

CHAPTER 5

Information Services Department

**Management of government
advertisements and publications
by the Information Services Department**

**Audit Commission
Hong Kong
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MANAGEMENT OF GOVERNMENT ADVERTISEMENTS AND PUBLICATIONS BY THE INFORMATION SERVICES DEPARTMENT

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MANAGEMENT OF GOVERNMENT ADVERTISEMENTS AND PUBLICATIONS BY THE INFORMATION SERVICES DEPARTMENT

Executive Summary

1. The Information Services Department (ISD) serves as the Government's advertising agent and publisher. Its Publicity and Promotions Division is a service-support division for bureaux and departments (B/Ds), and acts as an executive arm for public service advertising. Its responsibilities include: (a) making arrangements for broadcasting government publicity messages (i.e. announcements in the public interest — APIs); (b) managing poster sites and placing newspaper advertisements; and (c) selling and distributing government publications. In 2012-13, the estimated expenditure involved was \$110 million. The Audit Commission (Audit) has recently conducted a review of the ISD's management of government advertisements and publications.

Broadcasting of announcements in the public interest

2. As a licensing condition, television (TV) licensees are required to provide free airtime to broadcast APIs as directed by the Office of the Communications Authority (OFCA) according to schedules prepared by the ISD (normally one minute of APIs every hour or every two hours). As at 1 November 2012, the three pay TV licensees broadcast APIs on only 33 (9%) of their 375 channels. Some channels of Licensees B and C broadcast commercials but not APIs. In particular, of the 32 channels of Licensee C with commercials, only 2 (6%) broadcast APIs. It is important for the Government to impose the API broadcasting requirement on as many pay TV channels as practicable, with a view to maintaining the audience base of API broadcasting (paras. 2.2, 2.3 and 2.8 to 2.13).

Management of poster sites

3. Displaying posters is a publicity tool commonly used by B/Ds. However, in the past 10 years, the number of A1 size poster sites (the bulk of ISD poster sites)

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decreased by 31%, from 1,592 in March 2002 to 1,096 in September 2012. The ISD's poster sites are currently set up at only a relatively small percentage of government premises/facilities (paras. 3.2, 3.5 and 3.9).

4. Bus stops are suitable places for outdoor advertising, as they have a captive audience of passengers awaiting transportation. In 1999, three franchised bus companies agreed to provide the ISD with 1% of their panel spaces at bus stops for installing information panels. In 2000, the ISD installed 10 information panels at Bus Company A's bus stops. Since then, the ISD has not acquired any more panel spaces from the bus companies, and five of the 10 panels have been dismantled for various reasons. As at September 2012, the ISD had only five panels for use by B/Ds whereas, in accordance with the terms of the 1999 agreement, it should have been able to acquire 71 panels for advertising (paras. 3.14, 3.15 and 3.18).

Placement of newspaper advertisements and notices

5. B/Ds place advertisements and notices in newspapers through the ISD in accordance with the Government General Regulations. For recruitment advertisements, on a weekly basis, the ISD places two consolidated advertisements (for civil service and non-civil service vacancies respectively) in a Chinese newspaper (Newspaper A), and the Civil Service Bureau places a summary notice of government vacancies in an English newspaper (Newspaper C). Many B/Ds also place recruitment advertisements with full details in another English newspaper (Newspaper B) (paras. 4.2, 4.8, 4.12 and 4.13).

6. For the recruitment advertisements in Newspapers A and B, some common information was repeated in individual advertisements. Similarly, for the same types of government notices placed in the same newspapers on the same days, common details were often repeated. If measures had been taken to reduce such duplication of information, savings would have been achieved (paras. 4.9, 4.11, 4.14, 4.17 and 4.18).

7. The Government uploads its recruitment advertisements and tender notices onto its websites. Notwithstanding this, B/Ds have the discretion to also place recruitment advertisements and tender notices in newspapers. In view of the increasing use of online information and services, B/Ds need to critically review their need for placing recruitment advertisements and tender notices in newspapers (paras. 4.23, 4.26 and 4.27 to 4.30).

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Sale and distribution of government publications

8. There has been a downward trend in the ISD's sale of government publications. From 1995 to 2012, the sales volume decreased by 95%, while the sales revenue decreased by 89% to \$5 million a year. Audit noted that the ISD had not been able to recover the full-cost (printing costs and selling expenses) of publications sold, and it had not strictly followed the full-cost recovery principle in pricing the publications. Audit estimated that, for 2011-12, the under-recovery of relevant costs amounted to \$7 million for the Gazette, and \$2 million for other publications (paras. 5.7 and 5.10).

