CHAPTER 8

THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

GENERAL REVENUE ACCOUNT

GOVERNMENT DEPARTMENTS

Radio Television Hong Kong

Education Department

Radio Television Hong Kong:
Performance and resource management

Audit Commission
Hong Kong
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RADIO TELEVISION HONG KONG: PERFORMANCE AND RESOURCE MANAGEMENT

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RADIO TELEVISION HONG KONG: PERFORMANCE AND RESOURCE MANAGEMENT

Summary and key findings

A. **Introduction.** The objectives of Radio Television Hong Kong (RTHK), as a public service broadcaster (PSB), are to inform, educate and entertain the general public and specific target audiences through a balanced mix of high quality programming. RTHK has three programme areas, namely radio, public affairs television (PATV) and school educational television (ETV) production. Under these programme areas, RTHK incurred a total expenditure of $525 million in 2000-01 (paras. 1.2 and 1.3).

B. **Audit review.** Audit has recently conducted a review on the performance and resource management of RTHK (para. 1.7). The audit findings are summarised in paragraphs C to H below.

C. **Performance measurement and reporting.** RTHK has developed, for its radio and PATV services, a number of useful performance indicators which are broadly in line with those recommended by an international conference of PSBs in October 2000. These indicators are shown in the Controlling Officer's Report (COR) of the Annual Estimates to help stakeholders (e.g. the public, Legislative Council Members and policy bureaux) assess RTHK's performance. Audit has identified room for improvement in a number of areas. These include the need to provide, in the COR, staff productivity indicators and viewer numbers for the PATV service, and qualitative indicators (such as appreciation index survey results) for the radio service. There is also a need for RTHK to devise suitable performance indicators for reporting in the COR its achievements and how it is fulfilling the role of a PSB (paras. 2.5, 2.10, 2.19, 2.22 and 2.26).

D. **Budgetary control.** RTHK uses a two-tier budgetary control system. At the macro level, RTHK uses the Treasury's Ledger Accounting and Financial Information System for the control of its overall expenditure. At the micro level, with the assistance of a computerised Costing System, RTHK exercises budgetary control of its TV production on a programme basis. Audit has identified areas for improvement in the budgetary control of TV programmes. These include the need to keep formal records of budget revisions and the need to input revised budget data into the Costing System for budgetary control purposes. For radio production, Audit notes that there is no similar budgetary control on a programme basis. Audit considers that setting up a budgetary control mechanism for radio production at the micro level will enhance RTHK's budgetary control and resource management (paras. 3.2, 3.3, 3.11 and 3.14).

E. **Procurement of services.** Audit found that, following a study by the Independent Commission Against Corruption, RTHK had been implementing various improvement measures to strengthen its procurement procedures. Audit has identified further areas for improvement in RTHK's procedures for hiring film crews. These include the need to obtain the required number of written

quotations for each filming job, and the need to introduce a marking scheme to help ensure that film crew and other major services are procured in an open and equitable manner (paras. 4.4, 4.10, 4.12 and 4.19).

F. **Management of overtime work.** RTHK's expenditure on overtime allowance (OTA) has decreased by 27% since 1998-99. However, Audit has identified areas for attention and further action in RTHK's management of overtime (OT) work. These include the need to use time-off as the normal recompense for OT work, the need to accurately report the times film crews return to RTHK after performing outdoor duties, and the need to ensure compliance with Civil Service Regulation (CSR) 667 in claiming OTA (para. 5.5).

G. **School ETV service.** The school ETV service is available to students from Primary 1 to Secondary 5 levels. The Education Department (ED) is primarily responsible for developing school ETV programmes and writing programme scripts. RTHK is responsible for production of the programmes. Audit has identified areas that require RTHK/ED's further attention and action. These include the need to provide staff productivity indicators for the production of school ETV programmes, and to include viewing rates of the ETV programmes in the COR to help stakeholders assess the effectiveness of the school ETV service. Furthermore, Audit's survey has revealed that the viewing rates of school ETV programmes in secondary schools were low (the overall viewing rate was 18%). There is a need for the ED to critically review the effectiveness of the school ETV service to meet the needs of secondary schools (paras. 6.2, 6.3, 6.15, 6.16, 6.22 and 6.29).

H. **Outsourcing opportunities.** RTHK has a long tradition of outsourcing. More recently, RTHK has undertaken a number of new outsourcing initiatives, namely the outsourcing of school ETV programmes, PATV programmes and radio programmes. Audit's review has indicated that, to realise the full potential of these initiatives, RTHK needs to formulate a clear strategy for programme outsourcing (paras. 7.3 to 7.5).

I. **Audit recommendations.** Audit has made the following major recommendations that:

(a) the Director of Broadcasting should:

Performance measurement and reporting

(i) provide suitable staff productivity indicators in the COR for the PATV service and consider setting productivity targets/standards to help stakeholders assess the performance of the service (para. 2.28(a) and (b));

(ii) consider reporting in the COR qualitative indicators for the radio service and the viewer numbers of the PATV programmes (para. 2.28(d) and (e));

(iii) devise suitable performance indicators for reporting in the COR RTHK's success in fulfilling the role of a PSB (para. 2.28(f));

Budgetary control

(iv) for TV programmes, issue departmental instructions requiring RTHK staff to obtain formal approvals from the senior management for budget revisions and keep formal records of such approvals (para. 3.15(a));

(v) ensure that all revised budget data are input into the Costing System for budgetary control purposes (para. 3.15(b));

(vi) consider setting up a budgetary control mechanism for radio production at the micro level (para. 3.15(d));

Procurement of services

(vii) for filming jobs exceeding $50,000, ensure compliance with the requirement stated in the Government's Stores and Procurement Regulation 280(c) that written quotations should be obtained from not less than five contractors (para. 4.21(a));

(viii) implement a marking scheme for the hiring of film crews and procurement of other major services such as scene setting services (para. 4.21(d));

Management of OT work

(ix) critically review the practices for recompensing OT work in RTHK and ensure that time-off is used as the normal recompense for OT work (para. 5.20(a));

(x) remind RTHK staff of the need to record all information (such as the return times) accurately in the Job Assignment Forms (para. 5.20(c));

(xi) take appropriate action to enhance the independent checking of the Job Assignment Forms to ensure that all information reported therein is accurate (para. 5.20(d));

(xii) remind RTHK staff of the need to comply with CSR 667 in claiming OTA (para. 5.20(f));

School ETV service

(xiii) provide staff productivity indicators in the COR and consider setting productivity targets/standards to help stakeholders assess RTHK's staff productivity in the production of school ETV programmes (para. 6.17(a) and (b));

(xiv) in consultation with the Director of Education, include viewing rates in the COR as an additional performance indicator to help stakeholders assess the effectiveness of the school ETV service (para. 6.17(c));

Outsourcing opportunities

(xv) devise a strategy for increasing the scale of outsourcing of school ETV, PATV and radio programmes (para. 7.20(a)); and

(xvi) in devising the strategy for outsourcing, consider the need to align the pace of outsourcing with RTHK's manpower plan, so as to ensure full deployment of in-house staff (para. 7.20(c)); and

(b) the Director of Education, in consultation with the schools, should:

School ETV service

(i) critically review the effectiveness of the school ETV service to meet the needs of secondary schools (para. 6.30(b)); and

(ii) take positive action to improve the school ETV programmes for secondary schools to better meet their needs and to enhance the viewing rates (para. 6.30(c)).

J. **Response from the Administration.** The Administration generally agrees with the audit recommendations.

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Objectives of Radio Television Hong Kong

1.2 The objectives of Radio Television Hong Kong (RTHK), as a public service broadcaster (PSB), are to **inform, educate and entertain** the general public and specific target audiences through a balanced mix of high quality programming. RTHK has three programme areas, namely radio, public affairs television (PATV) and school educational television (ETV) production. The Information Technology and Broadcasting Bureau is the policy bureau for the first two programme areas. The third programme area is under the policy responsibility of the Education and Manpower Bureau (EMB). Table 1 below shows details of the three programme areas.

Table 1

RTHK's three programme areas

Programme area	Description
Radio	The Radio Division of RTHK produces and transmits a mix of radio programming to the community. It broadcasts 1,176 hours a week through 7 channels. The channels are: ***Chinese-language channels.*** Radio 1 is the main channel for news, information and general programming. Radio 2 is for youth, entertainment and popular music. Radio 5 broadcasts cultural and education programmes and programmes for the elderly. Radio 7 broadcasts Putonghua general programming, news and financial news. ***English-language channels.*** Radio 3 is the main channel for news, information and general programming. Radio 4 is a bilingual channel for serious music and fine arts. Radio 6 relays the BBC World Service programmes.
PATV	The PATV and ETV Divisions of RTHK produce a variety of TV programmes for broadcast by commercial TV channels to the community. The TV programmes of RTHK are grouped under the following programming strands: • current affairs • documentary • servicing (i.e. information and community services) • drama • adult/general education • youth and children Each year, RTHK produces about 520 hours of first-run PATV programmes.
School ETV production	The ETV Division of RTHK produces school ETV programmes for the Education Department (ED) in support of the Government's education policy. Programmes are broadcast to schools via the two local TV stations on weekdays from 8 a.m. to 4 p.m. during the school term.

Source: RTHK's records

Expenditure of RTHK

1.3 Like other government departments, the expenditure of RTHK is funded out of the General Revenue Account (GRA). RTHK does not earn income from commercial advertisements. In 2000-01, the total GRA expenditure incurred under the three programme areas was as follows.

Table 2

Expenditure of RTHK in 2000-01

Programme area	Expenditure	
	($ million)	**(%)**
Radio	215	41%
PATV	252	48%
School ETV production	58	11%
Total	**525**	**100%**

Source: RTHK's records

Organisation and staffing establishment of RTHK

1.4 As at May 2001, RTHK had a total of 836 staff, comprising 584 civil service staff and 252 non-civil service contract (NCSC) staff. In addition, RTHK also employs part-time staff to perform in individual programmes or meet its short-term needs.

1.5 Organisationally, RTHK has four Divisions, namely the Radio Division, PATV Division, ETV Division, and Production Services Division (PSD). In addition, it has a number of units, namely the Departmental Administration Unit, Finance and Resources Unit (FRU), Corporate and External Affairs Unit, New Media Unit and Corporate Development Unit. An organisation chart of RTHK is at Appendix A.

1.6 RTHK uses the engineering and technical services of a contractor under the Government's Technical Services Agreement (TSA — Note 1) to support the production and transmission of RTHK programmes.

Audit review

1.7 Audit has recently conducted a review on the performance and resource management of RTHK. The audit has focused on the following areas:

(a) performance measurement and reporting (see PART 2 below);

(b) budgetary control (see PART 3 below);

(c) procurement of services (see PART 4 below);

(d) management of overtime work (see PART 5 below);

(e) school ETV service (see PART 6 below); and

(f) outsourcing opportunities (see PART 7 below).

Note 1: *The current TSA, which came into effect in January 1988, will expire in 2006. Under the TSA, the contractor provides electronics and telecommunications services at cost to the Government, on request by government departments.*

PART 2: PERFORMANCE MEASUREMENT AND REPORTING

2.1 This PART examines RTHK's performance measurement and reporting of its radio and PATV services. The performance of the school ETV service, under a different policy area, is reported in PART 6 below.

Importance of performance measurement and reporting

2.2 Performance measures assist organisations to communicate their objectives and priorities, measure what they deliver and report publicly on what they have achieved. In recent years, public sector organisations around the world have been placing increasing emphasis on performance measurement and reporting to improve accountability and performance. PSBs are no exception.

2.3 At an international conference held by PSBs in October 2000 (Note 2), a number of key performance indicators (KPIs) were recommended to the member organisations to help them measure their performance. The recommended KPIs include:

- audience size
- relative audience size (against competitors)
- hours of output
- audience reaction, approval, usefulness, enrichment of lives
- cost per hour of output
- hours of output per member of staff
- cost per hour per listener/viewer

Note 2: *This refers to the 23rd General Conference of the Commonwealth Broadcasting Association held in October 2000. The Association is made up of more than 90 member organisations including, for example, the Australian Broadcasting Corporation, the British Broadcasting Corporation and the Canadian Broadcasting Corporation.*

Performance indicators used by RTHK

2.4 Each year, RTHK reports its performance to the public and the Legislative Council (LegCo) through the Controlling Officer's Report (COR) of the Annual Estimates. In the COR, RTHK reports its performance using the performance indicators shown in Table 3 below.

Table 3

Performance indicators in the COR of RTHK

	Radio	PATV
Output	• Number of hours of output per channel • Number of hours of news programming output • Number of hours of public affairs phone-in discussion • Number of community/ educational projects organised	• Number of hours of output per programming strand • Number of community/ educational projects organised
Efficiency	• Cost per channel hour • Cost per listener • Hours of radio programming per employee	• Cost per hour per programming strand
Effectiveness	• Number of listeners • Market share per channel • Number of complaints received	• Industry-wide TV appreciation index survey results (Note 3) • Number of complaints received

Source: RTHK's COR in the 2001-02 Annual Estimates

Note 3: *Appreciation index surveys have been conducted since 1991. A local university is commissioned to conduct quarterly surveys, through telephone interviews, to ascertain the public's appreciation of TV programmes produced by RTHK and other commercial broadcasters. Each year, about 200 TV programmes are surveyed. In the surveys, a sample of viewers are asked whether they consider the programmes worth watching. They are also asked to give a score, from zero to 100, to each programme surveyed.*

General audit observations on performance indicators used by RTHK

2.5 ***General audit observations.*** RTHK uses a number of performance indicators for both its radio and PATV services. These indicators, which are reported annually in the COR, are useful in helping stakeholders (e.g. the public, LegCo Members and policy bureaux) assess RTHK's performance. These indicators are broadly in line with the KPIs recommended by the October 2000 international conference.

