force and effect, but without prejudice to:
- (a) RTHK's rights and claims under this Agreement or otherwise at law against the Participant arising from antecedent breaches of this Agreement by the Participant (including any breach(es) which entitle RTHK to terminate this Agreement);
 - (b) the rights and claims which have accrued to a party prior to the Termination; and
 - (c) the continued existence and validity of those provisions which are expressed to or which in their context appropriately survive Termination and any provisions of this Agreement necessary for the interpretation or enforcement of this Agreement including Clauses 1 (Definitions and Interpretation), 4 (Errors and Omissions), 7 (Intellectual Property Rights and Ownership), 8 (Non-Exhaustive Rights of RTHK), 9 (Warranties), 11 (Indemnity), 12 (Intellectual Property Right Indemnities), 13 (Termination), and 22 (Severability), 23 (Waiver) and 24 (Confidentiality) and 25 (Governing Law and Jurisdiction).
- 13.3.2 RTHK shall not be responsible for any claim, legal proceeding, liability, loss (including any direct or indirect loss, any loss of revenue, profit, business, contract or anticipated

saving), damage (including any direct, special, indirect or consequential damage of whatsoever nature) or any cost or expense, suffered or incurred by the Participant due to the Termination;

- 13.3.3 RTHK may, without prejudice to any accrued rights and claims of RTHK for breach of the whole or any part of this Agreement, itself take up the uncompleted Programme (or any part thereof) or contract out the uncompleted Programme (or any part thereof) to another contractor(s) whereupon in the event of termination pursuant to Clause 13.1, the Participant shall be liable for all costs and expenses thereby incurred by RTHK in excess of the Sum plus an administrative charge of 20% of the excess as and for liquidated damages and not as a penalty to compensate RTHK for its losses arising from the termination;
- 13.3.4 unless and to the extent waived by RTHK taking into account the work which has actually been done by the Participant, and the extent to which the work complies with the requirements of this Agreement, the Participant shall refund to RTHK all portions of the Sum which have been paid under Clause 3.1;
- 13.3.5 the Participant shall forthwith deliver to RTHK all items as listed in Clause 7.1 and the underlying works listed in Clause 7.2, stored in whatever media, which are in the possession or under the control of the Participant. In the event that any of the aforesaid materials or items are located within the premises of the Participant, RTHK and any person(s) authorized by it are hereby granted an irrevocable licence to, anytime and from time to time within one year after Termination of this Agreement, enter such premises for the purpose of taking possession of such materials or items;
- 13.3.6 the Participant shall compile and submit to RTHK a report of the work performed under this Agreement up to Termination;
- 13.3.7 subject only to Clause 13.3.8, regardless of the cause (the absence thereof) or basis for the Termination, RTHK shall have no obligation to pay to the Participant any compensation whatsoever arising from the Termination; and
- 13.3.8 in the event that this Agreement is terminated pursuant to Clause 13.2, RTHK shall, subject to the right of deductions, set-off and counter-claim which RTHK may have under this Agreement or at law, pay to the Participant such portion of the Sum (taking into account such amount which has already been paid and not refunded pursuant to Clause 13.3.4) as is fairly and equitably payable to the Participant for such work performed by the Participant up to the effective date of termination (and which remains unpaid pursuant to the payment schedule under Clause 3), having regard to the work actually performed by the Participant and the extent to which such work complies with the requirements of this Agreement. For the avoidance of doubt, RTHK shall not be obliged to pay any money under this Clause 13.3.8 to the Participant after taking into account such portion of the Sum which has already been paid and not required to be refunded under Clause 13.3.4.

14 Corrupt Gifts

- 14.1 The Participant shall observe the Prevention of Bribery Ordinance. The Participant shall not, and shall procure that its Production Team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the production of the

Programme or this Agreement shall not, offer to or solicit or accept from any person any money, gifts or advantages (as defined in the Prevention of Bribery Ordinance) in relation to the production of Programme or this Agreement.

- 14.2 If the Participant or its Production Team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the production of the Programme or this Agreement shall be found to have committed an offence under the Prevention of Bribery Ordinance or any subsidiary legislation made thereunder or under any law of a similar nature in relation to this Agreement, RTHK may terminate this Agreement pursuant to Clause 13.1 and hold the Participant liable for any loss or damages RTHK may thereby sustain.

15 Employment of Child Entertainers

If the Participant employs any child entertainer or child actor for the production of the Programme, the Participant shall comply with the Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong).

16 Relationship of the parties

- 16.1 The Participant enters into this Agreement with RTHK as an independent contractor of RTHK and shall not represent itself as an employer, employee, servant, agent or partner of RTHK.
- 16.2 Neither party shall (without the prior consent in writing of the other) commit the other to any obligation whatsoever.

17 Assignment

- 17.1 Save as provided in Clause 17.2 below, the Participant shall not assign, transfer, sub-contract or otherwise dispose of any or all of its interests, rights, benefits or obligations under this Agreement.
- 17.2 The Participant may, subject to the prior written approval of RTHK, engage the services of independent contractors of its own to assist it to carry out its duties and obligations under this Agreement, provided that the Participant:
- (a) shall not be relieved from any of its duties and obligations under this Agreement by engaging any such independent contractor and shall remain fully liable to RTHK for the performance of such duties and obligations;
 - (b) shall remain liable for any act or omission of any such independent contractor as if such act or omission were its own; and
 - (c) shall secure binding obligations from all such independent contractors so as to ensure that the Participant can comply with its duties and obligations under this Agreement.

18 Notice

- 18.1 Each notice, demand or other communication required to be given or made under this Agreement shall be in writing and delivered or sent by personal delivery or by post, postage paid, to the relevant party's address set out in Schedule I, or by facsimile sent to the facsimile number set out in Schedule I (or such other address or facsimile number as the addressee has by at least three (3) days' prior notice specified to the other party).
- 18.2 Any notice, demand or other communication given under this Agreement shall be deemed to have been validly given and received:
- (a) if delivered personally, upon delivery at the address of the relevant party;
 - (b) if by post, three (3) business days after the date of posting; and
 - (c) if by facsimile, on the production of a transmission report generated by the facsimile machine from which the facsimile has been sent. Such transmission report shall indicate that the facsimile has been sent in its entirety to the facsimile number of the recipient notified for the purpose of this Clause.

19 Entire agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall supersede all prior agreements (whether oral or in writing), expressions of intent or understandings with respect to the same. The parties confirm that they have not entered into this Agreement upon the basis of any statements, undertakings, warranties or representations that are not expressly stated in this Agreement.

20 Time of the essence

Time shall be of the essence in all respects for the Participant to undertake and perform its duties and obligations under this Agreement.

21 Variation

No waiver, cancellation, addition, variation or amendment of this Agreement shall be valid unless made by an instrument in writing and signed by both parties to this Agreement.

22 Severability

Any provision of this Agreement which is or declared by any court or tribunal of competent jurisdiction to be illegal, invalid or unenforceable in any respect under any applicable law shall be severed from this Agreement to the maximum extent permissible by such law without affecting the legality, validity or enforceability of the remaining provisions of this Agreement in any manner, all of which shall continue in full effect.

23 Waiver

No failure or omission by either party to exercise and no delay by either party in exercising any right or remedy available to it under this Agreement or in law or in equity shall operate as a waiver of such right or remedy; nor shall any single or partial exercise of such right or remedy preclude any other or further exercise thereof; nor shall any such failure to exercise, or delay in exercising, or single or partial exercise of any such right or remedy preclude the exercise of any other right or remedy; and the rights and remedies of either party contained herein shall be cumulative and not exclusive of any other rights or remedies provided by law or in equity.

24 Confidentiality

- 24.1 The Participant shall treat as confidential the contents of this Agreement and all personal particulars and Personal Data (as defined in the Personal Data (Privacy) Ordinance) (in or on whatever media) accessible by the Participant under this Agreement or which RTHK has for the purposes of or in the course of performing this Agreement disclosed, supplied, made available or communicated to the Participant. The restrictions on disclosure contained in this Clause 24.1 shall not apply:-
- (a) to the disclosure of any information which is already in the public knowledge (otherwise than as a result of a breach of this Clause); or
 - (b) to the disclosure of any information in circumstances where such disclosure is required by law, or pursuant to any order of a court of competent jurisdiction; or
 - (c) to the disclosure of any information to the Participant's directors, employees, contractors and agents who have a need to know such information for the performance or enforcement of this Agreement or the Participant's legal or other professional advisers for the purpose of seeking legal or professional advice, provided that prior to any such release or disclosure, the Participant shall ensure that such directors, employees, contractors and agents, legal or other professional advisers are under a legally binding duty of confidentiality to the Participant in respect of such information (whether by contract or pursuant to the capacity of the recipient); or
 - (d) to the disclosure of any information with the prior written consent of RTHK.
- 24.2 The Participant hereby agrees that it will use the confidential information described in Clause 24.1 solely for performing this Agreement and that it will not, at any time whether during or after the expiry or termination (howsoever occasioned) of this Agreement use or allow to be used the same for any other purposes without RTHK's prior written consent.
- 24.3 The Participant undertakes to take all such security measures for the protection of the information, documentation and materials which it is obliged by this Clause 24.1 to treat as confidential as it takes for the protection of its own confidential or proprietary information, documentation and materials.
- 24.4 The Participant shall ensure that each of its directors, employees, contractors, agents and any other persons engaged in any work in connection with this Agreement are aware of and comply with the provisions of this Clause 24.

- 24.5 The Participant shall procure each of the Participant's directors, employees, contractors, agents and any other persons engaged in any work in connection with this Agreement to whom any confidential information is to be disclosed to sign a separate confidentiality agreement (in a form prescribed by RTHK) if so requested by RTHK.
- 24.6 The Participant shall promptly notify RTHK of any breach of confidence or the Personal Data (Privacy) Ordinance by any of the persons referred to in this Clause 24 and give RTHK all reasonable assistance in connection with any proceedings which RTHK may institute against any such person for any such breach.

25. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in all respects in accordance with the laws of Hong Kong and the parties hereof irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong.

26 Chinese Translation of this Agreement

The Chinese translation of this Agreement is for reference only. In the event of any conflict or inconsistency between the English text and the Chinese translation of this Agreement, the English text shall prevail.

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

SIGNED by

XXXXXX

Controller (Radio)

for and on behalf of the Director of Broadcasting of Radio Television Hong Kong of
The Government of the Hong Kong Special Administrative Region

in the presence of : _____

Name: _____

SIGNED by

Name:

HKID Card No.:

Title:

Authorized signatory for and on behalf of [*insert name of the Participant*]

in the presence of : _____ (Signature)

Name: _____ (Print Name)

HKID Card No.: _____

Schedule I

1. **The Programme (X)** shall be a radio series entitled “XXXX” “XXXX” which shall consist of 13 episodes and each episode shall have a duration of XX minutes.
2. **The Sum** shall be HK\$ XXXX.00, subject to Clauses 3.4 and 3.6.
3. **Delivery Format:** wav format, sampling at 48 kHz and 16 bit, or in any format which RTHK may request.
4. **Production Schedule:**

	Due Date
Delivery date of recording script of episode 1 and 2:	
Delivery date of completed recording of episodes 1 to 13:	
Estimated broadcast date of episode 1 and weekly thereafter for each subsequent episode:	
Submission deadline for any outstanding items of (a) to (i) under Delivery Materials in paragraph 6 below: (i.e. 8 weeks after the last delivery date of the last episode)	

5. **Territory:** Worldwide

6. **Delivery Materials** include:

- (a) each episode of the Programme in wav format, sampling at 48kHz and 16 bit, or in any format which RTHK may request;
- (b) a complete set of Copyright of Music & Song Register;
- (c) all documents and proof of licence or consent for use of all works in relation to the underlying copyright of the Programme as specified in Clause 7.3 of the Agreement, if applicable;
- (d) at least one photograph per each episode, which are suitable for publicity purposes and showing the Production Team at work;
- (e) a disc containing the original music created for each episode of the Programme, if applicable;
- (f) any production materials (e.g. CDs) purchased for the production of the Programme, if applicable;
- (g) a translated transcript of each episode of the Programme in English or Chinese respectively which has to be certified correct by the participant if the Programme's original recorded language is not English or Chinese, if applicable;
- (h) a Limited Assurance Engagement Report on the final production cost of the Programme; and
- (i) a self-evaluation report.

7. **Production Team:**

	Name	Hong Kong Identity Card Number or Passport Number and Nationality
Project Co-ordinator:		
Producer:		
Script Writer:		
Programme Host: (if interview / talk show programme)		

8. **RTHK Facilitator contact details:**

Educational Television Centre, Radio Television Hong Kong
79 Broadcast Drive, Kowloon, HONG KONG

Tel: 2331 2334

Fax: 2794 6279

9. **The Project Coordinator's contact details:**

Address:

Tel:

Fax:

Schedule II

Approved Production Budget

Schedule III

Approved Proposal

Schedule IV

Waivers of Moral Rights of the Production Team

In consideration of the award of the Agreement to [name of Participant]

I, the undersigned, hereby waive in favour of the Government of the Hong Kong Special Administrative Region of the People's Republic of China ("Government"), its authorised users, successors-in-title and assigns, all moral right subsisting in the all items listed in Clause 7.1.

Capitalised terms appearing herein have the meaning given to them in the agreement between [name of the Participant] and the Government.

Signature:

_____ **Date:** _____
Project Coordinator
Name of Project Coordinator:

Signature:

_____ **Date:** _____
Producer
Name of Producer:

Signature:

_____ **Date:** _____
Script Writer
Name of Script Writer:

Signature:

_____ **Date:** _____
Programme Host
Name of Programme Host:

Application Form

(↓) Handbook

(↓) Production Crew List Sample

(↓) Application for CIBF sample

(1) Particulars of Applicant

*Mandatory

Year/Quarter _____

*Please select Organization

Individual

Name of Applicant (Chinese)

The name should be the same as on your organization registered certificate

*Name of Applicant (English)

The name should be the same as on your organization registered certificate

*Please upload the Certificate of Registration of an Organization

[Choose File]

(↑)

Registered/Permanent Address (Chinese)

*English

Correspondence Address (if different from the above address)

*Telephone No.

Fax No.

*Email Address

Person of the Organization Responsible for the Application

Surname (Chinese)

should be the same as on the identity card

First Name (Chinese)

should be the same as on the identity card

*Surname (English)

should be the same as on the identity card

The post Applicant/ Person of the Organization Responsible for the application and the Project Coordinator shall be taken up by two different persons

First Name (Chinese)

should be the same as on the identity card

The post Applicant/ Person of the Organization Responsible for the application and the Project Coordinator shall be taken up by two different persons

Title (Chinese)

*English

*Hong Kong Identity Card No. ()

Project Coordinator

Surname (Chinese)

should be the same as on the identity card

First Name (Chinese)

should be the same as on the identity card

*Surname (English)

should be the same as on the identity card

The post Applicant/ Person of the Organization Responsible for the application and the Project Coordinator shall be taken up by two different persons

First Name (English)

should be the same as on the identity card

The post Applicant/ Person of the Organization Responsible for the application and the Project Coordinator shall be taken up by two different persons

Correspondence Address of Project Coordinator (Chinese)

*English

*Telephone No.

Fax No.

*Email Address

*Description of the Applicant

(Maximum 1000 characters)

(2) Project Details

- 2.1 *Programme Theme
- Theme of the Quarter 該季主題
 - Ethnic Minorities 少數族裔
 - Open Topic 自選題目

- 2.2 *Duration of Each Episode
- One Hour
 - Half an hour

- 2.3 *Format of Broadcasting
(briefly state how such format will benefit the programme.)
- Recorded
 - Live

(Maximum 250 characters)

- 2.4 *Programme Title

(Maximum 100 characters. You may also provide a Chinese version, or opt to let the Secretariat to translate it.)

節目名稱

(上限20字。閣下可同時提供英文版，或由大會安排翻譯本。)

- 2.5 *Programme Synopsis
(Consent must be given for uploading the synopsis onto the CIBS thematic website for public voting.)

(Maximum 750 characters. You may also provide a Chinese version, or opt to let the Secretariat to translate it.)

節目大綱 (同意上載主題網站予公眾評分之用。)

(上限150字。閣下可同時提供英文版，或由大會安排翻譯本。)

(3) Project Details

2.6 *Broadcast Language Cantonese Putonghua English Others (please specify)

2.7 *Is financial support needed? No Yes (Please fill in Application for CIBF)

2.8 * Is an advance disbursement of 20% of the approved funding needed? No Yes (Please specify the reason(s).)

(Applicants shall open an individual bank account for the Project to enable proper audit trail of the advance disbursement.)

(Maximum 250 characters)

2.9 *Project Objectives

(Maximum 500 characters)

2.10 *Target Audience

(Maximum 250 characters)

(4) Project Details

2.11 *Expected Deliverables

(Maximum 250 characters)

2.12 *Methods for Measuring Performance

(Maximum 500 characters)

2.13 *Please upload an oral presentation file not more than 3 minutes I ensure the uploaded audio clip has not infringed upon any copyright or other rights. Consent has also been given for uploading the audio clip onto the CIBS thematic website for public voting.

[Choose File] (↑)
--

(Upload file format must be mp3 and up to 5MB maximum.)

2.14 *Programme Details of the 13-episodes, e.g. topic, content and guest list of each episode etc. (Content of each episode maximum 1000 characters)

	Episode	Topic	Content
	1	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)
	2	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)
	3	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)
	4	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)
	5	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)
	6	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)
	7	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (Maximum 1000 characters)
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9		
	(Maximum 1000 characters)	(Maximum 1000 characters)
10		
	(Maximum 1000 characters)	(Maximum 1000 characters)
11		
	(Maximum 1000 characters)	(Maximum 1000 characters)
12		
	(Maximum 1000 characters)	(Maximum 1000 characters)
13		
	(Maximum 1000 characters)	(Maximum 1000 characters)

2.15 *Programme Structure, Time Allocation and Segments

(Maximum 1500 characters)

(5) Production Crew List

* Please state the relevant experiences of the participant(s) (e.g. producer, project coordinator, etc.). (If you find it difficult to fill in the form, please read the sample for reference.)

Note:

1. Project Coordinator shall be equal to the one as written in section 1. The project coordinator will be responsible for communicating with RTHK and cannot be replaced if not necessary.

	Role of the Participants	Full Name	Relevant Experiences (Maximum 250 characters)
1	▼		
2	▼		
3	▼		

4	<input type="text"/>	<input type="text"/>	<input type="text"/>
5	<input type="text"/>	<input type="text"/>	<input type="text"/>
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7	<input type="text"/>	<input type="text"/>	<input type="text"/>
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10	<input type="text"/>	<input type="text"/>	<input type="text"/>
11	<input type="text"/>	<input type="text"/>	<input type="text"/>
12	<input type="text"/>	<input type="text"/>	<input type="text"/>
13	<input type="text"/>	<input type="text"/>	<input type="text"/>
14	<input type="text"/>	<input type="text"/>	<input type="text"/>
15	<input type="text"/>	<input type="text"/>	<input type="text"/>
16	<input type="text"/>	<input type="text"/>	<input type="text"/>
17	<input type="text"/>	<input type="text"/>	<input type="text"/>
18	<input type="text"/>	<input type="text"/>	<input type="text"/>
19	<input type="text"/>	<input type="text"/>	<input type="text"/>
20	<input type="text"/>	<input type="text"/>	<input type="text"/>

(6) Application for CIBF

Budget Summary

(If you find it difficult to fill in the form, please read the guidelines at the end of the form or refer to the sample for reference.)

Category	Job Titles Guideline 1	Per Episode (per person)(HK\$) Guideline 2	Total Head-count of 13 episodes Guideline 3/4	Total Amount Applied (HK\$)
Production Crew List Guideline 5	* Project Coordinator	300		
	* Producer	300		
	* Technical Producer	300		
	* Scriptwriter	300		
	* Researcher	300		
	* Actor/Presenter	300		
			* Sub-total	

Services and Goods

Item	Unit Rate	Quantity	Total Amount Applied (HK\$)
* Studio Rental (one-hour episodes) Guideline 6			
* Studio Rental (half-hour episodes) Guideline 6			
* Music CD (piece(s)) Guideline 7			
* Limited Assurance Engagement Report Guideline 8			
+ Add Item		* Sub-total	
		* Total	

Additional Information

(Not more than 500 Characters)

Guidelines on Preparation of Production Budget:

1. For each episode, there shall be no more than ten people assuming the six posts of producers, project coordinators, researchers, scriptwriters, actors/presenters and technical producers. The respective quota for producers, project coordinators and technical producers is one, researchers and scriptwriters two, and actors/presenters eight. A standard honorarium of HK\$300 per episode will be given to each participant .
2. A standard honorarium of HK\$300 per episode will be granted to each participant. A person assuming more than one post for the same episode can only receive a total of HK\$300 as honorarium.

3. "Total Head-count of 13 episodes" is calculated by adding up all the people employed for the same job-title in the thirteen episodes.
 Example 1: "Researcher" - Two researchers were employed for episode 1 to episode 5. One researcher was employed for episode 6 to episode 11. Again, two researchers were employed for episode 12 to episode 13. The "Total Head-count of 13 episodes" would be {2 (persons) x 5 (episodes)} + {[1 (person) x 6 (episodes)] + {2 (persons) x 2 (episodes)} = 20 head-count.

 Example 2: "Performers/Presenters" - Eight performers/presenters were employed for episode 1. Two for episode 2. Three for episode 3. Six for episode 4. Three for episode 5. Six for episode 6. Seven for episode 7. Eight for episode 8. One for episode 9. Two for episode 10. Three for episode 11. Four for episode 12. Five for episode 13. The "Total Head-count of 13 episodes" would be {8 (persons) + 2 (persons) + 3 (persons) + 6 (persons) + 3 (persons) + 6 (persons) + 7 (persons) + 8 (persons) + 1 (person) + 2 (persons) + 3 (persons) + 4 (persons) + 5 (persons)} = 58 head-count.

 Example 3: "Project Coordinator" - One Project Coordinator was employed throughout episode 1 to 13. The "Number of persons employed for 13 episodes" = 13 head-count.
4. Please be reminded about the ceilings of the number of staff for different job titles and each episode. Expenditure exceeding the ceiling should be borne by the applicant.
5. Apart from project coordinators and presenters, other posts may be filled as required.
6. "Unit Rate" refers to the hourly studio rental fee and "Quantity" refers to the number of hours of studio required (hours).
7. The total expenditure on music CDs shall not exceed HK\$1,000 and the maximum number shall not exceed ten.
8. "Limited Assurance Engagement Report" should be prepared by Certified Public Accountants. "Unit Rate" refers to the charge of one report. "Quantity" is "1".
9. If the applicant wish to apply funding for any other related services or goods, please state in the "Others" fields and provide reason & details.
10. Producers of Non-Chinese or non-English programmes are required to provide the Chinese or English translation of transcripts to RTHK and to certify on that the programme contents comply with the broadcasting regulations and codes. Applicants may apply CIBF for translation fee if needed.

(7) Declaration and Undertaking

The applicant hereby declares that:

- i) The person of the organization responsible for the application is a Hong Kong resident and is aged 18 or above;
- ii) all information given in this application form and the attached documents are accurate and complete; materials regardless of its forms and statements in the application form, including but not limited to textual and audio materials of the CIBS, have not infringed upon any copyright or other rights; consent is also given to RTHK to display the materials on its website for public voting;
- iii) the application proposal shall remain valid for twelve months from the deadline of application regardless whether it is accepted by RTHK or not unless it is withdrawn in writing by the applicant; and
- iv) the person of the organization responsible for the application is not full-time or part-time employee employed by RTHK under permanent terms or NCSC contract, or as a Category II service provider.

Personal Information Collection Statement

(a) Personal data provided by applicants in the application forms and all other documents will be used for the following purposes:

- (i) application assessment (including public voting and assessment by the Selection Committee); and
- (ii) evaluation of the effectiveness of the CIBS project.

All personal data provided by applicants will be handled with due care. In processing the applications, such data may be used for public voting or accessed by members of the Selection Committee as well as relevant third parties. Such data shall not be used for any purposes other than those stated above.

(b) Applicants who wish to gain access or make corrections to their personal data may submit the requests in writing to the CIBS Secretariat.

* I, the person of the organization responsible for the application, make this solemn declaration conscientiously believing the same to be true and accurate.

Our organization agree to receive updates about CIBS.

(Note: Choice of use of personal information can be amended at “My Profile” in the future.)



THIS AGREEMENT is made on XXX day of XXX of 201X.

BETWEEN

1. **The Government of the Hong Kong Special Administrative Region** of the People's Republic of China, as represented by the Director of Broadcasting of Radio Television Hong Kong with address at 30 Broadcast Drive, Kowloon, Hong Kong ("**RTHK**"); and
2. [Company Name], a company incorporated under the laws of Hong Kong whose registered office/principal place of business is [xxx] with business registration number [XXXX] ("**Company**")

WHEREAS

RTHK wishes to engage the Company to produce a Programme in accordance with the terms and conditions in this Agreement and Schedules I to IV appended hereto.

NOW IT IS HEREBY AGREED as follows:

1. **Definitions and interpretation**

- 1.1 In this Agreement, the following words and expressions shall have the following meanings, unless the context otherwise requires:

"Audited Report" means the report containing the figures of the final production costs of the Programme as compared to the Production Budget attached and is audited by a professional accountant holding practicing certificate or a corporate practice within the meaning of the Professional Accountants Ordinance (Cap. 50). A copy of the sample template of Audited Report is attached as reference at Schedule V.

"Commissioning Editor" means the person specified in paragraph 8 of Schedule I or any person nominated from time to time by RTHK as the Commissioning Editor.

"Cable Programme Service" means the provision of a television programme service that involves the transmission by cable or optic fibre (whether alone or in combination with a multipoint microwave distribution system or satellite mass antenna television) of television programmes that are made available to two or more premises simultaneously or the general public on payment of a subscription.

"Delivery Date" means any one of the dates as specified in paragraph 4 of Schedule I.

"Delivery Materials" means the materials specified in paragraph 6 of Schedule I.

“Fine Cut” means the assemblage of the footages of the Programme in consultation with the Commissioning Editor and with changes requested addressed and locked off to an agreed duration between the Company and Commissioning Editor.

“Free-to-Air Television Service” means the provision of a television programme service that involves the transmission by analogue or digital terrestrial radio communications of television programmes that are readily accessible to, and made available free of charge to the general public.

“Guidelines” means the Radio Television Hong Kong Producers’ Guidelines dated May 2015 and any update thereafter and is posted on http://rthk.hk/about/pdf/pg_e_2015.pdf.

“Home Entertainment Service” means the exploitation, distribution or sub-distribution of television programmes in the form of video compact disc (VCD) or digital video disc (DVD) or any other form of videogram which may be developed in the future.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Intellectual Property Rights” means patents, trade marks, service marks, trade names, design rights, copyright, domain names, database rights, rights in know-how, new inventions, designs or processes and other intellectual property rights of whatever nature and wheresoever arising, whether now known or hereafter created, and in each case whether registered or unregistered and including applications for the grant of any such rights.

“Internet” means an interconnected system of networks that connects computers around the world via the transmission control protocol / internet protocol.

“Programme” means a single television programme or a series of television programmes within the series specified in paragraph 1 of Schedule I to be produced by the Company in accordance with this Agreement, and the subtitled version thereof.

“Production Budget” means a budget detailing the expenditure items for the production of the Programme prepared by the Company and approved by RTHK and attached hereto as Schedule II.

“Production Schedule” means a schedule of events indicating the stages of production of the Programme specified in paragraph 4 of Schedule I.

“Production Team” means those persons specified in paragraph 7 of Schedule I, being the employees or contractors of the Company designated in different position to produce and complete the Programme in accordance with this Agreement.

“Programme Service” means the provision of a television programme service that includes television programmes for transmission by terrestrial telecommunications on a point-to-point basis in response to a specific request, is available to two or more premises or to the general public and is made available on payment of a subscription.

“Rough Cut” means the assemblage of the footages of the Programme which accords with the Treatment, or any changes thereto, as approved by the Commissioning Editor, which shall present clearly the structure and content of the Programme as the subject for Fine Cut.

“Satellite Television Service” means the provision of a television programme service that involves the transmission by satellite of television programmes that are made directly available to two or more premises simultaneously or the general public free of charge or on payment of a subscription.

“Sound Broadcasting Service” means the transmission of sound (otherwise than as part of a television broadcast) for general reception by means of radio waves.

“sub-contractors” includes sub-contractors at all tiers of sub-contracting;

“Sum” means the sum of money payable by RTHK to the Company as specified in paragraph 2 of Schedule I and in accordance to Clause 3 of this Agreement.

“Territory” means the country, territory or area specified in paragraph 5 of Schedule I.

“Third Party” (in upper case) means any person other than the Company or any of its employees, subcontractors or agents engaged for the purposes of or in connection with this Agreement. The term “third party” (in lower case) is a generic term and includes any person other than the Company.

“Treatment” means a document indicating the structure and content of the Programme that has been presented to RTHK by the Company before the signing of this Agreement as the same may from time to time be revised with the approval of RTHK pursuant to Clause 6.2(b).

- 1.2 In this Agreement, unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include any gender; unless stated otherwise, references to Clauses and Schedules are to clauses and schedules of this Agreement. References to any statute or ordinance shall be deemed to be references to that statute or ordinance as from time to time amended, re-enacted or substituted and includes all subsidiary legislation thereunder. Clause headings are inserted for convenience only and shall be ignored in construing this Agreement.

2. Engagement

- 2.1 RTHK engages the Company and the Company accepts the engagement regarding the production of the Programme in accordance with this Agreement.

- 2.2 The engagement shall commence on the date of this Agreement and shall continue until the earlier of:

- (a) completion of the Programme, delivery by the Company to RTHK of all the Delivery Materials, the submission of the Audited Report, and completion of all other obligations and duties under this Agreement, in all cases in accordance with the requirements of this Agreement and to the satisfaction of

RTHK; or

- (b) termination of this Agreement pursuant to the provisions of this Agreement.

3. **Payment**

3.1 Subject to the terms and conditions of this Agreement and the observance and performance by the Company of its duties and obligations under this Agreement, RTHK shall pay the Company the Sum as specified in paragraph 2 of Schedule I in accordance to the following schedule:

- (a) 20 % of the Sum on signing of this Agreement;
- (b) 20 % of the Sum on receipt and approval by RTHK an written confirmation from the Company regarding the treatment, shooting script, Production Schedule and locations for shooting, the lists of casting, equipment and facilities used and Production Team on or before Day, Month, Year;
- (c) 10% of the Sum on completion of principal photography on or before Day, Month Year.
- (d) 20 % of the Sum on approval by RTHK of the Rough Cut of the Programme on or before Day, Month, Year;
- (e) 5 % of the Sum on approval by RTHK of the Fine Cut of the Programme on or before Day Month Year;
- (f) 5% of the Sum upon delivery of the Programme to the satisfaction of RTHK in accordance with Clause 11 and the Delivery Materials on or before Day Month Year; and
- (g) 20% of the Sum upon submission of an Audited Report to the satisfaction of RTHK on or before the Submission Deadline specified in paragraph 4 of Schedule I and completion of all the services and tasks under this Agreement to RTHK's satisfaction and that the Company has complied with all contractual requirements. The Company fully understands and agrees that all time stipulations set out in this Agreement are the essence of the submission. RTHK shall not make any payment under this sub-clause or be responsible for any cost, money, disbursement or expense (if any) incurred by the Company for an Audited Report **not** submitted to the satisfaction of RTHK on or before the Submission Deadline. The Company agrees to waive all its rights to claim for any payment, money, cost, disbursement or expense for an Audited Report **not** submitted to the satisfaction of RTHK on or before the Submission Deadline. RTHK expressly reserves all its rights to claim for any loss or damage suffered by RTHK as a result of or in connection with the late submission or non-submission of an Audited Report by the Company.