9. The operating loss of the publication sale operation appears to be financed by charges collected from public notices placed on the Gazette, which form part of the General Revenue. Audit considers that the ISD needs to review whether this is appropriate. The ISD also needs to explore the way forward for a more cost-effective mode of operation for the sale of government publications. In this regard, the ISD may encourage the public to use the Online Government Bookstore and explore the use of a print-on-demand service (paras. 5.11 and 5.13).

10. The cost of storing publications is a significant part of the operating expenses for the ISD's sale of government publications. Audit noted that the ISD was slow in applying to the Financial Services and the Treasury Bureau to write off and dispose of obsolete stock to conserve storage space and cost. Furthermore, the ISD did not identify slow-moving stock as obsolete stock for disposal on a timely basis. As at March 2012, the identified obsolete stock of \$9.4 million accounted for 25% of the total stockholding of \$36.9 million (paras. 5.24, 5.28, 5.29 and 5.33).

11. The ISD is also responsible for distributing free copies of saleable publications to B/Ds and related organisations for operational use or for information. According to government guidelines, B/Ds should make better use of electronic means in disseminating their messages, e.g. uploading their publications onto their websites for free viewing and downloading. However, in 2011-12, 84 titles of government publications at a printing cost of \$11.1 million were still distributed, although 82 of them were available online. In particular, a total of 18,300 copies of the Gazette at a printing cost of \$5.8 million were distributed, despite the launch of the e-Gazette in December 2000 (paras. 5.39 to 5.43).

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Publicity on the Internet

12. The use of social media by the government can enable the public to have another convenient channel to make their views known, and to receive responses from the government. The government may use social media to “e-engage” citizens as it formulates public policies, to explain policies to the public, and to solicit views and feedback from them. The use of social media by B/Ds is limited at present and its potential use in engaging the public (particularly the younger generation) can be further explored (paras. 6.13 and 6.18).

Audit recommendations

13. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has recommended that the Director of Information Services should:**

Broadcasting of announcements in the public interest

- (a) **in consultation with the Director-General of Communications, consider preparing more flexible API broadcasting schedules for those TV channels with genuine scheduling difficulties, in order to facilitate TV licensees to broadcast APIs on more channels (para. 2.16);**

Management of poster sites

- (b) **take more proactive action to identify suitable places at government premises/facilities for setting up poster sites (para. 3.12(b));**
- (c) **in collaboration with the Commissioner for Transport, discuss with the bus companies with a view to acquiring sufficient number of panel spaces at suitable locations according to the terms agreed in 1999 (para. 3.20(a));**

Placement of newspaper advertisements and notices

- (d) **take measures to reduce duplication of information in recruitment advertisements and government notices (para. 4.20(b), (c) and (e));**
- (e) **remind B/Ds to critically review their need for placing recruitment advertisements with full details and tender notices in newspapers,**

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having regard to the availability of such information on government websites (para. 4.31(b) and (c));

Sale and distribution of government publications

- (f) review whether it is appropriate for the entire publication sale operation to be subsidised by the General Revenue (para. 5.18(a));
- (g) explore the way forward for a more cost-effective mode of operation for the sale of government publications, having regard to the declining sales and substantial operating losses in recent years (para. 5.18(b));
- (h) expedite action in identifying and disposing of obsolete stock, and compile stock turnover rates for individual publications to identify slow-moving publications for disposal (or other beneficial uses) (para. 5.36(a) and (b));
- (i) make more efforts to encourage the B/Ds concerned to consider whether there is still a need to continue producing publications in hardcopy for sale and distribution (para. 5.46(a)); and

Publicity on the Internet

- (j) identify ways to further promote a wider use of social media by B/Ds for publicity and public engagement purposes (para. 6.19(a)).

14. Audit has also *recommended* that the Director-General of Communications should, in consultation with the Director of Information Services, lay down principles/guidelines to help OFCA effectively decide which channels of a TV licensee should be required to broadcast APIs, and consider requiring more channels of pay TV licensees (particularly Licensee C) to broadcast APIs (para. 2.15(a) and (b)).

Response from the Administration

15. The Director of Information Services and the Director-General of Communications agree with the audit recommendations.

PART 1: INTRODUCTION

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

Background

1.2 The Information Services Department (ISD) serves as the Government's public relations consultant, news agency, advertising agent and publisher. According to its Controlling Officer's Report, the ISD provides its services under five programmes, including the following two programmes (Note 1):

- (a) ***Civic Responsibility.*** The ISD aims to enhance public awareness of, and educate the community on, issues of wide concern and promote a greater sense of civic responsibility. Campaign messages are conveyed to target audiences through a wide range of publicity channels such as television (TV), radio, digital media, print materials, outdoor advertising and community involvement activities; and
- (b) ***Publishing.*** As the Government's publishing agency, the ISD coordinates the Government's publishing requirements, including production, distribution and sale of government publications.