2.6 ***Areas for improvement.*** However, performance measurement is both an evolving and complex process and, building on the existing measures, there is always room for further improvement. Audit has identified room for improvement in the following areas:

(a) staff productivity indicators (see paras. 2.7 to 2.17 below);

(b) effectiveness indicators (see paras. 2.18 to 2.22 below); and

(c) meeting a common challenge (see paras. 2.23 to 2.27 below).

Staff productivity indicators

2.7 ***Productivity KPI recommended by international conference.*** To measure staff productivity, the October 2000 international conference recommended "hours of output per member of staff" as a KPI (see para. 2.3 above).

2.8 ***Staff productivity indicator used for radio service.*** RTHK uses a similar performance indicator for its radio service. For example, for the year 2000, RTHK reported in the COR a radio programme output of 287 hours per staff member.

2.9 ***Staff productivity indicator not used for PATV service.*** However, for the PATV service, RTHK has not used a similar staff productivity indicator. In response to Audit's enquiries as to why a different treatment existed, in June 2001 RTHK informed Audit that:

(a) because RTHK did not have its own TV transmission channel, it was not appropriate to show a productivity indicator per employee for comparison with other local commercial broadcasters which had their own TV channels. Without its own transmission channel, RTHK's production of TV programmes could only be designed on a single programme or serialised basis. It did not have the same economies of scales that were enjoyed by commercial stations which engaged in long running serialised drama production; and

(b) for the radio service, the number of output hours per employee was reported in the COR because RTHK had its own radio transmission channels. This productivity indicator, therefore, was relevant for comparison with other local radio broadcasters.

Audit observations on the need for staff productivity indicators

2.10 Audit recognises that, because of the different modes of operation, the staff productivity of RTHK and the local commercial TV broadcasters may not be directly comparable. However, Audit considers that this should not preclude RTHK from providing staff productivity indicators in the COR for its PATV service, which would provide useful information to help stakeholders assess RTHK's staff productivity. The indicators will also be able to inform stakeholders whether or not staff productivity has changed to enable comparisons to be made with previous years. **In order to enhance public accountability, Audit considers that there is a need for RTHK to provide staff productivity indicators in the COR for its PATV service.**

RTHK's views on how staff productivity should be measured

2.11 In response to Audit's enquiries as to how RTHK's staff productivity could be measured for its PATV service, in August 2001, RTHK informed Audit that the "number of TV programmes per member of programme staff" should be an appropriate staff productivity indicator. RTHK said that:

(a) it considered that the number of output hours per employee was not a relevant measure for TV programme staff productivity. The production of a TV programme involved a great deal of research, planning and preparatory work before actual filming and editing could be undertaken. The effort required by programme staff to produce a 15-minute programme was very much higher than half of the effort required for producing a 30-minute programme;

(b) the staff requirement of a TV programme varied depending on the complexity and format of the programme. RTHK programmes were mostly designed on a single programme or serialised basis, and this style of production involved significant resources;

(c) to measure staff productivity purely by the number of output hours per employee was unrealistic. A more realistic measurement was the "number of TV programmes per employee";

(d) it considered that only programme staff (i.e. producers — see Note 4) should be included in the assessment of RTHK's staff productivity; and

(e) programme staff were responsible for the planning and execution of programme ideas (Note 5). All other staff, including production and administrative staff, only provided logistical support (e.g. filming, supply of costumes and scene setting) to the programme staff. With the trend of moving towards more outsourcing, particularly in the production support area, the number of production staff tended to fluctuate, and including them in the assessment could significantly distort the assessment of staff productivity.

Audit observations on how staff productivity should be measured

2.12 Audit notes RTHK's view that the "number of TV programmes per employee" is a more realistic measurement of staff productivity. However, the duration of a TV programme could vary significantly, ranging from one minute to more than one hour. **In Audit's view, it is not entirely satisfactory to use the number of programmes as the sole productivity indicator. It is more appropriate to use two productivity indicators, namely "number of TV programmes per employee" and "number of output hours per employee" in the COR, in order to help stakeholders assess RTHK's staff productivity.**

2.13 With regard to RTHK's comments in paragraph 2.11(d) and (e) above, Audit recognises that **programme staff** are key to the PATV production process, and that reporting their productivity in the COR will help enhance public accountability. **Audit considers that, as a first step, there is a need for RTHK to report the productivity of programme staff in the COR.**

2.14 Apart from the programme staff, a large number of other staff (e.g. staff of the PSD) are involved in the PATV production (Note 6). For the time being, RTHK may have practical

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Note 4: *Programme staff are made up of officers in various ranks of the Programme Officer grade. They include Chief Programme Officers, Principal Programme Officers, Senior Programme Officers, Programme Officers, Assistant Programme Officers and Programme Assistants.*

Note 5: *The PATV programme production process is divided into three stages, namely pre-production, production and post-production. In the pre-production stage, the producer is responsible for research, scripts, casting and programme budgeting. In the production stage, the producer has to plan for the smooth production of the programme and to ensure that the programme ideas are properly executed. In the post-production stage, the producer is involved in film editing, mixing of dialogue, effects and music, and studio processing.*

Note 6: *For example, in 2000, there were on average 405 full-time staff in RTHK who were involved in the PATV production. Of these staff, 135 were programme staff and 270 were other staff (e.g. staff of the PSD).*

difficulties in measuring the productivity of these staff (Note 7). **As improving performance measurement and reporting is a continuous process, Audit considers it necessary for RTHK to continue to develop suitable productivity indicators for these staff.**

Audit observations on setting productivity targets/standards and international benchmarking

2.15 ***Productivity of programme staff in 2000.*** In 2000, RTHK produced in-house 1,861 PATV programmes (Note 8) or 537 output hours (Note 9). A total of 135 programme staff were involved in the planning and execution of these programmes (Note 10). **Based on these figures, Audit has estimated that in 2000, the productivity of the PATV programme staff was 13.8 programmes (or 4 output hours) per year per staff member (Note 11).**

2.16 ***Need for productivity targets/standards.*** Without predetermined productivity targets/standards, stakeholders cannot assess whether the productivity of the PATV programme staff of 13.8 programmes (or 4 output hours) per year per staff member is satisfactory**. Audit considers that RTHK needs to consider setting productivity targets/standards for its PATV service.** In this regard, it is worth noting that public sector organisations, both local and overseas, are placing increased emphasis on using performance targets to improve accountability and performance.

2.17 ***Need for international benchmarking.*** At the October 2000 international conference, the issue of international benchmarking was discussed. One of the key points made was that PSBs could no longer assess their performance in isolation, and that international benchmarking among PSBs could help them learn from each other, strive for continuous improvement and enhance public accountability. In this regard, Audit notes that RTHK has a long tradition of participating actively in international media events. **Audit considers that there is a need for**

Note 7: *For example, RTHK employs a large number of part-time staff and it is difficult to work out the full-time-equivalent staff number for the purpose of calculating staff productivity. Fluctuations in the number of staff and outsourcing (see para. 2.11(e) above) also pose difficulties in calculating staff productivity.*

Note 8: *A PATV programme may consist of a number of episodes. For the purpose of assessing staff productivity, each episode is counted as a programme.*

Note 9: *In 2000, RTHK had a production output of 525 hours of PATV programmes. In addition to the normal PATV production, RTHK also provided 12 hours of pool coverage to local and overseas broadcasters on important official events (such as the annual Chief Executive's Policy Address). Hence, the total output hours were 537.*

Note 10: *The staffing positions of RTHK as at January, July and December 2000 were used for calculating staff number. Staff counted by Audit included 114 civil service staff and 21 full-time NCSC staff with similar duties.*

Note 11: *Audit's calculations are as follows: (a) 1,861 programmes ¸ 135 programme staff = 13.8 programmes per member of programme staff; and (b) 537 programme hours ¸ 135 programme staff = 4 programme hours per member of programme staff.*

RTHK to accord priorities to international benchmarking, in order to seek productivity improvement.

Effectiveness indicators

2.18 In the COR, RTHK uses different performance indicators for measuring the effectiveness of its radio and PATV services. Table 4 below shows the performance indicators used in the COR for these two services.

Table 4

Effectiveness indicators for radio and PATV services

Indicator	Radio	PATV
Audience/viewer number	Yes	***No***
Market share (relative audience size)	Yes	Not applicable (Note)
Appreciation index survey results	***No***	Yes
Number of complaints received	Yes	Yes

Source: RTHK's COR in the 2001-02 Annual Estimates

Note: Without its own TV transmission channel, RTHK considers that market share figures are not applicable to RTHK.

Audit observations on effectiveness indicators

2.19 ***Qualitative indicators needed for radio service.*** RTHK uses audience number and market share as performance indicators for its radio service. These indicators are widely used by both PSBs and commercial broadcasters. However, they are only quantitative indicators. They give little information about how the audience think about the quality of the programmes. **To provide better information to stakeholders, Audit considers that there is a need for RTHK to include qualitative indicators for its radio service (such as appreciation index survey results — see para. 2.20 below) in the COR.**

2.20 ***Quantitative indicators needed for PATV service.*** RTHK uses appreciation index survey results as a measure of performance for its PATV service. This is a quality measure widely used by PSBs. In the surveys, a sample of TV viewers are asked whether they consider

the programmes under survey worth watching. They are also asked to give a score, from zero to 100, to each programme surveyed. The results, therefore, indicate the extent of the viewers' appreciation of the programmes. However, the results do not indicate how many people have watched the PATV programmes.

2.21 ***The need to report viewer numbers.*** In response to Audit's enquiries as to why viewer numbers were not reported in the COR for the PATV service, in August 2001 RTHK informed Audit that:

(a) in 2000, the average viewer numbers of RTHK's prime-time programmes broadcast by the two local commercial TV stations were 288,135 and 1,293,406 respectively. These figures were shown in RTHK's Performance Pledge but not in the COR; and

(b) without its own TV transmission channel, strictly speaking, the viewer numbers did not mean much to RTHK as the figures only reflected the ratings of the TV stations broadcasting the programmes. RTHK was concerned that the public might be confused by the different sets of figures (representing different stations broadcasting RTHK's programmes) if RTHK was to publish them in the COR.

2.22 Audit notes RTHK's reasons for not reporting viewer numbers in the COR. However, Audit considers that the effectiveness of the PATV service can be better assessed by reference to viewer numbers. **To help stakeholders assess the effectiveness of the PATV service, Audit considers that there is a need for RTHK to report the viewer numbers of its PATV programmes in the COR.**

Common challenge faced by PSBs

2.23 Audit's research indicates that the PSBs of advanced countries often ask themselves what the justifications are for a PSB. This question is particularly relevant, given the very broad objectives of PSBs (i.e. to inform, educate and entertain the public) and the fact that commercial broadcasters are providing similar services without public funding (Note 12).

2.24 In Hong Kong, RTHK faces similar challenges. In a seminar on "Broadcasting in the New Media Era" in March 2001, the Director of Broadcasting commented on the question mentioned in paragraph 2.23 above, as follows:

Note 12: *In Hong Kong, the operations of commercial TV and radio broadcasters are governed by licences granted under the Broadcasting Ordinance (Cap. 562) and the Telecommunications Ordinance (Cap. 106) respectively. According to these licences, the licensees shall "**entertain, inform and educate the audience**" and ensure that their programming is "balanced in content and provides an adequate and comprehensive service which is responsive to the diverse needs and aspirations of the community".*

(a) traditionally, a PSB excels in providing a diverse and balanced quality programming to the public. RTHK believes that content is still king. Through years of committed programming, RTHK has cultivated a brand name which is recognised as a valuable asset both at home and abroad;

(b) a PSB takes care of minority audience interests, and provides programmes which may be at risk in the commercial sector. Examples of such programmes in Hong Kong include those provided by Radio Channel 3 for English listeners and by Radio Channel 4 for fine music lovers; and

(c) a PSB acts as a benchmark as far as production excellence is concerned. Its service should be innovative, creative and of a high quality. In a recent survey on public service broadcasting around the world, it has been found that the better the quality of the PSB, the better will be the quality of the country's broadcasting system in general. PSBs are therefore pace-setters. They set the tone for broadcasting and they enrich the cultural landscape.

