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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**

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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

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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?**

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- 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)