1.3 The Publicity and Promotions Division (PPD) of the ISD is a service-support division for the ISD and other bureaux and departments (B/Ds), and acts as an executive arm for public service advertising. Its activities underpin the two programmes mentioned in paragraph 1.2. The PPD's main responsibilities include:

- (a) making arrangements for broadcasting government publicity messages (i.e. announcements in the public interest — APIs) on TV and radio;
- (b) managing poster sites and placing advertisements in newspapers;

Note 1: *The other three programmes are Public Relations Outside Hong Kong, Local Public Relations and Public Information, and Public Opinion.*

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- (c) selling and distributing government publications;
- (d) assisting B/Ds in maintaining and improving their websites; and
- (e) assisting B/Ds in planning and implementing large-scale publicity campaigns, and supporting promotional programmes to educate the public on issues of major concern and create awareness of civic responsibility.

1.4 In 2012-13, the estimated expenditure of the two programmes of Civic Responsibility and Publishing were \$43.6 million and \$66.4 million (including printing costs of \$28.5 million) respectively, totalling \$110 million (Note 2). There are about 90 staff working under these two programmes.

Audit review

1.5 The Audit Commission (Audit) has recently conducted a review of the ISD's management of government advertisements and publications. The review does not cover the various publicity campaigns and promotional programmes of B/Ds, for which the ISD only plays an advisory role (see para. 1.3(e)). Audit has found room for improvement in the following areas:

- (a) broadcasting of APIs (PART 2);
- (b) management of poster sites (PART 3);
- (c) placement of newspaper advertisements and notices (PART 4);
- (d) sale and distribution of government publications (PART 5); and
- (e) publicity on the Internet (PART 6).

Note 2: *This did not include B/Ds' expenditure on various publicity activities, which was met by their own advertising/publicity votes.*

General response from the Administration

1.6 The Director of Information Services generally agrees with the observations and recommendations in this Audit Report. He thanks Audit for its review of the ISD's work practices and the helpful recommendations in a number of areas. He has said that the ISD will review publicity work practices to more effectively serve the needs of the Administration and the public and will also enhance the cost-effectiveness of publication sales.

1.7 The Secretary for Home Affairs has said that the Home Affairs Bureau (HAB) would facilitate the follow-up work of the ISD whenever necessary.

Acknowledgement

1.8 Audit would like to acknowledge with gratitude the full cooperation of the staff of the ISD, the Office of the Communications Authority (OFCA) and the Transport Department (TD) during the course of the audit review.

PART 2: BROADCASTING OF ANNOUNCEMENTS IN THE PUBLIC INTEREST

2.1 This PART examines the following issues relating to the broadcasting of APIs:

- (a) provision of free airtime for broadcasting APIs (paras. 2.2 to 2.18);
- (b) scheduling of APIs (paras. 2.19 to 2.27);
- (c) duration of APIs (paras. 2.28 to 2.32);
- (d) monitoring the broadcast of APIs (paras. 2.33 to 2.38); and
- (e) survey on the effectiveness of APIs (paras. 2.39 to 2.44).

Provision of free airtime for broadcasting APIs

2.2 Broadcasting APIs on TV and radio is an important means for the Government to disseminate publicity messages. These messages often raise awareness of public health or safety concerns. They may also promote environmental awareness and healthy behaviours. Creatively done, some of these messages can leave indelible impressions on the society. As a licensing condition, TV and radio broadcasting licensees are required to provide free airtime to broadcast APIs as directed by the Communications Authority (CA — Note 3). APIs are defined as messages that:

- (a) are in the public interest to be broadcast on TV and/or radio;

Note 3: *The CA is an independent statutory body established under the Communications Authority Ordinance (Cap. 616) on 1 April 2012. Its role is to regulate the broadcasting and telecommunications industries in Hong Kong in accordance with the relevant ordinances, previously undertaken by the Broadcasting Authority and the Telecommunications Authority.*

Broadcasting of announcements in the public interest

- (b) relate to issues of public concern such as health, safety, social welfare, legal obligations, availability of public resources, and changes affecting traffic or other environmental factors; and
- (c) are directly related to government policies and operational objectives.

2.3 The CA has delegated its power to direct licensees to broadcast APIs to its executive arm, OFCA (Note 4). OFCA has directed licensees to broadcast APIs according to the schedules prepared by the ISD. As at 1 November 2012, there were:

- (a) two domestic free TV licensees providing 14 channels (comprising four analogue and 10 digital channels). All but one of the channels had been directed to broadcast APIs, on the basis of one minute of APIs in every hour for each channel. The remaining channel involved direct re-transmission and was not required to broadcast APIs;
- (b) three domestic pay TV licensees providing 375 channels, of which 26 (7%) had been directed to broadcast APIs, on the basis of one minute of APIs in every two hours for each channel. In practice, as at 1 November 2012, 33 (9%) of the channels broadcast APIs; and
- (c) three radio licensees (Note 5) providing nine radio channels (comprising six analogue and three digital channels). All channels had been directed to broadcast APIs, on the basis of one minute of APIs in every hour for each channel.