Audit observations on the common challenge faced by PSBs

2.25 ***Justifications for PSBs.*** From the Director of Broadcasting's comments referred to in paragraph 2.24 above, Audit notes that the role of PSBs, vis-à-vis commercial broadcasters, is to serve minority interests, to provide diverse, innovative, creative and high-quality programmes, and to act as pace-setters for the broadcasting systems in general. **The justifications for PSBs lie in their success in fulfilling their role.**

2.26 ***The need to measure and report achievements.*** As the PSB in Hong Kong, RTHK and its staff are striving for success in fulfilling its role. However, the existing performance indicators in the COR cannot adequately reflect RTHK's achievements. For example, the existing appreciation index surveys (see para. 2.20 above) do not address questions such as whether RTHK's services are innovative, or how successful RTHK has been as a pace-setter for quality standards. **Audit considers that there is a need for RTHK to devise suitable performance indicators for reporting in the COR its achievements in these important areas. This will help stakeholders assess whether RTHK is fulfilling the role of a PSB.**

2.27 ***RTHK's comments.*** In response to the audit observations mentioned in paragraph 2.26 above, in August 2001 RTHK informed Audit that:

(a) the appreciation index survey results in 2000 showed that 9 of the 20 highest rated TV programmes were produced by RTHK. RTHK programmes received an average appreciation index rating of 73.6 which was above the industry average of 70.1;

(b) programmes such as "The Road Back" and "Primary School Quiz" could be regarded as trend-setters for documentary-cum-dramas and quiz shows;

(c) as a PSB, RTHK also looked after the under-privileged and the minority. An example was the "News Review" in which sign language was used to meet the needs of those viewers with hearing problems. Another example was the Putonghua versions of "Look & Learn" which were produced to meet the specific needs of Putonghua viewers; and

(d) RTHK would devise suitable performance indicators in the COR to report its achievements in these areas.

Audit recommendations on performance measurement and reporting

2.28 **Audit has *recommended* that the Director of Broadcasting should, building on the existing performance indicators, continue to improve the performance measurement and reporting of RTHK. In particular, he should:**

Staff productivity indicators

(a) **provide suitable staff productivity indicators in the COR for the PATV service (see paras. 2.10 and 2.12 to 2.14 above);**

(b) **consider setting productivity targets/standards for the PATV service, so as to help stakeholders assess the performance of the service (see para. 2.16 above);**

(c) **accord priorities to international benchmarking in order to seek productivity improvement (see para. 2.17 above);**

Effectiveness indicators

(d) **for the radio service, consider reporting in the COR qualitative indicators such as appreciation index survey results, so as to help stakeholders assess the effectiveness of the service (see para. 2.19 above);**

(e) **for the PATV service, report the viewer numbers of the PATV programmes in the COR, so as to help stakeholders assess the effectiveness of the service (see para. 2.22 above); and**

Common challenge faced by PSBs

(f) **devise suitable performance indicators for reporting in the COR RTHK's success in fulfilling the role of a PSB (see para. 2.26 above).**

Response from the Administration

2.29 The **Director of Broadcasting** agrees with the audit recommendations mentioned in paragraph 2.28 above. He has said that:

Staff productivity indicators

(a) RTHK will develop and introduce feasible staff productivity indicators in the COR starting from 2002-03;

(b) once sufficient in-house productivity statistics have been accumulated for the PATV service, RTHK will initiate work on setting productivity targets/standards;

(c) as reported in paragraph 2.5 above, RTHK has been using performance indicators comparable to those adopted by PSBs overseas. RTHK will continue with international benchmarking in developing KPIs to realistically reflect RTHK's performance and to seek productivity improvement;

Effectiveness indicators

(d) the radio service comprises a wide variety of programmes for different interest groups, such as the elderly, expatriates and cultural groups. It is not easy to come up with qualitative indicators that reflect the service in general. RTHK will include some qualitative questions in future surveys to ascertain whether it is possible to draw up suitable qualitative indicators;

(e) starting from 2002-03, he will include in the COR the prime-time viewership figures of RTHK's programmes shown on the two terrestrial TV stations; and

Common challenge faced by PSBs

(f) it is difficult to measure qualitative elements such as innovation and creativity. Nevertheless, he will attempt to devise performance indicators, as far as possible, for reporting RTHK's success in fulfilling the role of a PSB.

PART 3: BUDGETARY CONTROL

3.1 This PART examines RTHK's budgetary control on TV and radio programmes.

RTHK's budgetary control system

3.2 ***Macro level budgetary control.*** RTHK uses a two-tier budgetary control system. At the macro level, like all government departments, RTHK uses the Treasury's Ledger Accounting and Financial Information System for the control of expenditure under its head and subheads (Note 13). Before the beginning of each financial year, the Deputy Director of Broadcasting (DDB) will determine within RTHK the budgets for the heads of divisions/sections (who in RTHK are called vote controllers), based on the past spending pattern and known activities of the coming financial year. Vote controllers are required to explain expenditure variances (Note 14) to the DDB on a regular basis and to suggest remedial actions. Approvals from the DDB are required if vote controllers exceed their budgets. This mechanism has been effective in preventing overspending of RTHK's departmental provision and in keeping the overall expenditure of RTHK under control.

3.3 ***Micro level budgetary control.*** At the micro level, RTHK exercises budgetary control of its TV production on a programme basis, with the assistance of a computerised Costing System which began operation in 1996. For radio production, there is no similar budgetary control on a programme basis.

3.4 ***Audit findings.*** Audit's review of RTHK's budgetary control procedures has indicated that there is scope for improvement in the budgetary control of both TV (see paras. 3.7 to 3.12 below) and radio (see paras. 3.13 and 3.14 below) programmes at the micro level.

Direct costs of TV and radio programmes

3.5 ***Cost elements.*** The direct cost of a TV or radio programme is made up of the following cost elements:

(a) cost of materials and services purchased (including the services of artists and performers);

Note 13: *For RTHK, the head refers to Head 160 in the Annual Estimates. Under Head 160, there are six recurrent account subheads, namely: (a) salaries; (b) allowances; (c) job-related allowances; (d) Technical Services Agreement; (e) temporary staff; and (f) general departmental expenses. In addition, there are two capital account subheads, namely: (a) plant, vehicles and equipment; and (b) minor plant, vehicles and equipment (block vote).*

Note 14: *For any approved allocations of $300,000 or more, vote controllers in RTHK are required to give explanations for any significant expenditure variances (i.e. + or – 10% or more).*

(b) cost of in-house programme staff;

(c) cost of supporting services provided by the PSD (including filming services, editing services and art services); and

(d) cost of engineering and technical services provided by the contractor under the TSA.

3.6 ***Direct costs for 2000-01.*** The direct costs for the production of TV and radio programmes are substantial. For example, in 2000-01, the total direct costs incurred, as recorded in the Costing System, amounted to $184 million for TV programmes and $140 million for radio programmes. Table 5 below shows a breakdown of the direct costs incurred in 2000-01 for these programmes by cost elements.

Table 5

Direct costs of producing TV and radio programmes in 2000-01

Cost element	TV programmes ($ million)	Radio programmes ($ million)
Materials and services purchased	63	59
Programme staff	61	67
Supporting services provided by PSD	46	3
Engineering and technical services provided under TSA	14	11
Total direct cost	**184**	**140**

Source: RTHK's records

Budgetary control of TV programmes

3.7 ***Programme Offer exercises.*** Before the start of each financial year, RTHK carries out a "Programme Offer" exercise on TV programmes. The purpose of the exercise is to prepare budgets and allocate resources for individual TV programmes. A typical Programme Offer exercise is made up of the steps shown in Table 6 below.

Table 6

Steps in a typical Programme Offer exercise

(a) The Finance and Resources Unit (FRU) issues a call circular for bids of resources.

(b) The two TV Divisions (i.e. the PATV Division and the ETV Division) estimate the resources required for individual TV programmes. The estimation takes into account certain production standards, such as the number of editing sessions required for an episode of a drama.

(c) The two TV Divisions submit bids for resources for each TV programme on a standard bid form to the FRU.

(d) The FRU and the two TV Divisions discuss the bids vis-à-vis the total resources available. Through discussions, they will arrive at an agreed allocation for each TV programme. The final agreed allocations are approved by officers at the directorate level, namely the Assistant Director (PATV) and the Controller (ETV).

(e) **The approved allocation for each TV programme becomes the budget for that programme. The FRU will input the budget data into the Costing System for each TV programme for budgetary control purposes.**

Source: RTHK's records and Audit's enquiries

3.8 ***Monitoring of costs.*** The Costing System captures the actual costs incurred by TV programmes. The system allows users to enquire, through user terminals, both the budget and actual costs at the programme level. This enables users to monitor the costs of a TV programme against the budget.

Audit observations on budgetary control of TV programmes

3.9 ***Budget variances.*** Audit analysed the data in the Costing System to ascertain whether there were significant budget variances at the programme level. Audit's analysis revealed that, of the 91 TV programmes which had incurred a direct cost of more than $100,000 each in 2000-01:

(a) 37 programmes (i.e. 41%) were within budgets;

(b) 34 programmes (i.e. 37%) had exceeded the budgets, out of which 20 programmes (i.e. 22%) had exceeded the budgets by more than 20%; and

(c) for 20 programmes (i.e. 22%), no budget data were recorded in the Costing System.

3.10 ***RTHK's comments on budget variances.*** In response to Audit's enquiries on the budget variances, RTHK informed Audit in August 2001 that:

(a) with regard to paragraph 3.9(b) above, the vote controllers in RTHK (see para. 3.2 above) were allowed flexibility in deploying the allocated resources under their control. It was not unusual for them to approve budget revisions for individual programmes to meet changing needs. Unfortunately, the revised budget data were not input into the Costing System and formal records of the budget revisions were not kept;

(b) with regard to the 20 programmes mentioned in paragraph 3.9(c) above, they were new programmes added after the Programme Offer exercise. Budget approvals for these programmes had been obtained from the vote controllers concerned in RTHK. There was no question of incurring costs without budget approvals. However, the budget data were not input into the Costing System and formal records of the budget approvals were not kept; and

(c) RTHK accepted that there were inadequacies in the existing budgetary control procedures and, in the light of the audit findings, it would review and improve the situation.

3.11 ***Improvements needed.*** The audit findings on budget variances in paragraph 3.9 above indicate that there is scope for improvement in the budgetary control of TV programmes. **There is a need for clear instructions requiring RTHK staff to obtain formal approvals from the senior management for budget revisions, and to keep formal records of such approvals. There is also a need to ensure that the revised budget data are input into the Costing System for budgetary control purposes.**

3.12 ***Exception reports.*** To help the senior management identify significant budget variances and take prompt remedial actions, starting from July 2001, exception reports showing programmes with unfavourable variances are produced and sent to the Assistant Director (PATV) and the Controller (ETV) for explanations and follow-up actions. **Audit notes that this recent**

improvement will help RTHK's senior management better monitor the costs of programmes and take timely follow-up actions.

Budgetary control of radio programmes

3.13 As indicated in paragraph 3.3 above, there is no similar budgetary control on a programme basis for radio production. From enquiries with RTHK staff, Audit understands that RTHK places more importance on the budgetary control of radio production at the macro level (see para. 3.2 above). Audit also understands that RTHK's Costing System was designed primarily for the cost control of TV programmes which were more resource intensive compared with radio programmes.

Audit observations on budgetary control of radio programmes

3.14 Audit notes that the resources used on radio programmes, in terms of direct costs, amounted to $140 million in 2000-01 (see Table 5 in para. 3.6 above). **Given the large amount of resources used, Audit considers that, in addition to the control at the macro level, there are merits for RTHK to set up a budgetary control mechanism for radio production at the micro level. This will enhance RTHK's budgetary control and resource management.**

Audit recommendations on RTHK's budgetary control

3.15 **Audit has *recommended* that the Director of Broadcasting should take action to strengthen the budgetary control on TV and radio programmes. In particular, he should:**

TV programmes

(a) **issue departmental instructions requiring RTHK staff to obtain formal approvals from the senior management for budget revisions and keep formal records of such approvals (see para. 3.11 above);**

(b) **ensure that all revised budget data are input into the Costing System for budgetary control purposes (see para. 3.11 above);**

(c) **with the assistance of exception reports, closely monitor the costs of programmes and take prompt follow-up actions on significant budget variances (see para. 3.12 above); and**

Radio programmes

(d) **consider setting up a budgetary control mechanism for radio production at the micro level, so as to enhance budgetary control and resource management (see para. 3.14 above).**

Response from the Administration

3.16 The **Director of Broadcasting** agrees with the audit recommendations mentioned in paragraph 3.15 above. He has said that:

TV programmes

(a) as recommended by Audit, he has issued instructions requiring RTHK staff to obtain formal approvals from the senior management for budget revisions and keep formal records of such approvals;

(b) RTHK will improve the Costing System to capture updated and comprehensive budget data;

(c) with the assistance of exception reports, which have been produced since July 2001, RTHK will closely monitor budget variances and take prompt follow-up actions; and

Radio programmes

(d) RTHK will consider developing a budgetary control mechanism at the micro level for radio production.

PART 4: PROCUREMENT OF SERVICES

4.1 This PART examines RTHK's procedures for the procurement of services.

Procedures for procurement of services

4.2 RTHK procures services from external suppliers when there are insufficient in-house resources to meet its operational needs. Major services procured include the production of TV programmes (e.g. school ETV programmes), filming services and scene setting services. In 2000-01, RTHK spent $68 million on the procurement of services.

4.3 ***Procurement procedures.*** RTHK has a set of procedural guidelines for the procurement of services. From time to time, RTHK updates the procedural guidelines to reflect changes in the Government's Stores and Procurement Regulations (SPRs). According to RTHK's guidelines issued in June 1999, which are currently in force, RTHK staff are required to follow the following procedures when procuring services with a value not exceeding $1.3 million (Note 15):

(a) ***Invitation of quotations.*** The user section should invite quotations from suppliers. If the procurement amount does not exceed $50,000, more than one quotation should be obtained. If the amount exceeds $50,000, normally five written quotations should be obtained; and

(b) ***Approval of offer.*** The user section should select the offer with the lowest price. Otherwise, it has to provide justifications. If the amount does not exceed $50,000, the Supplies Officer of the FRU approves the acceptance of the offer. If the amount exceeds $50,000, the approval has to be given by an Assistant Director.