3.2 Notwithstanding anything in this Agreement to the contrary, each portion of the Sum specified in Clause 3.1 will only be paid within 30 days after RTHK is in receipt of an invoice for such portion which can only be issued after that portion becomes payable

under Clause 3.1.

- 3.3 Without prejudice to any right or remedy to which RTHK may otherwise be entitled, RTHK shall not be obliged to make the payment referred above if any material defects in the Programme which have been identified to the Company in writing, to be corrected in accordance with Clause 4 below, remain uncorrected to the reasonable satisfaction of RTHK.
- 3.4 In the event that during the course of the production of the Programme, substantial and material changes has taken place which cause certain expenditure items in the Production Budget to be unnecessary, RTHK shall have the right to re-evaluate the Production Budget and reduce the Sum payable to the Company accordingly.
- 3.5 The Production Budget as attached in Schedule II is approved and accepted by RTHK, the fees budgeted for Executive Producer(s), Producer(s) and Director(s) or any positions in the “A” part of the Production Budget shall not be increased at any time even when the final production costs indicate an under-budget situation.
- 3.6 In the event that the Audited Report indicates that the total audited expenditure on the production of the Programme is less than the Sum, the Sum shall be deemed to have been reduced to an amount equal the total expenditure amount as audited in the Audited Report. If RTHK has already made an overpayment pursuant to the payment schedule under Clause 3.1, the Company shall immediately refund to RTHK the overpaid amount. Any outstanding installment of the Sum specified in Clause 3.1(g) shall either no longer be payable or be reduced according to the difference between the original amount of the Sum and revised amount of the Sum pursuant to this Clause.
- 3.7 The Sum constitutes the sole remuneration payable to the Company by RTHK for performing its obligations and duties under this Agreement. No other money or compensation whatsoever shall be payable by RTHK to the Company in respect thereof (whether by way of upfront payment or reimbursement). All costs and expenses incurred by the Company whether or not purportedly in discharge of its obligations and duties under this Agreement shall be deemed as costs and expenses incurred for performing such obligations and duties, and be compensated for in the form of the Sum only. The Company shall perform all of its obligations and duties at its own cost, and will receive no reimbursement or payment in advance from the Company, apart from in the form of the Sum.
- 3.8 In line with the Hong Kong government policy of promoting and rewarding excellence in creativity for independent producers and in the event that this Programme is awarded any prize money, testimonials or trophies at any film or television festivals or competitions and where the Company act in accordance to Clause 9(j) of this Agreement, upon RTHK’s receipt of the aforementioned items, RTHK shall provide to the Company an incentive of an amount of Hong Kong dollars equivalent to the prize money received for the Programme.

4. **Errors and omissions**

Without prejudice and in addition to Clause 11 and any other claim, cause of action or

remedy whatsoever which RTHK may otherwise have against the Company, in the event that the Programme or any of the Delivery Materials contains any errors or omissions or any part which RTHK considers is not suitable for broadcast, the Company shall correct the same forthwith upon being requested in writing by RTHK to do so or upon becoming aware of the same and such correction shall be effected without charge to RTHK and to the reasonable satisfaction of RTHK.

5. **Programme and the conduct of work**

The Company hereby agrees to:

- (a) complete the Programme in accordance to the Production Schedule and in a professional manner, carry out its duties and obligations hereunder with all due and reasonable diligence and perform to such standard generally observed in the industry for similar services;
- (b) ensure that any person employed or engaged or appointed by it shall use all proper and professional skill, care and diligence in the performance of its duties and obligations under this Agreement;
- (c) ensure that the Programme shall comply with the editorial and ethical standards of the Territory; and with the laws and television programme and technical standards stipulated by the relevant authorities of the Territory;
- (d) comply at all times with the Guidelines;
- (e) ensure that the Programme is based on the Treatment, made in accordance with the Production Schedule, shot in the format specified in paragraph 3 of Schedule I and completed with Chinese subtitles, opening title sequence and programme series title;
- (f) ensure that the Programme is delivered in the format specified in paragraph 6 of Schedule I; and
- (g) engage, maintain and use the Production Team or such replacements of equivalent status and qualification subject to prior written approval by RTHK, throughout the period of validity of this Agreement for the production of the Programme.

6. **Consultation**

- 6.1 RTHK as represented by the Commissioning Editor shall liaise with the Company during the production of the Programme. The Commissioning Editor, save to the extent inconsistent with or going beyond the Company's duties and obligations under this Agreement, may give directions and guidance to the Company in relation to the production of the Programme.
- 6.2 The Company shall consult the Commissioning Editor at all stages of the production of the Programme, including without limitation:

- (a) the choice of stories prior to filming;
- (b) finalization of the Treatment and Production Schedule;
- (c) commencement of principal photography;
- (d) completion of Rough Cut;
- (e) prior to the locking-off of the Programme to the agreed duration;
- (f) completion of Fine Cut;
- (g) preparation of credits and graphics; and
- (h) completion of audio mix.

6.3 Upon request by RTHK, the Company shall provide access to RTHK or its authorized representatives for the monitoring of all rushes, Rough Cut, Fine Cut and sound mix for the Programme.

6.4 In the event of a dispute between the Company and Commissioning Editor, the professional opinion of the Commissioning Editor shall rule and the Company has the right to disassociate the Programme by not presenting itself in the credits of the Programme.

7. **Intellectual Property Right & Ownership**

7.1 Save as provided in Clause 7.2 and Clause 7.3, the ownership of, and all Intellectual Property Rights subsisting in the Programme (finished or otherwise), the Delivery Materials (finished or otherwise) and all the other underlying works created, generated or acquired by the Company, its employees, contractors, subcontractors or agents (including the Production Team) in the course of the performance of this Agreement, including without limitation, any scripts, photographs, other literary or dramatic works, music, plans, software, source code and object code of all programming, data, models (computer models or otherwise), materials and drafts of all and any of the aforementioned items (saved as excepted), shall be vested in and belong to RTHK upon creation or to the extent they already exist as at the date of this Agreement, are hereby assigned in favour of RTHK, in each case free and clear of all rights, interests, encumbrances of whatsoever nature whether belonging to the Company or any other person.

7.2 On or before the Delivery Date or upon the early termination of this Agreement for whatever reason whichever is earlier, the Company shall provide RTHK with a list of underlying works (a) which exist as at the date of this Agreement, and (b) the Intellectual Property Rights in which belong to Third Parties as at the date of this Agreement. The Company shall specify in the list such additional details as RTHK may require. Subject to verification by RTHK of the items specified in the list, the provisions of Clause 7.1 shall not apply to the underlying works specified in the list provided by the Company under this Clause 7.2.

- 7.3 In relation to each item of underlying work as specified in the list as approved by RTHK under Clause 7.2, the Company shall procure the relevant Third Party which owns the Intellectual Property Rights in such underlying work to grant in favour RTHK, and each of its authorized users, successors and assigns, of a non-exclusive, sub-licensable, transferable, royalty-free, world-wide and irrevocable licence to exercise all and any of the rights specified in Clause 8 in respect of such underlying work whether on its own or as incorporated in the Programme for the full period of protection of the Intellectual Property Rights subsisting in such underlying work under the laws of all and any applicable jurisdiction of the Territory.
- 7.4 The Company hereby waives and will procure its employees, sub-contractors and agents (including members of the Production Team) to waive all moral rights (whether past, present or future) which any of the items as listed in Clause 7.1 may have in the Programme and/or any respective part thereof. The waiver shall operate in favour of RTHK, its assigns, authorized users and successors in title and shall take effect from the date of this Agreement. A pro forma waiver is attached hereto as Schedule III and shall be signed by each member of the Production Team as listed in paragraph 8 of Schedule I and by other relevant employees, sub-contractors and agents of the Company and such replacements engaged in the production of the Programme.
- 7.5 The Company shall procure and before the fixation and / or recording of any performance or otherwise to be incorporated into or contained in the Programme and/or the Delivery Materials:
- (a) the grant by the performer of that performance to RTHK, its authorized users, assigns and successors in title a sub-licensable, non-exclusive, irrevocable, assignable, transferable and applicable throughout the Territory the right and licence to exercise all his performers' economic rights in relation to such performance;
 - (b) the consent of the performer and all other persons which may be necessary for each of RTHK and the Company to make fixations and/or recording of such performance; and
 - (c) the consent of the performer and clearance from that performer and all other persons as may be necessary for such fixation and/or recording of the performance and for performing any acts restricted by sections 203 to 205 of the Copyright Ordinance by RTHK and/or any of its successors in title, authorized users, and assignees (including the Company) in relation to such fixation or recording, or copies thereof, and at no additional cost to any of them.

The afore-mentioned grant, consent and clearance shall continue to subsist so long as the performer's economic rights and the performer's non-economic rights subsist in the relevant performance.

The terms "fixation", "performers", "performance", "performers' economic rights", "performers' non-economic rights" and other related terms in this

Agreement including this Clause shall have the same meanings as those given to them in Part III (Rights in Performances) of the Copyright Ordinance.

- 7.6 For the purposes of Clauses 7.1, 7.3, 7.4 and 7.5, the Company undertakes to execute or procure the execution of all such deeds and documents and take all such steps as RTHK may from time to time require for the purposes of assuring the performance of its duties and obligations hereunder and of securing the rights assigned or intended to be assigned under this Agreement.

8. **Rights of RTHK**

The purposes for which RTHK may exploit the Programme and/or the Delivery Materials and/or the items, whether as the owner of the Intellectual Property Rights therein by virtue of Clause 7.1 or as a licensee by virtue of the licence specified in Clause 7.3 and 7.4, whichever is applicable, include but are not limited to, the following:

- (a) the right to broadcast, transmit, exploit or include or authorize any person to broadcast, transmit, exploit or include the Programme and/or the Delivery Materials and/or any respective part thereof, by all means and in all media, whether now or hereafter devised for any purpose whatsoever, including without limitation, the broadcast, transmission, exploit or inclusion of the Programme and/or the Delivery Materials and/or any respective part thereof in any Free-to-Air Television Service, Cable Programme Service, Satellite Television Service, Programme Service, Sound Broadcasting Service, the Internet and Home Entertainment Service;
- (b) the right to advertise and publicize or authorize any person to advertise and publicize the title of the Programme, names and photographs of the artistes, producer and director for the promotion of the Programme and or RTHK;
- (c) the right to use or authorize any person to use the Programme and/or the Delivery Materials and/or any respective part thereof (including without limitation, the excerpts of the Programme) in any manner it thinks fit for publicity purposes generally or for the promotion of the Programme;
- (d) the right to use, copy, adapt, change, revise, delete from, add to or rearrange the Programme and/or the Delivery Materials and/or any respective part thereof, or authorize any person to do the same, for such purposes it thinks fit, including without limitation, for the purposes of re-subtitling, dubbing or programme scheduling; and
- (e) the right to make, produce, sell, publicly exhibit, lease, license, hire, market, reproduce mechanically, graphically, electronically, digitally or otherwise howsoever, exploit or authorize any person to do the same, in respect of the Programme and/or the Delivery Materials and/or respective part thereof in whole or in part with or without adaptation.

9. Warranties

The Company warrants, undertakes and agrees that:

- (a) it has full power and authority to enter into this Agreement and to give effect to its terms;
- (b) except for the underlying works identified under Clause 7.2 and for those items listed in Clause 7.1 created after the date of this Agreement, immediately prior to the signing of this Agreement, the Company legally and beneficially owns those items, and has the right to assign to RTHK those items on the terms set out in Clause 7.1;
- (c) unless they already exist as at the date of this Agreement, all items listed in Clause 7.1 consist of original works created, developed or made by the Production Team for RTHK during the course of or in connection with this Agreement;
- (d) after the vesting and assignment under Clause 7.1, all of the items listed in Clause 7.1 is and will be owned by RTHK free from all rights, interests, encumbrances of whatsoever nature whether belonging to the Company or any other person;
- (e) in respect of the underlying works mentioned in Clause 7.2, the Company has a valid and continuing licence under which it is entitled to use the same to the extent necessary or desirable for performing its obligations and duties under this Agreement or for producing the Programme, the Delivery Materials and other underlying works in accordance with the requirements of this Agreement, and it has separately procured all necessary licenses, clearances and consents in favour of RTHK and each of its authorized users, assigns and successors-in-title on the terms set out in Clause 7.3;
- (f) there are no claims, actions or proceedings (pending or threatened) which may adversely affect the rights of RTHK under this Agreement;
- (g) the provision of any services by the Company or the otherwise performance of this Agreement by the Company does not and will not infringe the Intellectual Property Rights of any person;
- (h) the exercise by RTHK, its authorized users, assigns and successors-in-title of any of the rights granted under this Agreement will not infringe any Intellectual Property Rights of any person;
- (i) the Programme does not contain any materials which are obscene, libelous or defamatory.
- (j) the Company shall seek RTHK's prior written approval before the submission of the Programme or any versions of the Programme to any television festivals or film festivals or otherwise public viewing for any purposes whatsoever; the Company shall bear all costs related to such submission and should the Programme or any versions of the Programme be awarded any prize money,

testimonials or trophies, the Company shall hand over all such prize money, testimonials or trophies to RTHK immediately; and

- (k) the members of the Production Team as listed in paragraph 7 of Schedule I shall be the people who will carry out the production of the Programme save for any replacement from time to time approved by RTHK.

10. **Credits**

- 10.1 Credits as shown on the Programme shall be in the form provided by RTHK.
- 10.2 The closing credits of the Programme shall contain a credit for each of the Commissioning Editor and the directors and executive producers of the Company.

11. **Delivery**

- 11.1 Unless otherwise agreed by the parties to this Agreement, the Company shall deliver the Programme and the Delivery Materials (listed under paragraph 6 of Schedule I) on or before the Delivery Date specified in paragraph 4 of Schedule I.
- 11.2 Should RTHK find the Programme (or any part thereof) and the Delivery Materials (or any part thereof) delivered under this Agreement not of a technical standard suitable for television broadcast, RTHK shall by written notice inform the Company. The Company shall deliver replacement Programme and Delivery Materials to the satisfaction of RTHK within seven (7) days from the date of the notice or at such later date as determined by RTHK. All costs and expenses arising out of such replacement shall be borne by the Company.
- 11.3 The Company shall submit the Audited Report on or before the Submission Deadline specified in paragraph 4 of Schedule I.

12. **Indemnity**

- 12.1 In addition to and without prejudice to Clause 13, the Company shall indemnify and keep indemnified RTHK from and against:
 - (a) all and any demands, claims, actions, arbitrations, proceedings, threatened, brought or instituted against RTHK; and
 - (b) all liabilities and indebtedness (including without limitation liabilities to pay damages or compensation), losses, damage, costs and expenses incurred or suffered by RTHK (including all legal and other costs, charges, and expenses, on a full indemnity basis, which RTHK may pay or incur in initiating, defending, counter-claiming, settling or compromising any action or proceeding by or against RTHK).

which in any case arise directly or indirectly from, or in connection with, or out of, or which relate in any way to:

- (i) a breach of any provision of this Agreement by the Company;
- (ii) any warranty and representation given by the Company in this Agreement is incorrect, inaccurate, incomplete or misleading;
- (iii) the negligence, recklessness, or willful misconduct of the Company or of any member of the Production Team in performing this Agreement; or
- (iv) (whether or not involving any element of fault or negligence on the part of the Company) any act or omission of the Company, or of any member of the Production Team, in performing this Agreement.

(Each of the above is separate and shall be construed independently and shall not prejudice, or be limited by reference to or inference from, the other of them or other provisions of this Agreement.)

13. Intellectual Property Right Indemnities

13.1 In addition to, and without prejudice to, Clause 12 and Clauses 13.2 to 13.5, the Company shall indemnify and keep indemnified the RTHK, its authorized users, assigns and successors-in-title (collectively “indemnified parties”) from and against:

- (a) all and any demands, claims, actions, arbitrations, proceedings, threatened, brought or instituted against an indemnified party; and
- (b) all liabilities and indebtedness (including without limitation liabilities to pay damages or compensation), losses, damage, costs and expenses incurred or suffered by an indemnified party (including all legal and other costs, charges, and expenses, on a full indemnity basis, which an indemnified party may pay or incur in initiating, defending, counter-claiming, settling or compromising any action or proceeding by or against an indemnified party)

which an indemnified party may sustain or incur, directly or indirectly as a result of or in connection with the infringement or alleged infringement of any Intellectual Property Right of a third party by the Company or an indemnified party arising from (each an “infringing act”):

- 13.1.1 the exercise by RTHK of any Intellectual Property Right subsisting in those items listed in Clause 7.1; or the exercise of any right conferred on RTHK by virtue of the licences mentioned in Clause 7.3; or
- 13.1.2 the performance by the Company of this Agreement in the manner provided for or contemplated under this Agreement; or
- 13.1.3 the enjoyment or exercise by the RTHK of any of its right or powers under this Agreement; or
- 13.1.4 (whether or not involving any element of fault or negligence on the part of the Company) any act, omission or default by the Company in the performance of this

Agreement; or

- 13.1.5 the breach of any warranties or representations set out in this Agreement concerning Intellectual Property Rights.

(Each of the above is separate and shall be construed independently and shall not prejudice, or be limited by reference to or inference from, the other of them or other provisions of this Agreement.)

- 13.2 In the event that there is an infringing act or an alleged infringing act, the Company shall forthwith upon the first written request of RTHK, at its own costs and expenses, without prejudice to any other rights and remedies of an indemnified party:

- 13.2.1 procure the consent of all relevant parties on such terms to the satisfaction of RTHK to permit the infringing act or alleged infringing act; or

- 13.2.2 adapt, modify or replace the affected items so as to avoid infringement of any third party's Intellectual Property Rights (in which event the Company shall compensate RTHK for the full amount of any loss and damage sustained or incurred by RTHK arising from such adaptation, modification or replacement) provided always that any adaptation, modification or replacement must first be approved by RTHK in writing.

- 13.3 Without prejudice to any other rights and claims that the RTHK may have under this Agreement or at law, if neither Clause 13.2.1 nor Clause 13.2.2 can be accomplished, then:

- 13.3.1 the Company shall forthwith abstain from performing the infringing act or alleged infringing act;

- 13.3.2 refund the Sum paid by RTHK;

- 13.3.3 the Company shall compensate RTHK for all costs and expenses incurred by the RTHK in procuring and implementing replacement services, equipment, software or facilities; and

- 13.3.4 RTHK may, at its option, terminate this Agreement in accordance with Clause 14.1.

- 13.4 Whether during the continuance of this Agreement or thereafter, the Company shall forthwith notify RTHK in writing if any claim or demand is made or action brought against it for infringement or alleged infringement of any Intellectual Property Rights arising from any of the circumstances mentioned in any of sub-clauses of Clause 13.1 whether during the continuance of this Agreement or thereafter.

- 13.5 As and when RTHK may require whether during continuance of this Agreement or thereafter, the Company shall, at its cost, forthwith upon receiving written directions and instructions from time to time of RTHK, take all such actions (including initiating or defending a legal action in its name or in such other manner as RTHK deems fit), or provide to RTHK all such documents or information in the possession or under the control of the Company, to cause all and any claims, demands, or actions instituted

against RTHK and/or the Company referred to in Clause 13.4 to be withdrawn, resisted, disputed, counter-claimed, settled or compromised in such manner as the RTHK may direct.

14. Termination

- 14.1 Without prejudice to other rights and claims of RTHK under this Agreement or at law, RTHK shall be entitled to terminate this Agreement by serving a 14 days' notice in writing on the Company if:
- 14.1.1 the Company persistently or flagrantly fails to carry out the whole or any part of this Agreement punctually or in accordance with the terms and conditions of this Agreement; or
 - 14.1.2 the Company fails to observe or perform any of its obligations under this Agreement and (in the case of a breach capable of being remedied) has failed to remedy the breach to the satisfaction of RTHK within 14 days (or such longer period as RTHK may, in its sole discretion, allow) after the issuance by RTHK to the Company of a notice in writing requiring it to do so; or
 - 14.1.3 any of the warranties or representations made or deemed to have been made by the Company to RTHK in this Agreement or otherwise during the continuance of this Agreement is untrue or incomplete or inaccurate; or
 - 14.1.4 a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, bankruptcy, administration, reorganization, reconstruction, or dissolution of the Company otherwise than for the purpose of a solvent reconstruction or amalgamation previously approved by RTHK in writing, or the Company makes any composition or arrangement with creditors; or a receiver, administrator, trustee or similar officer has been appointed in respect of the Company or all or any part of its business or assets; or
 - 14.1.5 the Company abandons this Agreement in part or in whole;
 - 14.1.6 the Company assigns or transfers or purports to assign or transfer all or any part of this Agreement or all or any of its rights or obligations thereunder without the prior written consent of RTHK; or
 - 14.1.7 pursuant to Clause 13.3.4 or Clause 15.1;
- 14.2 RTHK may at any time or times prior to completion of the Programme at its option terminate this Agreement by giving the Company fourteen (14) days' written notice of such termination;
- 14.3 Upon early termination (howsoever occasioned) or expiry of this Agreement ("Termination"):
- 14.3.1 this Agreement shall be of no further force and effect, but without prejudice to:

- (a) RTHK's rights and claims under this Agreement or otherwise at law against the Company arising from antecedent breaches of this Agreement by the Company (including any breach(es) which entitle RTHK to terminate this Agreement);
- (b) the rights and claims which have accrued to a party prior to the Termination; and
- (c) the continued existence and validity of those provisions which are expressed to or which in their context appropriately survive Termination and any provisions of this Agreement necessary for the interpretation or enforcement of this Agreement including without limitation Clauses 1(Definitions and Interpretations), 4 (Errors and Omissions), 7 (Intellectual Property Rights and Ownership), 8 (Rights of RTHK), 9 (Warranties), 12 (Indemnities), 13(Intellectual Property Right Indemnities), 14(Termination), and 23 (Severability), 24 (Waiver) and 25 (Governing Law and Jurisdiction).

- 14.3.2 RTHK shall not be responsible for any claim, legal proceeding, liability, loss (including any direct or indirect loss, any loss of revenue, profit, business, contract or anticipated saving), damage (including any direct, special, indirect or consequential damage of whatsoever nature) or any cost or expense, suffered or incurred by the Company due to the Termination;
- 14.3.3 RTHK may, without prejudice to any accrued rights and claims of RTHK for breach of the whole or any part of this Agreement, itself take up the uncompleted Programme (or any part thereof) or contract out the uncompleted Programme (or any part thereof) to another contractor(s) whereupon in the event of termination pursuant to Clause 14.1, the Company shall be liable for all costs and expenses thereby incurred by RTHK in excess of the Sum plus an administrative charge of 20% of the excess as and for liquidated damages and not as a penalty to compensate RTHK for its losses arising from the Termination;
- 14.3.4 unless and to the extent waived by RTHK taking into account the work which has actually been done by the Company, and the extent to which the work complies with the requirements of this Agreement, the Company shall refund to RTHK all portions of the Sum which have been paid under Clause 3.1;
- 14.3.5 the Company shall forthwith deliver to RTHK all items as listed in Clause 7.1 and the underlying works listed in Clause 7.2, stored in whatever media, which are in the possession or under the control of the Company. In the event that any of the aforesaid materials or items are located within the premises of the Company, RTHK and any person(s) authorized by it are hereby granted an irrevocable licence to, anytime and from time to time within one year after termination of this Agreement, enter such premises for the purpose of taking possession of such materials or items;
- 14.3.6 the Company shall compile and submit to RTHK a report of the work performed under this Agreement up to Termination;
- 14.3.7 subject only to Clause 14.3.8, regardless of the cause (the absence thereof) or basis

for the Termination, RTHK shall have no obligation to pay to the Company any money whatsoever arising from the Termination; and

- 14.3.8 in the event that this Agreement is terminated pursuant to Clause 14.2, RTHK shall, subject to the right deductions, set-off and counter-claim which RTHK may have under this Agreement or at law, pay to the Company such portion of the Sum (taking into account such amount which has already been paid and not refunded pursuant to Clause 14.3.4) as is fairly and equitably payable to the Company for such work performed by the Company in the period up to the effective date of Termination (and which remains unpaid pursuant to the payment schedule under Clause 3), having regard to the work actually performed by the Company and the extent to which such work complies with the requirements of this Agreement. For the avoidance of doubt, RTHK is not obliged to pay any money under this Clause 14.3.8 to the Company after taking into account such portion of the Sum which has already been paid and not required to be refunded under Clause 14.3.4.

15. Corrupt Gifts

- 15.1 If the Company or any employee or agent of the Company shall be found to have committed an offence under the Prevention of Bribery Ordinance (Chapter 201) or any subsidiary legislation made thereunder or under any law of a similar nature in relation to this Agreement, RTHK may terminate this Agreement pursuant to Clause 14.1.

16. Employment of Child Entertainers

If the Company shall employ child entertainers or child actors for the production of the Programme, the Company shall comply with the Employment of Children Regulations, made under the Employment Ordinance (Cap. 57). For more detailed conditions and restrictions for the employment of children, please refer to "A Concise Guide to the Employment of Children Regulations" at <http://www.labour.gov.hk/eng/public/lid/ConciseGuideEmploymentChildrenRegulations.pdf>

17. Relationship of the parties

- 17.1 The Company enters into this Agreement with RTHK as an independent contractor of RTHK and shall not represent itself as an employer, employee, servant, agent or partner of RTHK.
- 17.2 Neither party shall (without the prior consent in writing of the other) commit the other to any obligation whatsoever.

18. Assignment

The Company shall not assign or subcontract, in whole or in part, any of its interests, rights, benefits or obligations under this Agreement without the prior written consent

of RTHK. Notwithstanding the assignment or the subcontract, as the case may be, the Company shall remain fully liable to RTHK for the performance and completion of its duties and obligations under this Agreement as if any assignment or subcontract has not taken place.

19. **Notice**

19.1 Any notice, demand or other communication required to be given or made under this Agreement shall be in writing and delivered or sent by personal delivery or by post, postage paid, to the relevant party its address set out in Schedule I, or by facsimile sent to the facsimile number set out in Schedule I, or by email to the relevant party's email address set out in Schedule I (or such other address, facsimile number, email address as the addressee has by 3 days' prior notice specified to the other party).

19.2 Any notice, demand or other communication given under this Agreement shall deemed to have been validly given and received:

- (a) if delivered personally, at the time of delivery;
- (b) if by letter three (3) days after posting;
- (c) if by email, when the email is situated at the "Sent" box, and
- (d) if by facsimile, on the production of a transmission report generated by the facsimile machine from which the facsimile has been sent. Such transmission report shall indicate that the facsimile has been sent in its entirety to the facsimile number of the recipient notified for the purpose of this Clause.

20. **Entire agreement**

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement hereof and shall supersede any prior agreements, expressions of intent or understandings with respect to this transaction.

21. **Time of the essence**

Time shall be of the essence in all respects for the Company to undertake and perform its duties and obligations under this Agreement.

22. **Variation**

No waiver, cancellation, alteration, variation or amendment of or to the provisions of this Agreement shall be valid unless made by an instrument in writing and signed by the parties to this Agreement.

23. **Rights of Third Parties**

The parties hereby declare that nothing in this Agreement confers or purports to confer on any third party any benefit or any right to enforce any term of this Agreement pursuant to the Contracts (Rights of Third Parties) Ordinance (Cap.623).

24. **Severability**

Any provisions of this Agreement which is or declared by any court or tribunal of competent jurisdiction to be illegal, invalid or unenforceable in any respect under any applicable law shall be severed from this Agreement to the maximum extent permissible by such law without in any manner affecting the legality, validity or enforceability of the remaining provisions of this Agreement, all of which shall continue in full effect.

25. **Waiver**

No failure or omission by either party to exercise and no delay by either party to exercise and no delay by either party in exercising any right or remedy available to it under this Agreement or in law or in equity shall operate as a waiver of such right or remedy; nor shall any single or partial exercise of such right or remedy preclude any other or further exercise thereof; nor shall any such failure to exercise, or delay in exercising, or single or partial exercise of any such right or remedy preclude the exercise of any other right or remedy; and the rights and remedies of either party contained herein shall be cumulative and not exclusive of any other rights or remedies provided by law or in equity.

26. **Governing Law and Jurisdiction**

This Agreement shall be governed by and construed in all respects in accordance with the laws of Hong Kong and the parties hereof irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong.

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

SIGNED by

CHEUNG Kin-wah, Albert
Assistant Director of Broadcasting (Television and Corporate Businesses)
RTHK
for and on behalf of
The Government of the Hong Kong Special Administrative Region

in the presence of : _____
Name: _____
HKID number _____

SIGNED by

Name: _____
Title: _____
Authorized signatory for and on behalf of the Company

in the presence of : _____
Name: _____
HKID number _____

Schedule I

1. **The Programme** shall be a television series entitled XXXX which shall consist of X episodes with each has a duration of XX minutes. [OR shall be a television program entitled XXXX which has a duration of XX minutes.]
2. **The Sum** is HK\$XXXX.00
3. **Shooting Format:** Full High Definition
4. **Production Schedule:**

	Submission Deadline Date
Completion of treatment and shooting script	
Commencement of principal photography:	
Completion of principal photography:	
Completion of Rough Cut:	
Completion of Fine Cut:	
Delivery Date:	
Submission Deadline (for Audited Report):	(i.e. 6 weeks from Delivery Date)

5. **Territory:** Worldwide
6. **Delivery Materials** include:
 - (a) Master file and clean version file:
 - (i) File format:
 - Video Resolution: 1920 x 1080
 - Video frame/second: 50i
 - Video Interlacing: Yes
 - Video Field Dominance: Upper first
 - Aspect Ratio: 16:9
 - Video file format:
 - Master file: Apple ProRes 422(HQ) in MOV or Avid DN X HD at 120 Mbps in MXF
 - Clean version file: Apple ProRes 422(HQ) in MOV or Avid DN x HD at 120 Mbps in MXF (without captions and rollers, clean animated graphics, if any)
 - Audio format: PCM uncompressed
 - Audio bit depth: 24 bit
 - Audio sampling: 48 KHz
 - Audio Channel Interleave: No
 - Time Code: Start at 00:00:00:00
 - (ii) Audio assignment:
 - Master file:

- A1: Complete Mix, Left
- A2: Complete Mix, Right
- A3: V/O (for documentary: Cantonese voice-over)
- A4: Background sound (for documentary: sound bites of interviewees)
- A5: Effect, Dialogue (Left)
- A6: Effect (Right) (for documentary: music and effect sound)
- A7: Music (Left)
- A8: Music (Right)

- Clean version file:

- A1: Complete Mix, Left
- A2: Complete Mix, Right
- A3: V/O (for documentary: Cantonese voice-over)
- A4: Background sound (for documentary: sound bites of interviewees)
- A5: Effect, Dialogue (Left)
- A6: Effect (Right) (for documentary: music and effect sound)
- A7: Music (Left)
- A8: Music (Right)

- (b) a complete set of music cue sheet;
- (c) a physical digital storage containing at least twenty (20) color photographs for each episode (size: 800 KB or above), which shall be captioned and are suitable for publicity purposes, with no more than two (2) such photographs showing the production crew at work;
- (d) a physical digital storage containing the subtitles of each episode of the Programme in word file;
- (e) a physical digital storage containing the music created for each episode of the Programme;
- (f) the resumes of the relevant key cast and crew;
- (g) an one page synopsis of each episode of the Programme in both English and Chinese;
- (h) an industry format release script;
- (i) a full list of all credits for the Programme;
- (j) all original raw tapes and/or video files filmed for the production of the Programme;
- (k) all documents and proof of licence or consent for use of all works in relation to the underlying copyright of the Programme as specified in Clause 7.3 of the Agreement;
- (l) a 30 seconds promo for the Programme, and
- (m) an audited final production cost report of the Programme.