2.4 As at 1 November 2012, the Radio Television Hong Kong, as a public service broadcaster, provided 12 radio channels (comprising 7 analogue and 5 digital channels). Based on an agreement with the ISD, the Radio Television Hong Kong broadcast APIs on its channels (other than 3 direct re-transmission channels) according to the ISD's schedules.

Note 4: *OFCA was formed on 1 April 2012 by the merger of the former Television and Entertainment Licensing Authority and the former Office of the Telecommunications Authority.*

Note 5: *One licensee which had suspended its operation from end-October 2012 to mid-January 2013 was excluded.*

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2.5 *Notional cost of API airtime.* The TV and radio broadcasting licensees broadcast commercial advertisements on a fee basis. Therefore, the free airtime provided by the licensees for broadcasting APIs has a notional cost which could amount to hundreds of millions of dollars a year. This notional cost was estimated on the basis that, if the licensing conditions had not included a requirement to broadcast APIs, the Government, like other advertisers, would have had to purchase the airtime from these broadcasting licensees.

2.6 The ISD is responsible for coordinating the placement of APIs for broadcasting by licensees, including the following:

- (a) providing advice and support to B/Ds in the production of APIs. The APIs produced by B/Ds have to meet the required standard of the ISD before they are included in the broadcasting schedules;
- (b) preparing the broadcasting schedules of APIs. The schedules are weekly schedules and list the codes and timing of APIs to be broadcast. Generally, for the same licensee, one master schedule is prepared and applied to all channels of the licensee (with necessary variations to suit particular channels) (see para. 2.22); and
- (c) monitoring the broadcasting of APIs by licensees (see para. 2.33).

2.7 In 2012, a total of 393 TV APIs and 429 radio APIs (including those of non-governmental organisations) were broadcast. Among them, 160 (41%) TV APIs and 187 (44%) radio APIs were new productions of B/Ds.

Scope for more pay TV channels to broadcast APIs

2.8 As at 1 November 2012, the two free TV licensees broadcast APIs on 13 (93%) of their 14 channels. For the three pay TV licensees, they broadcast APIs on 33 (9%) of their 375 channels.

2.9 TV channels are broadly classified as station-produced and acquired channels. It is generally easier for broadcasting licensees to insert APIs in station-produced channels than in acquired channels. For an acquired channel which mainly involves direct re-transmission (without disruption or intermissions) of

Broadcasting of announcements in the public interest

programmes acquired from outside parties, APIs are normally not inserted. At present, OFCA has directed the three pay TV licensees (Licensees A, B and C) to broadcast APIs on some of their channels. Licensee A is required to broadcast APIs on the station-produced channels included in the basic package offered to subscribers. Licensees B and C do not offer any basic package to subscribers, and are required to broadcast APIs only on channels specified by OFCA. Additionally, Licensee B broadcasts APIs on three other channels on a voluntary basis, even though it is not required to do so. Table 1 shows the position as at 1 November 2012.

Table 1
Number of pay TV channels which broadcast APIs
(1 November 2012)

Licensee	Number of channels				
	Station-produced channels (a)	Acquired channels and video-on-demand channels (b)	All channels (c) = (a) + (b)	Channels which broadcast APIs (d)	Percentage (e) = (d)/(c)
A	35	84	119	21 (Note 1)	18%
B	3	45	48	10 (Note 2)	21%
C	33	175	208	2	1%
Overall	71	304	375	33	9%

Source: OFCA records

Note 1: 17 channels were required to broadcast APIs. The other 4 were high-definition channels which simulcast programmes of channels with APIs.

Note 2: 7 channels were required to broadcast APIs. The other 3 channels broadcast APIs on a voluntary basis.

Broadcasting of announcements in the public interest

2.10 As pay TV is increasingly being watched by people of Hong Kong, it is important for the Government to impose the requirement to broadcast APIs on as many pay TV channels as practicable, with a view to maintaining the audience base of API broadcasting. In 2008, the former Television and Entertainment Licensing Authority (TELA — see Note 4 to para. 2.3) conducted a review to assess the need to increase the number of pay TV channels required to broadcast APIs (particularly for Licensees B and C). The former TELA concluded that it might not be reasonable to require the pay TV licensees to broadcast APIs on more channels, having considered the operational difficulties expressed by them. During the review, Licensee C stated the following reasons for not broadcasting APIs on many of its channels:

- (a) ***Lack of editorial control.*** Some channels were acquired for direct re-transmission. Licensee C was not allowed to insert its own materials; and
- (b) ***Scheduling difficulties.*** Some channels did not have natural commercial breaks, or broadcast live and ad-hoc programmes with irregular programme patterns. Licensee C had difficulties in scheduling APIs in accordance with the broadcasting schedules prepared by the ISD.