4.4 ***Audit findings.*** Audit recently conducted a review of RTHK's procurement of services. In the review:

Note 15: *More stringent requirements are stipulated in the SPRs for the procurement of services with a value exceeding $1.3 million. For example, for the procurement of services with a value exceeding $1.3 million but not exceeding $10 million, the approval of the Government Supplies Department Tender Board has to be sought before the relevant tender can be awarded. In 2000-01, there was no procurement of services by RTHK with a value exceeding $1.3 million.*

(a) Audit found that, following a study by the Corruption Prevention Department of the Independent Commission Against Corruption (ICAC), RTHK had been implementing various improvement measures to strengthen its procurement procedures (see paras. 4.5 to 4.7 below); and

(b) Audit identified further scope for improvement in RTHK's procedures for hiring film crews (see paras. 4.10 to 4.20 below).

ICAC's study

4.5 In early 2000, the ICAC conducted a study on RTHK's procedures for the engagement of contractors for programme production. In its study report issued in April 2000, the ICAC pointed out that the procurement of services was a corruption-prone area. It was important for RTHK to ensure that contracts were let to service providers in an open and equitable manner.

4.6 The ICAC made 34 recommendations to address the problems identified in various aspects of RTHK's procurement procedures. In September 2000, RTHK accepted all the ICAC recommendations.

Implementation of improvement measures

4.7 As at June 2001, RTHK had implemented 19 of the 34 improvement measures recommended by the ICAC and efforts were continuing to implement the remaining ones. Salient examples of those ICAC recommendations that had yet to be fully implemented, together with RTHK's progress of implementation as at June 2001, are shown in Appendix B.

Audit observations and recommendations arising from ICAC's study

4.8 **The improvement measures recommended by the ICAC will help ensure that RTHK's contracts and jobs are awarded in an open and equitable manner. Audit has *recommended* that the Director of Broadcasting should:**

(a) **expedite action to implement the improvement measures recommended by the ICAC as soon as possible; and**

(b) **draw up an action plan to facilitate monitoring of the implementation of the outstanding ICAC recommendations.**

Response from the Administration

4.9 The **Director of Broadcasting** welcomes the audit recommendations mentioned in paragraph 4.8 above. He has said that:

(a) the ICAC requests an implementation progress report every three months and, so far, two progress reports have been submitted. RTHK will continue to closely monitor the progress of implementation. RTHK will discuss with the ICAC when operational difficulties are encountered in implementing fully the latter's recommendations; and

(b) he will include a brief action plan in the next progress report to the ICAC.

Hiring of film crews

4.10 RTHK frequently procures filming services. In 2000-01, RTHK spent about $7 million on the hiring of film crews. Audit identified further scope for improvement in RTHK's procedures for hiring film crews. The audit findings, which focused on the high-value cases (i.e. those exceeding $50,000 each), are reported in paragraphs 4.11 to 4.20 below.

Audit observations on non-compliance with the requirement of obtaining written quotations

4.11 ***RTHK's current practice.*** The Film Services Section of RTHK maintains two supplier lists (for different recording formats) to facilitate the hiring of film crews. The lists show the charging rates of different suppliers (which range from about $5,000 to $6,000 per day for the supply of a basic film crew of three members). The Film Services Section updates the charging rates shown on the supplier lists on an ad hoc basis, mainly after new information on the charging rates has been received from individual suppliers. The following is a brief description of RTHK's current practice for hiring film crews:

(a) the user section short-lists suppliers from the appropriate supplier list. If the job is estimated to exceed $50,000, five suppliers are short-listed;

(b) no written quotations are sought from the short-listed suppliers. Instead, the user section calculates the service charges of the short-listed suppliers by reference to the charging rates shown on the supplier list; and

(c) the Film Services Section checks, verbally, with the short-listed suppliers to find out if they will be available on the scheduled filming dates. The user section then selects a supplier among the available short-listed suppliers and puts up its recommendation to the designated officer for approval. For jobs exceeding $50,000, the Assistant Director (PATV) is the designated approving officer.

4.12 ***Non-compliance with SPR.*** For the procurement of services exceeding $50,000 but not $1.3 million, SPR 280(c) states that departments "must obtain **written quotations** from not less than five contractors". A similar requirement is stated in RTHK's procedural guidelines referred to in paragraph 4.3(a) above. However, for the hiring of film crews, RTHK's current practice of not seeking written quotations (see para. 4.11(b) above) does not comply with SPR 280(c). **To comply with SPR 280(c), Audit considers that RTHK needs to ensure that not less than five written quotations are obtained for each filming job.**

4.13 ***RTHK's difficulties in complying with SPR.*** In response to Audit's observations mentioned in paragraph 4.12 above, RTHK informed Audit in August 2001 that:

(a) as suggested by Audit, it would request service providers to submit written quotations; and

(b) given the short time available and the nature of TV production, some service providers might not be able to respond to RTHK's requests. Therefore, it might not be possible for RTHK to obtain the required number of written quotations for every procurement. Where less than five written quotations are obtained, the reasons would be documented.

Audit observations on the checking of availability of suppliers

4.14 ***Verbal checking of availability of suppliers.*** Under RTHK's current practice, the availability of short-listed suppliers on the scheduled filming dates is checked only verbally (see para. 4.11(c) above). If a supplier indicates that he is not available, his service will not be considered regardless of his charges. Of the 47 high-value jobs (i.e. those exceeding $50,000 each) awarded in 2000-01, the services of the suppliers with the lowest charges in 11 jobs (i.e. 23%) were not considered because verbal enquiries indicated that they would not be available on the scheduled filming dates.

4.15 ***Need for written confirmations.*** In Audit's view, the current practice (of checking suppliers' availability solely by verbal enquiries) puts at risk the openness and fairness of the job

awarding system. **In cases where a supplier has indicated verbally that he will not be available on the scheduled filming dates, Audit considers that there is a need for RTHK to obtain a written confirmation.**

Audit observations on jobs not awarded to the suppliers with the lowest charges

4.16 ***Audit's analysis.*** Audit's analysis of the 47 high-value cases awarded in 2000-01 also revealed that in 19 cases (i.e. 40%), the jobs were awarded to the suppliers whose charges were not the lowest (among the suppliers who had indicated that they would be available on the scheduled filming dates). The usual justifications for awarding jobs to such suppliers were that they had better experience and service.

4.17 ***Audit case study.*** Audit selected for case study the award of a job by RTHK for filming a drama episode in April 2000. **In this case, the charges of the five short-listed suppliers ranged from $106,720 to $128,240. RTHK awarded the job to the supplier who charged the highest amount.** Of the four other suppliers, one said he would not be available on the scheduled filming dates. As regards the other three suppliers, the recommending officer stated that they did not have much experience in drama filming. However, the recommending officer did not provide documentary evidence to substantiate his view.

4.18 ***Suppliers awarded jobs on other occasions.*** Audit's scrutiny of RTHK's records indicated that the three suppliers, who were considered by the recommending officer as lacking experience in drama filming, had been awarded drama filming jobs on other occasions on the recommendations of other RTHK officers. Audit could not find documentary evidence in RTHK's relevant records indicating that their performance was unsatisfactory. On the contrary, RTHK's records showed that, in January 2000, all these three suppliers had been given "very satisfactory" overall performance ratings, by other RTHK users, in the filming of drama episodes.

4.19 ***Clear and objective assessment criteria needed.*** The audit findings in paragraphs 4.17 and 4.18 above indicate that, without a set of clear and objective assessment criteria for awarding jobs, the subjective judgement of individual recommending officers tends to play a dominant role in the evaluation process. In this connection, it is worth noting that the ICAC has recommended the introduction of a marking scheme, consisting of a set of assessment criteria and relative weightings, for the tender evaluation of school ETV programmes (see para. 6 of Appendix B). **In Audit's view, the introduction of a similar marking scheme for the hiring of film crews and the provision of other major services (e.g. scene setting services) will help ensure that RTHK procures the services in an open and equitable manner.**

4.20 ***RTHK's comments on Audit's case study.*** In response to Audit's enquiries about the case mentioned in paragraphs 4.17 and 4.18 above, RTHK informed Audit in August 2001 that:

Case-specific comments

(a) in choosing among the five suppliers in that case, the recommending officer's main consideration was the quality of camera work and lighting. The programme was a serialised drama with very distinctive visual style and special choice of sets, costumes and colour schemes. It was different from other drama series where each episode had its general theme;

(b) two suppliers were short-listed for final consideration. The first choice was the cheapest, but the supplier was not available on the scheduled filming dates. Thus the second preferred supplier (who charged the highest amount) was selected;

General comments

(c) there was a wide spectrum of dramas. For example, dramas of stylistic cinema-photography and youth dramas with action and pace should be treated in different ways. It would be difficult to draw up a set of standard criteria to rate the suitability of different film crews under the broad term of drama productions;

(d) different producers had different expectations and emphases. This in turn led to their preferred choices of film crews;

(e) communication between the producer and cameraman was another important factor for consideration. Good communication and mutual understanding between the two parties would enhance production efficiency and quality;

(f) the matching of working style and personality was also a major factor to be considered in choosing a film crew;

Improvement measures to be taken

(g) RTHK agreed that, in future, where jobs were to be awarded to those suppliers other than the one who would charge the lowest amount, documentary evidence would be provided to support the decisions; and

(h) regarding Audit's observations in paragraph 4.19 above, a marking scheme (consisting of a set of assessment criteria and relative weightings) would be ready for discussion in September 2001. The implementation of the marking scheme would be expected in October 2001.

Audit recommendations on the hiring of film crews

4.21 **Audit has *recommended* that the Director of Broadcasting should:**

(a) **ensure compliance with the requirement stated in SPR 280(c) that, for jobs exceeding $50,000, written quotations from not less than five contractors should be obtained (see paras. 4.12 and 4.13(a) above);**

(b) **if difficulties are encountered in obtaining the number of written quotations required by SPRs, seek the advice of the Government Supplies Department (see para. 4.13(b) above);**

(c) **in cases where a supplier has indicated verbally that he will not be available on the scheduled filming dates, require RTHK staff to obtain the supplier's written confirmation (see para. 4.15 above); and**

(d) **implement a marking scheme for the hiring of film crews and procurement of other major services such as scene setting services (see para. 4.19 above).**

Response from the Administration

4.22 The **Director of Broadcasting** welcomes the audit recommendations mentioned in paragraph 4.21 above. He has said that:

(a) RTHK has advised all existing service providers of the need to provide written quotations. It will document the process of obtaining quotations for record purpose;

(b) he will seek the advice of the Government Supplies Department if difficulties are encountered;

(c) RTHK is already making efforts to obtain written confirmations from suppliers who are not available. RTHK staff will document such efforts for record purpose; and

(d) following recent discussions on the proposed assessment criteria, RTHK needs some time to develop and decide on an appropriate marking scheme.

PART 5: MANAGEMENT OF OVERTIME WORK

5.1 This PART examines RTHK's management of overtime (OT) work.

Government's guidelines on administration and control of OT

5.2 In May 1998, following a number of reviews by the ICAC, the Civil Service Bureau (CSB) issued a set of revised guidelines (CSB Circular No. 10/98) on the administration of OT to bureaux and departments. According to the guidelines:

(a) OT work may only be undertaken when it is strictly unavoidable. It is the personal responsibility of a Head of Department to ensure that OT work is kept to the minimum compatible with operational requirements, and that at all times it is strictly controlled and properly supervised;

(b) time-off in lieu is the normal recompense for OT work. OT allowance (OTA) should only be granted when time-off in lieu is impracticable; and

(c) when OT becomes a regular pattern of work or has reached an excessive level, departments should review the work patterns and consider alternative methods of deploying staff such as rescheduling duty hours or the weekly rest days. Where the problem is serious, they should review the establishment of the office concerned to see if additional resources are required.

5.3 In November 2000, following a review of the OT policy, the CSB issued Circular No. 18/2000 on the administration and control of OT to replace CSB Circular No. 10/98. CSB Circular No. 18/2000 restates the guidelines referred to in paragraph 5.2 above and provides additional guidelines to strengthen controls.