7. Production Team:

	Name	Hong Kong Identity Card Number or Passport Number and Nationality
Executive Producer:		
Producer:		
Director:		

Editor:		
Cameramen:		
Soundman:		

8. **Commissioning Editor:**

9. **RTHK's contact details:**

Radio Television Hong Kong
30 Broadcast Drive
Kowloon, HONG KONG
Tel:
Fax:

10. **The Company's contact details:**

Address:
Tel:
Fax:
Email:

Schedule II
Production Budget

Schedule III

Waivers of Moral Rights of the Production Team

In consideration of the award of the Agreement to [name of Company]

I, the undersigned, hereby waive in favour of the Government of the Hong Kong Special Administrative Region of the People's Republic of China ("Government"), its authorized users, successors in title and assigns, all moral right subsisting in the all items listed in Clause 7.1.

Capitalised terms appearing herein have the meaning given to them in the agreement between [name of the Company] and the Government.

_____ **Date:** _____
Executive Producer –

_____ **Date:** _____
Producer –

_____ **Date:** _____
Director –

_____ **Date:** _____
Editor –

_____ **Date:** _____
Cameraman / Cinematographer –

_____ **Date:** _____
Soundman –

Schedule IV

Undertaking to Avoid Conflict of Interests

The Company hereby undertakes that during the performance of the duties and obligations under this Agreement, the Company shall ensure that each of its employee, associate and associated person, each of its sub-contractors and each of their respective employees, officers and agents deployed during the performance of the Company's duties and obligations hereunder shall not engage in any activities or place themselves under any situation in which the financial, professional, commercial, personal or other interests conflicts or competes or which may be seen to conflict or to compete with the Company's duties and obligations under this Agreement.

SIGNED by:

Name: _____

Title:

Authorized signatory for and on behalf of the Company

Date: _____

Schedule V

Sample Template of the Audited Report

This sample template is attached herewith as reference to the Company and the Audited Report must adhere to the format and must contain the required details as stipulated.

The Auditor should express an opinion of the verification of the final production costs by checking the related invoices or receipts. The Audit report should also indicate the related transactions of the Company.

Examples of Live Coverage of News by RTHK TV 32 in 2018

In 2018, RTHK TV 32 provided live coverage of a lot of national, local and international news.

(1) National News

- Presentation of the People’s Republic of China “Friendship Medal” by President XI Jinping
- Welcoming of Zimbabwe’s president in a state visit to the People’s Republic of China by President XI Jinping
- President XI Jinping’s meeting with delegation from Hong Kong and Macao
- China International Import Expo – Speech by President XI Jinping
- Press conferences in relation to the 15th China-ASEAN Expo
- Foreign Minister WANG Yi’s meeting with the press in regard to Boao Forum for Asia
- Commemorative meeting of the 200th anniversary of Karl MARX’s birth
- Shanghai Cooperation Organization Qingdao Summit
- Beijing Summit of the Forum on China-Africa Cooperation

(2) Local News

- Chief Executive Mrs Carrie LAM’s meeting with the press and speeches – for example, the meeting with the media after her return to Hong Kong by the Vibrant Express train; her participation in the opening ceremony of InnoTech Expo 2018, the opening ceremony of the grand exhibition commemorating the 120th anniversary of ZHOU Enlai’s birth, the Guangdong-Hong Kong-Macao Bay Area Gala Dinner 2018, and the opening ceremony of “HKSARG’s Celebration of the 40th Anniversary of the Reform and Opening up of the Country: ‘Joint Development • Shared Prosperity’ Exhibition”.

- The press conferences of the Legislative Council (LegCo), bureaux or departments – for example, the LegCo Finance Committee end-of-session press conference, press conference for the Government’s Economic Report and whole-year economic forecasts, press briefing on the Government’s work on the commissioning of the Hong Kong-Zhuhai-Macao Bridge, etc.
- Important events – for example, the opening ceremony for the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the bus accident in Tai Po, etc.

(3) International News

- The signing and exchange of the texts of “Pyongyang Joint Declaration” by the leaders of South Korea and North Korea
- North Korea-United States Summit
- Academy Awards Ceremony
- The state funeral service of the former president of the United States, George H. W. BUSH

Radio Television Hong Kong: Radio and Television Expenditure and Establishment

Financial Year	Radio		Television	
	Establishment of Civil Servant (No. of staff)	Actual Expenditure (\$M)	Establishment of Civil Servant (No. of staff)	Actual Expenditure (\$M)
2013-14	268	299.5	361	361.5
2014-15	281	338.8	382	372.5
2015-16	280	354.1	384	416.2
2016-17	291	386.2	383	522.3
2017-18	299	397.3	389	541.4

TV Production – Resources and Changes

Period	TV Production (Actual expenditure)	Equipment for TV Production (Actual expenditure)	Establishment of Civil Servant and Working Hours for TV Production*	
	(\$M)	(\$M)	(No. of Staff)	(Hours)
January to March 2014	90.4	6.7	185	77,561
April 2014 to March 2015	372.5	17.3	196	328,692
April 2015 to March 2016	416.2	25.1	198	332,046
April 2016 to Mar 2017	522.3	46.4	205	343,785
April 2017 to March 2018	541.4	34.5	207	347,139
April to November 2018	376.8 [△]	22.1 [△]	212	237,016

[△]Revised Estimate

*Working out on the basis that each staff would work 1,677 hours per year



RADIO TELEVISION HONG KONG

APPENDIX 33

香港電台

Broadcasting House
30 Broadcast Drive,
Kowloon, Hong Kong.

香港九龍廣播道三十號廣播大廈

Hong Kong Island News Studios
47/F., Queensway Government Offices,
Queensway Road,
Hong Kong.

新聞部港島辦事處
香港金鐘政府合署四十七樓

Post Box : P.O. Box 70200 Kowloon Central Post Office
郵政信箱 九龍中央郵政信箱七〇二〇〇號
E-mail : lamkk2@rthk.hk
電子郵件
Fax : 2338 0279
傳真機
Telephone : 2339 6322
電話

Translation

8 January 2019

Our Ref: RTHK CR/4-35/1 Pt.5

Clerk, Public Accounts Committee
(Attn: Mr Anthony CHU)
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 5 of the Director of Audit's Report No. 71
Radio Television Hong Kong: Provision of Programmes
Questions and Requests for Information

Further to our letter of 4 January 2019, please find at Appendix the reply from Radio Television Hong Kong to Question 21.


(Philip LAM)
for Director of Broadcasting

Encl.

c.c. Secretary for Commerce and Economic Development
Secretary for Education
Director of Audit

Evaluation of School Education Television (ETV) Programmes

- 21) Regarding paragraphs 4.46 to 4.66, please advise on the following:
- (g) According to paragraph 4.50(a), schools are gradually ceasing to designate lessons for watching school ETV programmes, has RTHK discussed with the Education Bureau (EDB) to consider introducing other multimedia educational resources so as to making better use of public money? If yes, what are the details? If not, what are the reasons? As there is a continuous decline in the usage of school ETV services, does the Government think that assessment review should be conducted to evaluate whether it is cost effective to continue providing this service?
 - (h) Although paragraphs 4.51 and 4.57 explained the reasons of low staff productivity and high production cost, the staff productivity and production cost of the ETV staff are still high when compared to the production of commercial television broadcasters. How will RTHK and EDB follow up on this issue?
 - (i) As some of the departments producing multimedia programmes (e.g. Information Services Department) do not outsource the programme production to RTHK and ETV programmes are not broadcast on RTHK or commercial television channels, will the Government consider carrying out a study to examine whether it will be more cost-effective for EDB to produce ETV programmes itself?
 - (j) According to paragraph 4.60, why did RTHK and EDB not take forward the proposal of the Standing Committee on the Development of the ETV Service in 2003, to jointly

formulate commissioning strategy or draw up definite plan for commissioning the production of school ETV programmes? As RTHK's hourly cost of production on the ETV programmes is high, does the Government agree that EDB and RTHK should explore the possibility of increasing the scale of commissioning of school ETV programme productions?

- (k) According to paragraph 4.61, since 2005, various committees have been set up by EDB to review its ETV service on an on-going basis. Please inform the results and the follow-up actions taken by EDB.**
- (l) According to paragraphs 4.64(b), 4.65 and 4.66, have EDB and RTHK completed the comprehensive review on RTHK's production of school ETV programmes to determine the way forward and the improvement measures? If yes, what are the results? If not, when will the review be completed?**

RTHK's Reply:

- 21) (g) As mentioned by EDB in their reply to Question 4, the mode of using video resources in the education sector has been changed. In recent years, there has been a downward trend in watching ETV programmes by teachers and students during lessons. Students can watch the ETV video segments over the Internet at home for lesson preparation or revision.

RTHK accepts the recommendations of the Audit Report and will discuss with EDB for conducting a comprehensive review on the future direction for development of school ETV programmes as well as the cost effectiveness of school ETV programmes currently produced by RTHK.

- (h) As mentioned in (g) above, RTHK will discuss with EDB for conducting a comprehensive review on the future direction

for development of school ETV programmes as well as the cost effectiveness of school ETV programmes currently produced by RTHK.

RTHK also accepts the recommendations of Audit Report, and is now actively exploring to increase the outsourcing of some work process in order to reduce the production costs. At the same time, RTHK has rationalised the division of work and the arrangement of staff deployment to enhance the productivity of production staff.

- (i) School ETV programmes have all along been broadcast on commercial TV channels. The programmes are now being broadcast via TVB Pearl on school days with a daily transmission time of one hour from 0900 to 1000. At the same time, RTHK TV 31 and 31A also broadcast one hour of ETV programmes daily on weekdays from 1500 to 1600. Meanwhile, eTVonline, the educational website of RTHK, simulcasts of ETV programmes online. Both eTVonline and HKEdCity website provide ETV programmes for revision. RTHK accepts the recommendations of the Audit Report, and will conduct with EDB a comprehensive review on the future direction for development of school ETV programmes as well as the cost effectiveness of school ETV programmes currently produced by RTHK.
- (j) In 2003-04, RTHK and EDB had explored ways to formulate the targets and strategies of outsourcing. However, RTHK was concerned about that outsourcing of programme production would worsen the problem of staff re-deployment and affect RTHK's number of staff on establishment. As such, the proposal of outsourcing had not been implemented.

RTHK accepts the recommendations of the Audit Report, and will discuss with EDB for conducting a comprehensive review on the future direction for development of school ETV programmes as well as the cost effectiveness of school ETV programmes currently produced by RTHK.

- (k) The committees concerned were established by EDB which is responsible for taking follow-up actions.

- (l) In view of the recommendations of the Audit Report on school ETV programmes, RTHK will discuss with EDB for conducting a comprehensive review on the future direction for development of school ETV programmes production as well as the cost effectiveness of school ETV programmes currently produced by RTHK. As mentioned by EDB in its reply to Question 4(f), as there is a need to conduct a comprehensive review of the future direction for development of ETV, a target date of completion of the review cannot be fixed at the moment.



RADIO TELEVISION HONG KONG

APPENDIX 34

香港電台

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Translation

28 January 2019

Our Ref: RTHK CR/4-35/1 Pt.5

Clerk, Public Accounts Committee
(Attn: Mr Anthony CHU)
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee


Consideration of Chapter 5 of the Director of Audit's Report No. 71

Radio Television Hong Kong: Provision of Programmes

Questions and Requests for Information

Your letter of 18 January 2019 to the Director of Broadcasting on the captioned subject is received.

The replies from Radio Television Hong Kong are submitted at Appendix for the consideration of the Public Accounts Committee.


(Philip LAM)
for Director of Broadcasting

Encl.

c.c. Secretary for Commerce and Economic Development
Secretary for Education
Secretary for Financial Services and the Treasury
Director of Audit

Follow-up question raised pursuant to Secretary for Financial Services and the Treasury's reply on 28th December 2018

- 6) **What are the details with regards to the review of acquired programmes currently conducted by Radio Television Hong Kong? Whether the review is on past programmes or programmes under negotiation? When will this Committee be informed of the results of the review?**

RTHK's Reply:

- 6) Paragraph 2.35 of the Director of Audit's Report (Audit Report) recommends that Radio Television Hong Kong (RTHK) should review the acquisition procedures of television (TV) and radio programmes and, where necessary, seek advice from the Secretary for Financial Services and the Treasury. RTHK has been proactively following up the recommendations. RTHK is reviewing the procedures of acquiring TV and radio programmes in future, and has written to the Financial Services and the Treasury Bureau to seek advice on whether acquisition of programmes falls within the definition of procurement. The review is expected to be completed by the middle of this year. Upon completion of the review, RTHK will report to the Public Accounts Committee of the Legislative Council on the result as soon as possible.

Follow-up questions raised pursuant to Director of Broadcasting's reply on 4th January 2019

Item 9(a)

- 7) **Referring to the outcome of the trial mentioned in paragraph 2.33(b) of the Director of Audit's Report, has the Government reviewed whether the contract terms and the offer prices of RTHK for acquired programmes were not in line with the market situation?**

RTHK's Reply:

- 7) During the one-month trial from March to April 2016, RTHK followed the procedures stipulated in the Stores and Procurement

Regulations to prepare invitations and call for quotations from distributors for acquiring TV programmes. The contract terms were worked out on the basis of the standard contract terms of the Government Logistics Department. Contracts were agreed and signed by both the distributors and RTHK, which was in line with the general market practice. As for the prices, RTHK called for quotations from the distributors instead of offering prices to them. The quotations from the distributors were driven by the market, and depended mainly on the popularity of the programme, the nature of the programme, the licensing policy of the distributor, etc.

Item 11(b)

- 8) **According to the reply, no production unit of the Community Involvement Broadcasting Service has failed to submit its programme before the scheduled broadcast date. Nevertheless, what are the effects of late submissions on the broadcasting work? What follow-up measures will be taken by RTHK to rectify such late submissions that affect its operation?**

RTHK's Reply:

- 8) Given that most CIBS production units are not professional production teams, RTHK generally requires them to submit programmes in advance in order to avoid possible delays that may eventually affect the broadcasting arrangements. Recordings of the first two episodes are to be submitted one month prior to the scheduled broadcast dates. From the third episode onwards, recordings have to be submitted two weeks before the scheduled broadcast dates. Up to now, although some production units have failed to submit recordings on schedule, RTHK has managed to ensure that the programmes were reviewed before broadcast so as to confirm their compliance with the broadcasting standards in terms of contents and technical aspect. The original programming schedules were also not affected.

Regarding improvement and follow-up measures, RTHK will strengthen the communication with production units and remind them to submit programmes on time through various means (including phone calls, text messages, emails, etc.). If a

production unit fails to submit recordings on time, RTHK will keep in touch with the production unit concerned throughout the process. RTHK will find out their difficulties and provide appropriate and feasible suggestions so that the production unit would be able to submit recordings as soon as possible. RTHK will also continue to ensure that the programmes concerned are reviewed before broadcast to confirm their compliance with broadcasting standards in terms of contents and technical aspect.

Item 12(c)

- 9) **Has RTHK ever imposed penalties as stated in its reply, including issuing warning letters or terminating the contracts, in situations where contractors unreasonably delayed their submissions?**

RTHK's Reply:

- 9) In the past five years (2013-14 to 2017-18), RTHK issued 20 warning letters to contractors for failing to submit the production materials on time, reminding them that they had to complete their programmes and audited reports within the time stipulated in the contracts. After receiving the warning letter, contractors would generally follow RTHK's instructions and complete the work required as soon as possible. There was only one contractor which had still failed to complete its production after receiving the warning letter. RTHK decided to terminate its contract after seeking legal advice from the Department of Justice.

Items 15(a) and (c)

- 10) **Although RTHK considers that re-run programmes would enable viewers to watch programmes in different time slots, it is difficult to justify such views on the basis of ratings. To blindly increase the output/first-run programme hours may not be the right solution for the problem. As such, regarding to RTHK's commitment in the reply that it would increase the output/first-run programme hours, devise a clearer and more systematic programming strategy for re-run programmes and review afresh its production strategy, please advise on the details and the timetable.**

RTHK's Reply:

- 10) Apart from increasing output/first-run programme hours, RTHK also accepts the recommendations of the Audit Report and will review its production strategy as well as devise a clearer and more systematic programming strategy for re-run programmes. In this regard, RTHK will carry out the following work to collect opinion and data in 2019-20 as the basis of the review:
- (i) inviting members of the public to participate in focus groups to express views on RTHK's TV programmes;
 - (ii) drawing reference from and studying the opinion of the RTHK Programme Advisory Panel and the information from the TVAI surveys; and
 - (iii) collecting data of cross-media TV ratings, and introducing trackers to all RTHK mobile applications in order to have a comprehensive grasp of the popularity of different programmes.

RTHK expects that the above-mentioned data collection work will be completed within one year. RTHK will devise clearer strategies for programme re-run and production based on the data obtained.

Items 15(d) and (e)

- 11) (i) **What are the criteria of RTHK in the selection of live broadcast and miscellaneous contents?**
- (ii) **Will RTHK consider making further adjustment to RTHK TV 32 by allocating some of its airtime for news reporting? By making reference to the news channels of other commercial TV broadcasters, RTHK may broadcast on RTHK TV32 its radio and website news of RTHK, as well as the press releases of Information Services Department and other departments. Under circumstances that there are contents need to be broadcast live, will RTHK consider using a dual-display and dual-audio system that allows audience to choose to watch them?**

RTHK's Reply:

- 11) (i) Being a live event channel, RTHK TV 32 will give priority to live coverage of Legislative Council meetings and events which members of the public are concerned, such as the flag-raising ceremonies and receptions in celebration of anniversary of the establishment of the Hong Kong Special Administrative Region and the National Day, the Chief Executive's Policy Address, Financial Secretary's Budget Speech, Honours and Awards Presentation Ceremony, ceremonies on important commemoration days, etc. In addition, RTHK TV 32 also broadcasts some live local sports events.

Since the broadcasting hours and broadcasting time of live events are difficult to control, RTHK would take into account the duration of intervals for broadcast of various miscellaneous contents between live events. Miscellaneous contents are selected on the basis of wide diversity so that they are more interesting to watch.

- (ii) RTHK is grateful for the suggestions of the Public Accounts Committee and will consider adjusting the contents to be broadcast on RTHK TV 32 by broadcasting more RTHK radio and website news, as well as the press releases of Information Services Department and other departments. RTHK will also explore devising a dual-display and dual-audio system for RTHK TV 32 that allows members of the public to choose to watch live contents.

Item 17(b)

- 12) Please further explain why integrating the seven applications into one will drastically increase server load and the risk in management.**

RTHK's Reply:

- 12) RTHK develops mobile applications with different contents and functions to address the needs and habits of users. As each mobile application releases a large quantity of multi-media contents, the capacity will be excessively large after integration of the seven mobile applications. For the users, integration of

the seven applications into one will affect the speed of installation and operation of the application concerned on mobile devices. In respect of server management, the integration will increase server load, raising the likelihood of abnormal response, low speed, and even ceased operation, etc.

Item 18(c)

- 13) Has RTHK noticed that the incorporation of the two additional requirements concerned would render only Service Provider A qualified? Has RTHK explored whether this practice would violate relevant guidelines on procurement of services? Please reply.**

RTHK's Reply:

- 13) Since the design of the questionnaires of TVAI surveys and the details involved were rather complicated, RTHK required the surveys to be conducted by a sizable and experienced survey agency. RTHK added those two mandatory requirements in order to ensure that the service provider engaged had sufficient relevant professional experience, and thus would be able to provide high quality survey data and reports. At that time, RTHK had not considered the impact of the additional requirements on the qualification of individual service provider. RTHK is currently exploring to adjust or remove the two mandatory requirements.

Item 19(e)

- 14) Please provide a copy of the “Producers’ Guidelines” issued in 1998 and explain what the policies of upholding editorial independence, as well as impartiality and fairness in reflecting opinions are. Has RTHK ever reviewed whether there were situations that some programmes would only be partial on one side and unilaterally emphasising on the reflection of its views?**

RTHK's Reply:

- 14) The RTHK "Producers' Guidelines" ("Guidelines") was issued in 1998 and updated in 2015. Please refer to **Annex** for the updated version. The Guidelines stipulates requirements to enhance the transparency and accountability of the operations of RTHK.

As for upholding editorial independence, according to the Charter of Radio Television Hong Kong (the Charter), as a public service broadcaster, RTHK is editorially independent, and will adhere to the following editorial principles:

- (a) be accurate and authoritative in the information that it disseminates;
- (b) be impartial in the views it reflects, and even-handed with all those who seek to express their views via the public service broadcasting platform;
- (c) be immune from commercial, political and/or other influences; and
- (d) uphold the highest professional standards of journalism.

The Guidelines sets out that the producers of RTHK have to bear editorial responsibility while enjoying editorial independence. RTHK operates with a long-standing editorial process. While staff of different levels make judgements according to their professional knowledge, the Director of Broadcasting is the Editor-in-chief of RTHK, who bears the ultimate responsibility of making all the editorial decisions in RTHK.

Regarding due impartiality, the Guidelines stipulates that the term "due" is to be interpreted as meaning adequate or appropriate to the nature of the subject and the type of programme. The standards that have to be followed by producers are listed in detail in paragraph 3.2 of the Guidelines.

According to the Charter, RTHK has established mechanism in handling complaints and opinions. Meanwhile, all programmes of RTHK are regulated by the relevant code of practice of the Communications Authority.

***Note by Clerk, PAC:** *Please refer to RTHK website for Annex.*

Item 20

- 15) Will RTHK further consider conducting study on the output hours and production costs of commercial TV broadcasters?**

RTHK's Reply:

- 15) According to past experience, the output hours and production costs of commercial TV broadcasters are regarded as commercially confidential. As such, RTHK may not be able to obtain the accurate information.

In order to enhance the cost effectiveness of the production of TV programmes, RTHK has implemented a series of measures, including setting up a virtual set studio to enhance production efficiency and reduce expenses of scene building, increasing the programme hours of acquired programmes and contracting out the production of some programmes for more flexible deployment of human resources, etc.

Follow-up question raised pursuant to Director of Broadcasting's reply on 8th January 2019

Item 21(i)

- 16) Please provide the ratings of school education TV programmes on commercial television and RTHK channels, and the situation of watching ETV programmes in school for the past three years.**

RTHK's Reply:

- 16) In the past three years, the ratings of school education TV programmes (ETV) on commercial television and RTHK channels ranged from 0 to 0.5. As mentioned by the Education Bureau (EDB) in its reply to Question 2, the mode of using video resources in the education sector has been changed. In recent years, there has been a downward trend in watching ETV programmes by teachers and students during lessons. As such, the ratings cannot effectively reflect the actual usage of ETV services.

EDB is responsible for the situation of watching ETV programmes in school and following up the issues. Please refer to EDB's reply to Question 2.

Follow-up question raised pursuant to Secretary for Education's reply on 8th January 2019

Item 4(a)

- 17) **Although it could not simply conclude that “the use of ETV service is dropping continuously” from the survey findings, it also could not prove that positive results have been yielded and students are using ETV resources over the Internet outside class. In fact, the hit rate data concerned is not difficult to collect. Will the Government allocate resources to review the relevant situation, so as to understand the cost-effectiveness of ETV service as soon as possible?**

RTHK's Reply:

- 17) EDB is responsible for the evaluation and surveys on the utilisation and effectiveness of ETV service as well as the follow-up actions.



中華人民共和國香港特別行政區政府總部勞工及福利局
 Labour and Welfare Bureau
 Government Secretariat, Government of the Hong Kong Special Administrative Region
 The People's Republic of China

本局檔號 Our Ref. : **LWB R 4/3939/18 Pt 2** 電話號碼 Tel No. : **2810 2102**
 來函檔號 Your Ref. : **CB4/PAC/R71** 傳真號碼 Fax No. : **2543 0486**

BY FAX No : 2543 9197

8 January 2019

Mr Anthony CHU
 Clerk, Public Accounts Committee
 Legislative Council
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 71
Barrier-free facilities at government premises

Thank you for your letter dated 17 December 2018 requesting response and/or information in writing on matters set out in the Appendix of your letter. Our response is attached at *Annex* for your consideration, please.

Yours sincerely,

(Ms Polly HO)
 for Secretary for Labour and Welfare

Encl.

c.c. Director of Buildings (Fax No : 2868 3248)
Director of Architectural Services (Fax No : 2810 7341)
Director of Food and Environmental Hygiene (Fax No : 2524 1977)
Director of Leisure and Cultural Services (Fax No : 2602 4884)
Secretary for Financial Services and the Treasury (Fax No : 2147 5259)
Director of Audit (Fax No : 2583 9063)

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 71
Barrier-free facilities at government premises

Preamble:

It is the Government's policy objective to provide a barrier-free environment for persons with disabilities with a view to enabling them to access to Government premises and make use of Government facilities on an equal basis with others, thereby facilitating them to live independently and fully integrate into the community.

2. To achieve the above objective, the Government has adopted the policy that the Government and the Housing Authority (HA) should comply with the prevailing requirements in the "Design Manual: Barrier Free Access" (DM)¹ (the latest version being the DM updated in 2008) issued by Building Department (BD), and where practicable, achieve standards beyond the statutory requirements in the provision of barrier-free facilities. Specifically, new Government and HA buildings or alterations and additions to existing Government and HA buildings with construction commencing after 1 December 2008 will have to meet the mandatory requirements in the DM and wherever practicable, achieve a standard beyond the statutory requirements. The Architectural Services Department (ArchSD) and the Housing Department (HD), which are responsible for the design and construction of Government buildings and public housing respectively, have put in place internal administrative monitoring and vetting mechanism to ensure that all their newly constructed buildings or alterations and additions to existing buildings meet the statutory requirements.

3. The role of LWB is to facilitate Government-wide efforts in achieving the policy objective and it remains the responsibility of individual Government bureau and departments (B/Ds) to ensure that the policies and measures under their respective purview comply with the policy objective. Specifically, B/Ds managing the premises/ facilities are responsible for ensuring that barrier-free facilities will be provided within the premises. Each B/D is also required to designate an Access Co-ordinator (at directorate level) who is tasked to act as the focal point of Government network to facilitate Government-wide collaborated efforts in enhancing

¹ DM sets out both mandatory and recommended design requirements for barrier-free access and facilities. The DM was first published in 1984 and updated in 1997 and 2008.

the accessibility of Government premises and facilities. The Access Co-ordinator is supported by deputy/ regional/ district Access Co-ordinators where necessary, depending on the size and organizational structure of the B/D concerned, plus an Access Officer for each venue² under their management.

4. The statutory barrier-free design requirements in the 2008 DM do not apply retrospectively to pre-existing premises/ facilities, if no alteration and addition works are carried out. In response to the recommendations of Equal Opportunities Commission (EOC) in 2010, a major retrofitting programme was conducted during the period 2011 to 2014 to upgrade Government premises and facilities to the prevailing DM standards. As a one-off and special exercise to make prompt response and take follow-up actions on the EOC's recommendations, LWB was tasked to convene a Task Force in June 2010, comprising representatives from 15 government managing departments³, plus Chief Secretary's Office, ArchSD and BD, to examine the Government and the HA premises identified in the EOC Report as well as the premises and facilities under the management of B/Ds and the HA which had a frequent public interface. On the basis of the assessment of 13 of the managing departments⁴ of the premises which had frequent public interface, having regard to such factors as patronage, extent of improvement works involved, plan for major renovations, operational requirements and technical constraints, the Task Force formulated a retrofitting programme involving some 3,600 government premises/facilities, to be retrofitted in two batches, the first batch before 30 June 2012 and the second batch by 30 June 2014. In tandem, LWB issued a circular to all B/Ds to advise B/Ds that on top of the retrofitting programme individual B/Ds may continue to forward their requests for improvement works for barrier-free facilities in respect of other Government offices and premises to ArchSD or their works agent as and when required in accordance with the established mechanism for minor works projects.

² Where applicable and appropriate, the same Access Officer may be appointed for a group of venues which are not frequented by the public or are of a small scale.

³ The 15 managing government departments are Civil Engineering and Development Department, Department of Health, Food and Environmental Hygiene Department, Government Property Agency, Highways Department, Home Affairs Department, Hongkong Post, Hong Kong Policy Force, Housing Department, Immigration Department, Leisure and Cultural Services Department, Labour Department, Social Welfare Department, Transport Department, plus Judiciary.

⁴ Highways Department has been installing barrier-free access facilities in the form of lifts or ramps at public footbridges, elevated walkways and pedestrian subways where technically feasible under the "Universal Accessibility Programme" which had commenced before 2011 and hence was not included in the retrofitting programme. The Housing Department also separately devised a retrofitting programme to improve the accessibility of the public housing properties under the Housing Authority, and hence was not included in the retrofitting programme.

5. The Rehabilitation Advisory Committee (RAC) will, in undertaking the review of the Rehabilitation Programme Plan, review the barrier-free access for persons with disabilities in local community/living environment and recommend strategies and practical measures with a view to further enhancing the accessibility of the local community/living environment. The Government will consider implementing appropriate measures in the light of the recommendations of RAC.

For the Labour and Welfare Bureau

Part 1: Introduction

- 1) As referred to in paragraphs 1.11, 1.12, 2.8, 2.10 and 2.11, the Task Force convened by the Labour and Welfare Bureau ("LWB") aims at examining "the Government and the Hong Kong Housing Authority ("HA") premises identified in the Equal Opportunities Commission ("EOC") Report as well as the premises and facilities under the management of Bureaux and Departments ("B/Ds") and the HA which had a frequent public interface". It comprises mainly representatives from 15 B/Ds, of which 8 departments are investigated in the Director of Audit's Report.
 - (a) Why did the Administration only invite these 15 B/Ds to join the Task Force but not extend the invitation to all B/Ds?