2.11 In 2009, the former TELA conducted another review on Licensee C to see if its new channels could broadcast APIs. In its submission, Licensee C expressed the same difficulties as before. The former TELA decided to maintain the status quo.

2.12 Audit analysed the pay TV channels which broadcast APIs and those which broadcast commercials as at 1 November 2012 (see Table 2 for details). It can be seen from Table 2 that Licensee A provides the greatest number (21) of channels with APIs whereas Licensee C provides the least number (2). While noting the reasons given by Licensee C for not broadcasting APIs (see para. 2.10), Audit considers that, in general, if a TV channel can broadcast commercials, it should be able to broadcast APIs without major difficulties.

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Table 2

**Pay TV channels which broadcast APIs / commercials
(1 November 2012)**

		Station-produced channels (a)	Acquired channels and video-on-demand channels (b)	All channels (c) = (a) + (b)
Licensee A	No. of channels	35 (100%)	84 (100%)	119 (100%)
	Channels with APIs	21 (60%) (Note)	0 (0%)	21 (18%)
	Channels with commercials	19 (54%) (Note)	0 (0%)	19 (16%)
Licensee B	No. of channels	3 (100%)	45 (100%)	48 (100%)
	Channels with APIs	1 (33%)	9 (20%)	10 (21%)
	Channels with commercials	2 (67%)	11 (24%)	13 (27%)
Licensee C	No. of channels	33 (100%)	175 (100%)	208 (100%)
	Channels with APIs	2 (6%)	0 (0%)	2 (1%)
	Channels with commercials	16 (48%)	16 (9%)	32 (15%)

Source: Audit analysis of OFCA records

Note: Two channels of Licensee A (included in its basic package offered to subscribers — see para. 2.9) broadcast APIs (in accordance with the licensing condition), notwithstanding that no commercials were broadcast on these channels.

Broadcasting of announcements in the public interest

2.13 Table 2 shows that some channels of Licensees B and C broadcast commercials, but did not broadcast APIs. In particular, out of the 32 channels of Licensee C with commercials, only 2 (6%) broadcast APIs. OFCA needs to consider requiring these two licensees (particularly Licensee C) to broadcast APIs on all channels with commercials. In order to help licensees overcome their scheduling difficulties (see para. 2.10(b)), the ISD may consider allowing them more scheduling flexibility in broadcasting APIs. It is also pertinent to point out that:

- (a) as noted in paragraph 2.9, the requirement to broadcast APIs on the station-produced channels of the basic package for Licensee A was a general requirement, while the requirements to broadcast APIs for Licensees B and C were channel-specific. There were disparities among the licensees on the requirements. According to OFCA, Licensee A has offered a basic package to a large number of subscribers, while Licensees B and C have not offered any basic package. Therefore, Licensee A has been directed to broadcast APIs on the station-produced channels of the basic package, whereas Licensees B and C have been directed to broadcast APIs on specific channels; and
- (b) for Licensee B, the number of channels required to broadcast APIs had increased from four in 2004 (when it started to broadcast APIs) to seven as at November 2012. In addition, Licensee B also broadcast APIs on a voluntary basis on three channels. However, for Licensee C, the number of channels broadcasting APIs had remained at two since it started to broadcast APIs in 2004. Priority should be given to requiring Licensee C to broadcast APIs on more of its TV channels.

Guidelines for requiring TV channels to broadcast APIs

2.14 Audit considers that there is a need for principles and guidelines to be developed to help OFCA effectively decide which channels of a TV licensee should broadcast APIs. OFCA may consult the ISD in formulating such principles/guidelines. Such principles/guidelines should ensure that, in deciding which channels of a TV licensee should broadcast APIs, the following factors are taken into account:

Broadcasting of announcements in the public interest

- (a) the theme and viewership of the channels concerned;
- (b) operational difficulties involved in broadcasting APIs. In this regard, if commercials are broadcast on the channels concerned, the broadcasting of APIs should also be feasible (see para. 2.12); and
- (c) the need to apply the API broadcasting requirement equally and fairly to all licensees in order to maintain a level playing field for the pay TV industry.