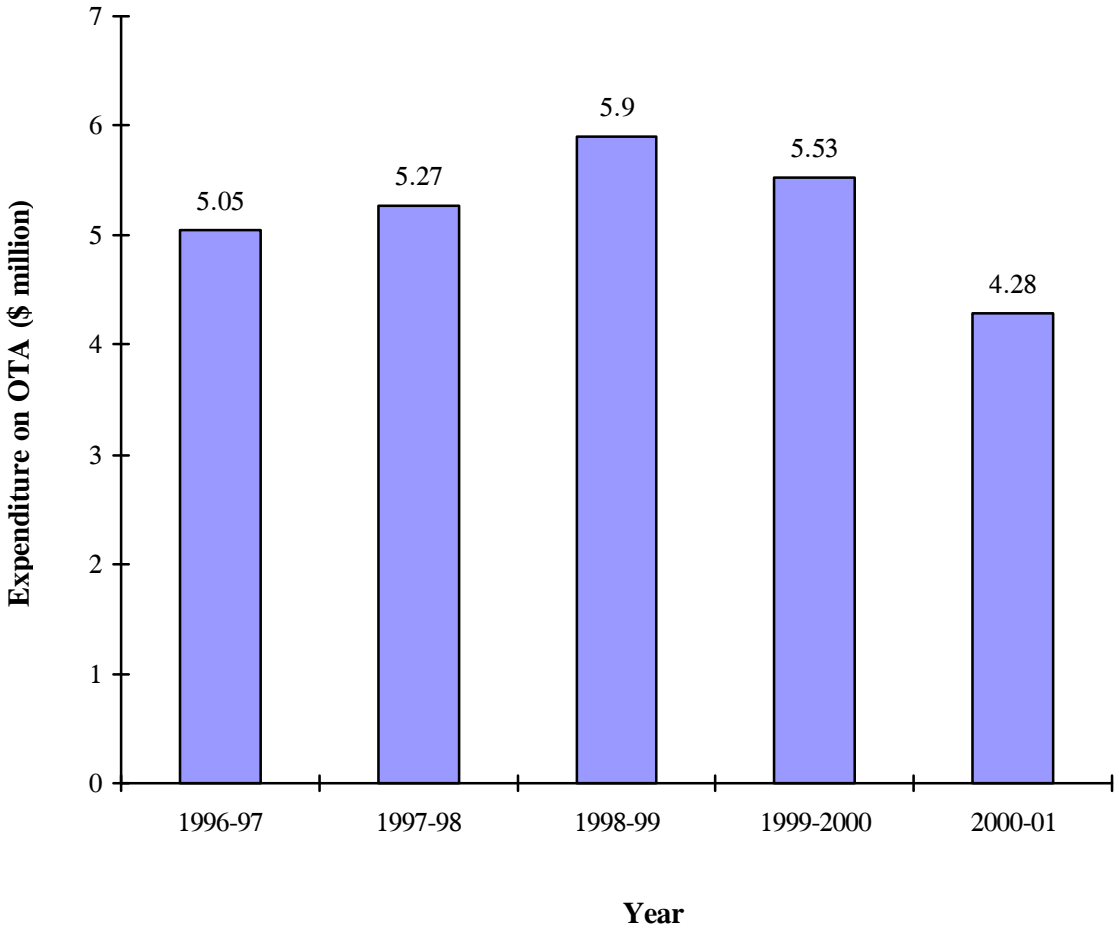
RTHK's expenditure on OTA

5.4 OT work is common in RTHK. In 2000-01, OTA of $4.28 million was paid to RTHK staff (Note 16). Of this amount, $1.73 million (40%) were paid to the drivers of RTHK's Transport Section, $1.16 million (27%) to staff of the Scenic Services Unit and $0.25 million (6%) to staff of the Film Services Section. Figure 1 below shows RTHK's expenditure on OTA for the five years from 1996-97 to 2000-01.

Note 16: *According to Civil Service Regulation 670, officers in ranks whose scale maxima are on or below Point 25 and whose scale minima are on or below Point 19 of the Master Pay Scale are eligible for OTA.*

Figure 1

RTHK's expenditure on OTA
for the five years from 1996-97 to 2000-01



Source: RTHK's records

5.5 ***Audit findings.*** As shown in Figure 1 above, RTHK's expenditure on OTA had peaked in 1998-99 and had, thereafter, decreased from $5.9 million in 1998-99, by 27%, to $4.28 million in 2000-01. This substantial decrease was due mainly to an increased outsourcing of supporting services such as transportation services to supplement the work of in-house staff. While Audit welcomes the reduction of OTA expenditure since 1998-99, Audit's recent review has identified the following areas which require RTHK's attention and further action:

(a) the need to use time-off as the normal recompense for OT work (see paras. 5.6 to 5.9 below);

(b) the need to accurately report the times film crews return to RTHK after performing outdoor duties (see paras. 5.10 to 5.16 below); and

(c) the need to ensure compliance with Civil Service Regulation (CSR) 667 (see paras. 5.17 to 5.19 below).

Audit's analysis of OT work and how it was recompensed

5.6 As indicated in paragraph 5.4 above, most of the OTA was paid to the drivers of RTHK's Transport Section, staff of the Scenic Services Unit and staff of the Film Services Section. Audit analysed the OT work carried out by these staff to assess the extent to which it had been recompensed by OTA and time-off. Records of OT work in March 2001 were selected for review. Table 7 below shows the results of Audit's analysis.

Table 7

Audit's analysis of OT work for the month of March 2001 to ascertain the extent of recompense by OTA and time-off

	Average OT hours per staff member		
Staff	**OT hours**	**Hours recompensed by OTA**	**Hours recompensed by time-off**
	(a)	**(b)**	**(c)**
Drivers. There were 24 government drivers in RTHK's Transport Section manning a fleet of saloon cars, vans and other special-purpose vehicles.	72	**55 (76%)**	17 (24%)
Staff of the Scenic Services Unit. There were 29 staff in this Unit who were regularly paid OTA. These staff consisted mainly of Artisans and Senior Artisans.	36	**36 (100%)**	0 (0%)
Staff of the Film Services Section. There were 13 staff in this Section who were regularly paid OTA. They were Programme Assistants and Artisans (Note).	59	**26 (44%)**	33 (56%)

Source: Audit's analysis of RTHK's records

Note: The analysis above did not include 29 staff at the Programme Officer and Assistant Programme Officer ranks in the Film Services Section, who on average worked 56 OT hours each in March 2001. Their OT hours were all recompensed by time-off because they were not eligible for OTA (see Note 16 to para. 5.4 above).

Audit observations on using time-off as recompense for OT work

5.7 ***Time-off as the normal recompense for OT work.*** According to the guidelines issued by the CSB, time-off should be the normal recompense for OT work. OTA should only be granted when time-off is impracticable (see para. 5.2(b) above). However, Table 7 above indicates that the OT work of these RTHK staff was recompensed mainly by OTA. In particular, for the staff of the Scenic Services Unit, all OT work was recompensed by OTA. **Audit considers that there is a need for RTHK to critically review the current practices, so as to ensure that time-off is used as the normal recompense for OT work.**

5.8 ***Staff constraints.*** In response to Audit's enquiries about the recompense for OT work, in August 2001 RTHK informed Audit that:

(a) the granting of time-off would very much depend on the availability of manpower vis-à-vis RTHK's production requirements. The decision to grant time-off was also affected by other factors, such as last-minute changes of booking schedules, ad hoc urgent production requests and staff taking sick leave and vacation leave at short notices. All these factors could upset the duty rosters and create temporary manpower shortage problems; and

(b) all the OT work of the Scenic Services Unit was recompensed by OTA because of the acute shortage of staff. In general, the establishment of the PSD was insufficient to cope with the normal production demand, particularly in the Scenic Services Unit.

5.9 ***Measures to overcome problems posed by staff constraints.*** Audit appreciates that staff constraints could pose problems if RTHK uses time-off as the normal recompense for OT work. In this connection, Audit notes that, like other government departments, RTHK could employ NCSC staff or outsource the services provided by its in-house government staff. To some extent, RTHK is using these options to meet staff shortfall. **Audit considers that an increased use of these options will enable RTHK to grant time-off as the normal recompense for OT work (Note 17). Furthermore, employing NCSC staff and using outsourcing are likely to be more economical than paying OTA.** For example, Audit's research indicates that the cost per hour of an NCSC driver (i.e. $67) could be 30% lower than the OTA hourly rate payable to a government driver (i.e. $96). More examples are shown in Appendix C.

Note 17: *For example, by employing an additional NCSC driver, the total driver-hours available in RTHK will be increased by about 180 per month. This will enable RTHK to grant 180 hours of time-off per month as the recompense for the OT work of its existing drivers.*

Time reporting of film crews

5.10 ***Film crews.*** The Film Services Section provides film crews for carrying out filming jobs. A film crew usually consists of a cameraman, a soundman, a lightingman and occasionally one or two general assistants. In carrying out filming jobs, the film crews often have to work OT.

5.11 ***Job Assignment Form.*** The Film Services Section makes use of a computer system to monitor filming jobs. For each job, the system produces a Job Assignment Form (JAF) for each working day. At the end of a working day, the crew leader (usually the cameraman) reports on the JAF:

(a) the time when the crew returns to RTHK (i.e. the return time); and

(b) the time when the crew is off-duty. The reported off-duty time is usually 15 minutes after the reported return time. The 15 minutes are used for returning filming equipment to the storeroom.

The producer in charge of the job countersigns on the JAF. **The JAF serves as the official attendance record of the film crew. The reported off-duty time in the JAF is used for OT calculations.**

5.12 ***Audit case study.*** In respect of a filming job carried out on 31 March 2001, which Audit selected for case study, Audit found that the reported return time in the JAF was inaccurate. The following were Audit's findings:

(a) according to the JAF, after performing outdoor filming duties, the film crew returned to RTHK at 9:30 p.m. Fifteen minutes later, at 9:45 p.m., the crew was off-duty; and

(b) according to the relevant vehicle log book (Note 18), the vehicle which conveyed the film crew had returned to RTHK at 7:45 p.m. This was one hour 45 minutes **earlier** than the reported return time in the JAF.

Note 18: *According to the instructions printed in the vehicle log books: the driver should precisely record the point of departure and destination for each journey; the departure time and arrival time for each journey from point of departure to destination must be accurately recorded; and at the end of each journey, the officer using the vehicle must sign his name in the signature column. Given these stringent reporting requirements, Audit considered that vehicle log books should provide a reliable and independent source of evidence for verifying the times when film crews actually returned to RTHK.*

5.13 ***Further audit checking of vehicle log books.*** To ascertain whether there were other similar cases, Audit selected the JAFs of those filming jobs involving the use of government vehicles, for the months of December 2000 and March 2001, for cross-checking against the relevant vehicle log books. A total of 203 jobs were cross-checked. In 33 of these jobs (i.e. 16%), Audit found that the return times shown in the vehicle log books were much earlier than the reported return times in the JAFs. Table 8 below shows the results of Audit's examination.

Table 8

Audit's examination of JAFs of filming jobs involving the use of government vehicles (for the months of December 2000 and March 2001)

	Number of jobs involving the use of government vehicles	Number of jobs where the return time shown in the vehicle log book was earlier than the reported return time in the JAF		
		Earlier by 30 to 59 minutes	Earlier by 60 minutes or more	Total
		(a)	(b)	(c) = (a) + (b)
December 2000	108	7	10	17
March 2001	95	5	11	16
Overall	**203**	**12 (6%)**	**21 (10%)**	**33 (16%)**

Source: Audit's analysis of RTHK's records

5.14 ***RTHK's comments on Audit's findings.*** In August 2001, in response to Audit's enquiries about the findings mentioned in paragraphs 5.12 and 5.13 above, RTHK informed Audit that:

(a) a filming job mainly involved three parties, namely the producer, the film crew and the driver. The driver was responsible for transporting staff and equipment;

(b) the producer and the film crew were normally required to perform other duties after returning to RTHK. Such duties included equipment alignment, production briefing

and discussion of production plan, video segments viewing and recording of graphic materials. Hence, their working time was usually longer than the actual time the vehicle was used;

(c) in the specific case mentioned in paragraph 5.12 above, unfortunately, the reported return time of 9:30 p.m. in the JAF was inaccurate. **However, the reported off-duty time of 9:45 p.m. in the JAF, which was eventually used for OT calculations (see para. 5.11(b) above), was accurate.** During the two hours between the return time shown in the vehicle log book (i.e. 7:45 p.m.) and the off-duty time reported in the JAF (i.e. 9:45 p.m.), the producer and the film crew were engaged in some of the duties referred to in inset (b) above; and

(d) **RTHK would consider modifying the JAFs, so that the producers and the film crews could report the vehicle in/out times, and provide a more detailed account of the work they performed after returning to RTHK. This would improve control and facilitate independent checking of OT work.**

Audit observations on reported return times of film crews

5.15 ***The need to ensure records are accurate.*** The JAFs serve as the official attendance records of RTHK's film crews and are used for OT calculations. The records entered into the JAFs require a high level of credibility. **Audit considers it necessary for RTHK to remind its staff of the need to record all information (such as the return times) accurately in the JAFs. It is also necessary for RTHK to enhance the independent checking of the JAFs.** The modification of the JAFs, as suggested by RTHK (see para. 5.14(d) above), would improve control and facilitate independent checking of OT work.

5.16 ***Further assurance needed.*** With regard to the case mentioned in paragraph 5.12 above, Audit notes RTHK's assurance that the reported off-duty time in the JAF was accurate and, as a result, there was no overstatement of OT (see para. 5.14(c) above). **For the other cases reported in Table 8 of paragraph 5.13 above, Audit considers that there is a need for RTHK to provide similar assurance. The film crews concerned should be asked to account for their activities between the return times shown in the relevant vehicle log books and the reported off-duty times in the JAFs.**

Non-compliance with CSR 667

5.17 ***CSR 667.*** According to CSR 667, a minimum period of one hour of OT in respect of any one shift must be worked before OTA is payable. Periods of OT of less than one hour per

shift may be recompensed only by time-off and may not be accumulated for the purpose of claiming OTA.

5.18 ***Audit examination of OTA claims.*** Audit's examination of the OTA claims of the Scenic Services Unit, for the months of September 2000 and March 2001, revealed that the claims submitted by six officers in the Unit did not comply with CSR 667. Audit's examination indicated that, in the two selected months, the six officers had together worked 155 half-hour OT periods. Contrary to CSR 667, they had accumulated these OT periods to claim OTA.