Reply:

As explained in paragraph 4 of the Preamble above, the retrofitting programme conducted during the period 2011 to 2014 was a one-off and special exercise in response to EOC's recommendations in 2010, with a view to upgrading Government premises and facilities which have a frequent public interface to the prevailing DM standards. The retrofitting programme included some 3,600 government premises/facilities of such premises and facilities. While we are not able to provide the reason why the Task Force did not invite all B/Ds to join the Task Force on the basis of available records, it should be noted that the B/Ds which were invited to join the Task Force included Civil Engineering and Development Department, Department of Health, Food and Environmental Hygiene Department, Government Property Agency (GPA), Highways Department (HyD), Home Affairs Department, Hongkong Post, Hong Kong Policy Force, HD, Immigration Department, Leisure and Cultural Services Department, Labour Department, Social Welfare Department, Transport Department (TD), plus Judiciary. The

premises and facilities managed by these B/Ds should have the most frequent public interface. In addition, GPA had included in the retrofitting programme about 40 joint-user Government buildings in various districts, which are used by other B/Ds such as Inland Revenue Department and Legal Aid Department.

- (b) Had the Task Force discussed about the appropriate approaches to premises and facilities "having frequent public interface" which are managed by other B/Ds? If yes, of the details; if no, of the reasons.

Reply:

While we are not able to confirm on the basis of available records if the Task Force discussed the approaches to premises and facilities which are managed by other B/Ds to join the Task Force, it should be noted that, as explained in paragraph 4 of the Preamble, LWB issued a circular in February 2011 to all B/Ds to advise B/Ds that on top of the retrofitting programme individual B/Ds may continue to forward their requests for improvement works for barrier-free facilities in respect of other Government offices and premises to ArchSD or their works agent as and when required in accordance with the established mechanism for minor works projects.

- (c) Before EOC's formal investigation in 2006, were there any regular reviews on the accessibility facilities in B/Ds?

Reply:

As explained in paragraph 2 of the Preamble, the Government has adopted the policy that the Government and the HA should comply with the prevailing requirements in the "Design Manual: Barrier Free Access" (DM)⁵ (the latest version being the DM updated in 2008) issued by BD, and where practicable, achieve standards beyond the statutory requirements in the provision of barrier-free facilities. Specifically, new Government and HA buildings or alterations and additions to existing Government and HA buildings with construction commencing after 1 December 2008 will have to meet the mandatory requirements in the DM and wherever practicable, achieve a standard beyond the statutory

⁵ DM sets out both mandatory and recommended design requirements for barrier-free access and facilities. The DM was first published in 1984 and updated in 1997 and 2008.

requirements. The ArchSD and the HD, which are responsible for the design and construction of Government buildings and public housing respectively, have put in place internal administrative monitoring and vetting mechanism to ensure that all their newly constructed buildings or alterations and additions to existing buildings meet the statutory requirements.

As explained in paragraph 4 of the Preamble, the statutory barrier-free design requirements in the 2008 DM do not apply retrospectively to pre-existing premises/ facilities, if no alteration and addition works are carried out. A one-off and special major retrofitting programme was conducted during the period 2011 to 2014 to upgrade the premises and facilities with the most public interface managed by B/Ds to the prevailing DM standards. In tandem, LWB issued a circular to all B/Ds to advise B/Ds that on top of the retrofitting programme individual B/Ds may continue to forward their requests for improvement works for barrier-free facilities in respect of other Government offices and premises to ArchSD or their works agent as and when required in accordance with the established mechanism for minor works projects.

- 2) According to paragraph 1.18, LWB suspended the submission of further progress reports of the Retrofitting Programme to the Legislative Council in June 2014 "as the improvement works had been completed and the enhancement works were the ongoing work of the relevant departments". Has LWB followed up on the usage and maintenance of concerned premises and facilities afterwards? If yes, what are the findings?

Reply:

As explained in paragraph 3 of the Preamble, the role of LWB is to facilitate Government-wide efforts in achieving the policy objective of providing a barrier-free environment for persons with disabilities with a view to enabling them to access to Government premises and make use of Government facilities on an equal basis with others. It remains the responsibility of individual B/Ds to ensure that the policies and measures under their respective purview comply with the policy objective. Specifically, B/Ds managing the premises/ facilities are responsible for ensuring that barrier-free facilities will be provided within the premises.

To facilitate B/Ds' collaborative efforts in providing a barrier-free environment in Government premises and facilities for persons with disabilities, LWB has taken the following measures:

- (a) issued in December 2010 a memo to all B/Ds to introduce an Access Co-ordinator and Access Officer Scheme to enhance the accessibility of Government premises and facilities for persons with disabilities;
- (b) issued in February 2011 a circular to all B/Ds to set out the Government's overall policy and the role and responsibilities of Government B/Ds in providing a barrier-free environment in Government premises and facilities for persons with disabilities;
- (c) issued in September 2016 a memo to advise Access Coordinators of all B/Ds to conduct a review on their existing operational practice and procedure to ensure accessibility of persons with disabilities to the services/premises under their management in the key domains of awareness of needs of persons with disabilities, communication with Access Officers and venue-based staff, adequacy of deputy/regional/ district Access Coordinators and Access Officers, training of Access Officers and venue-based staff, as well as review and feedback mechanism;
- (d) issued in April 2018 a proforma to Access Coordinators of all B/Ds for compiling an annual return on the review of the operational practice and procedure to ensure accessibility of persons with disabilities to the services/premises under their management.

Part 2: Work of LWB over barrier-free facilities at government premises and BD in updating Design Manual

- 3) According to paragraph 2.8, only 13 B/Ds were involved in the Retrofitting Programme after the preliminary assessment conducted by the Task Force. The Highways Department for instance, was excluded because it "conducted a separate retrofitting programme".
 - (a) Had LWB been informed whether B/Ds had conducted/would conduct similar programmes before requesting for the preliminary assessment?
 - (b) Should it be more effective and efficient to examine the condition of premises and facilities by individual B/Ds?

Reply:

As explained in paragraph 4 of the Preamble,

- (a) Of the 15 managing government departments which joined the Task Force, the HyD and HD were indeed not invited to make assessment of the premises/ facilities under their management for the purpose of the retrofitting programme, as LWB was informed that they had conducted/ would conduct similar retrofitting programmes.
- (b) Only the remaining 13 managing government departments were asked to conduct an assessment on the individual premises/facilities under their management for compliance with the requirements stipulated in the DM on the basis of a checklist prepared by ArchSD, having regard to such factors as patronage, extent of improvement works involved, plan for major renovations, operational requirements and technical constraints
- (c) What are the criteria on selecting premises/facilities for Retrofitting Programme?

Reply:

In selecting premises/facilities for the Retrofitting Programme, B/Ds concerned should take into account the relevant factors, patronage, extent of improvement works involved, plan for major renovations, operational requirements and technical constraints, as set out in a checklist prepared by ArchSD. The types of barrier-free facilities included site entrances, lifts, toilets, parking spaces, public information counters, common areas, as well as the availability of visual fire alarm systems, accessible signage, tactile guide path, braille and tactile floor plan, assistive listening system, visual display boards, etc.

- 4) According to paragraphs 2.9 (b) and 2.10, LWB did not invite all B/Ds to assess the needs to upgrade their barrier-free facilities, possibly due to "the tight and pledged timetable for completing the works under the Retrofitting Programme from mid-2012 onwards."
 - (a) When and how was the target of mid-2012 set? Does LWB agree that time constraint should not override the policy intent to fulfill the needs of persons with disabilities?

Reply:

The target timetable for completing the works under the retrofitting programme from mid-2012 onwards was set in July 2010 with a view to making prompt response to and take follow-up actions on the EOC's recommendations. As explained in paragraph 4 of the Preamble, the one-off and special major retrofitting programme was conducted during the period 2011 to 2014 to upgrade the premises and facilities with the most public interface managed by B/Ds to the prevailing DM standards. In tandem, LWB issued a circular to all B/Ds to advise B/Ds that on top of the retrofitting programme individual B/Ds may continue to forward their requests for improvement works for barrier-free facilities in respect of other Government offices and premises to ArchSD or their works agent as and when required in accordance with the established mechanism for minor works projects. Hence, the policy objective of providing a barrier-free access for persons with disabilities to government premises/ facilities had not been overridden by the target of completing the retrofitting programme from mid 2012 onwards.

- (b) Will the Administration consider conducting afresh a large-scale assessment and initiating any necessary retrofitting action?

Reply:

As explained in paragraph 5 of the Preamble, the RAC will, in undertaking the review of the Rehabilitation Programme Plan, review the barrier-free access for persons with disabilities in local community/living environment and recommend strategies and practical measures with a view to further enhancing the accessibility of the local community/living environment. The Government will consider implementing appropriate measures in the light of the recommendations of RAC.

- 5) According to paragraphs 2.13 to 2.15, LWB originally planned to collect feedback from B/Ds on reviews of their accessibility issues before end of 2017, but it took a long time on discussing and preparing the proforma, and the target of collecting feedback was extended to on or before 15 April 2019. What is the reason for the long time taken?

Reply:

LWB has taken a longer time than expected to finalize a proforma to collect the feedbacks of some 70 B/Ds on the review results of their respective operational practice and procedure to ensure accessibility of persons with disabilities to their respective services/premises. A draft proforma was prepared in April 2017 and refined in November 2017. This was mainly due to the lead time required for designing the questionnaires which require professional inputs and consultation with a large number of B/Ds. The proforma was finalized and issued to B/Ds in April 2018.

- 6) According to paragraph 2.16, Audit noted from the progress reports of the Retrofitting Programme that, for the positions as reported for the period from March 2011 to June 2014, a total of 103 premises/facilities were taken out from the Retrofitting Programme without providing reason. Why did LWB not require B/Ds to document the reasons for taking out the premises/facilities from the Retrofitting Programme?

Reply:

In compiling the large number of returns from B/Ds on the Retrofitting Programme for transmission to LegCo in the form of regular progress reports, LWB had endeavoured to provide in each progress report the full information as provided by the B/Ds concerned, including the number of premises/facilities under the retrofitting programme and their particulars. For the 103 premises/facilities which were taken out from the retrofitting programme, it was reported to Audit in response to its enquiry that 32 items were completed, 55 were cancelled due to various reasons (e.g. under decommissioning/redevelopment or had been closed), and 16 are in progress/under review. In coordinating returns from B/Ds for submission to LegCo in future, LWB will remind B/Ds to provide more comprehensive information to LegCo.

- 7) As referred to in paragraphs 2.24 and 2.25, the Design Manual for barrier-free access is regularly reviewed and amended when appropriate. Has the Administration examined the retrofitted premises/facilities and existing premises/facilities of B/Ds to ensure they comply with the latest Design Manual for barrier-free access?

Reply:

As explained in paragraph 2 of the Preamble, the Government has adopted the policy that the Government and the HA should comply with the prevailing requirements in the DM issued by BD, and where practicable, achieve standards beyond the statutory requirements in the provision of barrier-free facilities. Specifically, new Government and HA buildings or alterations and additions to existing Government and HA buildings with construction commencing after 1 December 2008 will have to meet the mandatory requirements in the DM and wherever practicable, achieve a standard beyond the statutory requirements. ArchSD and HD, which are responsible for the design and construction of Government buildings and public housing respectively, have put in place internal administrative monitoring and vetting mechanism to ensure that all their newly constructed buildings or alterations and additions to existing buildings meet the statutory requirements.

Part 3: Work of the Food and Environmental Hygiene Department ("FEHD") and the Leisure and Cultural Services Department ("LCSD") in providing and managing barrier-free facilities under their management

- 8) According to paragraph 3.3, the Administration launched an "Access Co-ordinator and Access Officer Scheme" to enhance the accessibility of government facilities and services within B/Ds.
- (a) What are the differences between Access Officer ("AO") and venue-based staff in their duties on accessibility issues?

Reply:

Under normal circumstances, at least one Access Officer should be appointed for each venue under the management of a B/D. If the Access Co-ordinator is satisfied that it is not practicable to station an Access Officer at the venue concerned (for example where there is a group of venues which are not frequented by the public or are of a small scale, e.g. sitting-out areas at roadside, aqua privies in remote areas, landing steps of a remote public pier, etc.), a venue-based staff may be designated to assist the Access Officer in overseeing the accessibility matters of the venues concerned.

- (b) How would AO and venue-based staff communicate and report to management staff if problem emerges?

Reply:

Venue-based staff should regularly report to, and if necessary seek the advice of, the Access Officers on accessibility issues of the venue under his charge. Moreover, under the guidelines issued by LWB, Access Co-ordinators should regularly gauge the views and feedback of Access Officers and venue-based staff on :

- i. practical experience and difficulties encountered in implementing the operational guidelines/instruction of the B/D concerned;
- ii. immediate or long-term solutions to the problems identified; and
- iii. staff awareness of adopting a caring attitude when handling PWDs' requests and the support/assistance required from the management.

- 9) According to paragraphs 3.14(a) & 3.15(a), LCSD did not specify the time interval for conducting the access audit while FEHD requested access audits should be conducted on an annual basis.

- (a) Does LWB have guidelines on making access audits?

Reply:

According to the guidelines issued by LWB, B/Ds should conduct regular access audits to:

- (i) ensure proper provision of barrier-free facilities without undue alternations or obstructions to, and proper maintenance of, the facilities; and
- (ii) assess the need for upgrading the barrier-free facilities in respect of the premises under their management.

- (b) Was LWB's Rehabilitation Division involved in conducting access audits?

Reply:

As set out in LWB's circular to all B/Ds in February 2011, LWB plays the role of facilitating Government-wide efforts in achieving the policy

objective to provide a barrier-free environment for persons with disabilities, and it remains the responsibility of individual B/Ds to ensure that the premises/ facilities under their respective purview comply with the requirements of the overall Government policy objective. LWB issued a memo in September 2016 to advise Access Coordinators of all B/Ds to conduct a review on their existing operational practice and procedure to ensure accessibility of persons with disabilities to the services/premises under their management. As individual managing B/Ds have expert knowledge in managing their premises/ facilities, they are best placed to tailor-make their own audit checklist and audit procedures to suit the operational needs of individual venues/facilities.

- 10) According to paragraph 3.36, as of 30 June 2018, 52 out of 101 AOs of FEHD and 183 out of 347 AOs of LCSD had not attended seminars/trainings on accessibility issues.
- (a) What is the frequency of seminars held on accessibility issues by FEHD & LCSD, and whether LWB has set any guidelines in this regard?
 - (b) Is it compulsory or voluntary for AOs to join, and whether LWB has set any guidelines in this regard?
 - (c) If it is voluntary, how could B/Ds ensure their AOs would understand the latest requirements of the issues?

Reply:

According to the circular issued by LWB to all B/Ds in February 2011, Access Co-ordinators in B/Ds should arrange suitable training for their AOs, in collaboration with EOC and the Civil Service Training and Development Institute (CSTDI), as appropriate. Such training should cover practical guidance on handling accessibility issues, assistance to persons with disabilities having regard to the operational circumstances of individual departments and venues, and proper ways to help persons with disabilities to evacuate from the venue in case of emergency. LWB also reminded all B/Ds via a memo issued to all B/Ds in September 2016 that Access Coordinators should nominate Access Officers and venue-based staff to attend the regular training courses organized by CSTDI on accessibility issues and to assess the training needs and organize tailor-made seminars/ workshops for Access Officers and venue-based staff in collaboration with CSTDI having regard to the operational needs of individual B/Ds and venues.



YOUR REF 來函檔號: CB4/PAC/R71
OUR REF 本署檔號: L/M to L/M (15) to BD CR/4-35/2 C
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7 January 2019

Urgent by fax 2543 9197

Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn: Mr. Anthony CHU)

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No.71
Barrier-free Facilities at Government Premises

I refer to your letter dated 17 December 2018 to the Director of Buildings. We set out below the requested information.

Part 1: Introduction

11) As referred to in paragraphs 1.11, 1.12, 2.8, 2.10 and 2.11, the Task Force convened by LWB aims at examining "the Government and HA premises identified in EOC Report as well as the premises and facilities under the management of B/Ds and the HA which had a frequent public interface". It comprises mainly representatives from 18 B/Ds, of which 8 departments are investigated in the Director of Audit's Report. Before EOC's formal investigation in 2006, were there any regular reviews on the accessibility facilities in B/Ds?

2. Pursuant to the powers under the Buildings Ordinance (BO), the Buildings Department (BD) is responsible for the enforcement of the safety and health standards for the planning, design and construction of buildings and

associated works on private land. As government and HA premises are exempted from the provisions of the BO, the review on the accessibility facilities in these premises is not within the purview of BD.

Part 2: Work of LWB over barrier-free facilities at government premises and BD in updating Design Manual

12) As mentioned in paragraph 2.5, it was agreed in 2010 that a preliminary assessment should be conducted on compliances with the requirements stipulated in "Design Manual: Barrier Free Access 2008" ("DM 2008"). When was the Design Manual last updated before the Administration adopted it as an evaluation basis?

3. The DM was first published in 1984 and was revised in 1997 and 2008 in conjunction with legislative amendments to the Building (Planning) Regulations. In response to feedbacks from stakeholders, including target users, further amendments were made to the DM in November 2012.

13) According to paragraphs 2.24 to 2.27, the Audit Commission ("Audit") indicated that time was unduly elapsed from the endorsement of the draft corrigendum by the Technical Committee on Design Manual to the amendments of DM 2008.

- (a) Why the submission of the draft corrigendum to the responsible Assistant Director of BD for review had been delayed?
- (b) What had been done to rectify the situation?
- (c) What is the timeline for updating DM 2008 for the remaining 71 items?

4. In order to keep the DM under regular review, BD has set up a Technical Committee on Design Manual: Barrier Free Access (TC) in June 2014. The TC collects and considers views and feedbacks from the building industry and stakeholder organisations including rehabilitation sector. On the

advice of the TC and subsequent consultation with BD's various consultative committees¹, amendments to the DM were promulgated in September 2015 and April 2017.

5. To avoid piece-meal updating to the DM and trivial consultations with BD's various consultative committees, proposed amendments to the DM were grouped in batches per the prevailing practices. Recognising that updating to the DM might be unduly prolonged through lack of a designated threshold for triggering DM's updating such as number of amendment items accumulated or time period lapsed after TC's endorsement, BD will adhere to the recommendation in paragraph 2.28(a) of the Audit Report and establish that an updating would be triggered when five or more amendment items are accumulated or that the DM should be updated within 12 months after the amendment items are endorsed by the TC.

6. Of the remaining 71 discussion items mentioned at paragraph 2.26 of the Audit Report, TC had already dealt with 43 discussion items. Among them, amendments to 26 items had already been made at the DM and promulgated in September 2015 and April 2017 while the other 17 items had already been circulated to the consultative committees in early December 2018 for comments. For the remaining 28 discussion items, the recent TC meetings held in July and November 2018 have already started the discussions on nine items, and the other 19 items will be discussed in the TC meetings in 2019.

Part 4: Management of Retrofitting Works for Barrier-free Facilities at Government Premises

14) According to paragraphs 4.17 and 4.20, the friction of the tactile guide path floor tiles used in the 15 venues mentioned in paragraph 4.13 was in compliance with DM 2008 requirements. However, a number of accidents still occurred and complaints were received relating to slippery tactile guide paths of these venues, and the Technical Committee on Design Manual was reviewing the slip resistance requirements on tactile guide path in

¹ These committees are the Building Sub-Committee under the Land and Development Advisory Committee of the Development Bureau and the Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineers Committee.

this regard. Would the Buildings Department provide the updated progress of the review and the implementation timeline of the improvement measures?

7. Departments concerned aim to complete their review on slip resistance requirements of tactile guide paths in the second quarter of 2019 and BD will then bring up the issue for further discussion by the TC.

8. Should you have any queries, please contact the undersigned at 2626 1546.

Yours sincerely,



(KWONG Wai-lun, Godwin)
for Director of Buildings

c.c. Secretary for Labour and Welfare (fax no. 2537 3539)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Architectural Services (fax no. 2810 7341)
Director of Audit (fax no. 2583 9063)

Our Ref.: FEHD P CON 55-60/10/16

Your Ref.: CB4/PAC/R71

4 January 2019

(By e-mail : ahychu@legco.gov.hk)

Mr Anthony Chu
Clerk, Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 71
Barrier-free facilities at government premises

Thank you for your letter dated 17 December 2018 requesting response and/or information in writing on matters set out in the Appendix of your letter. Our submission is attached at **Annex** for your perusal, please.

Yours sincerely,



(Raymond Tam)

for Director of Food and Environmental Hygiene

Enclosure

c.c. Secretary for Labour and Welfare	(Fax: 2537 3539)
Secretary for Food and Health	(Fax: 2869 4376)
Secretary for Financial Services and the Treasury	(Fax: 2147 5239)
Director of Leisure and Cultural Services	(Fax: 2602 4884)
Director of Buildings	(Fax: 2868 3248)
Director of Architectural Services	(Fax: 2810 7341)
Director of Audit	(Fax: 2583 9063)

**Response to Enquiries from
LegCo Public Accounts Committee
on Audit Report No. 71 (Chapter 6)**

Barrier-free facilities at government premises

Q17. As referred to in paragraph 3.6, both Food and Environmental Hygiene Department (FEHD) and Leisure and Cultural Services Department (LCSD) did not maintain a complete and updated list of concerned barrier-free facilities. Why was this case? What measures will be taken to address this problem?

A17: FEHD has maintained lists of barrier-free facilities in respect of the Administration and Development Branch, Centre for Food Safety and Private Columbaria Affairs Office as well as a list of accessible toilets (which is published on FEHD's website) under the management of the Environmental Hygiene Branch of the Department. For those venues which do not have frequent public interface (such as refuse collection points in remote areas (in villages or being temporary structures, with simply rubbish bins on site)), lists of barrier-free facilities have not been maintained. Information on barrier-free facilities at other FEHD venues is maintained by the respective venue management.

In order to compile complete and updated lists of barrier-free facilities at venues under FEHD's management, we are reviewing the existing access audit checklists, in consultation with professional departments, to ensure that all necessary barrier-free facilities are included in the checklists. A new round of access audits will then be conducted using the revised checklists. Results of the access audits will be used to compile the lists of barrier-free facilities with relevant information to be promulgated on FEHD's website by phases from mid-2019. The lists of barrier-free facilities at venues will be updated on a regular basis with reference to the result of the annual access audits thereafter.

Q18. According to paragraphs 3.13 to 3.16, the records of the access audits of LCSD and FEHD were inaccurate, please explain whether this was caused by human negligence, and what measures have been/will be taken by LCSD and FEHD to improve the problem?

A18: To facilitate the Access Officers (AOs) and their assistants to perform their duties in relation to the accessibility issues at venues, a departmental Administrative Circular and Operating Manual for Access

Officers and their Assistants (including the audit checklist) were issued in April 2017. The access audits referred to in the Audit Report were the first access audits conducted by the AOs and their assistants covering the period from April 2017 to March 2018 by using the audit checklist promulgated in April 2017. The inaccuracies found in the records of the access audits might be attributable to the fact that some staff members were not familiar with the aforementioned Circular and the audit checklist issued in 2017.

We will review the classification of venues and the audit checklists in consultation with the professional departments to decide on the scope and categories of venues provided with barrier-free facilities and ensure that the requirements of Design Manual 2008 on different types of venues are included in the checklists as appropriate. We will also review the departmental guidelines and enhance the training for AOs and their assistants to facilitate them to conduct the access audits according to the relevant guidelines.

Q19. With reference to paragraphs 3.20 to 3.22, please provide the follow-up actions that will be taken by LCSD and FEHD to correct deficiencies identified by Audit in the provision, maintenance and control of barrier-free facilities managed by FEHD and LCSD and the implementation timeline of the follow-up actions.

A19: On cases of deficiencies in provision and maintenance of barrier-free facilities identified by Audit, FEHD has already followed up with relevant government departments and maintenance agents responsible for the maintenance works to fix or replace the facilities as appropriate. We will also strengthen regular inspection of barrier-free facilities in our venues and follow up on those facilities requiring repair or replacement.

On management and control of barrier-free facilities, we have taken action to clear obstruction and blockage to these facilities. We have also reminded district offices and venue management not covered by the Audit Report to step up the management and monitoring work to ensure the availability of barrier-free facilities for use by persons with disabilities. We will strengthen the training for AOs and their assistants with a view to enhancing their awareness, knowledge and skills in handling accessibility issues (please see our reply to Question No. 20 below for details). Supervisory checks would also be conducted at regular intervals to ensure the required performance standards are sustained.

Q20. According to paragraph 3.36, as of 30 June 2018, 52 out of 101 AOs of FEHD and 183 out of 347 of LCSO had not attended seminars/trainings on accessibility issues.

(a) What is the frequency of seminars held on accessibility issues by FEHD & LCSO, and whether the Labour and Welfare Bureau (LWB) has set any guidelines in this regard?

A20(a): Seminar run by the Equal Opportunities Commission (EOC) on the anti-discrimination ordinances, including the Disability Discrimination Ordinance, has been included in the induction training programme for the new recruits in the Health Inspector, Hawker Control Officer and Foreman Grades in FEHD. Training seminars for AOs are also organized in collaboration with EOC once to twice a year. We also plan to conduct in-house training seminars in early 2019 to further enhance AOs' awareness, knowledge and skills in handling accessibility issues. We will review the effectiveness of this new training initiative and consider if additional sessions would be organized to meet training demand in due course.

Apart from the aforementioned departmental training, AOs are also nominated for training seminars on accessibility organized by LWB and Civil Service Training and Development Institute (CSTDI) as and when appropriate. Other web-based training materials and information on accessibility issues launched by LWB and CSTDI are available in the Government intranet for AOs' reference.

According to the guidelines of LWB, Access Co-ordinators in bureaux/departments should arrange suitable training for their AOs, in collaboration with EOC and CSTDI, as appropriate. Such training should cover practical guidance on handling accessibility issues, assistance to persons with disabilities having regard to the operational circumstances of individual departments and venues, and proper ways to help persons with disabilities to evacuate from the venue in case of emergency. The frequency of seminar is not specified in the guidelines.

(b) Is it compulsory or voluntary for AOs to join, and whether LWB has set any guidelines in this regard?

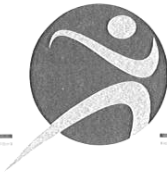
A20(b): According to the guidelines of LWB, Access Co-ordinators in bureaux/departments should arrange suitable training for their AOs, in

collaboration with EOC and CSTDI, as appropriate. Such training should cover practical guidance on handling accessibility issues, assistance to persons with disabilities having regard to the operational circumstances of individual departments and venues, and proper ways to help persons with disabilities to evacuate from the venue in case of emergency. To better ensure that AOs would receive the necessary training for handling accessibility issues, commencing from January 2019, FEHD will maintain a register of those AOs who have not yet participated in accessibility training, and remind their supervisors that officers assigned with AO duties should be nominated for such training as early as practicable and be encouraged to access the training materials and information set out in item (a) above.

(c) If it is voluntary, how could B/Ds ensure their AOs would understand the latest requirements of the issues?

A20(c): Supervisors of the venue management are from time to time invited to nominate their AOs to participate in the training seminars on accessibility organized by the LWB, FEHD and CSTDI as appropriate. Apart from attending these training seminars, AOs may also keep themselves abreast of the latest development on accessibility issues through access to the web-based training materials and information as set out in item (a) above.

Food and Environmental Hygiene Department
December 2018



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27 December 2018
(By e-mail: ahychu@legco.gov.hk)

Mr Anthony Chu
Clerk, Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 71
Barrier-free facilities at government premises

Thank you for your letter dated 17 December 2018 requesting response and/or information in writing on matters set out in the Appendix of your letter. Our submission is attached at *Annex* for your perusal, please.

Yours sincerely,

(Mrs Lilian Leting)

for Director of Leisure and Cultural Services

Enclosure

- c.c. Secretary for Labour and Welfare (Fax: 2537 3539)
Secretary for Home Affairs (Fax: 2591 5536)
Director of Buildings (Fax: 2868 3248)
Director of Architectural Services (Fax: 2810 7341)
Director of Food and Environmental Hygiene (Fax: 2524 1977)
Secretary for Financial Services and the Treasury (Fax: 2147 5239)
Director of Audit (Fax: 2583 9063)

**Response to Enquiries from
Public Accounts Committee on Audit's Report No. 71 (Chapter 6)
Barrier-free facilities at government premises**

No. Questions and Answers

Q21 As referred to in paragraph 3.6, LCSD did not maintain a complete and updated list of concerned barrier-free facilities. Why was this case? What measures will be taken to address this problem?

A21 With a view to facilitating persons with disabilities (PWDs) to participate in sports activities, LCSD has been maintaining a list of barrier-free access (BFA) facilities in leisure venues with sports facilities including sports centres, sports grounds, stadia, swimming pools, beaches, waters sports centres and holiday camps, etc. There is however room for improvement for venues with only passive recreation facilities. The only cultural venues without an updated list of BFA facilities are located at share-used buildings where the BFA facilities are under the purview of the management responsible for the respective buildings.

LCSD agrees to the recommendation of the Audit Commission (Audit) that a complete and updated list of barrier-free facilities should be maintained at all venues under the Department for monitoring and planning purposes. Steps are being taken to compile and maintain a list of BFA facilities in each venue under LCSD's management. Such information will also be made available to the public on LCSD's website to enhance the services to the persons with disabilities. Uploading work in respect of cultural venues has already been completed.

Q22 According to paragraph 3.6, all music centres, all District Leisure Services Offices and 907 recreation and sports venues under LCSD were not included in the Department's lists of barrier-free facilities, please explain the reasons.

A22 LCSD's five music centres are located at share-used buildings where BFA facilities are under the management of respective premises. However the departmental list of BFA facilities has now been updated to include these five music centres.

With a view to facilitating PWDs to participate in sports activities, LCSD has been maintaining a list of barrier-free facilities in leisure venues with sports facilities including sports centres, sports grounds, stadia, swimming pools, beaches, waters sports centres and holiday camps, etc. There is however room for improvement for other venues, including those with only passive recreation facilities and the District Leisure Services Offices.

Q23 According to paragraphs 3.13 to 3.16, the records of the access audits of LCSD were inaccurate, please explain whether this was caused by human negligence, and what measures have been/will be taken by LCSD to improve the problem.

A23 All along, checking of barrier-free facilities was conducted during the daily/regular inspection of facilities by venue staff or other staff in discharging their duties to ensure facilities (including accessible toilets, tactile guide paths, braille maps, etc.) are safe and clean for use by the public. Any irregularities or damages of facilities would be reported to works agents for rectification. Before the promulgation of the LCSD Administrative Circular on “Providing a Barrier-free Environment for Persons with Disabilities” in 2017, there was no standard checklist form for conducting regular access audits on barrier-free facilities. It is considered that the inaccuracies found in the records of the access audits might be attributed to the fact that some staff members were not familiar with the aforesaid Administrative Circular and the checklist form issued in 2017.

LCSD agrees to the recommendations of Audit that there is room for improvement in conducting access audit. We will strengthen the training for staff with a view to enhancing their awareness, knowledge and skills in handling accessibility issues. In addition, consideration is being given to include training on accessibility issues as part of induction training for some departmental grades. Furthermore, all staff, particularly those assisting the Access Officers (AOs), will be reminded to adhere to relevant operation guidelines in their inspection of the barrier-free facilities in the venues.

We will also review the current arrangements in the management of barrier-free facilities including the frequency and manner of access audits and the format of the audit checklist to better facilitate the AOs in their conduct of access audits.