Audit recommendations

2.15 **Audit has *recommended* that the Director-General of Communications should, in consultation with the Director of Information Services:**

- (a) **lay down principles/guidelines to help OFCA effectively decide which channels of a TV licensee should be required to broadcast APIs; and**
- (b) **based on the aforesaid principles/guidelines, consider requiring more channels of pay TV licensees (particularly Licensee C) to broadcast APIs.**

2.16 **Audit has also *recommended* that the Director of Information Services should, in consultation with the Director-General of Communications, consider preparing more flexible API broadcasting schedules for those TV channels with genuine scheduling difficulties, in order to facilitate TV licensees to broadcast APIs on more channels.**

Response from the Administration

2.17 The Director-General of Communications generally agrees with the audit recommendations. She has said that OFCA:

- (a) agrees to adopt the factors set out in paragraph 2.14(a) to (c) in deciding whether pay TV channels should broadcast APIs. Indeed, the former TELA, in directing the pay TV licensees to broadcast APIs, had already

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taken into account some of these factors, albeit on a case-by-case basis. In consultation with the ISD, OFCA will proceed to formally draw up the guidelines setting out the criteria on directing licensees to broadcast APIs on pay TV channels;

- (b) agrees in principle that on channels where the licensee can insert commercials, they should be able to broadcast APIs subject to the condition that the current requirement for broadcasting one-minute APIs in every two hours be suitably adjusted; and
- (c) will continue to work with the ISD to explore the feasibility of requiring more channels of pay TV licensees (particularly Licensee C) to broadcast APIs. Also, OFCA would stand ready to discuss with the ISD proposals to provide more flexibility to help licensees overcome their scheduling difficulties, having regard to the overall objective of facilitating licensees to broadcast APIs on more pay TV channels.

2.18 The Director of Information Services generally agrees with the audit recommendations. He has said that the ISD will:

- (a) provide advice to OFCA as necessary with regard to the audit recommendations; and
- (b) discuss with OFCA the possibility of allowing some flexibility in the scheduling of APIs on pay TV channels that have genuine scheduling difficulties due to the nature of the programmes being broadcast.

Scheduling of APIs

2.19 The ISD has since 2001 promulgated a “Good Practice Guide on Publicity Campaigns” (the Publicity Guide) to assist B/Ds in carrying out publicity campaigns. According to the Publicity Guide, before producing an API, a B/D has to obtain the ISD’s approval for allocating airtime to the new API. Higher priorities are given to those APIs that:

- (a) inform the public of new policies, initiatives, services and legislative changes affecting their interest;
- (b) seek public views on proposed policies or initiatives;
- (c) educate the public on their rights and responsibilities as citizens, or on important health and safety measures; and
- (d) enlist public cooperation to tackle important social and environmental problems.

2.20 The Publicity Guide also requires that, in seeking the ISD’s approval for allocating airtime to a new API, a B/D has to provide the ISD with information of the API, including the objectives, messages, target audience and broadcasting period. Based on such information and the guidelines on what constitutes an API (see para. 2.2), the ISD will decide whether to allocate airtime in principle to the new API. Before July 2012, in processing new API requests, the ISD’s responsible staff made recommendations for the Assistant Director of the PPD to make decisions.

2.21 In July 2012, the ISD formalised the procedures by setting up an API Air Time Allocation Committee, headed by the Assistant Director, to consider new API requests and the allocation of broadcasting spots to individual APIs. The Committee holds weekly meetings. New API requests are discussed at the Committee’s meetings before decisions are made. The Committee’s decisions and reasons for approving new API requests, or otherwise, are also documented.

Broadcasting of announcements in the public interest

Broadcasting schedules of APIs

2.22 The ISD prepares the broadcasting schedules of APIs. The broadcasting schedules are weekly schedules (starting from Mondays). In the middle of a week, the ISD delivers the schedules of the following week to broadcasting licensees. In preparing the weekly schedules, the ISD will:

- (a) identify the APIs required to be broadcast in the week, taking into account the requests of B/Ds as API owners;
- (b) allocate broadcasting spots of the prime time (Note 6) manually to individual APIs according to their priorities; and
- (c) allocate broadcasting spots outside the prime time using a computer system, and compile the weekly schedules.

Guidelines not documented for allocating broadcasting spots

2.23 The free airtime available for broadcasting APIs is a precious resource (see para. 2.5). Audit considers that clear guidelines should be in place to ensure a proper mechanism for the effective allocation of broadcasting spots. However, the ISD has not developed such guidelines.

2.24 Notwithstanding the absence of laid-down guidelines, over the years, the ISD has developed certain practices in preparing the broadcasting schedules of APIs, for example:

- (a) the number of APIs broadcast in a week is maintained at around 160 to 170 for TV APIs and around 170 to 180 for radio APIs. The ISD considers that the existing free airtime can only accommodate such quantities of APIs;

Note 6: *The ISD defines the prime time as follows:*

- (a) *for TV, the six hours from 6:00 p.m. to 12:00 midnight; and*
- (b) *for radio, the five hours from 7 a.m. to 12 noon, the one hour from 7 p.m. to 8 p.m., and the two hours from 11 p.m. to 1 a.m.*

Broadcasting of announcements in the public interest

- (b) in determining the priorities of APIs broadcast in a week, the following factors are taken into account:
 - (i) whether the key message of an API is of a great concern to the general public. For example, an API relating to public safety or health will be given a higher priority;
 - (ii) whether an API is relating to the progression of a publicity campaign, a consultation exercise or a government scheme, etc. For example, at the start and the end of a consultation exercise, the API concerned will have a higher priority; and
 - (iii) the requests of B/Ds as API owners; and
- (c) a priority API is allocated at least one prime-time broadcasting spot in a week. An API with a higher priority is allocated more prime-time broadcasting spots.