Audit observations on non-compliance with CSR 667

5.19 **Audit considers it necessary for RTHK to remind its staff of the need to comply with CSR 667 in claiming OTA. Audit also considers it necessary for RTHK to take follow-up action on the cases reported in paragraph 5.18 above, so as to determine what remedial actions (e.g. recovery of overpayments) should be pursued.** In response to the audit findings, in August 2001 RTHK informed Audit that it had immediately stopped the payment of OTA (for the half-hour periods of OT) to the officers concerned. It would also conduct an investigation into the cases reported to determine what remedial actions should be taken.

Audit recommendations on management of OT

5.20 **Audit has *recommended* that the Director of Broadcasting should make continued efforts to improve the management of OT and to reduce expenditure on OTA. In particular, he should:**

Time-off as the normal recompense for OT work

(a) **critically review the practices for recompensing OT work in RTHK and ensure that time-off is used as the normal recompense for OT work (see para. 5.7 above);**

(b) **consider employing more NCSC staff and using outsourcing to enable RTHK to grant time-off as the normal recompense for OT work (see para. 5.9 above);**

The need to ensure information in the JAFs is accurate

(c) **remind RTHK staff of the need to record all information (such as the return times) accurately in the JAFs (see para. 5.15 above);**

(d) **take appropriate action to enhance the independent checking of the JAFs to ensure that all information reported therein is accurate (see para. 5.15 above);**

(e) **for the cases reported in Table 8 of paragraph 5.13 above, ask the film crews concerned to account for their activities between the return times shown in the relevant vehicle log books and the reported off-duty times in the JAFs, so as to provide an assurance that the OT claims in these cases were proper (see para. 5.16 above);**

Compliance with CSR 667

(f) **remind RTHK staff of the need to comply with CSR 667 in claiming OTA (see para. 5.19 above); and**

(g) **take follow-up action on the cases reported in paragraph 5.18 above, so as to determine what remedial actions (e.g. recovery of overpayments) should be pursued (see para. 5.19 above).**

Response from the Administration

5.21 The **Director of Broadcasting** agrees with the audit recommendations mentioned in paragraph 5.20 above. He has said that:

Time-off as the normal recompense for OT work

(a) time-off will be used as the normal recompense for OT work as far as staff rosters permit;

(b) RTHK has been using NCSC staff and outsourcing to reduce OT, and will keep on doing so in future;

The need to ensure information in the JAFs is accurate

(c) he has reminded all producers and film crews again of the requirement to record correct information in the JAFs. Compliance with this requirement will be closely monitored;

(d) the JAFs will be modified shortly to enable accurate recording of the information and to facilitate supervisory checking;

(e) regarding the cases reported in Table 8 of paragraph 5.13 above, he has obtained from the film crews concerned an account of their activities between the return times shown in the relevant vehicle log books and the reported off-duty times in the JAFs. He is assessing the findings with a view to taking improvement measures;

Compliance with CSR 667

(f) he has reminded his staff of the need to comply with CSR 667 in claiming OTA; and

(g) he is investigating the cases reported in paragraph 5.18 above and will take appropriate action in due course.

5.22 The **Secretary for the Civil Service** has said that he welcomes the audit report and would like to see RTHK improve the administration of OT in the light of Audit's recommendations. He has also said that:

(a) sufficient guidelines are provided in CSB Circular No. 18/2000 for the control and administration of OT; and

(b) regarding the findings in Table 8 of paragraph 5.13 above, he supports Audit's recommendation that the staff concerned should be asked to account for their activities between their return times and off-duty times. Relevant disciplinary or administrative actions should be considered if misconduct or performance inadequacy is identified.

PART 6: SCHOOL EDUCATIONAL TELEVISION SERVICE

6.1 This PART examines the school ETV service (i.e. Programme 3: School ETV Production in the COR of RTHK). This service, which helps implement the Government's education policy, is provided jointly by RTHK and the ED.

Objectives of the school ETV service

6.2 The Government started to broadcast school ETV programmes to primary schools in 1971 and to secondary schools in 1976. Before 1999, the school ETV service was available only to students from Primary 3 to Secondary 3 levels. Nowadays, it is available to students from Primary 1 to Secondary 5 levels. The objectives of the school ETV service are to:

- enhance teaching and learning
- motivate pupils to learn
- assist pupils to acquire knowledge and to develop necessary skills and attitudes
- support the implementation of the school curriculum

The roles of EMB, ED and RTHK

6.3 The EMB is the policy bureau for the school ETV service. The ED is primarily responsible for developing school ETV programmes and writing programme scripts. RTHK is responsible for the production of the programmes. Staff of the ED and RTHK work closely throughout the production process.

6.4 In 2000-01, RTHK spent $58 million on school ETV production. The ED spent $23 million on the school ETV service.

Mode of operation

6.5 ***Subjects covered.*** The school ETV programmes cover four common subjects in primary and secondary schools, namely Chinese Language, English Language, Mathematics and Putonghua. Other curriculum-based programmes, such as General Studies for primary schools and Science and Social Studies for secondary schools, are also provided. In addition, special programmes are produced to meet specific educational needs of the schools (Note 19). The

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Note 19: *Examples of special programmes produced include subjects such as civic education, moral education, information technology, music and physical education.*

duration of a programme is about 10 to 15 minutes for primary education and about 20 minutes for secondary education.

6.6 ***Medium of instruction.*** Cantonese is the medium of instruction in all programmes except two subjects (i.e. Putonghua and English Language). From 1999 onwards, English versions of a few science and social education programmes are available to those secondary schools which have adopted English as the medium of instruction.

6.7 ***Broadcast schedule.*** School ETV programmes are scheduled for broadcast for 32 weeks of a school year. They are broadcast on weekdays from 8 a.m. to 4 p.m. via the English channels of two local commercial TV broadcasters.

6.8 ***School viewing practices.*** To facilitate the utilisation of school ETV programmes, all government and aided schools are provided with TV sets and recording equipment. Primary schools are provided with one TV set for each class of students and one video cassette recorder (VCR) for every four classes. Primary school teachers usually allow their students to view the programmes at the time of broadcast. Secondary schools are provided with one TV set and one VCR for each form level. Because of the limited number of TV sets, teachers of secondary schools normally tape the programmes and let their students watch the programmes later.

6.9 ***Accessibility improvements.*** To make school ETV programmes more accessible via the Internet, since late 2000, RTHK has been providing in its website facilities for viewing school ETV programmes. In addition, for a limited number of school ETV programmes, the ED has produced VCDs and CD-ROMs for distribution to schools free of charge.

ED's monitoring of the school ETV service

6.10 ***Annual school surveys.*** The ED collects information on the utilisation of the school ETV service through annual school surveys. In these surveys, schools are asked to indicate, for each subject and at each level, how frequently the school ETV programmes are used. Based on the results of these surveys, the ED compiles the viewing rates of the school ETV programmes.

6.11 ***Evaluation of new programmes.*** The ED evaluates all new programmes by means of questionnaires despatched to teachers. About 500 to 1,000 questionnaires are despatched for every new programme.

6.12 ***Periodic reviews.*** In addition, reviews are conducted from time to time with a view to improving the service. For instance, a working group was set up to review the school ETV service in 1997 and a survey on the expectations of secondary school teachers on the service was conducted in 2001.

Audit findings

6.13 In a recent review of the school ETV service, Audit has identified the following areas which require RTHK/ED's further attention and action:

(a) performance indicators for the school ETV service (see paras. 6.14 to 6.16 below); and

(b) the low viewing rates of school ETV programmes in secondary schools (see paras. 6.20 to 6.29 below).

Performance indicators for the school ETV service

6.14 In the COR, RTHK uses the following performance indicators to report the performance of the school ETV service:

Table 9

Performance indicators in the COR of RTHK for the school ETV service

Output	• Number of hours of output
Efficiency	• Cost per hour
	• Cost per school benefited
	• Cost per student benefited
Effectiveness	• Number of primary schools covered
	• Number of secondary schools covered
	• Number of school children benefited

Source: RTHK's COR in the 2001-02 Annual Estimates

Audit observations on RTHK's performance indicators for the school ETV service

6.15 ***Staff productivity indicators.*** Audit notes that in the COR there is no staff productivity indicator for the school ETV service. Using a method similar to the one mentioned in paragraph 2.15 above, Audit's calculations indicated that, for the production of school ETV programmes in the year 2000, the productivity of RTHK's programme staff was 8.2 programmes (or 2.1 output hours) per year for each staff member (Note 20). **Audit considers that there is a need for RTHK to provide staff productivity indicators for the production of school ETV programmes in the COR. There is also a need for RTHK to consider setting productivity targets/standards to help improve accountability and assess RTHK's staff productivity in the production of school ETV programmes.**

6.16 ***Effectiveness indicators.*** In the COR, RTHK uses the number of schools covered by the school ETV service and the number of school children benefited as indicators of effectiveness. Viewing rates of the school ETV programmes are not included in the COR. Audit considers that viewing rates are an important indicator for measuring effectiveness because they reveal the extent to which school ETV programmes are used in schools. **To help stakeholders assess the effectiveness of the school ETV service, Audit considers that there is a need for RTHK, in consultation with the ED, to include viewing rates in the COR as an additional performance indicator.** Further audit observations on viewing rates are reported in paragraphs 6.28 and 6.29 below.

Audit recommendations on RTHK's performance indicators for the school ETV service

6.17 **Audit has *recommended* that the Director of Broadcasting should:**

(a) **provide staff productivity indicators in the COR to help stakeholders assess RTHK's staff productivity in the production of school ETV programmes (see para. 6.15 above);**

Note 20: *In 2000, RTHK produced in-house 197 school ETV programmes (or 49.8 output hours). A total of 24 programme staff were involved. Audit's calculations are as follows:*

(a) 197 programmes ÷ 24 programme staff = 8.2 programmes per member of programme staff; and

(b) 49.8 output hours ÷ 24 programme staff = 2.1 output hours per member of programme staff.

(b) **consider setting productivity targets/standards to help improve accountability and assess RTHK's staff productivity in the production of school ETV programmes (see para. 6.15 above); and**

(c) **in consultation with the Director of Education, include viewing rates in the COR as an additional performance indicator to help stakeholders assess the effectiveness of the school ETV service (see para. 6.16 above).**

Response from the Administration

6.18 The **Director of Broadcasting** agrees with the audit recommendations mentioned in paragraph 6.17 above. He has said that:

(a) starting from 2002-03, he will introduce feasible staff productivity indicators in the COR;

(b) once sufficient in-house productivity statistics have been accumulated for the school ETV production, he will work on setting productivity targets/standards; and

(c) he will consult the ED to include viewing rates in the COR as an additional performance indicator for the school ETV service.

6.19 The **Director of Education** has said that he has no objection to providing viewing rates to RTHK for inclusion in the COR or other purposes. He has also said that:

(a) as explained in paragraph 6.31(a) to (d) below, he believes that the utilisation of the school ETV programmes depends on many factors, some of which are unrelated to the quality of production;

(b) viewing rates must be interpreted with great caution. He is concerned that the mass media and the general public may form opinions about the quality and effectiveness of the school ETV service solely on the basis of viewing rates; and

(c) he firmly believes that the effectiveness of the school ETV service can only be assessed with reference to the support it provides to teaching and its impact on learning which can hardly be reflected by viewing rates alone. This does not mean that he considers viewing rates as unimportant. Rather, in order to avoid unnecessary misunderstanding, he considers that it is important to clearly spell out the limitations of using viewing rates as a performance indicator, when they are reported in the COR.

Audit's survey on viewing rates

6.20 ***Objectives of Audit's survey.*** In May 2001, Audit conducted a questionnaire survey on schools. The objectives of the survey were to ascertain the viewing rates of school ETV programmes for the school year 2000-01 and to collect schools' opinions on the school ETV service. Audit selected for the survey a random sample of 60 primary and 60 secondary schools, representing 12% of the schools in Hong Kong. The response rates were 93% for the primary schools and 80% for the secondary schools.

6.21 ***Audit's definition of viewing rates.*** In Audit's survey, the viewing rates were measured down to the individual programme level. For example, for a programme called "Scientific Experiment" (under the Science subject) intended for the Secondary 1 level, Audit asked the schools how many classes they had at the Secondary 1 level taking the Science subject. Audit also asked how many of these classes had actually viewed this particular programme. The schools who had responded said that they had 239 classes at the Secondary 1 level taking the Science subject, and that 156 of these classes had viewed the programme. From their responses, Audit calculated that this programme had a viewing rate of 65% (i.e. 156 "viewed" classes ÷ 239 "intended" classes × 100%). By using the total numbers of "viewed" and "intended" classes of all school ETV programmes under the same subject, Audit arrived at an overall viewing rate for that subject (Note 21).

Survey results on viewing rates

6.22 Audit's survey revealed that there were high viewing rates for all primary school subjects, except Putonghua which had a relatively low viewing rate of 43%. For secondary

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Note 21: *In measuring viewing rates, the methods used by Audit and the ED (see para. 6.10 above) were different. Audit measured viewing rates down to the individual programme level. The ED measured viewing rates at the subject level by asking schools to indicate, in general terms, how frequently school ETV programmes were used for each subject, without making reference to individual programmes. Subsequent to Audit's survey, the ED has informed Audit that it will measure viewing rates also at the programme level for two years. It will then review the usefulness of the exercise and schools' reaction, in order to determine whether this method of measurement should be continued.*

schools, the viewing rates were generally low. Table 10 below shows the results of Audit's survey.