Q24 With reference to paragraphs 3.20 to 3.22, please advise the follow-up actions that will be taken by LCSD to correct the deficiencies identified by Audit in the provision, maintenance and control of barrier-free facilities managed by LCSD and the implementation timeline of the follow-up actions.

A24 For deficiencies relating to the maintenance of barrier-free facilities with damage or wear and tear as identified in the audit report, arrangements are being made with maintenance agents (ArchSD or EMSD) for rectification. For deficiencies relating to the control of barrier-free facilities, immediate rectifications have already been made by concerned venue management. Other venues not covered by the audit report are also being checked for deficiencies during regular venue inspections. Any damage or irregularities of barrier-free facilities will be reported to the maintenance agent for prompt rectifications.

For deficiencies relating to the provision of barrier-free facilities, LCSD has commenced a stocktaking exercise in all venues to identify the deficiencies and share lessons learned to heighten staff awareness and knowledge of barrier-free requirements. A list of deficiencies identified upon completion of the stocktaking exercises will be prepared for follow-up discussion and action in consultation with the maintenance agents.

In the long run, venue management will seek ArchSD's technical advice and support to enhance and strengthen the provision of barrier-free facilities beyond the basic requirements as appropriate, especially for new venues and major renovation projects.

- Q25
- (a) What is the frequency of seminars held on accessibility issues by LCSD, and whether LWB has set any guidelines in this regard?**
 - (b) Is it compulsory or voluntary for AOs to join, and whether LWB has set any guidelines in this regard?**
 - (c) If it is voluntary, how could B/Ds ensure their AOs would understand the latest requirements of the issues?**

- A25
- (a) A seminar on "Access for All" is held once a year to provide AOs with a general knowledge of barrier-free environment and enable them to get familiar with the relevant ordinances. In addition, officers of LCSD are invited to attend seminars on accessibility issues organized regularly by the Civil Service Training and Development Institute (CSTDI).

According to LWB's memo dated 13.12.2010 on "Appointment of Access Co-ordinator and Access Officer", B/Ds are advised to arrange suitable training for their AOs, in collaboration with Equal Opportunities Commission (EOC) and CSTDI as appropriate. Frequency of such training is not specified.

- (b&c) According to the guidelines of LWB, Access Co-ordinators in B/Ds should arrange suitable training for their AOs, in collaboration with EOC and CSTDI as appropriate. Such training should cover practical guidance on handling accessibility issues, assistance to PWDs having regard to the operational circumstances of individual departments and venues, and proper ways to help PWDs to evacuate from the venue in case of emergency.

Under the two-pronged approach, aside from relevant seminars, LCSD has also provided alternative learning resources. Links to reference materials for AOs provided by LWB (including guidelines and videos) are made available at the LCSD training intranet to enable staff to enrich their knowledge on the subject.

To better ensure that officers who fill the posts designated as the AOs of particular venues are equipped with the necessary knowledge through training, consideration is being given to include training on accessibility issues as part of the induction training for certain departmental grades. In addition, officers who are posted to posts bearing responsibilities of AO will be nominated to attend the next "Access for All" seminar.



ARCHITECTURAL SERVICES DEPARTMENT 建築署

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By fax 2543 9197 and e-mail
 (ahychu@legco.gov.hk, kmho@legco.gov.hk & pkwlai@legco.gov.hk)

3 January 2019

Mr. Anthony CHU
 Clerk to the Public Accounts Committee
 Legislative Council
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 71
Barrier-Free Facilities at Government Premises

Thank you for your letter dated 17 December 2018 requesting response / information to facilitate the Public Accounts Committee's consideration of the above Chapter. Please find our reply below:

- (a) According to paragraph 4.10, 30 works orders for upgrading the barrier-free facilities under the Retrofitting Programme had been delayed for 730 days or more. Had the Architectural Services Department proactively checked with the contractors on the progress of submitting documents which were required under the contracts and works orders implementation progress during the delay period?

Amongst the 30 works orders for upgrading barrier-free facilities under the Retrofitting Programme, the delay for 29 works orders was mainly due to the contractors' late submission of documents which were required under the contracts. Therefore, ArchSD could not certify the timely completion of the works including all associated tasks. This notwithstanding, there was no delay in the provision of the barrier-free facilities for use by the public in such cases.

Regarding the concerned works contracts, ArchSD held regular monthly progress meetings with the contractors to review their performance, including the progress of document submission. In view of the late submission of documents, notices of non-compliance had been issued to the contractors requesting improvement. Their performance had also been reflected in their performance reports. Liquidated damages had subsequently been imposed on the contractors in accordance with the contract.

For the remaining works order, the delay was due to the time taken by the venue management department to resolve land issue at the design stage. ArchSD had proactively liaised with the department concerned to expedite finalisation of premises boundary for the implementation of the works.

ArchSD will further enhance the current management system to facilitate the monitoring of contractors' submission of documents. Our computer system will generate regular reports on overdue works orders for monitoring. Our project teams will review such reports and follow up with the contractors at regular progress meetings as a dedicated agenda item.

Yours sincerely,

A handwritten signature in black ink, consisting of several fluid, overlapping loops and strokes, positioned above the printed name.

(LEUNG Kam-pui)

for Director of Architectural Services

- c.c. Secretary for Labour and Welfare (fax no. 2537 3539)
Director of Buildings (fax no. 2868 3248)
Director of Food and Environmental Hygiene (fax no. 2524 1977)
Director of Leisure and Cultural Services (fax no. 2691 4661)
Commissioner for Transport (fax no. 2802 2361)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

Our ref. : TD DS/4-35/6 C Pt.4
Your ref. : CB4/PAC/R71
Tel. no. : 3528 0633
Fax no. : 35280564

4 January 2019

Legislative Council
Legislative Council Complex,
Legislative Council Road,
Central, Hong Kong

Dear Sir,

Public Accounts Committee

Consideration of Chapter 6 of the Director of Audit's Report No. 71

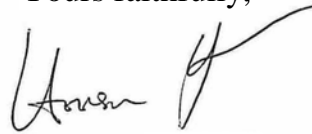
Barrier-free facilities at government premises

I refer to your letter of 19 December 2018 and our subsequent email exchanges concerning the above. According to paragraph 2.16(b)(i), 13 premises/facilities had been reviewed and considered not necessary with detailed justifications as below:

- (i) Seven facilities are footbridges connecting adjacent footpaths at both ends at grade. As there is no level difference at the connections, barrier-free facilities are considered not necessary;
- (ii) Four facilities are subways for cyclists only. While no pedestrian circulation is anticipated, barrier-free facilities are considered not necessary;
- (iii) One facility is an underpass (rather than a subway) under the elevated road connecting adjacent footpaths at both ends. As there is no level difference at the connections, barrier-free facilities are considered not necessary; and
- (iv) One facility is the pier which has been modified to serve ferry service from Tsuen Wan to Ma Wan. Ferry passengers can get on and get off the ferry through a pontoon and gangway erected on the top of landing steps, barrier-free facilities are considered not necessary.

For any enquiries, please contact Ms. Eva WONG, Chief Transport Officer at 3583 3710.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Honson Yuen', with a long, sweeping flourish extending to the right.

(Honson YUEN)

for Commissioner for Transport

- c.c. Secretary for Labour and Welfare (fax no. 2537 3539)
- Director of Buildings (fax no. 2868 3248)
- Director of Architectural Services (fax no. 2810 7341)
- Director of Food and Environmental Hygiene (fax no. 2524 1977)
- Director of Leisure and Cultural Services (fax no. 2691 4661)
- Secretary for Financial Services and the Treasury (fax no. 2147 5239)



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

本局檔號 Our Ref. : EDB (EID/ITE)/F&A/35/3/1C(3)

電話 Telephone : 3509 8521

來函檔號 Your Ref. : CB4/PAC/R71

傳真 Fax Line : 2168 8245

10 January 2019


Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 7 of the Director of Audit's Report No. 71
Education Bureau's efforts in harnessing information technology
to facilitate learning and teaching

I refer to your letters of 17 and 31 December 2018 on the captioned subject.
Please find attached our responses/information requested (in both Chinese and English)
in the Appendix.

Yours sincerely,


(Ms Jenny CHAN)
for Secretary for Education

c.c. Secretary for Financial Services and the Treasury (Fax: 2147 5239)
Director of Audit (Fax: 2583 9063)

**Public Accounts Committee
Consideration of Chapter 7 of the Director of Audit's Report No. 71
Education Bureau's efforts in harnessing information technology
to facilitate learning and teaching**

**The Administration's Response to
Issues Raised in Letter of 17 December 2018**

Part 2: Provision of resources to schools

- 1) As referred to in paragraphs 2.5, 2.7 to 2.10, 887 schools participated in the WiFi-900 Scheme, of which 334 (38%) were provided with conditional funding to enhance their readiness in implementing e-learning.
 - (a) How did the Education Bureau ("EDB") assess the readiness on the five aspects mentioned in paragraphs 2.7(a) to 2.7(e)? Did EDB reject any applications; if yes, please provide the number of application(s) rejected and reasons for rejecting the application(s)?
 - (b) With reference to paragraphs 2.19(a) and 2.20, what measures has EDB taken to keep track of how schools fulfill the commitment they made in seeking funding for enhancing their WiFi infrastructure and provide assistance to them to improve their readiness in implementing e-learning? What is the current progress of the Scheme? Did EDB review the reasons for only 67% of participating schools being able to enhance the WiFi infrastructure as at the end of 2016-2017 school year?
 - (c) Does EDB agree that it should have regularly checked whether the schools had fulfilled their commitments as stated in the Expression of Interest ("EOI") or written confirmation; if yes, when will EDB implement the measure?
 - (d) Have the participating schools complied with the schedule for using e-textbooks and e-learning resources stated in EOIs?

Response/Information:

- (a) The EDB decided to establish a robust WiFi infrastructure to cover all classrooms of the school premises in view of the prevalence of mobile computing devices and their increased use for learning. In order to facilitate the smooth operation of the large-scale exercise and for resource management of WiFi-900 Scheme, in February 2015, the EDB

required the schools which intended to participate in the WiFi-900 Scheme to submit an Expression of Interest (EOI) to indicate their tentative e-learning implementation plan and their preference of the time to complete the WiFi enhancement among the three school years before the 2017/18 school year. Based on the relevant information provided in the EOIs and that available on schools' homepages, the EDB reviewed the readiness of the schools in implementing e-learning in terms of the five aspects in order to estimate the numbers of schools joining the WiFi-900 Scheme in different years and prioritise schools' participation in the Scheme, in particular for funding requirement projection. Since all public sector schools were eligible to participate in the WiFi-900 Scheme and the EOI exercise was only to prioritise the implementation rather than to screen out the applications, no schools have been rejected.

(b) to (d):

The EOI exercise was a one-off snap-shot exercise to help the EDB prioritise schools' participation in the WiFi 900 Scheme with reference to schools' own preference and school circumstances. What the schools set out in the EOI exercise to the EDB were indicative plans of how they would implement e-learning and their pace. These indicative plans had not been taken as commitments of the schools or conditions under which the funds for WiFi enhancement were provided. Furthermore, a school's plan or readiness was subject to changes due to factors beyond the school's control, e.g. departure of personnel key to implementing the plan, change in the degree of buy-in of parents, formulation of new strategies or emergence of and procurement of new IT devices to take forward e-learning. The indicative plans were bound to be subject to modification to suit changing school contexts and dynamic IT applications in learning and teaching.

Instead of checking regularly whether a specific group of schools had made improvements as indicated in the EOI, the EDB has been keeping track of the progress of IT in education development in schools through various means, including school visits, on-site support visits, focus group meetings, case studies and proformas returned from schools, apart from the annual school survey mentioned in paragraph 2.11 of the Audit Report in order to capture qualitative and quantitative information. In the annual school survey, information such as schools' personnel composition in setting up the core team for the development of ITE and parents' involvement was collected¹. For the 2018/19 school year, about 30 school visits covering different backgrounds and finance types have already been scheduled with a

¹ Regarding Audit's observation that information about stakeholder's engagement work was not collected in the annual school survey, it was because the information provided by schools to any question in this regard would be too general for data analysis.

view to gauging schools' progress. These are schools which regarded their own progress as lagging behind, reviewed as less ready in teacher development and/or stakeholder engagement or those not responding to our annual survey.

Various forms of ongoing support are also provided to the schools to assist them to implement e-learning, e.g. on-site support services by the IT in Education Centre of Excellence (CoE) Scheme, professional development programmes (PDPs), online resources as well as technical support services. Under the CoE Scheme, seconded teachers are selected from experienced frontline school leaders and teachers to provide training and on-site support services to schools for sharing of good practices and successful experiences on IT in education. Besides, to better equip school leaders and teachers with the necessary knowledge and skills on the latest practice of e-learning, five categories of PDPs are organised including e-leadership, e-safety, pedagogical series, subject-related and technological series. Various online resources such as resource pack on developing e-learning and good practices in schools are provided to facilitate schools to implement e-learning. Apart from organising briefing seminars for each batch of schools joining WiFi-900 Scheme, technical support services are also provided to schools through on-site support visits, a telephone enquiry hotline and school visits. The EDB has also provided an information kit on e-learning for reference by schools in undertaking relevant parent education, and has been organising seminars for parents to help develop proper attitude of their children in using information technology.

All the schools joining the Scheme could complete the WiFi infrastructure enhancement according to their preferred time, including 67% of the 334 schools (i.e. 224) mentioned in paragraph 2.11 of the Audit Report which are considered "less ready" in some areas to implement e-learning. These 224 schools opted in their EOI forms to complete their WiFi infrastructure enhancement in the 2015/16 or the 2016/17 school years. The remaining 110 schools opted to complete their WiFi infrastructure enhancement in or after the 2017/18 school year. As regards the current progress of the WiFi-900 Scheme, the WiFi infrastructure enhancement works of the participating schools have been basically completed by the 2017/18 school year. As at December 2018, 983 (99.4%) had completed the WiFi infrastructure enhancement at their premises. Among the remaining 6 schools, 4 opted to join the WiFi-900 Scheme in the 2018/19 school year and 2 will join in the 2019/20 school year due to special circumstances, including relocation / redevelopment of school premises and commencement of school operation in or after the 2017/18 school year.

- 2) According to paragraphs 2.12 to 2.14, the usage rates of e-textbooks and e-learning resources on class-level basis were lower than the adoption rates on school basis.
- (a) Why did EDB collect data relating to class level in the annual school surveys if EDB only took the adoption rates of e-textbooks and e-learning resources on school basis instead of class-level basis?
 - (b) With reference to paragraphs 2.19(b), 2.19(c) and 2.20, what measures have been/will be taken by EDB to encourage the adoption of e-textbooks and e-learning resources in schools and promote the usage of e-learning resources?
 - (c) Did EDB communicate with schools and study their difficulties in adopting e-textbooks/e-learning resources?
 - (d) The Fourth Strategy on IT in Education ("ITE4") expended \$99.5 million as at 31 March 2018, and one of the main initiatives under ITE4 was enabling schools to acquire mobile computing devices to tie in with WiFi services (paragraph 1.6 refers). What is the expected result on the usage of e-textbooks and e-learning resources before the implementation of ITE4?

Response/Information:

- (a) To cater for learner diversity, schools have all along been exercising flexibility to use learning resources and it is necessary that schools do so. When considering whole school planning and practical pedagogical application of IT, schools are encouraged to use the right technology at the right time for the right task instead of across subjects and levels. It is also worth noting that schools are advised to, and do, adopt a new series of textbooks / e-textbooks by progression and not at all year levels at any one time. The EDB therefore takes the adoption rates of e-textbooks and e-learning resources on a school basis instead of class-level. That said, questions at class level have been included in the annual surveys in order to understand the concerns and consideration of schools in adopting e-textbooks and e-learning resources for different subjects at different class levels so as to facilitate data analysis and the consideration of adopting appropriate measures to support schools in practising e-learning. Indeed, the annual survey is only one of the various means that the EDB collects information from schools. Other means include focus group meetings and school visits, etc.
- (b) Schools' adoption of e-textbooks and e-learning resources depends on various factors such as school infrastructure, teachers' readiness, quality

of the e-resources, individual school contexts and whether the subject, the level and the learning task in hand are suited to using e-textbooks and e-learning resources. To continue to improve the technical and functional design of the e-textbooks, a Task Group on e-Textbook Development was set up in June 2018 with representatives from textbook publisher associations and Hong Kong Education City Limited (HKECL). In addition, a Focus Group under the CoE Scheme was also set up in the 2018/19 school year. The teacher members of the Focus Group would try out some e-textbooks materials, especially those with updated technical and functional design proposed by the Task Group, in their teaching and share the pedagogical practices among themselves with a view to enhancing the quality of learning and teaching through electronic means as well as exploring the usage of e-textbooks in various subjects. The good practices and experiences gained from the tryouts would be shared with the publishers and other schools. On top of the above, the EDB will continue to strengthen teacher's professional capabilities on effective use of e-textbooks and other e-learning resources through various means such as professional development programmes, teachers' learning communities and school visits. Nonetheless, it should be noted that, first, e-textbooks and e-learning resources are not necessarily more conducive to learning and teaching than their conventional counterparts and teachers' professional judgment in selecting the right resources is important and, secondly, easy access to abundant information on the Internet or e-resources in the digital learning era may cast doubt on the need for a "textbook" in the teaching and learning process in the long run.

- (c) All along, the EDB conducts school visits, surveys and focus group meetings to understand the concerns and consideration of schools and teachers in adopting e-textbooks. Subject-specific professional development programmes to strengthen teachers' e-pedagogies are tailor-made to suit their needs. Adoption rate does not necessarily reflect if schools or teachers have difficulties in using e-textbooks but rather reflects schools' professional decisions on whether to adopt e-textbooks or other free e-resources based on schools' specific contexts and student needs.
- (d) ITE4 has laid down the basic provisions in terms of hardware and resources to facilitate the practice of e-learning in schools. With the basic provisions, schools are able to devise their own plan having regard to their school circumstances and development needs. In view of the evolving and diversified nature of e-learning, there is no best practice or standard towards which schools should comply with, not to mention that e-learning measures are not necessarily more effective than conventional measures in every case. Hence, the EDB did not set a target on the

usage of e-textbooks or e-learning resources at schools before the implementation of ITE4. Schools have the professional autonomy in selecting appropriate resources, including e-textbooks and other e-resources, for learning and teaching to suit students' needs and school contexts. In fact, learning is not confined to the classroom with the teaching of academic subjects using conventional or e-textbooks. Learning also takes place in various types of life-wide learning activities outside the classroom or even outside school context. For instance, with the support of IT devices and infrastructure, students may pursue e-learning in the form of project work on an individual or collaborative basis outside formal lessons. The IT devices and infrastructure also open up new possibilities for extra-curricular activities which offer other learning experiences to students.

- 3) According to paragraphs 2.16 to 2.18, EDB suggested schools build the WiFi network completely separate from schools' existing networks with separate broadband line for avoiding potential risk. However, as it is not a mandatory requirement, 11 (22%) participating schools under the WiFi-900 Scheme had integrated the WiFi network with their existing networks.
- (a) Will EDB consider making the above suggestion a mandatory requirement?
- (b) Has EDB provided any extra resources for these 11 schools to further protect their WiFi network?

Response/Information:

- (a) There are various technical solutions available in the market for protecting the schools' networks. The EDB suggests schools building the WiFi network completely separated from schools' existing networks with separate broadband line as it is a less technically difficult practice and is easier to manage. The recommended practice is not a mandatory requirement that schools were obliged to observe. Under the principle of school-based management, schools were responsible for taking appropriate IT security measures to protect the IT systems and data of their schools, and they may determine their own requirements to adopt the practice applicable to their own environment and operational needs. Some schools might have decided not to follow the related recommended practice for various reasons, e.g. physical constraints in implementing two broadband lines. As such, they would adopt other technical solutions to protect their networks.

- (b) The EDB plays a supporting and advisory role in facilitating schools to implement IT security measures in accordance with their own school-based needs. Apart from the “Information Security in Schools - Recommended Practice” document, the EDB has been providing various IT security-related supports to schools, including technical advisory services, IT security alerts, professional development programmes, online resources and funding for procurement of Internet security services in Composite Information Technology Grant (CITG), etc. The relevant part of the above document will be reinforced and the updated document will be uploaded to EDB webpage by January 2019. All public sector schools have been invited to attend the relevant briefing seminar which will be organised in January 2019 to further promote the recommended practice. Besides, the EDB also works in collaboration with different partners, including Government departments (Office of the Government Chief Information Officer and Hong Kong Police Force), Hong Kong Computer Emergency Response Team Coordination Centre, teachers associations, and the IT industry, etc., to promote IT Security.
- 4) According to paragraphs 2.21, 2.23, 2.24 and 2.26, the Composite Information Technology Grant ("CITG") provided \$352 million to 907 schools in financial year 2016-2017, and schools were required to relate the schools' IT budget to the annual School Development Plans. The Audit Commission ("Audit") examined the annual School Development Plans of 40 schools and discovered that six schools (15%) did not make such a correlation. Audit also discovered that some schools did not fully utilize CITG allocation to develop IT in education, and as at 31 July 2018, 8 aided schools of the 904 schools that received CITG in all the years over the five-year period of 2012-2013 to 2016-2017 had not submitted their audited accounts for school year 2016-2017 to EDB.
- (a) Who is responsible for reviewing School Development Plans & CITG allocation in EDB?
- (b) Apart from submitting audited accounts to EDB, are there any other measures for schools to report their usage of CITG allocation? If yes, please provide the details.
- (c) When was the deadline for schools to submit their audited accounts to EDB for the previous school year? Whether any sanctions will be imposed on the schools for late submission of audited accounts; if yes, the details.

- (d) What follow-up actions have been/will be taken by EDB to ensure timely submission of audited accounts from schools?
- (e) With reference to paragraphs 2.29(b) and 2.30, what measures have been taken by EDB to encourage schools to monitor the utilization of CITG and put into effective use the resources allocated to them for the development of IT in education? Are these measures effective? What is the latest position of the utilization of CITG?

Response/Information:

(a) and (b):

All aided schools are required to establish Incorporated Management Committee (IMCs) for the purpose of managing schools through participatory governance by key stakeholders. With greater autonomy given to IMC schools under the principle of school-based management and to recognize student learning needs specific to school contexts, schools can set their own development priorities in the School Development Plan (SDP) which should be submitted to the School Management Committee (SMC) or the IMC for reviewing and endorsement before uploading onto the schools' homepages for stakeholder's and public information. Most schools would accord priorities for major new initiatives in their SDPs. The EDB has been playing a supporting role in facilitating schools to devise their own SDP, including organising professional development programmes, conducting school visits and providing online resources as well as conducting external evaluation of the school development planning in external school reviews.

In tandem, schools are given greater financial flexibility in the deployment of the various grants provided to schools, a majority of which, including a recurrent CITG, are merged as constituent grants under the Block Grant. Schools are allowed to deploy the funding flexibly and retain a surplus balance of the Block Grant as a whole up to its 12 months' provision to meet the operational needs of schools. The SMC / IMC of schools is held accountable for ensuring effective use of government funds as well as the compliance of schools with relevant regulations and guidelines issued by the EDB from time to time. In respect of financial management, the annual school budget should be approved by the SMC / IMC. Schools are advised to give due regard to enhancing the accountability and transparency of their operations, which includes relating the school budget to the annual school plan and publishing the audited financial statement in the annual report. However, the articulation of the IT budget with the annual SDP is not a mandatory requirement. In this regard, as explained to Audit (reflected

in paragraph 2.24 of the Audit Report), the use of the word “required” in EDB Circular Memorandum No.103/2008 was not appropriate. The EDB will amend the circular as soon as possible. It would in fact render the drawing up of the SDP a tedious process and the document lengthy and not reader-friendly if relating the IT budget to the SDP is made mandatory because the expenditure on IT in a school varies each year and there may not be major initiatives in a year but only consolidation of previous years’ efforts. The principle for schools to follow is to articulate the IT budget with the SDP in years when there is / are major initiative(s) in e-learning to be implemented and / or there is particularly high level of expenditure in the IT area.

For accounting and auditing purposes, schools should keep a separate ledger account to reflect all incomes and expenditures chargeable to the CITG. However, it should be noted that the CITG is a constituent grant in the Block Grant provided for schools to be used for a wide range of purposes. While the EDB recognises the need for all public sector schools to be provided with a certain level of CITG to meet their operational needs for implementing IT in education each year, schools are not required to spend the entire amount of the CITG each year or spend a similar amount every year. The spending should tie in with the school’s e-learning implementation strategy. Hence, there is no need to determine year by year (i) whether the CITG should be provided or not; and (ii) the level of the CITG to be provided. The amount of CITG provided to each school is determined by the school type and the number of classes, and adjusted annually in accordance with the movement of the Composite Consumer Price Index.

- (c) According to the EDB’s guidelines, aided schools and schools under Direct Subsidy Scheme (DSS) are required to submit the audited financial statements together with the report of the auditor to the EDB by end of February and end of March every year respectively. Efforts have been made by the EDB to follow up the late submissions as mentioned in 4(d) below, and the situation has improved. Out of the 8 aided schools not yet submit their 2016/17 audited accounts as mentioned paragraph 2.26 of the Audit Report, 7 of them have already submitted their audited accounts by end October 2018 and the remaining one plans to submit the accounts by January 2019. If a school fails to submit its annual audited accounts, the EDB may temporarily withhold payment of grants to the school.
- (d) In case of late submission of audited accounts by aided and DSS schools, the EDB will issue reminders to the schools concerned within 1.5 months after the submission deadline and the responsible EDB’s Regional Education Offices will take follow-up actions. If the school’s

annual audited accounts have been overdue for more than ten months, the EDB will approach the sponsoring body of the school to request for immediate submission. Government schools, on the other hand are part of the EDB and are managed and controlled under different mechanism. Their spending including operational expenses and individual grants are reflected as part of the expenditure of the EDB.

- (e) Under the current mechanism of Block Grant, schools can flexibly deploy their resources obtained under the CITG to meet their operational needs on e-learning. The EDB has an established mechanism in place to monitor the schools' spending on their Block Grant. The EDB will issue advisory letters to schools with high level of cumulative surplus of the Block Grant and request them to submit improvement plans. The EDB will continue to further encourage schools to make more effective use of CITG to promote the development of IT in education by updating the relevant online resources and promulgating the message in relevant professional development programmes and enhancing the monitoring during our regular contacts with schools and school visits. While information on the utilisation of CITG by schools for the year 2017/18 is not yet available, overall speaking, after the launch of ITE4 in the 2015/16 school year, the total expenditure on CITG was about the same as the total allocation. For instance, in the 2015/16 and 2016/17 school years, the total expenditure of aided schools exceeded the total allocation by 0.7% and 1.1% respectively.

Part 3: Development of e-textbooks and procurement of e-learning resources

- 5) According to paragraphs 3.6, 3.13(a) and 3.14, there was a need to step up efforts to facilitate the development of e-textbooks, and EDB agreed to, in consultation with the Steering Committee on Strategic Development of Information Technology in Education, determine the way forward and consider ways to facilitate the future development of e-textbooks. Has the Steering Committee been consulted? What are the outcomes? Does EDB have any plans to launch new initiatives to facilitate the future development of e-textbooks?

Response/Information:

The Steering Committee on Strategic Development of Information Technology in Education is to advise the EDB, among others, on the strategic direction, implementation and evaluation of integrating information technology into education and the implementation of e-learning in schools. The Committee has been keeping track of the development of

ITE4, including enhancing the quality of e-learning resources and e-textbooks which is one of the six major actions under ITE4. In the coming meeting of the Committee scheduled in January 2019, members' views will be sought on the issues related to the latest development of e-textbooks as part of the progress on implementation of ITE4.

- 6) According to paragraphs 3.8 and 3.9, the percentages of primary schools and secondary schools that adopted e-textbooks not on the Recommended Textbook List for e-textbooks ("eRTL") ranged from 28% to 34% and 45% to 48% in 2016-2017 school year respectively.
- (a) What were the criteria when selecting books for eRTL?
 - (b) Did EDB investigate why eRTL was not adopted by schools?
 - (c) With reference to paragraph 3.10, please provide the percentages of primary schools and secondary schools that adopted textbooks on the Recommended Textbook List for printed textbooks in 2016-2017 school year?
 - (d) With reference to paragraphs 3.13(c) and 3.14, what actions have been taken by EDB to promote eRTL as a quality vetting and assurance mechanism for e-textbooks among e-textbook developers and schools, and encourage e-textbook developers to submit e-textbooks for review? Has the situation been improved? What are the latest percentages of schools that adopted e-textbooks not on eRTL?

Response/Information:

- (a) The EDB provides Recommended e-Textbook List (eRTL) for schools' reference in selecting e-textbooks that have passed the vetting criteria in terms of its teaching and learning contents and related tasks / activities, structure and organisation of the contents, accuracy in language use, the pedagogical use of e-features as well as the technical and functional requirements. The details about the vetting criteria, "Guiding Principles for Quality Textbooks" have been made available on the Textbook Page of the EDB website: <http://www.edb.gov.hk/textbook>. If publishers wish to include their e-textbooks on the eRTL, they have to submit their e-textbooks for review. To facilitate schools in selecting e-textbooks, on top of the eRTL, guidelines, such as "Guiding Principles for Quality Textbooks" and "e-Textbook Selection Criteria" are made available by the EDB for schools' reference (For details, please visit the Textbook Page of the EDB website: <http://www.edb.gov.hk/textbook>).

- (b) The EDB implements e-learning with a view to encouraging schools to make good use of information technology to enhance learning and teaching effectiveness and e-textbook is one of the many learning resources that could facilitate e-learning. e-Textbooks are not the unique resources that could facilitate schools to achieve this goal. With access to the abundance of e-learning resources on the web, teachers can exercise their professional judgement in preparing and choosing resources flexibly, including those outside the eRTL according to their school contexts, students' needs and school infrastructure, etc. The EDB has been constantly reviewing the measures to facilitate the development of e-resources and e-textbooks in supporting learning and teaching. From school visits and tryout programmes, it was observed that in this transitional period, many schools tended to use the e-textbooks from the same publishers to replace or complement the currently used printed textbooks, regardless of whether those e-textbooks were on the eRTL or not, while many publishers of popular printed textbooks did not plan to submit the electronic version of the textbooks for review at the initial stage because of their business considerations². As the result of the EDB's efforts and as the market grows, there is a growing number of publishers who show interest and have planned to submit more e-textbooks of various subjects, especially for the revised curricula, for review in the years ahead. In the long run, whether there is still a need for "textbooks", printed or digital, in learning and teaching is questionable in this fast-changing IT driven era.
- (c) The EDB does not have the statistics on the adoption of printed textbooks on the RTL in the 2016/17 school year. Schools have the professional autonomy in selecting learning materials for their students based on students' needs and abilities and school specific contexts. Schools could also decide whether to adopt textbooks on the RTL or not. They could even design their own school-based learning materials or use any other suitable learning resources without using any printed textbooks or e-textbooks. Our observation through our regular contacts with schools in school visits, professional development programmes and focus group meetings that schools tend to select printed textbooks on the RTL.
- (d) The EDB has been promoting the eRTL as a quality vetting and assurance mechanism for e-textbooks among e-textbook developers and schools through various means, including the setting up of a Task Group on e-textbook development with publisher associations, organising meetings and briefings for publishers and e-textbook developers,

² Such business considerations, as we understand, include the uncertainty of teachers' readiness to use e-textbooks, schools' technical support capacity and possibility of any revision of curricula in the following years.

conducting annual textbook seminars for teachers and schools' sponsoring bodies on selection of quality learning and teaching resources, organising focus groups and tryouts on the use of e-textbooks on the eRTL in schools, arranging school visits, issuing circular memorandum to schools and the dissemination of publicity materials such as promotional videos and newspaper articles. The latest annual school survey results have revealed that about 33% of the primary schools and 31% of the secondary schools adopting e-textbooks in the 2017/18 school year selected to use e-textbooks not on the eRTL. When compared with the figures in the 2016/17 school year shown in the Audit Report, though the percentage is about the same in the primary schools, there is on average around 16% decrease in the secondary schools. Moreover, the number of e-textbook sets included on the eRTL have also increased from 49 sets in April 2018 to 52 sets as at December 2018. There is also a growing number of publishers who show interest and have planned to submit more e-textbooks of various subjects, especially for the revised curricula, for review in the years ahead. But we have to note that the textbook market is also driven by commercial interest. Publishers' willingness to invest in textbook production, be it printed or digital, is based on their assessment of the cost involvement in production and perceived market demand. As mentioned before, the abundant existence of other e-learning resources shared on the web has been adding to the commercial risk of investing in e-textbooks production.