2.25 With the establishment of the API Air Time Allocation Committee in July 2012 (see para. 2.21), it is opportune for the ISD to consolidate its past practices on scheduling APIs (see para. 2.24), with a view to drawing up clear guidelines for reference by members of the Committee.

Audit recommendation

2.26 **Audit has recommended that the Director of Information Services should formulate and lay down clear guidelines for the scheduling of APIs, and review them on a regular basis.**

Response from the Administration

2.27 The Director of Information Services agrees with the audit recommendation. He has said that the ISD will lay down clear guidelines on the approval process and scheduling considerations for APIs and include them in the revised Publicity Guide for circulation to B/Ds on an annual basis. The guidelines will be reviewed from time to time.

Duration of APIs

2.28 The standard programming time for both TV and radio APIs is 30 seconds. An airtime of one minute can accommodate two 30-second APIs. In 2012, the ISD broadcast 393 TV APIs. Audit found that almost all of them were 30 seconds in duration. Only a few were 15-second APIs, comprising:

- (a) *two TV APIs on road safety.* These two APIs, which were succinct and compact, urged drivers not to change lanes carelessly and not to speed; and
- (b) *13 TV APIs on the 2012 Legislative Council Election.* These 13 APIs were broadcast in two series and cast by celebrities. The first series of six APIs appealed to voters to vote, and were broadcast in the four weeks preceding the week of the election day. The second series of seven countdown APIs reminded voters to vote on the approaching election day, and were broadcast in the week of the election day.

Merits of shorter APIs

2.29 The standard programming time of 30 seconds for TV advertisements has been adopted for many years. In recent years, the use of shorter advertisements has become common. Based on OFCA's analysis, Audit noted that about 70% of TV advertisements had a duration of less than 30 seconds (Note 7). Audit considers that producing more APIs with a shorter duration has the following merits:

- (a) the APIs can be more compact, like the two TV APIs on road safety mentioned in paragraph 2.28(a), without reducing their impact. On the other hand, Audit noted that some 30-second APIs, particularly those with straightforward messages, might give audience a feeling of sluggishness;
- (b) the APIs can achieve more effective use of airtime, like the 13 TV APIs on the 2012 Legislative Council Election mentioned in paragraph 2.28(b). As their duration was shortened from the usual 30 seconds to 15 seconds,

Note 7: *According to OFCA's analysis, 72% of the TV advertisements broadcast on a popular TV channel during one week in November 2012 had a duration of not more than 25 seconds.*

Broadcasting of announcements in the public interest

the number of broadcasting spots could be doubled to generate more exposure of the subject matter to the target audience. This is particularly useful for announcing short but important messages (e.g. reminder to pay tax); and

- (c) for a given amount of airtime, twice the number of APIs can be broadcast if the duration is shortened from 30 seconds to 15 seconds. This can ease the competing demand for airtime for broadcasting APIs.

2.30 Audit considers that the ISD should adopt a more flexible approach in determining the duration of an API. For example, when the key message is straightforward, or when a higher frequency of broadcasting is required, the ISD may advise the B/Ds concerned on the desirability of using shorter APIs. The ISD may also explore the option of producing an API in two versions (e.g. a 30-second cut and a 15-second cut) for use in different stages of a publicity campaign. The ISD needs to provide guidelines to B/Ds to facilitate the effective use of shorter APIs.

Audit recommendations

2.31 **Audit has recommended that the Director of Information Services should:**

- (a) **review the standard duration of APIs and identify the situations where there are merits in using shorter APIs; and**
- (b) **facilitate the effective use of shorter APIs by providing relevant guidelines in the Publicity Guide.**

Response from the Administration

2.32 The Director of Information Services generally agrees with the audit recommendations. He has said that the ISD will review whether there are situations where the use of shorter APIs is desirable and, in consequence, consider the possible inclusion of information on shorter APIs in the revised Publicity Guide.

Monitoring the broadcast of APIs

2.33 The ISD has implemented a sample checking system for monitoring the broadcasting of APIs by licensees. Under the ISD's checking system, all TV/radio channels that are required to broadcast APIs will be sample checked for compliance with the broadcasting schedules.

2.34 For errors (omissions or wrong APIs broadcast) identified, the ISD will forward the cases through OFCA to the licensees concerned for investigation. If the errors are substantiated, OFCA will require the licensees concerned to provide additional API broadcasting spots as compensatory measures.