Table 10

Viewing rates of school ETV programmes for the school year 2000-01

Subject		Primary schools' viewing rate	Secondary schools' viewing rate
Chinese Language		86%	6%
English Language		78%	6%
Mathematics		85%	8%
Putonghua		**43%**	20%
General Studies	(Note)	93%	–
Science		–	54%
Social Studies		–	14%
Overall		85%	**18%**

Source: *Audit's survey*

Note: *"General Studies" is a primary school subject. "Science" and "Social Studies" are secondary school subjects.*

Schools' reasons for not using the school ETV service

6.23 Based on schools' responses, Audit identified their main reasons for not using the school ETV service. Table 11 below shows these reasons in order of importance.

Table 11

Schools' reasons for not using the school ETV service

Primary schools	Secondary schools
• tight curriculum	• tight curriculum
• insufficient supplementary teaching materials	• insufficient supplementary teaching materials
• programmes did not match schools' syllabi	• contents did not motivate students
• previewing of programmes was inconvenient	• programmes did not match schools' syllabi
• recording of programmes was inconvenient	• programmes were out of date and not suitable for use

Source: Audit's survey

6.24 As shown in Table 11 above, there were three common problems, i.e. "tight curriculum", "programmes did not match schools' syllabi" and "insufficient supplementary teaching materials", that had discouraged schools from using the school ETV service. These problems reflected that schools were time constrained to cover their teaching syllabi and that school ETV programmes could not fully meet their needs.

6.25 Besides, primary schools felt that it was inconvenient to preview and tape the programmes. Secondary schools felt that the contents of the programmes were out of date and could not motivate students to learn.

Schools' suggestions to improve the school ETV service

6.26 In response to Audit's survey, schools also offered suggestions to improve the school ETV service. Table 12 below shows the main improvement measures suggested by schools in order of priority.

Table 12

Schools' suggestions for improving the school ETV service

Primary schools	Secondary schools
• produce more programmes of different variety	• convert programmes to digitised format on VCDs for distribution to schools
• produce more programmes that match schools' syllabi	• produce more programmes of different variety
• convert programmes to digitised format on VCDs for distribution to schools	• produce sufficient supplementary teaching materials
• produce sufficient supplementary teaching materials	• produce more programmes that match schools' syllabi
• produce more new programmes	• make the programmes more interesting

Source: Audit's survey

6.27 As shown in Table 12 above, to overcome the problems mentioned in paragraph 6.23, there were a few common suggestions from primary and secondary schools, namely "convert programmes to digitised format on VCDs for distribution to schools", "produce sufficient supplementary teaching materials", "produce more programmes that match schools' syllabi", and "produce more programmes of different variety".

Audit observations on improving the school ETV service

6.28 ***Viewing rates in primary schools.*** Audit's survey has revealed that the viewing rates of school ETV programmes varied significantly between primary and secondary schools. This may be attributable to the different needs, cultures, and policies of schools. The high viewing rates in primary schools indicate that school ETV programmes were to a large extent meeting their needs. However, the viewing rate of 43% for Putonghua was relatively low (see para. 6.22 above). This indicates that the programmes concerned may not have fully met users' needs.

Audit considers it necessary for the ED to critically review the programmes concerned and take improvement actions to ensure that users' needs are met.

6.29 ***Viewing rates in secondary schools.*** Audit's survey has also revealed that the viewing rates were generally low in secondary schools. The overall viewing rate was only 18% (see para. 6.22 above). This may call into question the effectiveness of the school ETV service in meeting the needs of secondary schools. **Audit considers that there is a need for the ED to critically review the effectiveness of the school ETV service for secondary schools. The ED needs to improve the school ETV programmes for secondary schools to better meet their needs and to enhance the viewing rates. In doing so, the ED should take into account the suggestions Audit obtained from the schools (see para. 6.26 above).**

Audit recommendations on improving the school ETV service

6.30 **Audit has *recommended* that the Director of Education, in consultation with the schools, should:**

(a) **critically review the school ETV programmes for Putonghua in primary schools and take improvement actions to ensure that users' needs are met (see para. 6.28 above);**

(b) **critically review the effectiveness of the school ETV service to meet the needs of secondary schools (see para. 6.29 above);**

(c) **take positive action to improve the school ETV programmes for secondary schools to better meet their needs and to enhance the viewing rates (see para. 6.29 above); and**

(d) **in devising improvement measures, take into account the suggestions Audit obtained from the schools (see para. 6.26 above).**

Response from the Administration

6.31 The **Director of Education** has accepted the audit recommendations mentioned in paragraph 6.30 above. He has said that:

General comments

(a) the school ETV programmes are similar to a collection of reference books or teaching aids. He does not expect the teachers to cover all the materials contained in a collection of reference books in the classroom. By the same token, he does not expect the teachers to show all the school ETV programmes to the students. The teachers should select and use the appropriate programmes or programme segments, based on the curriculum adopted by the schools and the needs of the students, to enhance the quality and effectiveness of the planned teaching and learning activities;

(b) the utilisation of school ETV programmes depends on many factors. Some of these factors are mentioned in paragraph 6.28 above, namely the different needs, cultures and policies of schools. Other possible factors include the teaching approach and curriculum adopted (which may vary among schools), provision of equipment, time-tabling arrangement and the number of periods individual schools allocated to a particular subject;

(c) furthermore, the usefulness and impact of video images diminish as learning progresses from concrete (primary school level) to abstract (secondary school level). This is a factor that accounts for the disparity of viewing rates between primary school programmes and secondary school programmes;

(d) the significant disparity of viewing rates between primary school programmes and secondary school programmes has little to do with the quality of the programmes as they are produced by the same team. It can only be explained by the many factors mentioned in insets (a) to (c) above;

Programmes for Putonghua in primary schools

(e) the ED started producing school ETV programmes for Putonghua in 1999. The ED has been monitoring the viewing rates. It has observed that primary schools usually have only one period of Putonghua lesson a week in the timetable and the subject is usually taught by only one or two teachers. At the same time, it is also a common practice for primary school teachers to show the school ETV programmes during live broadcasting. This means that it is very difficult for schools to design a timetable to fit all the Putonghua lessons into the few timeslots in which Putonghua programmes are broadcast. The ED is fully aware of the problem and is taking steps to overcome the problem;

Viewing rates in secondary schools

(f) the ED is fully aware of the disparity of viewing rates between the primary school programmes and the secondary school programmes. As explained in insets (a) to (d) above, there are many factors leading to the less favourable viewing rates in secondary schools;

(g) the ED is now formulating improvement measures based on the views of schools and teachers collected through its own survey and Audit's survey. It will also seek advice from other relevant parties (e.g. the Curriculum Development Council Committee on Learning Resources and Support Services) through the existing consultative channels;

(h) the ED is now converting all new secondary school programmes to digitised format on VCDs which will be distributed to schools in late 2001;

(i) the ED will produce new secondary school programmes based on the feedback of teachers to ensure that the new productions meet their expectations. At the same time, it will also review the school ETV service to secondary schools to ensure that the resources are put into the best use; and

(j) in order to encourage schools to fully utilise the school ETV resources provided to them, the ED will also strengthen the support to teachers by providing more supportive materials and visiting schools on a regular basis to share experience and exchange ideas in using videos and information technology in teaching.

PART 7: OUTSOURCING OPPORTUNITIES

7.1 This PART examines outsourcing opportunities for RTHK.

Importance of outsourcing

7.2 The public expects government services to be provided more economically, efficiently and effectively. Outsourcing is widely recognised as an important means of meeting this expectation. The Government encourages departments to enhance service quality and productivity through increased private sector involvement and outsourcing.

RTHK's long tradition of outsourcing

7.3 RTHK has a long tradition of outsourcing. For example, engineering and technical support has long been outsourced under the TSA. RTHK also obtains other supporting services (e.g. transportation service and filming service) from contractors when in-house resources are insufficient to meet operational needs.

New outsourcing initiatives

7.4 ***New initiatives.*** More recently, RTHK has undertaken the following new outsourcing initiatives:

- commissioning (Note 22) of school ETV programmes
- commissioning of PATV programmes
- commissioning of radio programmes

Note 22: *RTHK uses the term "outsourcing" when referring to the outsourcing of school ETV programmes. When referring to the outsourcing of PATV and radio programmes, RTHK uses the term "commissioning". For the sake of simplicity, Audit hereinafter uses the term "commissioning" in this report for the outsourcing of school ETV, PATV and radio programmes.*

7.5 ***Audit findings.*** Audit's review has indicated that, to realise the full potential of the above new initiatives, RTHK needs to devise a clear strategy for programme commissioning. The audit findings are reported in paragraphs 7.6 to 7.19 below.

Commissioning of school ETV programmes

7.6 This initiative was introduced in 1999 to meet the sharp increase in school ETV programme output and to bring in new ideas and presentation style. Under this initiative, the ED would still do the script-writing work, while programme production work would be performed by a contractor. Table 13 below shows the number of school ETV programmes commissioned for the years 1999-2000 and 2000-01, and that planned for the year 2001-02.

Table 13

Number of school ETV programmes commissioned for the years 1999-2000 and 2000-01 and that planned for 2001-02

	1999-2000	2000-01	2001-02 (planned)
Number of programmes commissioned	24	15	Nil
Number of programmes commissioned as a percentage of the total programme production	11%	7%	Nil

Source: RTHK's records

7.7 The ED monitored closely the quality of the commissioned school ETV programmes. In an evaluation report of June 2001, the ED concluded that the quality of the commissioned programmes was comparable to that of RTHK, and that commissioning was a viable, flexible and cost-effective alternative to supplement the mainstream production by RTHK. For the way forward, the ED considered that a proposal should be worked out between the ED and RTHK for commissioning a portion of the school ETV programmes on a regular basis. However, despite the ED's comments, RTHK has no definite plan for commissioning such programmes for 2001-02 and subsequent years, due mainly to a decrease in the planned production output.

Commissioning of PATV programmes

7.8 The commissioning of PATV programmes was introduced in 2000-01 on a trial basis. Under this initiative, an outside producer is responsible for all aspects of programme production, including programme ideas, presentation format and production process. The main objectives of this initiative are to bring in new ideas and innovative production techniques, offer more diversified choices of content and format, and foster the development of the local broadcasting and film industries.

7.9 Table 14 below shows the number of PATV programme hours commissioned for the year 2000-01 and that planned for the year 2001-02.

Table 14

Number of PATV programme hours commissioned for the year 2000-01 and that planned for 2001-02

	2000-01	**2001-02 (planned)**
Number of programme hours commissioned	7.5	10
Number of programme hours commissioned as a percentage of the total programme production	1.4%	1.9%

Source: RTHK's records

7.10 RTHK monitors closely the quality of the commissioned PATV programmes through a commissioning committee. A consultant has also been appointed to organise focus groups, which consist of both professional advisers and ordinary audiences, to assess the quality of the commissioned programmes. According to the consultant, the quality of the commissioned PATV programmes was acceptable and programme commissioning should continue.

7.11 In addition to programme commissioning, RTHK also started an initiative in late 2000 to commission certain technical aspects (e.g. engineering support) of its programme production to other contractors (in addition to the one specified in the TSA). The objective is to achieve better cost-effectiveness through increased competition. Such commissioning is still at an experimental stage and is confined to just a few programmes.

Commissioning of radio programmes

7.12 The commissioning of radio programmes was introduced in 2001-02 on a trial basis. Like PATV programme commissioning, its main objectives are to bring in new ideas and to foster the development of the local broadcasting industry. RTHK's current plan is to commission 35 hours of radio programmes in 2001-02. This represents less than 0.1% of the hours of radio programme production.

7.13 Similar to PATV production, RTHK has also started to commission certain technical aspects (e.g. engineering support) of a few radio programmes to other contractors, in addition to the one specified in the TSA (see para. 7.11 above).

Evaluation of the quality and costs of commissioned programmes

7.14 ***Evaluation of quality.*** To ascertain the benefits of programme commissioning, it is necessary to compare both the production quality and the costs between contractors and in-house production. Concerning quality, both RTHK and the ED have monitored closely the performance of the contractors. Their evaluations of the contractors' work have confirmed that the quality is acceptable (see paras. 7.7 and 7.10 above).

7.15 ***Cost comparison.*** In March 2001, in a written reply to a question raised by a LegCo Member concerning cost comparison, the Director of Broadcasting said that:

(a) the main purposes of programme commissioning were to offer more diversified choices of content and format for RTHK programmes. The cost difference between commissioning and RTHK's in–house production was marginal; and

(b) regarding the commissioning of certain technical aspects of programme production (see paras. 7.11 and 7.13 above), the purpose was to achieve better cost-effectiveness through competitive tendering exercises. For example, the commissioning of the relay of sports programmes would result in an estimated saving of $113,000 in engineering cost in 2001-02, representing a 26% reduction in the production budget of these programmes.

7.16 ***Audit's review of RTHK's cost comparison.*** Regarding the "marginal" cost difference referred to in paragraph 7.15(a) above, Audit's scrutiny of RTHK's cost comparison revealed

that a significant cost element, namely staff oncosts (Note 23), had not been included in the computations of the in-house production costs. Had staff oncosts been taken into account, the costs of in-house PATV and radio production would have been increased by 28% and 18% respectively. Therefore, the benefits of programme commissioning, in terms of cost savings, were not "marginal".