Table: Percentage of schools that adopted e-textbooks not on eRTL (source: Annual School Survey for the 2017/18 school year)

	No. of primary schools			No. of secondary schools		
	Adopted e-textbooks	Adopted e-textbooks not on eRTL	Percentage	Adopted e-textbooks	Adopted e-textbooks not on eRTL	Percentage
Chinese Language	98	30	31%	42	16	38%
English Language	116	43	37%	46	15	33%
Mathe-matics	115	36	31%	39	9	23%

- 7) According to paragraphs 3.15 to 3.22, \$10 million was granted to the Hong Kong Education City Limited for the e-Resource Acquisition Project ("eREAP"). The e-learning resources procured under eREAP covered subjects including English Language, Mathematics and Liberal Studies, but it did not cover Chinese Language, while 39% of the teachers from the 66 participating schools of eREAP suggested that Chinese Language should be covered. While 46 out of 205 schools (22%) that joined eREAP in the first

year did not participate in the second year one of the main withdrawal reasons were the suitability of the e-learning resources to the schools and the schools' different priorities in learning and teaching.

- (a) What were the reasons for not including Chinese Language in eREAP?
- (b) Did EDB consult schools and teachers before selecting the subjects to be covered by eREAP's?
- (c) Did EDB communicate with schools which had withdrawn from eREAP to understand their difficulties?
- (d) According to paragraphs 3.23(a) and 3.24, EDB agreed to, in collaboration with the Hong Kong Education City Limited, consolidate the experience gained from the implementation of eREAP with a view to improving eREAP and determining the way forward for e-learning resources acquisition. What is the progress in this regard?

Response/Information:

- (a) The main objective of eREAP was to establish a mechanism to coordinate evaluation, acquisition and licensing of e-learning resources to support large-scale implementation in addition to enriching the pool of e-learning resources available for schools. According to the Service Agreement of eREAP signed with Hong Kong Education City (HKECL), the e-learning resources acquired may be subject/level specific or cover more than one subject/level. Notwithstanding this, HKECL had considered including all major subjects in their procurement of e-learning resources. It was explicitly stated in the invitations for submission of EOI that preference would be given to e-learning resources covering major subjects such as Chinese Language, English Language, Mathematics, General Studies and Liberal Studies. The two rounds of invitations received 27 EOIs on Chinese Language. Among them, 13 EOIs meeting the selection criteria were shortlisted for detailed evaluation on their suitability to be used in schools. However, the proposed Chinese Language e-learning resources submitted by providers received low scores in the quality and/or suitability for use in Hong Kong. As a result, no suitable e-learning resources for Chinese Language was recommended by the evaluation panel which comprised experienced school teachers taking into account the level of difficulties, suitability for the local curriculum and technical compatibility of the resources. HKECL has tried their best in sourcing Chinese Language e-learning resources but in vain due to the lack of available e-learning resources in the market suitable for use

in local schools as Hong Kong is a small market for Chinese Language and requires very localised contents.

- (b) The implementation of eREAP is overseen by a Steering Committee (SC) which comprises 10 members including school principals, school librarians and frontline teachers. The subjects to be covered in the project has been discussed by the SC. Proposals on any subjects were accepted in the open invitations for EOIs though preference would be given to e-learning resources covering major subjects, including Chinese Language as mentioned in 7(a) above.
- (c) HKECL has closely monitored the withdrawal cases and taken follow-up action, and reported to the Steering Committee of eREAP. The EDB has also been monitoring the implementation of the project through constant communication with HKECL on information related to the project, including needs and concerns of schools, gathered from ongoing communication with schools, school visits, surveys and focus group meetings conducted by HKECL. In fact, eREAP is a pilot scheme for schools to have an opportunity to try out local and overseas e-learning resources. Since eREAP was just one of the many e-learning resources available in the market, the e-learning resources from eREAP would by no means satisfy the needs of all different schools. The 46 schools chose not to participate in the second year due to reasons such as the suitability of the e-learning resources in their schools' context, teachers' readiness and schools' different priorities in their learning and teaching plans.
- (d) The pilot project is in the third year of implementation and HKECL has been regularly reviewing and enhancing the supports for schools. In light of the experiences gained from the first year of implementation, additional training courses were conducted to help schools to better adopt the e-learning resources from eREAP and teachers who have tried out the resources were invited to share their experiences with other schools to build the teacher community. The recommendations of the Audit Commission on this project have been reported to the Board of Directors of HKECL in the meeting held on 29 November 2018. The latest progress of the projects and feedbacks gathered from surveys and focus groups conducted in late 2018 will be reported to the SC in January 2019. HKECL will continue to consolidate experiences gained from the implementation of eREAP and seek views from members in the SC before proposing the way forward on e-learning resources acquisition.

Part 4: Professional development of school leaders and teachers

- 8) According to paragraph 4.6(b), some participating teachers of the professional development programmes were too busy to attend all the sessions or submit their course-related work. What measures have been/will be taken by EDB to ensure that the programme schedule can cater for as many teachers as possible?

Response/Information:

In order to facilitate the participation of teachers in the programmes, each commissioned course generally comprises a number of identical events each with two sessions held on different dates for enrolment by teachers. Teachers who cannot attend one of the sessions of the enrolled event could request for attending the relevant session of another event. Besides, to provide more flexibility to teachers in attending the courses, the EDB has started offering related online courses from the 2018/19 school year. The EDB has been identifying ways to reduce the administrative work of teachers and principals so that they may focus on teaching and professional development and to this end, as announced in the 2018 Policy Address, schools will be provided with additional resources to strengthen the administrative support for schools and their management committees from the 2019/20 school year onwards.

- 9) With reference to paragraph 4.7, does EDB consider the decrease in the certificate award rate of the commissioned courses a matter of concern? With reference to paragraphs 4.10(a) and 4.11, what measures have been taken by EDB to improve the situation?

Response/Information:

Although the award of a certificate is not a prerequisite for attaining the Continuing Professional Development (CPD) hours, it serves as an incentive to teachers to achieve full attendance and successful completion of an assignment. The EDB will continue to remind enrolled teachers to fully attend the commissioned courses through all feasible means and to improve the certificate award rate by requiring the service providers to ensure completion of the course-related work during the events. The EDB has also been evaluating the courses on an ongoing basis for continuous refinement, including offering online courses in self-learning mode to facilitate the participation of teachers (reply to question 8 refers) taking into account the views of participating teachers collected from course evaluation meetings that some participating teachers were too busy to attend all the sessions or

submit their course-related work and were not very keen to obtain the certificate.

- 10) According to paragraph 4.9, in August 2018, EDB had uploaded to its website materials of 14 of the 24 commissioned courses conducted in the school years of 2015-2016 to 2017-2018. The materials of the remaining 10 (i.e. 24 – 14) commissioned courses had not been uploaded. With reference to paragraphs 4.10(b) and 4.11, what measures have been taken by EDB to ensure timely dissemination of the materials of commissioned courses for access by the teachers? Have the materials of all the commissioned courses been uploaded?

Response/Information:

The materials of all the commissioned courses from the 2015/16 to 2017/18 school years have been uploaded to the EDB webpages. The EDB will upload the course materials of commissioned courses on the EDB webpages biannually and organise related online courses for teachers' self-learning on a need basis.

Part 5: Monitoring of implementation of IT in education

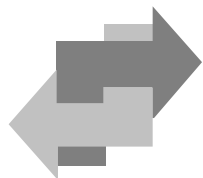
- 11) In paragraphs 5.4 and 5.5, the response rate of the annual school survey of 2016-2017 school year was only 72.7%. 56 schools indicated in the survey that their progresses on implementing e-learning were behind the targets set in their three-year School Development Plans, but EDB had not ascertained why their progresses were behind targets and explored whether these schools would need any assistance from EDB to help them catch up with the progresses.
- (a) With reference to paragraphs 5.7(a) and 5.8, what actions have been taken by EDB to step up efforts to follow up with schools that did not respond to the annual school survey? Did EDB know why some schools did not respond to the survey? What was the response rate of the latest annual school survey for 2017-2018 school year?
- (b) Why did EDB not cover all schools in the annual school surveys?
- (c) Did the schools which were behind their targets explain the reasons?
- (d) Apart from offering advice, did EDB provide any assistance (e.g. manpower and technical support) for those schools which were behind their targets to achieve their targets?

- (e) What additional measures have been/will be taken by EDB to closely monitor schools' performance on the implementation of e-learning?

Response/Information:

- (a) EDB has been making intensive efforts in encouraging schools to complete and return the survey through various means including e-mails and telephone calls as well as extending the closing date for submission, thus further increasing the response rate of the survey for the 2017/18 school year to 74.2% from 72.7% (involving 17 more schools) of the survey for 2016/17 school year. Some schools reflected that as the survey covered various aspects of the development of e-learning, it required time and inputs from relevant teachers for completing the survey and they often missed the closing date for submission.
- (b) The surveys target mainly all public sector schools joining the WiFi-100 and WiFi-900 Schemes to solicit a holistic understanding of the implementation of ITE4. Schools are invited to complete the survey on a voluntary basis. The response rate of 72.7% of the survey for the 2016/17 school year is considered statistically good enough to generate holistic understanding of the implementation of ITE4 in schools. The EDB will explore measures to further enhance the response rate in future surveys.
- (c) Based on our understanding of the schools and information collected from school visits and that available on schools' homepages, we note that schools with progress in implementing e-learning being behind targets set by themselves are not necessarily having difficulties or are under-performing in e-learning. They might have set too unrealistic targets or might have to adjust their progress taking students' reception into account. Besides, some schools had not even completed their enhanced WiFi infrastructure at the time when the survey was conducted in the second quarter of 2017. With the advance of time, most of the 56 schools (77%) mentioned in paragraph 5.5 of the Audit Report had revised their progress as "in advance" or "on progress" in the survey for the 2017/18 school year.
- (d) and (e):
The EDB has been gauging the progress of IT in education development in schools through various means such as school visits, on-site support visits, focus group meetings, surveys and case studies. The EDB plays a supporting and advisory role in facilitating schools to implement e-learning in accordance with their school-based e-learning development plans. Various forms of ongoing support, e.g. on-site support services by the CoE, professional development programmes (PDPs), relevant online

resources as well as technical support services, are provided to schools as mentioned in 1(b) to (d) above. Apart from sending letters to schools by fax to invite teachers to attend the latest PDPs from time to time, a letter was also issued to invite the schools which considered their progresses of implementing e-learning behind the targets set in their SDP to apply for CoE on-site support services. The EDB will continue to keep in view the implementation of ITE in schools with a view to fine-tuning the actions and identifying further support measures to schools. We will also strengthen our efforts in conducting school visits to understand schools' progress on the implementation of e-learning and provide assistance, if necessary.



香港特別行政區政府 工業貿易署

Trade and Industry Department

The Government of the Hong Kong Special Administrative Region

Our Ref. : CR TID 2465/1 Pt. 2

Tel. No. : 2398 5558

Fax. No. : 2317 4852

Your Ref. :

28 December 2018

Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attention: Mr. Anthony CHU)

Dear Mr. CHU,

Public Accounts Committee

Consideration of Chapter 8 of the Director of Audit's Report No. 71

Trade and Industry Department's work in supporting small and medium enterprises

Thank you for your letter of 17 December 2018. Our bilingual reply to the matters set out in the Appendix of your letter is enclosed at **Annex**, please.

2. In respect of the information set out in Appendix to item 4(b) of our reply, as the number of approved SME Loan Guarantee Scheme loans and loan amounts of individual participating lending institutions are commercially sensitive information, we should be grateful if the circulation of and access to such information be restricted to the Public Accounts Committee only and such information be excluded from publication.



Yours sincerely,

A handwritten signature in black ink that reads "Christine Wai". The signature is written in a cursive style with a large initial 'C'.

(Ms Christine Wai)

for Director-General of Trade and Industry

Encl.

c.c. Secretary for Financial Services and the Treasury
Director of Audit

In response to the questions raised by the Public Accounts Committee (PAC) of the Legislative Council in its letter dated 17 December 2018, we provide our reply as follows:

Part 1: Introduction

1) Regarding the annual expenditure on various schemes under the programme area "Support for SMEs and Industries" from 2013-2014 to 2017-2018 mentioned in Table 4 in the Audit Report, please provide the annual amount of staff expenditure for the respective schemes and the average number of applications handled by each person per year.

1) The Government attaches great importance to the development of small and medium enterprises (SMEs). The Trade and Industry Department (TID) supports and facilitates the development of Hong Kong's SMEs and industries through various channels, including providing information and consultation services for SMEs through its Support and Consultation Centre for SMEs (SUCCESS), and organising seminars and workshops to help broaden SMEs' business knowledge and enhance their entrepreneurial skills. TID also administers various funding schemes (including the SME Export Marketing Fund, the Trade and Industrial Organisation Support Fund, the Dedicated Fund on Branding, Upgrading and Domestic Sales, and the SME Loan Guarantee Scheme) to assist Hong Kong enterprises across various sectors in obtaining finance, exploring markets and enhancing the overall competitiveness. We will continue to closely monitor changes in the market and the needs of SMEs with a view to improving the operation of the various funding schemes where appropriate. In addition, TID maintains regular liaison with local industries and trade and industrial organisations to deliberate on issues affecting the development of industries and support to SMEs, and provides secretariat support to advisory bodies such as the Small and Medium Enterprises Committee, the Trade and Industry Advisory Board, etc.

To carry out the above tasks, the annual staff expenditure under "Programme (3): Support for Small and Medium Enterprises and Industries of Head 181 – Trade and Industry Department" is set out in the table below -

2013-14	2014-15	2015-16	2016-17	2017-18
\$58,814,140	\$60,628,361	\$63,340,561	\$65,131,845	\$65,629,327

The staff expenditure for administering the various funding schemes has been subsumed under the overall expenditure for carrying out the abovementioned work. As the nature, application and vetting procedures, the complexity of cases, etc. of each of the funding schemes are different, the time and manpower resources involved in processing each application are also different. It is difficult to quantify separately the annual staff expenditure and the average number of applications handled by each person per year for individual funding scheme.

Part 2: Administration of SME Loan Guarantee Scheme and Special Loan Guarantee Scheme

- 2) Apart from continuing to step up publicity, has the Administration reviewed the underlying reasons for the decline in the number of applications approved under the SME Loan Guarantee Scheme ("SGS")? For example, was it due to the unattractiveness of SGS to enterprises as a result of SGS's failure to adapt to the current business environment?**
- 2) TID has been monitoring the application situation and the effectiveness of the SME Loan Guarantee Scheme (SGS) on an on-going basis. The number of SGS applications is market-driven and affected by the overall economic environment, other loan guarantee scheme and various factors. Since its introduction in 2001, TID has introduced numerous enhancement measures for increasing the usage of the loan, loan guarantee ceiling, maximum guarantee period and total loan guarantee commitment to suit the changing economic environment and the needs of SMEs. We will continue to monitor the application situation of the SGS and review its operation according to the market environment and the needs of the trade so as to assist SMEs in obtaining financing.
- 3) What are the existing mechanism and procedures for checking available guarantee balances by SMEs, and how many days are required from submission of an enquiry to receipt of a reply?**
- 3) Currently, SMEs can submit enquiry requests to TID on their available loan guarantee balances by post, email or fax. Upon verifying the identity of the enquiring SMEs, TID will reply them on their available guarantee balances under the total guarantee limit within 3 working days. TID is actively working to provide an online enquiry service for the SGS to facilitate SMEs in checking their available guarantee balances under the total guarantee limit.

4) **The Trade and Industry Department ("TID") advised in response to the Audit Commission that SGS is market-driven and the number of applications is affected by various factors such as the loan policy of participating lending institutions (PLIs). Please advise on the following:**

(a) Has TID studied if there is any change in the loan policy of PLIs which has resulted in a change in the number of applications received and the amount of guarantees allocated?

(b) For the top five PLIs with the highest number of approved loans, how many loan applications have been approved by them each year and what are the average and total amounts of loans granted (set out in a table)?

(c) Has the number of applications been affected by the changing mode of operation of SMEs in recent years (for example, more SMEs are renting co-working spaces) and has TID conducted regular reviews to see if SGS can meet the needs of SMEs amidst changes in their modes of operation?

4)(a) TID has been maintaining liaison with the participating lending institutions (PLIs) to understand their utilisation situation of the SGS. We note that quite a number of PLIs are also concurrently participating in the SME Financing Guarantee Scheme (SFGS), which provides up to 80% loan guarantee since 2012. The SGS and SFGS complement each other in alleviating SMEs' financing burden and assisting them in obtaining loans from PLIs;

(b) Regarding those PLIs currently joining the SGS, the top five PLIs with the highest number of approved loans under the SGS, their yearly number of approved loans, average loan amounts and total loan amounts are tabulated at **Appendix**. As the relevant information of individual PLIs is commercially sensitive, in the circumstances that the relevant PLIs' consent has not been obtained, we suggest that the circulation of and access to such information be restricted to the Public Accounts Committee only and such information be excluded from publication; and

(c) An SME is eligible to apply for loan guarantee under the SGS if it is registered in Hong Kong under the Business Registration Ordinance (Cap. 310) with substantive business operations in Hong Kong, not an associate of the lender and not carrying on the business of a lender.

****Note by Clerk, PAC: Appendix not attached.***

Changes of business model of SMEs, for example, more SMEs are renting co-working spaces, if not involving the aforementioned criteria, would not affect their application eligibility.

- 5) **How would the Administration comment on the situation of default claims having been outstanding for an average of seven years? What is the existing staff establishment for handling these cases? Has the Administration had any plans to increase manpower to handle these cases in the past, or does it have any plans to do so in the future? What are the vetting procedures and handling time for default claims? As pointed out in paragraph 2.11, TID does not require PLIs to provide all supporting documents for verification during the application for SGS and the Special Loan Guarantee Scheme, whilst PLIs are required to provide supporting documents when they submit default claims to TID. In this connection, has the Administration reviewed whether the longer handling time of default claims pending PLIs' submission of documents and supplementary information is attributed to the discrepancy in the requirements for submission of documents at different vetting stages mentioned above?**
- 5) To handle the issue of default claims, in July and August 2018, TID notified all PLIs of the SGS that starting from August 2018, for each default claim that TID had requested additional information essential for vetting and the PLI concerned had not responded for over seven years, TID would issue a “Letter of Intent on Termination” (LoI) to inform the PLI that if it could not provide the required information by the specified deadline, TID would issue a “Letter of Termination” to terminate the loan guarantee with immediate effect. In late August 2018, the first batch of LoIs were issued (for 53 SGS claims). Amongst them, 2 claims have been withdrawn by the PLIs and 8 claims have been reactivated by the relevant PLIs. For the remaining 43 cases which the PLIs had not provided the relevant information within the two-month deadline, “Letter of Termination” was issued to the PLIs in end- October to terminate the relevant loan guarantees. TID also issued the second batch of LoI (involving 55 claims) to the relevant PLIs in November and will issue LoIs to the relevant PLIs for about 120 remaining cases in two batches in the first half of next year.

Currently, there are 13 staff handling applications for loan guarantees and processing default claims of the SGS in TID. There has been no change in the manpower level in the past ten years. As for the Special Loan Guarantee Scheme (SpGS), with its application period ended in end-2010

and the current work being mainly processing of default claims, the manpower has gradually reduced from around 80 staff when the scheme was in operation to 18 at present. TID currently has no plan to increase the manpower resources for the above two loan guarantee schemes.

Regarding the vetting process of default claims, PLIs may lodge a claim with TID within six months after a loan has been defaulted. To demonstrate that a PLI has duly discharged its obligations, exercised professional knowledge and prudent judgment in vetting the loan, managing the facility and taking recovery actions in accordance with the terms and conditions stipulated in the relevant Deeds signed between the PLIs and the Government, PLIs are required to provide relevant supporting documents for the default cases, including facility letters, bank statements, credit assessment reports, and information on recovery actions (including legal actions) taken/to be taken by the PLIs, etc.. The actual processing time for each default claim hinges on the complexity of the case and whether the PLI could provide complete information/documents. Generally speaking, TID will complete the vetting and effect compensation payment within one month after all the necessary information is received from the PLI.

Under SGS and SpGS, the Government relies on the professional knowledge and judgement of the PLIs in handling loan guarantee applications lodged by enterprises. PLIs have to make vetting decisions prudently in accordance with their prevailing credit policy and procedures. In order to facilitate SMEs in obtaining the facility as early as possible, TID does not request the PLIs to provide all the supporting documents during TID's vetting stage of the loan guarantee application. To enhance PLIs' understanding of the claim procedures and to shorten the time required for the vetting process, TID has issued guidelines to PLIs setting out the principles adopted by TID in vetting default claims, the claim procedures and the supporting documents required. While the documents required for TID's vetting of loan guarantee applications and default claim cases differ, this will not prolong the processing time of default claims.

- 6) Starting from late August 2018, for each SGS default claim in respect of which TID had requested additional information essential for vetting and the PLI concerned had not responded for over seven years, TID would issue to the PLI concerned a "Letter of Intent on Termination". TID would issue a "Letter of Termination" to terminate the guarantee with immediate effect unless the overdue**

information was provided to TID within two months. Please advise on the following:

- (a) Is TID allowed to implement the mechanism of issuing "Letter of Intent on Termination" and "Letter of Termination" under the cooperation agreements signed between TID and PLIs? Has any PLI raised objections to the mechanism or withdrawn from SGS since its implementation?**
 - (b) In case a PLI provides the required information to TID within two months after receiving a "Letter of Intent on Termination" but TID considers the information still insufficient, will TID issue a "Letter of Termination" after the two-month period or will it set another two-month deadline? Should the latter be the case, how many cases for which the two-month submission period has been extended?**
 - (c) Regarding the issuance of the first batch of "Letters of Intent on Termination" by TID to 12 PLIs in relation to 53 claims in late 2018, how many claims for which "Letters of Termination" had been issued and how many of them had been completed? Among the completed cases, how many ended up with the default claims being approved and what is the average amount of claims involved in the approved cases?**
 - (d) Regarding the remaining default claims which have been outstanding for a long time, what is TID's plan for issuing the "Letters of Intent on Termination" in batches, including when the next batch of letters will be issued and the expected number of cases to be handled?**
- 6)(a) In accordance with the relevant clauses of the Deeds signed between the Government and the PLIs, the PLIs have to promptly disclose to the Government the information required for the vetting of the default claims. Failure to do so entitles the Government to exercise its rights to terminate the guarantee concerned under the clauses of the Deeds. Upon implementing the mechanism of issuing the "Letter of Intent on Termination" and the "Letter of Termination", no PLIs have raised objection to the arrangements or have consequently withdrawn from the SGS so far;
- (b) If a PLI has provided TID with the information required for vetting the claim within two months from the receipt of the "Letter of Intent

on Termination”, but TID considers such information insufficient for processing the default claim, TID would liaise with the PLI and request the latter to provide supplementary information expeditiously with a view to completing the vetting process and effecting compensation. Therefore, TID would not issue the “Letter of Termination” after the two-month deadline for such cases. Currently, there are 16 default claims for which the vetting process have been resumed;

- (c) Among those 53 default claims which the first batch of “Letter of Intent on Termination” was sent to the relevant PLIs in end-August 2018, “Letter of Termination” had been issued for 43 claims, 2 claims were withdrawn by the PLIs and the vetting of 8 claims had resumed; and
- (d) Regarding the remaining default claims which the relevant PLIs had not responded for over 7 years, TID issued the second batch of “Letter of Intent on Termination” for 55 default claims in November. TID will issue the “Letter of Intent on Termination” to the relevant PLIs for around 120 remaining claims in two batches by the first half of 2019.

Part 3: Administration of the SME Export Marketing Fund

- 7) Please provide a breakdown, by the four categories of activities within the funding scope of the SME Export Marketing Fund ("EMF"), of the number of applications and the total and average amounts of grants approved under EMF each year since 2008.**
- 7) The funding scope of the SME Export Marketing Fund (EMF) comprises four major categories of export promotion activities. Statistics on the annual number of applications approved, total grant involved and average grant per application of the four categories since 2008 are as follows:
 - (i) Participation in trade fairs/exhibitions and business missions outside Hong Kong, and local trade fairs/exhibitions (Table 1);
 - (ii) Advertisements on printed trade publications (Table 2);
 - (iii) Participation in export promotion activities conducted through electronic platforms/media (Table 3); and
 - (iv) Setting up or enhancing a corporate website of the applicant enterprise (Table 4).

Table 1: Participation in trade fairs/exhibitions and business missions outside Hong Kong, and local trade fairs/exhibitions

Year	Number of applications approved	Total grant involved (million)	Average grant per application
2008	9 674	\$ 174.3	\$ 18,015
2009	14 543	\$ 318.3	\$ 21,887
2010	13 382	\$ 267.9	\$ 20,018
2011	10 218	\$ 207.3	\$ 20,286
2012	9 725	\$ 198.6	\$ 20,420
2013	9 360	\$ 192.6	\$ 20,577
2014	7 982	\$ 165.2	\$ 20,692
2015	7 607	\$ 158.2	\$ 20,797
2016	6 278	\$ 134.7	\$ 21,456
2017	4 718	\$ 104.5	\$ 22,152
2018 (as at 30 Nov)	4 394	\$ 102.6	\$ 23,353

Table 2: Advertisements on printed trade publications

Year	Number of applications approved	Total grant involved (million)	Average grant per application
2008	3 616	\$ 20.1	\$ 5,563
2009	10 645	\$ 49.7	\$ 4,673
2010	9 556	\$ 40.5	\$ 4,238
2011	6 288	\$ 25.8	\$ 4,100
2012	4 553	\$ 19.2	\$ 4,218
2013	3 523	\$ 14.9	\$ 4,239
2014	2 601	\$ 12.1	\$ 4,642
2015	2 235	\$ 10.7	\$ 4,770
2016	2 005	\$ 12.3	\$ 6,150
2017	1 543	\$ 11.6	\$ 7,526
2018 (as at 30 Nov)	1 216	\$ 9.2	\$ 7,527

Table 3: Participation in export promotion activities conducted through electronic platforms/media

Year	Number of applications approved	Total grant involved (million)	Average grant per application
2008	11	\$ 0.1	\$ 5,228
2009	2 223	\$ 20.2	\$ 9,080
2010	3 364	\$ 42.4	\$ 12,595
2011	3 102	\$ 41.8	\$ 13,472
2012	3 020	\$ 41.7	\$ 13,822
2013	3 041	\$ 43.4	\$ 14,269
2014	2 801	\$ 39.6	\$ 14,142
2015	2 342	\$ 36.0	\$ 15,371
2016	1 276	\$ 10.4	\$ 8,167
2017	2 143	\$ 16.5	\$ 7,676
2018 (as at 30 Nov)	2 017	\$ 19.0	\$ 9,396

Table 4: Setting up or enhancing a corporate website of the applicant enterprise (new funding scope added in September 2015)

Year	Number of applications approved	Total grant involved (million)	Average grant per application
Sep 2015 - 2016	55	\$ 1.0	\$ 17,823
2017	128	\$ 2.9	\$ 22,304
2018 (as at 30 Nov)	125	\$ 3.7	\$ 29,267

- 8) **One of the categories of activities eligible for funding under EMF is "participation in trade fairs/exhibitions and business missions outside Hong Kong, as well as local trade fairs/exhibitions". Among the applications approved each year since 2008, please provide:**
- (a) **the respective numbers of approved applications by local and non-local activities; the respective average amounts of grants for the aforesaid two categories of activities; and**
 - (b) **in respect of the activities outside Hong Kong, the number of approved applications and the average amount of grants by regions (e.g. Mainland China, Southeast Asia, the United States, etc.).**

- 8) In respect of the funding scope of “participation in trade fairs/exhibitions and business missions outside Hong Kong, and local trade fairs/exhibitions” under the EMF, statistics on the annual number of applications approved and average grant per application by local and non-local activities are set out in Table 5 below.

Table 5: Number of applications approved and average grant per application for trade fairs/exhibitions and business missions by local and non-local activities

Year	Number of applications approved		Average grant per application	
	Local	Non-local	Local	Non-local
2008	6 811	2 863	\$ 17,508	\$ 19,221
2009	10 111	4 432	\$ 20,842	\$ 24,271
2010	8 951	4 431	\$ 19,692	\$ 20,677
2011	6 627	3 591	\$ 19,465	\$ 21,802
2012	6 137	3 588	\$ 19,320	\$ 22,300
2013	5 675	3 685	\$ 19,797	\$ 21,778
2014	4 771	3 211	\$ 19,497	\$ 22,467
2015	4 522	3 085	\$ 20,015	\$ 21,942
2016	3 989	2 289	\$ 20,969	\$ 22,304
2017	2 938	1 780	\$ 22,069	\$ 22,288
2018 (as at 30 Nov)	2 749	1 645	\$ 23,626	\$ 22,896

In respect of overseas activities (i.e. trade fairs/exhibitions and business missions outside Hong Kong), statistics on the annual number of applications approved and average grant per application by region are set out in Tables 6 and 7 below.

Table 6: Number of applications approved for overseas activities (i.e. trade fairs/exhibitions and business missions outside Hong Kong) by region

Year	Asia			Europe	America		Other regions
	The Mainland	ASEAN	Other Asian regions		United States of America	Other American regions	
2008	1 071	113	477	779	221	15	187
2009	2 066	160	337	1 200	334	16	319
2010	2 627	165	307	891	256	17	168
2011	1 968	171	346	707	263	22	114
2012	1 866	215	480	613	266	39	109
2013	1 631	260	788	530	271	71	134
2014	1 163	250	811	621	215	38	113
2015	1 148	183	811	556	248	34	105
2016	835	171	546	401	216	24	96
2017	655	140	364	352	172	7	90
2018 (as at 30 Nov)	568	135	353	330	160	15	84

Table 7: Average grant per application for overseas activities (i.e. trade fairs/exhibitions and business missions outside Hong Kong) by region

Year	Asia			Europe	America		Other regions
	The Mainland	ASEAN	Other Asian regions		United States of America	Other American regions	
2008	\$ 14,914	\$ 20,107	\$ 16,585	\$ 24,840	\$ 23,797	\$ 18,878	\$ 21,290
2009	\$ 17,918	\$ 22,047	\$ 20,567	\$ 34,746	\$ 30,444	\$ 14,383	\$ 25,067
2010	\$ 16,298	\$ 22,963	\$ 19,548	\$ 30,829	\$ 29,863	\$ 15,130	\$ 21,693
2011	\$ 17,538	\$ 20,862	\$ 18,913	\$ 31,578	\$ 30,817	\$ 22,081	\$ 24,118
2012	\$ 19,495	\$ 17,453	\$ 18,697	\$ 31,009	\$ 30,619	\$ 28,045	\$ 24,429
2013	\$ 20,268	\$ 16,076	\$ 17,074	\$ 31,595	\$ 30,687	\$ 23,441	\$ 21,160
2014	\$ 19,303	\$ 18,699	\$ 18,913	\$ 31,334	\$ 30,763	\$ 26,974	\$ 22,833
2015	\$ 18,920	\$ 19,523	\$ 18,485	\$ 29,964	\$ 31,433	\$ 15,477	\$ 23,088
2016	\$ 19,395	\$ 20,770	\$ 16,429	\$ 31,859	\$ 31,719	\$ 24,768	\$ 22,042
2017	\$ 18,863	\$ 19,994	\$ 16,525	\$ 31,027	\$ 30,799	\$ 27,809	\$ 23,220
2018 (as at 30 Nov)	\$ 21,894	\$ 17,119	\$ 15,824	\$ 30,476	\$ 32,489	\$ 25,180	\$ 20,213

- 9) **As the funding scope of EMF also covers participation in export promotion activities conducted through electronic platforms/media, as well as setting up or enhancement of a corporate website of the applicant enterprise, does it mean that one of the reasons given by the Administration for the declining number of applications, namely, the prevalence of Internet technology to carry out export promotion activities had led to a declining trend for SMEs to make use of traditional channels for export promotion, is not justifiable? Will the Administration review if there is a mismatch between the objectives of EMF and the needs of enterprises?**
- 9) In light of the increasing popularity among enterprises to conduct export promotion activities through electronic channels, the funding scope of the EMF was expanded in 2015 to cover export promotion activities conducted through electronic platforms/media, including the setting up or enhancement of a corporate website of an applicant enterprise, so as to support SMEs to promote exports through electronic means.

We notice that the mode of conducting export promotion through electronic channels is different from that conducted through traditional means. Establishing a corporate website can assist an enterprise in export promotion continuously, and contracts for electronic promotions usually cover multiple activities. Thus, an SME may only need to submit one application for promotional activities covering a longer period of time. In contrast, SMEs conducting export promotion through traditional means submit applications when they placed advertisements on printed trade publications or participated in exhibitions/trade fairs on an individual basis. Generally speaking, the cost of electronic promotion is lower than that of traditional promotion, and hence, the amount of grant applied per application is also lower. Moreover, the number of applications for EMF is affected by external factors. For instance, SMEs tend to be more cautious and may trim down export promotions in face of unstable external economic environment.

The trade has requested from time to time that the Government should strengthen support for SMEs in their export promotion, including increasing the grant ceilings and expanding the funding scope of the EMF. In the past five years, around 26% of the EMF beneficiaries were first-time applicants, reflecting that the EMF is well received among SMEs. TID will continue to monitor the application for and utilisation of the EMF, and adjust the operation of the scheme taking into account market development and the needs of the trade to provide better assistance to the industry.

10) Since the launch of EMF in December 2001, the cumulative funding ceiling per SME has increased from the initial \$100,000 to \$150,000 in 2008 and to \$200,000 in 2013, and will further increase to \$400,000 in the current year. Moreover, although the Government has twice injected funds into EMF in 2015 and 2018, the number of applications has been declining and the utilization of cumulative funding has remained low for a long time. As at March 2018, of the 47 082 SMEs which had obtained funding under EMF since its launch, only 640 (1.4%) SMEs had been granted the full \$200,000. In this connection, please explain the reasons for the decisions to inject capital into EMF and increase the funding ceiling despite the declining number of applications and the persistently low utilization of cumulative funding.

10) The trade has requested from time to time that the Government should strengthen support for SMEs in their export promotion, including increasing the cumulative grant ceiling per enterprise under the EMF. Taking into account the tremendous business opportunities for Hong Kong enterprises under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area Development Plan, and that the Free Trade Agreement between Hong Kong and the Association of Southeast Asian Nations (ASEAN) can help enterprises tap these markets, the cumulative grant ceiling per enterprise of the EMF was increased to \$400,000 in August 2018.

The condition of use of the last \$50,000 of the grants, viz. the amount concerned must be used for participation in export promotion activities not funded by the first \$150,000 of the grants received by an SME, was the major cause for a relatively low percentage of enterprises that have fully utilised the grant ceiling of \$200,000 under the EMF. The condition of use was removed in August 2018 to encourage SMEs to fully utilise the grant ceiling.

Since the implementation of enhancement measures to the EMF, the number of applications received in August to November 2018 has increased by 36% to 4 606 as compared to the same period last year. As at 30 November 2018, there were 894 SMEs that have received grants at an amount of \$200,000 or above. This reflects that the trade has responded positively to the increase in grant ceiling and the removal of the condition of use of the last \$50,000 of the grants has encouraged SMEs to apply for the EMF. TID will continue to promote the EMF through different channels to attract more enterprises to submit applications and enhance the utilisation rate of the EMF.

- 11) Regarding the on-going satisfaction surveys conducted by TID, please advise how the surveys measure the overall perceived satisfaction and effectiveness of EMF. Has TID measured the effectiveness of EMF in terms of the beneficiaries' business performance (such as business turnover, market share, successfulness in developing new markets, etc.)? If yes, how effective is it?**
- 11) Since February 2018, TID has been conducting a questionnaire survey among EMF beneficiaries for assessing the effectiveness of the scheme. The beneficiaries may indicate through multiple choice questions in the questionnaire their overall satisfaction with the EMF (for example, from “very satisfied” to “very dissatisfied”) and if the EMF has help enhanced their marketing activities. As at 30 November 2018, about 97% of the respondents rated the EMF as “acceptable” or above level, and about 99% of the respondents indicated that the EMF helped make a “slight improvement” or above in their marketing activities.

The questionnaire survey also asks EMF beneficiaries to indicate the effectiveness of the EMF in assisting their export promotion, and assess the impact on their marketing strategy if there was no funding support from the EMF. As at 30 November 2018, the respondents indicated that the EMF assisted them in increasing marketing channels (62%), reducing operating costs (56%), and expanding overseas market and businesses (52%). Without the funding support of the EMF, the respondents would reduce expenditure for marketing activities (71%) and reduce participation in marketing activities (54%). The survey result reflects that the EMF has been effective in assisting beneficiaries in their export market promotion.

TID will continue to gather views from the beneficiaries and the trade through different channels, and review the operation of the EMF from time to time to provide appropriate assistance to the industry.

Part 4: Support and Consultation Centre for SMEs (SUCCESS)

- 12) It is mentioned in the Audit Report that applicants who do not meet the eligibility criteria for the SME Mentorship Programme ("MP") will also be considered by TID if there is capacity and they can provide explanations to justify their need to join MP. Please advise on the respective quotas of the last three rounds of MP; and the number of applicants who did not meet the eligibility criteria but were admitted to MP.**

- 12) Since the launch of the SME Mentorship Programme (MP) in 2000, TID has organised nine rounds of programme. Each round of the MP targets at successfully matching 150 to 200 applicants with mentors. In the last three rounds of the MP, 184 applicants (2016-18), 199 applicants (2014-15) and 194 applicants (2011-12) were successfully matched with a mentor.

Entrepreneurs who own and run a business with a valid business registration in Hong Kong under the Business Registration Ordinance (Cap. 310), and whose business has been established for less than five years and employs fewer than 20 employees locally are eligible to apply for the MP. In the last three rounds of the MP, there were 55 applicants (2016-18), 21 applicants (2014-15) and 23 applicants (2011-12) who did not fully meet the eligibility criteria but were admitted to the MP and successfully matched with a mentor.

- 13) Given that the Hong Kong Trade Development Council, Cyberport, Hong Kong Science and Technology Parks Corporation and other trade associations have launched mentorship programmes that are similar to MP, will the Government review the service contents or mode of operation of MP in order to make it complementary to other similar programmes and increase its attractiveness?**

- 13) The MP aims at providing an opportunity for SME entrepreneurs who are at their early stage of business to learn from and be guided by experienced entrepreneurs, senior executives, and professionals through one-on-one free advisory services. The characteristics of TID's MP are that it provides support to entrepreneurs of all business sectors and focuses on enhancing the mentees' business knowledge and entrepreneurial skill through one-on-one consultation. The eligibility criteria of the MP are simple so that appropriate support could be provided to SME entrepreneurs of all business sectors at the early stage of their businesses.

The mentorship programmes of other organisations usually have specific target groups such as technology-based start-ups or companies engaged in the provision of specific products/services, etc. We are of the view that different mentorship programmes have their own characteristics and SMEs may, having regard to their needs, join our MP and other mentorship programmes at the same time. In the past three rounds of the MP, there were mentees who were also participants of other mentorship programmes.

TID will continue to review the arrangements of the MP from time to time, taking into account the feedback from SMEs and the operation experience of other mentorship programmes so as to enhance the effectiveness of the MP in addressing the needs of SMEs.

- 14) It is mentioned in the Audit Report that the persistently low response rates of a number of evaluation surveys have definitely affected the reliability of the survey results and the effectiveness of the authorities in conducting objective and comprehensive evaluations of various support programmes for SMEs. In this connection, apart from sending reminders or making telephone calls in the hope of increasing the response rate, has the Administration considered conducting more effective research and evaluation in more different ways (e.g. holding focus group meetings or visiting trade associations and enterprises)?**
- 14) Results of the questionnaire surveys on various SME services of TID indicate that most respondents are satisfied with the services. We agree that a higher response rate of the surveys will enable us to review the services comprehensively and enhance service provision. A number of measures have thus been implemented to increase the response rate. For example, since the latter half of August 2018, a deadline has been set for completing the questionnaire on the SGS and follow-up actions will be taken on outstanding replies. Also, electronic questionnaire on the EMF has been made available since October 2018.

TID has been liaising with various trade and industrial organisations on SME services and conducting regular exchanges on its services with the Customer Liaison Group for SMEs. We have also been holding focus group discussions on specific services from time to time. For example, two focus group discussions on the EMF were held in June 2018 to gather suggestions from the trade for enhancing the EMF.



香港特別行政區政府 工業貿易署

Trade and Industry Department

The Government of the Hong Kong Special Administrative Region

28 January 2019

Our Ref. : CR TID 2465/1 Pt. 2
 Tel. No. : 2398 5558
 Fax. No. : 2317 4852
 Your Ref. : CB4/PAC/R71

Mr. Anthony CHU
 Clerk to Public Accounts Committee
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee

Consideration of Chapter 8 of the Director of Audit's Report No. 71

**Trade and Industry Department's work in supporting
 small and medium enterprises**

Thank you for your letter of 18 January 2019. Our bilingual reply to the matters set out in the Appendix of your letter is enclosed at **Annex**, please.

Yours sincerely,

(Ms Christine Wai)

for Director-General of Trade and Industry

Encl.

c.c. Secretary for Financial Services and the Treasury
 Director of Audit



In response to the question raised by the Public Accounts Committee of the Legislative Council in its letter dated 18 January 2019, we provide our reply as follows:

Part 2 : Administration of SME Loan Guarantee Scheme and Special Loan Guarantee Scheme

- 1) In the reply by the Trade and Industry Department (TID) dated 28 December 2018, it is mentioned that the Department has introduced enhancement measures to the SME Loan Guarantee Scheme (SGS) several times since 2001. TID is invited to advise if the effectiveness of those enhancement measures had been assessed as well as the results of the assessment (if any), and explain why the number of applications continued to decrease after the introduction of those enhancement measures.**

- 1) Since the launch of the SME Loan Guarantee Scheme (SGS) in 2001 and up to 31 December 2018, 31 589 applications have been approved, involving a guarantee amount of about \$25.8 billion and benefitting over 16 700 SMEs. The number of SGS applications received in 2018 (784 applications) has increased by 1.8% as compared to 2017.

In 2007, TID engaged an independent institution to conduct a survey among SME beneficiaries to assess the overall effectiveness of the SGS. The result indicated that the majority of the respondents considered that the SGS has assisted them in expanding their business. Besides, TID has been conducting an evaluation survey on an on-going basis by sending questionnaires to the successful applicants through the lending institutions to collect their views on the effectiveness of the SGS. The result revealed that nearly 90% of the respondents indicated that they are satisfied with the SGS and the SGS has assisted them in various aspects, including improving their capital liquidity, enabling their business expansion and improving their capability of securing bank loans.

The SGS is market-driven and the number of applications is affected by various factors such as the prevailing economic situation and economic outlook, the needs of enterprises, and the availability of other support programmes to assist enterprises in obtaining finance in the market, including the Special Concessionary Measures (i.e. the 80% Guarantee Product) under the SME Financing Guarantee Scheme (SFGS) implemented by the HKMC Insurance Limited. The SGS and the SFGS complement each other to facilitate SMEs in obtaining loans from the lending institutions. The aggregate number of applications of SGS and the Special Concessionary Measures under SFGS received in 2018 is 2 716.

TID will continue to monitor and review the operation of the SGS to assist SMEs in obtaining financing to develop their businesses.

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9 January 2019

Clerk to Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn.: Mr Anthony CHU)

Dear Mr CHU,

Public Accounts Committee

Consideration of Chapter 9 of the Director of Audit's Report No. 71

**Training and development work of the Civil Service Training
and Development Institute**

I refer to your letter of 17 December 2018 to the Secretary for the Civil Service requesting our response and/or information on matters set out in the Appendix attached to the letter.

Please find our response at Appendix.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Eric Chan', written over a light blue horizontal line.

(Eric CHAN)

for Secretary for the Civil Service

Encl.

c.c. Secretary for Financial Services and the Treasury (Attn.: Mr Mike CHENG, PEO(G))
Director of Audit (Attn.: Mr Terry MOK, Sr Auditor (C))

Chapter 9 of the Director of Audit's Report No. 71
Training and development work of the Civil Service Training and Development Institute

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
Part 2: Management of Training Programmes		
Training administration		
Paragraph 2.5	<p>1) According to paragraph 2.5, the Civil Service Training and Development Institute (CSTDI) said that some bureaux/departments (B/Ds) have developed their own computer systems to facilitate training administration though such systems have no direct interface with the Training Information and Administration System (TIAS). In this connection, please inform this Committee of the following:</p> <p>(a) Why was an interconnected system not centrally developed to save manpower and minimise the chances of error that might arise from manual collation of information?</p> <p>(b) As for B/Ds that have developed their own computer systems, where did the resources come from?</p> <p>(c) Given that the TIAS had been set up by CSTDI, why did certain B/Ds still develop their own computer systems for training administration? Was such an arrangement decided by individual B/Ds? If so, why?</p>	<p>Since 2008, CSTDI has been using the TIAS to deal with various training administration processes. At present, all B/Ds receive invitations to courses organised by CSTDI, upload nomination lists for various courses and receive trainees' training records by electronic means through the TIAS.</p> <p>Some B/Ds may develop their own computer systems for handling internal human resources and training matters having regard to their own management and operational needs. Some other B/Ds may also choose to use the "Government Human Resources Management Services" computer system developed by the Office of the Government Chief Information Officer (OGCIO). No matter which type of computer systems the B/Ds use, CSTDI will render technical support to facilitate the interface of these departmental systems with the TIAS of CSTDI, thus enabling the B/Ds to handle applications and nominations for courses organised by CSTDI through their computer systems.</p> <p>The funding used for the development of such computer systems is processed in accordance with the Government's established funding application procedures for computer projects. Computer projects with costs below \$200,000 are funded by the recurrent allocations of the respective B/Ds. Computer projects with cost over \$200,000 but not exceeding \$10 million are funded by the block allocation under Capital Works Reserve Fund Head 710 Subhead A007GX. Computer projects costing over \$10 million are subject to approval by the Finance Committee of the Legislative Council.</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
Paragraph 2.10(a)	<p>2) According to paragraph 2.10(a), the Civil Service Bureau (CSB) will continue to encourage B/Ds to use information technology or other electronic means to enhance the management of their training services, and facilitate B/Ds in interfacing their computer systems for training management with the TIAS, including the Government Human Resources Management Services, Training Administration System (TAS) and other departmental human resources systems as necessary. In this connection, please advise how CSB will encourage B/Ds to use information technology or other electronic means to enhance the management of their training services; whether there is any specific plan.</p>	<p>CSTDI has been encouraging B/Ds to make wider use of information technology to enhance the management of training services at the B/D level. Every B/D has appointed its own Training Manager to manage departmental training matters. CSTDI maintains close contact with the departmental Training Managers and provides consultancy services to B/Ds on various training-related matters, including technical support for the function design and system interface of their training administration systems.</p>
Paragraphs 2.6, 2.10(b) and 2.11	<p>3) According to paragraph 2.6, for those classes which do not require prioritisation of nominations by B/Ds, as a measure to reduce the time and efforts in processing applications for such classes, CSTDI has since 2016 introduced an e-form solution whereby the application details are uploaded automatically to the TIAS. However, e-forms are used for some training courses only. In 2017, out of the 610 classes of central programmes, only 58 (10%) classes used e-forms for enrolment. In this connection, please advise:</p> <p>(a) How did the Administration come to the decision to introduce e-forms for enrolment of training courses? What were the procedures involved?</p>	<p>Most of the central training programmes organised by CSTDI require prioritisation of nominations through CSTDI's TIAS. For programmes which do not require prioritisation of nominations by B/Ds, enrolment can be made through e-forms.</p> <p>Of the 610 classes of central programmes held in 2017, 535 classes required prioritisation of nominations. Among which, 463 classes (about 76%) used CSTDI's TIAS to invite B/Ds to submit prioritisation of nominations and inform them of the accepted list of nominations by electronic means. There were 72 classes in which the prioritization of nominations was considered individually based on the more detailed information submitted by the course applicants. The related nomination procedures were dealt with individually through emails. For the remaining 75 classes which did not require prioritisation of nominations by B/Ds, 58 classes (about 77%) used e-forms for enrolment.</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
	<p>(b) Why the e-forms could not be more widely used for all training courses?</p> <p>(c) How to decide which particular training courses could use e-forms?</p> <p>5) According to paragraph 2.10(b), CSB will continue to make wider use of e-forms or other electronic means to streamline the training enrolment process. In this connection, please advise:</p> <p>(a) Which department is responsible for considering and implementing the use of e-forms?</p> <p>(b) What plans does CSB have to encourage B/Ds to make wider use of e-forms or other electronic means for course enrolment?</p> <p>6) Regarding paragraph 2.11, please advise what specific plans CSB has to encourage B/Ds to make wider use of technology for the administration of training applications/nominations.</p>	<p>CSTDI will make wider use of e-forms or other electronic means to streamline its training enrolment process as far as practicable.</p> <p>CSTDI maintains close contact with the Training Managers of B/Ds and will encourage them to make further use of information technology to streamline their training administration process for enhanced efficiency. CSTDI will provide technical support for system interface. CSTDI will also discuss with the Training Managers of B/Ds how to make wider use of information technology to handle training applications or nominations at their regular meetings.</p>
Paragraphs 2.7 & 2.8	<p>4) According to paragraphs 2.7 and 2.8, some B/Ds expressed concerns in 2010 about the long time taken to receive the attendance records from CSTDI and, with a view to improving operational efficiency and reducing manual efforts on data input, CSTDI submitted a funding application to OGCI0 in July 2017 for developing an e-registration system. In this connection, please advise:</p> <p>(a) Given that some B/Ds expressed concerns as early as in 2010 about the long time taken to receive the attendance records from CSTDI,</p>	<p>Between 2010 and 2017, CSTDI had been streamlining training administration through enhancing the functions of the TIAS and implementing improvement measures so as to improve the overall efficiency of administering training services. For instance, CSTDI enhanced the TIAS in 2011, shortening the time taken to release attendance records to B/Ds from four months upon commencement of a course to within two months after its completion, and adding a new function of using e-forms for training course enrolment. In 2017, CSTDI submitted a funding application to OGCI0 for developing an e-registration system to use QR code to register and record the attendance of trainees. After the funding was obtained in September 2018, CSTDI immediately commenced preparation for</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
	<p>why did CSTDI only submit a funding application to improve the situation in 2017?</p> <p>(b) What factors had to be taken into account by CSB before submitting a funding application for developing an e-registration system and what were the procedures involved?</p>	<p>system analysis and design.</p>
Meeting the demand for training places of over-subscribed courses		
<p>Paragraph 2.16(a)</p>	<p>7) According to paragraph 2.16(a), CSTDI held 25 re-runs in 2017 for 14 of the 33 over-subscribed workshops. For the remaining 19 workshops without re-runs in 2017, Audit found that seven of them were also over-subscribed by 100% or more in 2016 but without increase in the number of scheduled classes of central programmes in 2017. In this connection, please advise:</p> <p>(a) the reasons for not arranging additional classes for more than half of the over-subscribed workshops; and</p> <p>(b) the difficulties precluding the arrangement of additional classes for these workshops, and what would be CSB's solutions.</p>	<p>CSTDI has all along been closely monitoring the demands of training services in different subject areas, and would increase the training places for over-subscribed courses as far as possible to meet the demands subject to availability of resources. For instance, regarding the over-subscribed workshop on "Replying to complaints" mentioned in paragraph 2.16(a) of the Audit Report, CSTDI organised re-runs through substantially increasing the number of customised classes in 2017 (from four classes in 2016 to 12 classes in 2017). The total number of trainees who attended the training (including both central and customised) also increased substantially from 282 in 2016 to 486 in 2017. When working out the number of classes to be organised for a particular course, CSTDI will strike a balance among the training needs of different departments on different topics and consider whether to increase the number of central programmes or customised programmes for individual departments to increase the overall number of training classes to address the needs of different departments.</p> <p>In future, CSTDI will continue to increase the number of training places for over-subscribed courses as far as possible, subject to availability of resources. CSTDI will also continue to upload suitable learning resources to the Cyber Learning Centre Plus (CLC Plus) to facilitate e-learning in the civil service.</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
Paragraph 2.16(b)	<p>8) According to paragraph 2.16(b), of the two over-subscribed seminars, CSTDI arranged a larger venue to organise one of them. For the other seminar without a re-run, CSTDI had not arranged video-taping or uploading the course materials on the CLC Plus. In this connection, please advise:</p> <p>(a) of the way in which the seminars were conducted (e.g., in the form of interactive seminars or lectures);</p> <p>(b) of the reasons for not arranging a re-run or alternative learning channels for those could not take part in the seminar (e.g., video clips of the seminar); and</p> <p>(c) whether CSB has explored solutions to the above problem.</p>	<p>The two seminars mentioned in paragraph 2.16(b) of the report were conducted in the form of lectures. One of the seminars related to Chinese language training was arranged to be held in a larger venue. As for the other seminar on legal knowledge, CSTDI had anticipated that there would be over-subscription and hence, when arranging the first seminar, CSTDI had at the same time arranged a re-run of the seminar with the same contents to be held within three months.</p> <p>As there may be copyright issue in the contents of individual training courses, CSTDI must obtain the consent from speakers or course providers before videotaping the seminars or uploading the course materials to the CLC Plus. CSTDI will continue to discuss with the speakers or course providers on the issue of uploading the contents of popular courses to the CLC Plus for viewing by civil servants who are unable to attend the courses.</p>
Arrangements for the setting and documentation of target class size of training courses		
Paragraph 2.18	9) Regarding paragraph 2.18, please explain the criteria used by CSTDI in setting the target class size of courses in the past.	CSTDI generally sets the target class size of courses having regard to factors such as the nature, content design and mode of delivery of the courses, capacity of training venues and service agreements with course providers.
Paragraph 2.19	10) Regarding paragraph 2.19, why was there a discrepancy between the target class sizes and the actual attendance of courses? Were the resources earmarked for the courses sufficient to meet the needs of the trainees exceeding the target class sizes? How were the training resources allocated? Were there established criteria for allocating resources to different types of training courses? Please illustrate with examples.	<p>Take the 3-day Putonghua course as an example, CSTDI entered into a service agreement with the course provider and set the target class size of the course according to the nature, content design and mode of delivery of the courses, capacity of venues, etc. CSTDI also worked out the number of classes to be organized according to the training demands of B/Ds.</p> <p>The actual attendance depends on factors such as the number of enrolment, number of selected nominees, and withdrawals and absences of individual trainees due to different reasons. When allocating training places for over-subscribed classes, CSTDI would, depending on previous attendance rate of</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
		<p>different courses, select slightly more trainees than the target class size so that training places could still be fully utilised in case of withdrawals and absences of individual trainees due to different reasons.</p> <p>Subject to availability of speakers, venues and resources, CSTDI will try to meet the training demands of B/Ds as far as possible through organising more similar courses and re-distributing trainees to training classes with lesser enrolment.</p>
Fully utilising training places		
Paragraph 2.21	11) According to paragraph 2.21, Audit found that the number of selected nominees of 25 classes (7%) of the 346 over-subscribed training classes in 2017 fell short of their respective target class sizes by 1% to 14% (averaging 6%). In this connection, please explain why CSTDI did not allocate those places which became available at a later time to the nominees on the waiting list.	Depending on whether there is enough time to contact nominees on the waiting list, CSTDI will arrange them to fill the training places arising from those selected nominees who could not attend classes due to different reasons. CSTDI will step up efforts to monitor withdrawals of selected nominees and arrange nominees on the waiting list to fill the training places arising from withdrawals of selected trainees due to different reasons as far as possible.
Paragraph 2.26	12) According to paragraph 2.26, due to limited time between the scheduled seminars and the re-runs, it was considered not practicable or cost-effective to request B/Ds to submit another round of applications for these re-runs. In this connection, what effective measures could the CSTDI take to optimise the use of training places for re-run seminars?	The three re-run seminars mentioned in paragraph 2.26 of the Report were held about three to five weeks after the original scheduled classes, having regard to the availability of the speakers and venue arrangements. Due to the limited time between the scheduled classes and the re-runs, it was not feasible to request B/Ds to submit another round of applications for the three re-run seminars. In future, CSTDI will endeavour to take all feasible measures to meet training demands of B/Ds, taking into account factors such as availability of seminar speakers, venue arrangements and resources. If time permits, CSTDI will invite B/Ds to submit a new round of applications for re-run seminars as far as possible. Moreover, with speakers' consent, the seminars will be video-taped so that those nominees who could not attend can also view the seminar through the CLC Plus online.