Audit observations on programme commissioning

7.17 In Audit's view, RTHK's new outsourcing initiatives are a step in the right direction. Subjecting RTHK's programme production to market testing will help enhance the economy, efficiency and effectiveness with which RTHK delivers its services.

7.18 ***Scope for more programme commissioning.*** **As indicated in paragraphs 7.6, 7.9 and 7.12 above, programme commissioning is still at an experimental stage and, so far, the scale of commissioning has remained small.** For school ETV programmes, there is no commissioning in 2001-02 and there is no definite future commissioning plan. For PATV and radio programmes, there is also no definite plan for increasing progressively the scale of commissioning in future years. In this connection, Audit's research indicates that PSBs of some advanced countries have larger scale of programme commissioning. For example, the Australian Broadcasting Corporation has a target of allocating 15% of its general programmes budget to TV programmes that are subject to market testing.

7.19 ***The need for a clear strategy.*** **Audit considers that there is a need for RTHK to devise a clear strategy for progressively increasing the scale of programme commissioning. This will help realise the full potential of programme commissioning.** In response to Audit's enquiries about these findings, in August 2001 RTHK informed Audit that:

(a) any large scale commissioning would have a significant impact on the staff number. Hence, RTHK was very cautious in setting the pace of commissioning;

(b) the pace of commissioning was also affected by the difficulty in enlisting high calibre independent producers in a small market like Hong Kong. So far, a pool of reliable independent producers had not yet been established; and

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Note 23: *Staff oncosts refer to the costs of providing various "fringe benefits" (such as pensions, leave, medical and dental benefits, and housing benefits) to the staff employed. According to the Treasury's Costing Manual, as far as possible, staff costs should be calculated with reference to the actual salaries, job-related allowances and staff oncosts.*

(c) it would be difficult to draw meaningful comparison on the extent of commissioning with the Australian Broadcasting Corporation. It was because the Australian Broadcasting Corporation had much larger programme output compared with RTHK, and it was a financially autonomous corporation with more flexibility in resource deployment. Nevertheless, RTHK would study the overseas experiences in drawing up a commissioning strategy.

Audit recommendations on programme commissioning

7.20 **To help realise the full potential of RTHK's outsourcing initiatives, Audit has *recommended* that the Director of Broadcasting should:**

(a) **devise a strategy for increasing the scale of programme commissioning for school ETV, PATV and radio programmes (see para. 7.19 above);**

(b) **draw up an action plan, with clear targets and milestones, to implement the strategy for programme commissioning;**

(c) **in devising the strategy for programme commissioning, consider the need to align the pace of programme commissioning with RTHK's manpower plan, so as to ensure full deployment of its in-house staff (see para. 7.19(a) above); and**

(d) **in setting the pace of programme commissioning, take into account the need to provide independent producers in Hong Kong with more business opportunities. This will help achieve the Government's objective of fostering the development of the local broadcasting and film industries (see paras. 7.8, 7.12 and 7.19(b) above).**

Response from the Administration

7.21 The **Director of Broadcasting** welcomes the audit recommendations mentioned in paragraph 7.20 above. He has said that:

(a) a departmental manpower plan will be developed in the next six months. He will work on a long-term commissioning strategy upon drawing up the manpower plan and when a pool of reliable independent producers/contractors is available in the market;

(b) an action plan will be central to the implementation of RTHK's commissioning strategy;

(c) the departmental manpower plan, referred to in inset (a) above, will help RTHK assess the pace of commissioning; and

(d) the supply of independent producers in Hong Kong is still limited. However, RTHK will continue to provide business opportunities for the local producers.

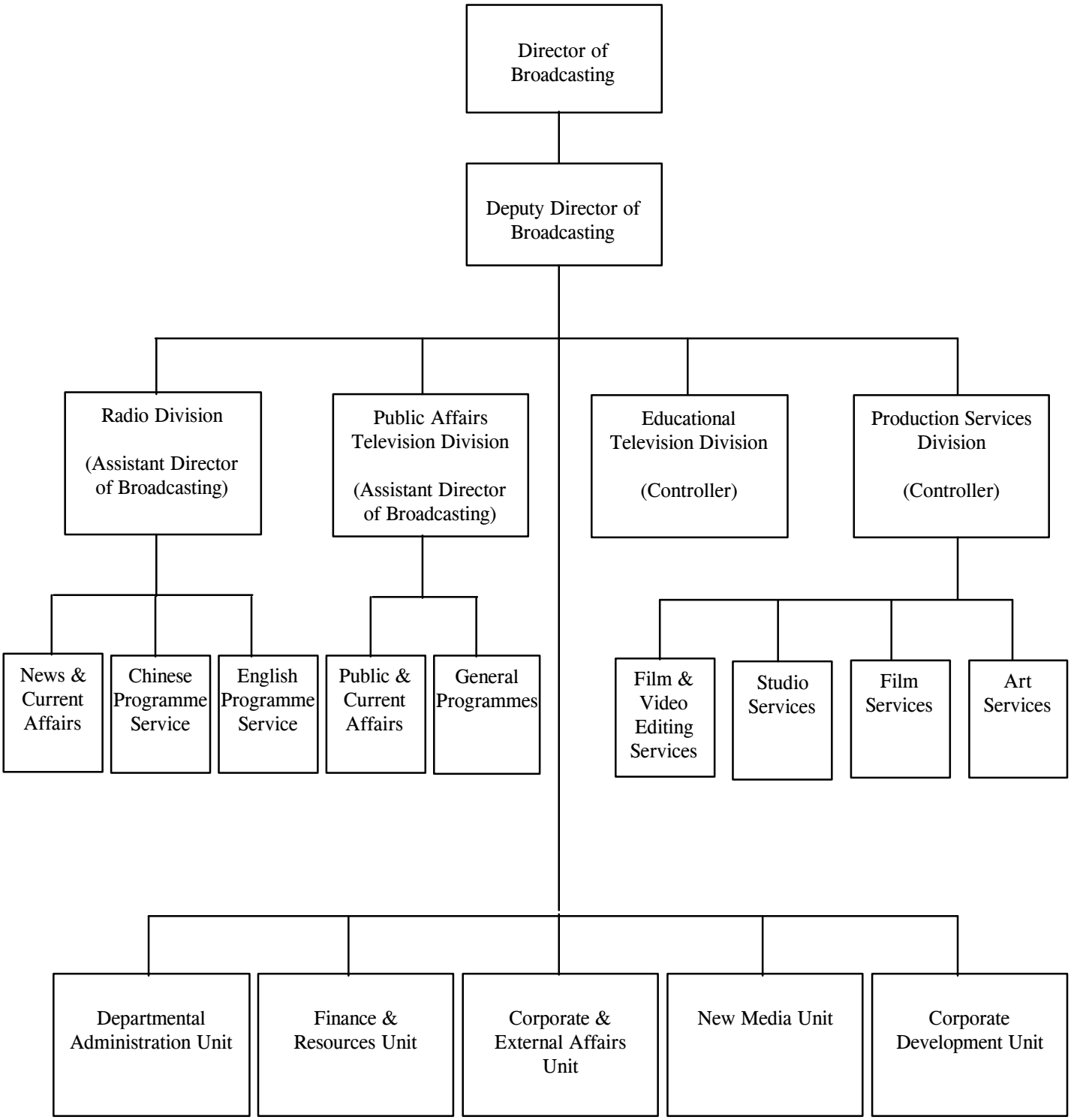
7.22 The **Director of Education** has said that:

(a) he reaffirms the ED's conclusion, based on the ED's observations of the quality of the commissioned school ETV programmes, that commissioning is a viable, flexible and cost-effective alternative to supplement the mainstream production by RTHK; and

(b) he would be glad to work out with RTHK a proposal for commissioning, say, 10% to 15% of the school ETV programme productions. He is willing to provide the required support to RTHK in the commissioning of productions.

Appendix A
(para. 1.5 refers)

Organisation chart of RTHK



Legend: ( ) represents Division Head

Source: RTHK's records

Salient examples of ICAC recommendations that had yet to be fully implemented and RTHK's progress of implementation as at June 2001

1. The following are salient examples of ICAC recommendations that had yet to be fully implemented as at June 2001:

(a) lists of approved contractors (see paras. 2 to 4 below);

(b) marking scheme for tender evaluation (see paras. 5 to 7 below); and

(c) management information reports (see paras. 8 to 10 below).

Lists of approved contractors

2. ***ICAC observations.*** According to the ICAC study report, the lists of contractors for the production of school ETV programmes, filming services and scene setting services were not systematically maintained to facilitate the fair selection of contractors for inviting tenders/quotations. Contractors were selected based on informal lists compiled through nominations by RTHK staff or self-introduction by the contractors themselves. In the absence of any guidelines governing the maintenance of the lists of contractors and the selection of contractors for tender/quotation invitation, the RTHK staff concerned could arrange for their favoured contractors to be listed and selected for tender/quotation invitation. They could also influence the evaluation of bids.

3. ***ICAC recommendations.*** To prevent manipulation, the ICAC recommended that RTHK should:

(a) through open invitation, compile separate lists of approved contractors for major services, so that an adequate number of contractors would be included on each list to facilitate the selection of contractors for bidding;

(b) draw up guidelines for the maintenance of the lists of approved contractors (including criteria for the addition and deletion of names) which should be made known to both serving and new contractors; and

(c) draw up guidelines for inviting quotations/tenders to ensure that all contractors on the lists would be given a fair chance to bid.

4. ***Progress of implementation as at June 2001.*** With regard to paragraph 3(a) above, RTHK had compiled through open invitation a list of 43 contractors for the production of school ETV programmes. For other services, RTHK was taking action to compile lists of current/additional service providers. **With regard to paragraph 3(b) and (c) above concerning the drawing up of guidelines for the maintenance of contractor lists and for inviting quotations/tenders, RTHK had not yet implemented the ICAC recommendations.**

Marking scheme for tender evaluation

5. ***ICAC observations.*** The ICAC observed that, in evaluating the tenders for the production of school ETV programmes, tenderers were assessed and selected based on their proposals and presentations. Prices offered were not taken into account provided that the estimated cost of the programme would not be exceeded.

6. ***ICAC recommendation.*** To ensure objective and fair assessment of the tenders, the ICAC recommended that RTHK should adopt a marking scheme for tender evaluation. In devising the marking scheme, RTHK should set relative weightings for the tender price and other assessment criteria, including the contractors' technical and financial capabilities, their past performance and the quality of the proposals. The evaluation criteria should be made known to prospective tenderers in the tender documents.

7. ***Progress of implementation as at June 2001.*** As far as the tendering of school ETV programmes was concerned, RTHK had drawn up criteria for tender evaluation. **However, RTHK had not set relative weightings for the tender price and other assessment criteria. As such, the ICAC recommendation had not been fully implemented.**

Management information reports

8. ***ICAC observations.*** The ICAC observed that the computer system in use by RTHK did not facilitate the production of management information reports to help the management monitor procurement activities. For example, the computer system did not produce analytical reports indicating the total amount of jobs awarded to individual contractors and the prices they offered. In the absence of monitoring procedures, an officer of RTHK could award jobs to his preferred contractors whose prices might not be competitive.

9. ***ICAC recommendation.*** To facilitate monitoring by the management, the ICAC recommended that RTHK should consider enhancing its computer system so that periodic reports containing appropriate analyses could be produced for management information.

10. ***Progress of implementation as at June 2001.*** **The ICAC recommendation on management information reports had not been implemented.**

Appendix C
(para. 5.9 refers)

The costs per hour of NCSC staff/part-time workers are lower than the OTA hourly rates of RTHK's civil service staff

Civil service staff of RTHK	Average OTA hourly rate of civil service staff of RTHK	Cost per hour of NCSC staff/part-time workers
Drivers	$96	The cost per hour is about $67, i.e. 30% lower than the OTA rate. (RTHK does not employ NCSC drivers. This information was obtained from other departments.)
Artisans of the Scenic Services Unit	$96	RTHK employs NCSC artisans to work in the Scenic Services Unit. The average cost per hour is about $60, i.e. 38% lower than the OTA rate.
Programme Assistants of the Film Services Section working as soundmen or lightingmen of film crews	$91	RTHK employs part-time soundmen and lightingmen. The cost per hour is about $83, i.e. 9% lower than the OTA rate.
Artisans of the Film Services Section working as general assistants of film crews	$96	RTHK employs NCSC artisans to work as general assistants of film crews. The cost per hour is about $52, i.e. 46% lower than the OTA rate.

Source: RTHK's records and Audit's research

Appendix D

Acronyms and abbreviations

CD-ROM	Compact disc — read only memory
COR	Controlling Officer's Report
CSB	Civil Service Bureau
CSR	Civil Service Regulation
DDB	Deputy Director of Broadcasting
ED	Education Department
EMB	Education and Manpower Bureau
ETV	Educational television
FRU	Finance and Resources Unit
GRA	General Revenue Account
ICAC	Independent Commission Against Corruption
JAF	Job Assignment Form
KPI	Key performance indicator
LegCo	Legislative Council
NCSC staff	Non-civil service contract staff
OT	Overtime
OTA	Overtime allowance
PATV	Public Affairs Television
PSB	Public service broadcaster
PSD	Production Services Division
RTHK	Radio Television Hong Kong
SPR	Stores and Procurement Regulation
TSA	Technical Services Agreement
TV	Television
VCD	Video compact disc
VCR	Video cassette recorder