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
Attending national studies programmes		
Paragraph 2.31	<p>13) According to paragraph 2.31, as at 31 March 2017, there were about 16,000 middle-level civil servants who should attend national studies programmes within six years. Up to 2017, about 3,000 middle-level civil servants had attended such programmes. In other words, some 13,000 middle-level civil servants had yet to attend the programmes. Besides, the number of planned training places provided by the three designated universities would only increase from 280 in 2017 to 340 in 2018 and further to 420 in 2019. In this connection, please advise:</p> <p>(a) Has consideration been given to commissioning other universities in organising the programmes? If yes, what is the situation? If no, what are the reasons?</p> <p>(b) If it is possible to commission other universities in organising the programmes, what factors will be considered in selecting the universities? If no, what are the reasons?</p> <p>(c) If middle-level civil servants cannot attend the programmes, what will be the effect?</p>	<p>CSTDI is working with various universities and training institutes in the Mainland to organise national studies programmes for civil servants. In the past few years, CSTDI has been increasing the provision of Mainland national studies courses to middle-level civil servants and, in general, the number of training places provided is adequate for entertaining all the nominations received from B/Ds. CSTDI will continue to encourage B/Ds to nominate more middle-level civil servants to attend these courses, and will correspondingly increase the number of training places offered to meet their training demands.</p> <p>In addition to the seven existing Mainland universities and training institutes, CSTDI newly engaged the Wuhan University and the Sun Yat-sen University to organise national studies programmes for civil servants in 2018. In commissioning Mainland institutions to organise such programmes, CSTDI will generally consider factors such as the teaching characteristics and expertise of the institutes, curriculum design, qualifications and experience of instructors, and campus facilities of the institutes as well as the support they can offer for such courses.</p> <p>CSB attaches great importance to national studies training in order to ensure that civil servants are equipped with updated knowledge of the social and economic policies and national strategies of our country that might have an impact on Hong Kong. Apart from arranging civil servants to attend national studies programmes organised by Mainland universities, CSTDI also organises thematic seminars on national studies in Hong Kong to enhance civil servants' understanding of our country's latest policies and its history and culture.</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
<p>Part 3: Initiatives to promote continuous learning</p>		
<p>Provision of e-learning resources</p>		
<p>Paragraph 3.6</p>	<p>14) According to paragraph 3.6, there were 139,362 CLC Plus user accounts as at 17 May 2018. Of the 124,407 usable accounts examined by Audit, it was found that users of 85,788 (69%) accounts had not used the CLC Plus for one year or more (“inactive accounts”). In this connection, please advise:</p> <p>(a) How does CSTDI handle the large number of inactive accounts?</p> <p>(b) Has CSB studied the reasons for the low utilisation rate of the CLC Plus?</p> <p>(c) If inactive accounts belong to serving civil servants, what measures does CSTDI implement to encourage and attract more civil servants to use the e-learning resources of the CLC Plus?</p>	<p>CSTDI will suspend the user access rights of those accounts that have been inactive for a long time in accordance with the security policies and guidelines formulated by OGCIO, and require these users to go through procedures to reactivate the service when they need to use the CLC Plus again.</p> <p>CSTDI has been monitoring the utilisation of the CLC Plus including statistics on the number of page views and visits. User surveys have also been conducted to find out the learning patterns of users as well as their demands for learning contents and system functions. These measures facilitate CSTDI to implement improvement initiatives and enrich the learning resources of the CLC Plus leading to increased page views and usage by civil servants through different online devices. For example, CSTDI launched the newly designed CLC Plus in April 2018 in response to the demands of users. CSTDI will continue to increase the e-learning resources and step up promotion in the civil service to encourage more civil servants to pursue continuous learning through the CLC Plus.</p> <p>For departments with a lower number of CLC Plus users, CSTDI will contact them to understand their online training needs so as to better cater for the training and development needs of these departments when devising improvement measures and promotion programmes.</p>
<p>Measures to facilitate mobile learning</p>		
<p>Paragraphs 3.11(b), 3.12 and 3.20</p>	<p>15) According to paragraphs 3.11(b) and 3.12, CSTDI obtained funding of \$2.7 million in December 2015 for the enhancement of the CLC Plus. The enhancement work mainly included two aspects: (i)</p>	<p>Enhancement in 2015 mainly involved two aspects: optimisation of the system infrastructure of the CLC Plus (e.g. enhancement of server capacity) and enhancement of the system application (including a new user interface).</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
	<p>optimisation of system infrastructure (e.g. enhancement of server capacity) and (ii) enhancement of the system application. Revamping the CLC Plus with a new user interface was one of the key enhancements of the system application. The new user interface of the CLC Plus was launched on 21 April 2018.</p> <p>16) In addition, Audit tried to access 30 resources with the highest number of page views from January to April 2018 using a tablet computer and a smartphone in July 2018. Audit found that 17 (57%) e-learning resources could not be viewed on both mobile devices because they were developed using a legacy software not supported by major operating systems of mobile devices. In this connection, please advise whether CSTDI noted in the course of enhancing the CLC Plus that many e-learning resources developed with a legacy software could not be viewed on mobile devices. If yes, why was the problem not resolved then?</p> <p>18) According to paragraph 3.20, CSTDI will strive to have the e-learning resources developed using the legacy software migrated to prevailing technology platforms or retired by June 2020. In this connection, please advise:</p> <p>(a) The time required to process each legacy software;</p> <p>(b) The measures to speed up the relevant processing work.</p>	<p>In the course of enhancing the CLC Plus, CSTDI already noted that 130 e-learning resources (about 5% of 2,450 e-learning resources) would need to be updated for viewing on mobile devices. The CSTDI has drawn up a timetable for the e-learning resources requiring migration based on their complexity and has been migrating/retiring these e-learning resources developed using a legacy software in phases since 2017. By the end of 2018, CSTDI finished processing 36 such e-learning resources. Among the 130 e-learning resources, more than 50 of them were provided by various B/Ds. CSTDI has requested the B/Ds concerned to provide their migration/retirement schedules and offered them appropriate assistance.</p> <p>All the e-learning resources requiring processing will be migrated or retired before the vendor concerned ceases supporting the software in December 2020.</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
Paragraph 3.17 & 3.20	<p>17) Regarding paragraph 3.17, according to a survey of CLC Plus users on the CSTDI App conducted by CSTDI in 2015-16, 77% of 2,084 respondents had not used the CSTDI App before. In this connection, what measures will CSTDI implement to address the low usage rate of the CSTDI App?</p> <p>19) According to paragraph 3.20, CSTDI is taking actions to enhance the CSTDI App to facilitate user access to the CLC Plus via mobile devices. In this connection, please advise:</p> <p>(a) The actions being taken;</p> <p>(b) The timetable for the enhancement of the CSTDI App.</p>	<p>CSTDI is implementing a series of improvement measures to enhance the utilisation rate of the CLC Plus, including enhancing the interface of the CSTDI App to facilitate civil servants' direct access to the learning resources on the CLC Plus, and further enriching the contents of the e-learning resources to attract more civil servants to use the CSTDI App. A new version of the CSTDI App is expected to be launched in 2019.</p>
Services of the Learning Resource Centre (Dispose of unserviceable resources in a timely manner)		
Paragraphs 3.25 & 3.27	<p>20) According to paragraphs 3.25 and 3.27, there were 2,526 items of obsolete and physically deteriorated learning materials (with a total purchase cost of about \$1.4 million) at CSTDI pending disposal. However, Audit noted that there was no record showing when the 2,526 unserviceable resource items had been identified. In this connection, please advise:</p> <p>(a) Were the aforesaid unserviceable resource items used or brand new?</p> <p>(b) If they were brand new or partly brand new, has CSTDI updated its procurement plan so as to avoid wastage of resources in future?</p>	<p>All of the learning resources pending disposal have been used for years, and most of them were procured in the 1990s or sometime around 2000, such as damaged or outdated videotapes and books.</p> <p>Procurement for the Learning Resource Centre is co-ordinated by the E-Learning Unit of CSTDI. The Unit consults various units of CSTDI and Training Managers of other B/Ds regularly before deciding on the procurement of suitable training and reference resources for use in different training courses and for continuous learning in the civil service. All procurement work strictly follows the Stores and Procurement Regulations of the Government.</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
	<p>(c) Which unit of CSTDI is responsible for procurement?</p> <p>(d) Had CSTDI laid down criteria/guidelines to regulate the procurement by the staff concerned?</p>	
Part 4: Other administrative issues		
Paragraph 4.8	21) According to paragraph 4.8, as for online booking of CSTDI venues and facilities, CSTDI has only made use of the Shared Online Reservation System (SORS) to automate the booking by its internal users and the users of the General Grades Office. Other B/Ds are still required to follow a set of manual booking procedures. In this connection, please advise why CSTDI has not made the system available to other B/Ds;	<p>The CSTDI training venues are opened for use by other B/Ds.</p> <p>The current Shared Online Reservation System (SORS) was developed by OGCIO in 2009 for use by B/Ds which did not have meeting room booking systems or would like to share the use of their meeting rooms and facilities with other B/Ds. Currently, the CSTDI is the only user of the system. If other B/Ds is willing to install and use the SORS, CSTDI stands ready to facilitate the interface of our SORS with those installed in other B/Ds.</p> <p>Meanwhile, CSTDI will explore other feasible measures to streamline the venue booking procedures, including considering how updated information on venue availability could be made available to other B/Ds.</p>
Paragraphs 4.11 & 4.12 of the Audit Report	<p>22) According to paragraph 4.11 and Table 14 of paragraph 4.12, the two multi-function areas (MFAs) in CSTDI are ancillary facilities to support classroom training, and they are not available for booking by other B/Ds. In this connection, please advise:</p> <p>(a) Given the low utilisation rates of the MFAs as shown in Table 14, will CSTDI consider making them available to other B/Ds in order to increase their utilisation rates and avoid wastage of resources, and what are the relevant factors to be considered ?</p>	<p>The two multi-function areas (MFAs) are not regular training classrooms. MFA 1 is an open area with sofas, Internet booths and vending machines for receiving trainees and visitors, who may access the Internet, take short-breaks or have mutual exchanges between classes there. To maximise the use of space, CSTDI uses the area for group discussions and activity-based training sessions, and for activities like graduation and presentation ceremonies.</p> <p>MFA 2 is also designed for receiving visitors and guest speakers. Since the room has a glass door at its entrance and a narrow layout without sound-proof fittings, it is difficult to use the area for normal class training. CSTDI welcomes other B/Ds to use the MFAs if they</p>

Audit Report Paragraph no.	Questions from the Public Accounts Committee of the Legislative Council	Civil Service Bureau's Response
	(b) How much manpower has CSTDI deployed to manage the MFAs?	<p>find the MFAs suitable for holding their training activities.</p> <p>CSTDI does not have dedicated staff for managing the two MFAs. The clerical and supporting staff of CSTDI manage the two concerned areas, and they are also responsible for the provision of general office support and reception services, venue management and setup as well as procurement and maintenance of office facilities and equipment for CSTDI.</p>

Civil Service Bureau
January 2019



ARCHITECTURAL SERVICES DEPARTMENT 建築署

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4 January 2019

Mr Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 10 of the Director of Audit's Report No. 71
Hong Kong Velodrome and Hong Kong Velodrome Park

Thank you for your letter dated 14 December 2018 requesting response / information to facilitate the Public Accounts Committee's consideration of the above Chapter. Please find our reply in the Appendix.

Yours sincerely,

(Edward TSE)

for Director of Architectural Services

Encl. as stated

c.c. Director of Leisure and Cultural Services (fax no. 2691 4661)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

Director of Audit's Report No. 71
Chapter 10 — Hong Kong Velodrome and
Hong Kong Velodrome Park
Responses from Architectural Services Department to
Public Accounts Committee

Part 2: Project Management

- 1) As per para. 2.8, to meet the tight development programme of the Project, Consultant X could not include all the detailed requirements for the installation of smoke ventilators into the tender drawings. Was Contractor A aware of this at the time of tendering? If yes, what was the estimate of the concerned fire services works and did it include the installation of smoke ventilators? If no, what was the subsequent additional cost involved?

Architectural Services Department (ArchSD)'s Response

Since the detailed requirements for the installation of the additional smoke ventilators had not been incorporated into the tender documents, all tenderers, including Contractor A, were not aware of its content during tender stage. The cost of this variation of works was \$4.2 million.

- 2) As per para. 2.14, Consultant X revised the architectural layout of the Hong Kong Velodrome (HKV) building before the issue of the tender for Contract A in September 2009 and there was consequential change in loading for structural elements. Why was Consultant X unable to incorporate the latest revision of the structural loading schedules into the tender documents? Why did Consultant X only provide the Contractor A with the revised structural loading schedules until 7 May 2010 via variation of works?

ArchSD's Response

Consultant X had revised the architectural layout of the Hong Kong Velodrome (HKV) building before the issue of tender in September 2009. The revision involved several structural changes requiring revision of structural calculations, which could not be finalized before the issue of the tender, and thus were not included in the tender documents. Soon after contract commencement, i.e. in April 2010, Consultant X provided

Contractor A with a revised set of structural loading schedules and issued an architect's instruction (AI) to Contractor A in May 2010 to cover the revision of structural loading schedules.

- 3) As per paragraphs 2.20 and 2.21, ArchSD awarded a lump sum contract (Contract A) to Contractor A. Contractor A agreed to undertake a specified amount of works for a lump sum price. However, 271 AIs covering 1,613 variation items and amounting to \$80.8 million (8% of the original contract sum of \$1,002.7 million) were made under Contract A. In the process of tendering, was there any tenderer whose tender price was higher than that of Contractor A but close to the final contract sum? Did Consultant X obtain approval from ArchSD for all variations that they ordered?

ArchSD's Response

ArchSD's tendering procedures and tender assessment process comply with the Stores and Procurement Regulations and relevant Technical Circulars promulgated by the Development Bureau. Apart from tender prices, the past performances of the tenderers in previous public works projects are also considered. Details of the tendering process and result of tender assessment are submitted to the Central Tender Board for approval before the contract is awarded. In this project, the successful tenderer's (Contractor A's) tender was the valid tender that obtained the highest overall score in the tendering exercise.

The tender prices of all tenderers in a tendering exercise are based on the same amount of works included in the same set of tender documents. They will not be able to foresee the variation of works arising after contract commencement. Therefore, regardless of whom the contract is awarded to, all tender prices do not include the cost of the variations of works arising after contract commencement. The variation of works will be measured and valued in accordance with the standard method of measurement and cost evaluation rules and procedures set out in the contract conditions and the associated costs will be reflected in the final contract sum. The costs of variation of works are assessed by an independent quantity surveyor in accordance with the contract provisions to ensure that the related expenditures are reasonable.

In this project, all variations of works issued by Consultant X were approved by ArchSD in accordance with the established mechanism, and the costs were assessed by the independent quantity surveyor.

- 4) As per para. 2.22, how will the bureau / department avoid variation of works in lump sum contracts to ensure fairness of tendering?

ArchSD's Response

ArchSD will remind its staff and consultants to finalize the design before inviting tenders as far as practicable so that relevant details can be incorporated into the tender documents as far as possible if the programme allows, thus minimizing subsequent variations of works. For unavoidable variations of works, the costs will be assessed in accordance with the contract provisions (see response to question (3) above) to ensure fairness of tendering.

- 5) As per para. 2.25(b), Consultant X had confirmed with the Cycling Association of Hong Kong, China Limited (CAHK) on the surface material and design parameters for the cycling track. Nonetheless, there was wavy problem and the track surface performance was not up to the satisfaction of CAHK. Why?

ArchSD's Response

During the design stage, the ArchSD and Consultant X had confirmed with the CAHK about the requirements on surface materials and design parameters for the cycling track. CAHK confirmed that the compliance with the requirements of the Union Cycliste Internationale (UCI) for homologation as a UCI Category 1 standard was the technical requirements for the venue. When the HKV was completed, it fulfilled such requirements and was granted with a Category 1 standard by the UCI.

However, the Hong Kong Cycling Team and the professional cyclists of the Hong Kong International Track Cup gave comments to the Leisure and Cultural Services Department (LCSD) after using the cycling track in the venue after completion. Contractor A then carried out the track improvement works during the period from December 2013 to March 2014. After the improvement, CAHK was satisfied with the result.

- 6) As per para. 2.25(b) and 2.30(b), Consultant X had sought advice from CAHK in 2008 and 2009. Did Consultant X consult CAHK about on the requirements of the cycling track in order to meet their training mode and practical needs (e.g. that the track surface performance should be up to a level higher than that for the UCI Category 1 standard)?

ArchSD's Response

During the detailed design stage of the project, the ArchSD and Consultant X had already consulted the LCSD and CAHK about the detailed requirements on the cycling track. CAHK confirmed that the surface material and design parameters for the cycling track should comply with the requirements of UCI for homologation as a UCI Category 1 standard. When the venue was completed, it fulfilled such requirements and was granted with a Category 1 standard by UCI.

As regards the need to enhance track surface performance to a level higher than that for the UCI Category 1 standard, such request was received after the completion of the HKV. Then, ArchSD assisted in the arrangement of the track surface enhancement works, which was eventually completed in January 2015. Both the LCSD and the CAHK were satisfied with the result.

- 7) As per Table 4 of para. 2.36, in accordance with the as-built records of December 2013, the net operational floor area (NOFA) of the control room was 123m². However, in the Schedule of Accommodations (SoA) approved in September 2009, the NOFA was 10 m², with a difference of 1130%. Why?

ArchSD's Response

During the design and construction stages, the ArchSD and the LCSD had held multiple meetings to review the design of the internal spaces (including the control room and other facilities) to suit the operational needs and various functional requirements of sports associations, media and venue management etc. for holding large-scale international events. The event organizers and relevant departments need to conduct crowd management, lighting and audio controls, etc. in large-scale events. The area requirement of the control room therefore exceeded that of other ordinary recreational venues.

In the long process of coordination, many factors had been taken into consideration. The NOFA of certain accommodation had exceeded the approved SoA without going back to the Property Vetting Committee for approval. Since 2014, ArchSD has implemented enhancement measures by instituting more check points at different work stages of projects to remind project officers to follow up with user departments the discrepancies between user requirements and the approved SoA in a timely manner.

- 8) As per para. 2.37(e)(i), what was the reason that there were some items (such as the cycling track, the arena, the spectator stand, etc.) in the SoA with areas marked “as appropriate” and without area figures?

ArchSD’s Response

In the SoA submitted by a user department and approved by the Property Vetting Committee (PVC), it is PVC’s general practice that the areas of some facilities with specific functional and design requirements like cycling track, arena and spectator stand are marked “as appropriate”. In the planning of these types of facilities, the primary purpose is to fulfill their functional requirements instead of providing prescribed floor area. Therefore, there were no specific area figures in the approved SoA for these types of facilities.

Part 3: Operation and Maintenance of Facilities

- 9) As per para. 3.17, what effective measures will ArchSD take to tackle the water seepage problem in the main hall of the HKV?

ArchSD’s Response

To tackle the water seepage problem in the main hall, the ArchSD implemented a series of rectification works from May 2015 to January 2017. The situation in the main hall of the HKV was thereafter improved. The rectification works included installation of waterproof membrane and application of sealant and protective coating to help ensure water tightness at joints of the roof of the main hall. Drip trays were installed over the cycling track as a second line of defence. In collaboration with relevant parties, ArchSD would continue to monitor the situation, and ensure that the contractor will take effective measures to tackle the remaining water seepage cases.



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28 December 2018

(Urgent by email)

Mr Anthony CHU
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 10 of the Director of Audit's Report No. 71
Hong Kong Velodrome and Hong Kong Velodrome Park

Thank you for your letter of 13 December 2018, referring the views of the Public Accounts Committee for "Chapter 10 of the Director of Audit's Report No. 71 - Hong Kong Velodrome and Hong Kong Velodrome Park". We would like to provide our response to the matters set out in the Appendix (including both Chinese and English versions).

Should you have any enquiries, please call me or Mr Kent CHOI, Manager (Hong Kong Velodrome & Tseung Kwan O Sports Ground) at Tel: 2878 8633.

Yours sincerely

(Ms Camay LEE)

for Director of Leisure and Cultural Services

Report No. 71 of the Director of Audit
Chapter 10 - Hong Kong Velodrome and Hong Kong Velodrome Park

Response from the Leisure and Cultural Services Department
to Public Accounts Committee

Part 2: Project Management

- 10) According to paragraph 2.25(b), Consultant X had confirmed with the Cycling Association of Hong Kong, China (CAHK) about the surface materials and design parameters. Why are there still the issues of wavy problem and non-compliance with CAHK's requirements in respect of the surface?

Leisure and Cultural Services Department (LCSD)'s Response

The Hong Kong Velodrome (HKV) is the first ever indoor cycling facility in Hong Kong that was built in accordance with the international standards of the Union Cycliste Internationale (UCI) for world-class track cycling training and competitions. During the planning, design and construction stages of the Project, all major stakeholders including the LCSD, ArchSD and CAHK had collaborated closely and incorporated CAHK's requirements such as surface materials and design parameter into the tender documents with a view to best suiting the training mode and practical needs of the Hong Kong Cycling Team (HKC Team) and meeting the requirements for hosting large-scale international competitions

The cycling track was carefully assembled by professional and experienced technicians with more than 10 000 Siberian Pine wooden slats, each of size about 4cm width and 6m long. After the completion of HKV, the facilities were inspected and accepted by government works departments, as well as homologated by the UCI as Category 1 standard. According to overseas experience, it is not uncommon for a newly installed wooden track to encounter slight wavy problems in certain parts of the track. In this connection, the LCSD conducted several performance tests in various forms and scales (i.e. professional training and competitions) during the initial operating period of the HKV to test the overall performance of the cycling track, as well as to take timely action to resolve the wavy problem through refinement and fine-tuning of the track.

To continually improve our services and to better cope with the high level of training needs of the HKC team, the LCSD has been observing the HKC team's professional comments and practical experience on the cycling track and venue facilities. It was decided to carry out the track enhancement works to further improve the performance of the track surface so as to meet the requirements for hosting large-scale international competitions, better suit the training mode and practical needs of the HKC Team in future and support the long-term development of local track cycling activities.

Since the commissioning of the HKV in 2014, a number of world-class track cycling competitions, including the "2017 UCI Track Cycling World Championships", have been successfully held in the venue. Hong Kong is the second city in Asia after Japan in 1990 to host the Championships. The event was highly praised by the UCI and athletes from all over the world.

- 11) Referring to paragraphs 2.25(b) and 2.30(b), Consultant X sought the advice of the CAHK between 2008 and 2009 on the design of the cycling track in the HKV. Did Consultant X communicate with the CAHK to learn about its requirements for the cycling track, so as to ascertain that the track could meet its training mode and practical needs (e.g. the track surface performance and the requirements for the cycling track needed to be enhanced beyond the UCI Category 1 standard)?

LCSD's Response

The HKV is the first ever indoor cycling facility built in Hong Kong that meets the international standards of the UCI. The construction of HKV was a new challenge to the LCSD, ArchSD, CAHK as well as the relevant stakeholders such as consultants and contractors. All major stakeholders had tried their best at the early planning and design stages to draw up the design parameters to suit the objectives and specifications. Consultant X, in conjunction with the LCSD and ArchSD, had sought the advice of the CAHK on the provisions and operational requirements of the HKV, which confirmed the design parameter complied with the then latest requirements of the UCI for homologation with a Category 1 standard for hosting world-class track cycling events, and met the training mode and practical needs of the HKC Team. After the completion of the project, inspection was conducted and accepted by government works departments, as well as homologated by the UCI as Category 1 standard venue.

However, after the cycling track performance tests and the Hong Kong International Track Cup, some professional cyclists (both local and foreign teams) provided constructive comments on the performance of the track surface. The LCSD considered that the above professional advice was worth pursuing and that the track surface enhancement work should be carried out as early as possible to improve the track surface performance, better suit the training mode and practical needs of the HKC Team in future and support the long-term development of the sports of track cycling in Hong Kong. Since the suggestions of the enhancement arose after the test ride on the cycling track, it was not possible to incorporate them into the user requirements at the early planning and design stages.

- 12) According to Table 4 of paragraph 2.36, it was indicated in the as-built records of December 2013 that the net operational floor area (NOFA) of the control room was 123 square meters (m²). However, the accommodation for the control room was 10 m² in September 2009, representing a variation by over 1 130%. What are the reasons?

LCSD's Response

It was new challenge for the LCSD, ArchSD and CAHK to construct the first ever indoor cycling facility in Hong Kong that met international standards for world-class cycling training and competitions. As all stakeholders had no practical experience in the planning, design, layout and construction of a velodrome for staging world-class track cycling events, and did not have sufficient sensitivity, colleagues were not aware of the changes in the distribution of the facilities in the building upon handing over of the venue, resulting in some deviation from the originally approved Schedule of Accommodations (SoA).

The two control rooms located at the upper second floor of the HKV have a total net floor area of 123 square meters, which deviates from the originally approved SoA. However, during the major international competitions (including the 2015/16 UCI Track Cycling World Cup and the 2017 UCI Track Cycling World Championships), both control rooms became an important auxiliary facility for the competitions, i.e. (i) as the audio and video control centre for the event; and (ii) as a standby and monitoring centre for various works departments and the police to facilitate effective crowd management and event control. Our

experience gained from these events reveals that the current net floor area of the control rooms is just adequate to meet the actual operational needs in the organization of large-scale events.

LCSD will follow the recommendations of the Audit Commission, in collaboration with ArchSD to resubmit the latest SoA as well as relevant information in the changes in the NOFA of accommodation to the Property Vetting Committee (PVC) for approval. Furthermore, the LCSD will remind all relevant sections and district offices to ensure that subsequent changes to an approved SoA should be properly approved by the PVC in accordance with the requirements of the Accommodation Regulations.

- 13) Referring to paragraph 2.37(b), why was the Leisure and Cultural Services Department (LCSD), as the user department of the HKV, not aware of or specifically informed of the extent of accommodation changes of the HKV?

LCSD's Response

The LCSD is the management department of the HKV. Upon taking over the HKV, the venue staff would pay special attention to check whether the venue had sufficient space according to the actual daily operational needs and the requirements for holding large-scale events. In fact, it is necessary to ensure that all supporting facilities are built up to international standards for hosting large-scale international events. It is equally important to meet ever-increasing demands on the sports facilities and to follow the latest government policies (i.e. provision of baby care facilities etc.). When taking over a new venue, the focus of the LCSD is mainly on the adequacy of space provision or equipment, and is not aware that some of the rooms exceeded the approved area listed in the SoA.

The LCSD will, in collaboration with ArchSD, resubmit the SoA as well as relevant information to the PVC for approval. Furthermore, the LCSD will remind all relevant sections and district offices to ensure that subsequent changes to an approved SoA are properly approved by the PVC in accordance with the requirements of the Accommodation Regulations.

Part 3: Operation and Maintenance of Facilities

- 14) Referring to paragraph 3.20(a), the conditions of some damaged fixtures had remained unchanged as observed in the Audit's two site visits conducted on 28 June and 9 August 2018 respectively. However, the relevant damaged fixtures were not recorded in the occurrence book of the LCSD's venue staff. In this connection, is there any negligence on the part of the venue staff?

LCSD's Response

The Audit Report showed a photo of a damaged garden bench at Velodrome Park with a protruding screw on a broken backrest. The photo was taken on 9.8.2018. However, it did not imply that repair works of the defective bench had been outstanding since June 2018. In fact, well before receiving the referral from the Audit Commission, venue staff had occasionally noticed defective backrest on some benches in the park. The venue staff always removed the broken wooden slats as well as the exposed screws promptly, and then wrapped up the damaged parts of the benches with thick adhesive tape. As the potential hazard of the defects had been removed and the benches were still suitable for public use, the venue staff did not record these defective items in the occurrence book. Notwithstanding that, the venue staff had subsequently requested the works department to make good all similar defective fixtures.

During routine inspection, the venue staff generally focused on defective items directly related to public safety and functional defects of the facilities. Some minor problems associated with the appearance of the facility like defective painting as mentioned in the report might be overlooked. The report mentioned that the paint of some columns at the amphitheatre had already peeled off. The venue staff regarded this defect as normal wear and tear and a minor improvement work without urgency and had not arranged for repair work promptly. In this connection, the LCSD has immediately reminded the venue staff that all defective facilities should be recorded and followed up in a timely manner to ensure the quality of the services.

Moreover, in response to the recommendations of Audit Commission, the LCSD has divided the venue security work into different zones in accordance with the actual operation arrangement and usage pattern of the Velodrome Park. Security

guards are required to inspect the facilities in the respective zones during daily patrol. They should report any damage to the duty officer immediately and properly record the details. The venue staff also need to cordon off the damaged facilities properly and timely request the relevant works department to carry out repairs work.

- 15) According to paragraph 3.21(c), the mills barrier cordoned off for repair inside the Velodrome Park was removed by a user during nighttime of 6 August 2018. However, the venue staff did not cordon off the equipment again until the inspection on 9 August. Why was the follow-up action taken only two days later if the venue staff conducted daily inspections?

LCSD's Response

According to the venue record, the maintenance contractor fixed the defective fitness equipment in the afternoon of 8 August and repainted the facilities. Whilst allowing the wet paint to dry completely, the venue staff cordoned off the facility on 9 August and then opened the facility for public use.

Part 4: Usage of Facilities

- 16) According to Note 1 of Table 12 under paragraph 4.12, the arena and the cycling track of the HKV could be used concurrently when conducting badminton activities in the arena which would not interfere with the cyclists' training at the cycling track. In this connection, please advise whether the arena can also be opened to schools, organisations or the public for use during the training sessions of the HKC Team.

LCSD's Response

The HKV has a core mission to provide a local, stable and quality training base for the HKC Team and to develop the sports of track cycling in Hong Kong. The HKC Team normally conducts cycling training six days a week (Monday to Saturday) from 9 am to 6 pm at HKV. The elite training at the HKV will highly depend on race schedules and on-the-spot physical condition of individual

athletes. Moreover, some intensive practising programmes and trainings on race strategies are conducted in a closed-door mode. There is genuine need to allow training flexibility for the HKC Team in using the track having regard to the core mission and unique roles of HKV. There is therefore no priority booking by school or organisations for the use of the arena during the training sessions of the HKC Team. However, members of the public can make on-the-spot bookings or advance bookings of the remaining arena facilities (i.e. badminton courts) within 10 days from the current date on a first-come-first-served basis

The LCSD will continue to work closely with the major stakeholders, such as the CAHK, the Hong Kong Sports Institute, the Sai Kung District Sports Association and other sports organisations to promote the usage of facilities in the HKV.

- 17) Referring to paragraph 4.13(c), will the LCSD upgrade the equipment in the activity rooms in the HKV, such as providing mobile mirrors and mobile public address equipment as generally provided in the activity rooms in other government sports centres, with a view to enhancing the utilisation of the activity rooms in the HKV?

LCSD's Response

The LCSD will continue to work through various improvement works to enhance the usage of facilities in the future. Apart from organising more recreational and sports activities, the LCSD will make good use of existing venue facilities and improve the ancillary facilities of activity rooms such as provision of movable mirrors and portable sound system. The LCSD hopes that whilst providing a high quality competition venue to organise major track cycling competitions, more members of the public would be attracted to use other recreational facilities in the HKV.

ACRONYMS AND ABBREVIATIONS

ACMs	Asbestos-containing materials
AO	Access Officer
ArchSD	Architectural Services Department
ATCOs	Air Traffic Control Officers
ATMS	Air Traffic Management System
Audit	Audit Commission
Audit Report	Director of Audit's Report
B/Ds	bureaux/departments
BD	Buildings Department
CAD	Civil Aviation Department
Cat II Service Providers	Category II Service Providers
CC3 system	The Third Generation Command and Control Communications System
CFS	Centre for Food Safety
CIBS	Community Involvement Broadcasting Service
CITG	Composite Information Technology Grant
CLC Plus	Cyber Learning Centre Plus
COR	Controlling Officer's Report
CSTDI	Civil Service Training and Development Institute
DC	District Council
DM	Design Manual
DM 2008	Design Manual: Barrier-Free Access 2008
DSRNs	Dangerous Structure Removal Notices
EDB	Education Bureau
EMF	Small and Medium Enterprise Export Marketing Fund
eREAP	e-Resource Acquisition Project

ACRONYMS AND ABBREVIATIONS

eRTL	Recommended Textbook List for e-textbooks
ETV	Education television
Expert Committee	Expert Committee on Food Safety
FDPs	Flight Data Processors
FEHD	Food and Environmental Hygiene Department
first FCS	First population-based food consumption survey
FISS	Food Incident Surveillance System
FSP	Food Surveillance Programme
FSTB	Financial Services and the Treasury Bureau
GD	Government Dockyard
GLLs	Government Land Licences
GPA	Government Property Agency
HA	Hospital Authority
HAB	Home Affairs Bureau
HKAPA	Hong Kong Academy for Performing Arts
HKC Team	Hong Kong Cycling Team
HKDI	Hong Kong Design Institute
HKHA	Hong Kong Housing Authority
HKPF	Hong Kong Police Force
HKV	Hong Kong Velodrome
HKVP	Hong Kong Velodrome Park
INFOSAN	International Food Safety Authorities Network
IRD	Inland Revenue Department
IRO	Inland Revenue Ordinance (Cap. 112)
IT	Information technology
ITE4	Fourth Strategy on Information Technology in Education

ACRONYMS AND ABBREVIATIONS

JO	Joint-office operation set up by the Food and Environmental Hygiene Department and the Buildings Department in handling water-seepage cases
JWG	Joint Working Group on Management of Roadside Skips
LandsD	Lands Department
LCSD	Leisure and Cultural Services Department
LD	Labour Department
LegCo	Legislative Council
LF	Lotteries Fund
LR	Land Registry
LSGs	Lump sum grants
LWB	Labour and Welfare Bureau
MD	Marine Department
MWCS	Minor Works Control System
NCSC	Non-civil service contract
NGOs	Non-governmental organizations
NLTH	North Lantau Hospital
PRL	Private Recreational Lease
PSP	Public Subscription Permit
RASs	Risk assessment studies
RCHEs	Residential care homes for the elderly
RTHK	Radio Television Hong Kong
RVD	Rating and Valuation Department
SDF	Small and Medium Enterprise Development Fund
second FCS	Second population-based food consumption survey
SGS	Small and Medium Enterprise Loan Guarantee Scheme
SMEs	Small and medium enterprises

ACRONYMS AND ABBREVIATIONS

Special Scheme	Special Scheme on Privately Owned Sites for Welfare Uses
SpGS	Special Loan Guarantee Scheme
SUCCESS	Support and Consultation Centre for Small and Medium Enterprises
SVP	Special visitation programme
SWD	Social Welfare Department
TD	Transport Department
TDS	Total diet study
Technical Committee on DM	Technical Committee on Design Manual: Barrier Free Access
THB	Transport and Housing Bureau
the Retrofitting Programme	Retrofitting Programme for upgrading barrier-free facilities at government premises/facilities
THLs	Temporary hawker licences
TIAS	Training Information and Administration System
TID	Trade and Industry Department
TV	Television
TVAI	Television Appreciation Index
Validation Scheme	Validation Scheme for Unauthorised Signboards
VSP	Vacant school premises
VTC	Vocational Training Council
WSD	Water Supplies Department