Omissions of channels from checking

2.35 For Licensee A (a pay TV licensee — see para. 2.9), 17 of its TV channels were required to broadcast APIs. Audit noted that the ISD had conducted checking on only 15 of these 17 channels. The two channels omitted from checking commenced service in August 2009 and June 2011 respectively. Upon Audit's enquiry in November 2012, the ISD explained that its checking system did not cover these two channels because it had not been informed of their commencement of service by the former TELA. The ISD subsequently commenced checking on the two channels. To avoid recurrence of such omissions, OFCA and the ISD need to take measures to ensure that all TV/radio channels required to broadcast APIs are subject to the ISD's checking for compliance with the broadcasting schedules.

Audit recommendation

2.36 **Audit has recommended that the Director-General of Communications and the Director of Information Services should take measures to ensure that all TV/radio channels required to broadcast APIs are subject to the ISD's checking for compliance with the broadcasting schedules.**

Response from the Administration

2.37 The Director of Information Services agrees with the audit recommendation. He has said that the ISD will, as per standing practice, check the compliance of all additional TV/radio channels required to broadcast APIs once informed by OFCA of the need to do so.

2.38 The Director-General of Communications welcomes the audit recommendation. She has said that:

- (a) to facilitate sample checking by the ISD for monitoring the broadcasting of APIs by licensees, the established practice is for OFCA to require all licensees to provide broadcasting records of APIs on their services to the ISD. Licensee A has been directed to broadcast APIs on the channels of its basic package (see para. 2.9). In the absence of a formalised notification mechanism on the specific channels that are required to broadcast APIs, there are circumstances in which the ISD may not be fully aware of changes to the channels on Licensee A's service that are required to broadcast APIs; and
- (b) in future, OFCA will notify the ISD if there is any change to the TV/radio channels which are required to broadcast APIs so as to ensure that all channels which broadcast APIs are subject to the ISD's checking for compliance with the broadcasting schedules.

Survey on the effectiveness of APIs

2.39 In 2002, the ISD completed a survey on the effectiveness of six publicity campaigns launched in 2001-02, particularly with regard to the public awareness of the campaigns and the related TV APIs. The results showed that the campaigns and the TV APIs were successful in increasing public awareness of the subject issues. In 2006, the ISD intended to carry out another survey on the effectiveness of APIs (particularly English radio APIs), covering the following main areas:

- (a) gauging the general perception of APIs in terms of awareness, message clarity, audience agreement, and effectiveness in changing public attitudes and behaviours; and
- (b) collecting the general views on the content and presentation of APIs.

2.40 The ISD conducted a quotation exercise and received three proposals. However, the assessment board considered that all three proposals failed to address a number of technical concerns (e.g. whether the sample size was large enough, how to include English radio audience in the sample, and how to overcome difficulties in gauging perception). In the event, the assessment board cancelled the quotation exercise and the survey was not conducted.

Survey on APIs not conducted since 2002

2.41 Since the last survey in 2002, the ISD has not conducted a survey on the effectiveness of APIs as a publicity means. From time to time, there are unfavourable comments in the media on the content and presentation of APIs. It is essential for the Government to acquire a good understanding of what the public thinks about APIs and how their content and presentation can be enhanced to achieve their objectives and effectiveness. Such a survey can shed light on the public opinion on APIs and identify areas for improvement.

2.42 The 2006 experience showed that there were difficulties in conducting a survey on the effectiveness of APIs. The ISD needs to adequately plan for such a survey, and seek necessary expertise support.

Audit recommendations

2.43 **Audit has *recommended* that the Director of Information Services should:**

- (a) **consider conducting a survey on the effectiveness of APIs, with a view to identifying ways to enhance their content and presentation; and**
- (b) **adequately plan for conducting such a survey, seeking expertise support if necessary.**

Response from the Administration

2.44 The Director of Information Services agrees with the audit recommendations. He has said that the ISD will:

- (a) consider conducting surveys on the effectiveness of TV APIs in conjunction with the B/Ds that own the TV APIs; and
- (b) continue to remind B/Ds of the need to conduct surveys on the effectiveness of their publicity campaigns in the Publicity Guide.

PART 3: MANAGEMENT OF POSTER SITES

3.1 This PART examines the ISD's management of poster sites, and suggests measures for improvements in the following areas:

- (a) poster sites at government premises and facilities (paras. 3.5 to 3.13);
- (b) information panels at bus stops (paras. 3.14 to 3.22); and
- (c) usage of poster sites (paras. 3.23 to 3.35).

Types of poster sites

3.2 Displaying posters is a publicity tool commonly used by B/Ds. According to the ISD, poster sites have played an important role in disseminating messages of public interest to citizens and visitors of Hong Kong. Moreover, poster sites in the urban areas with heavy pedestrian flow are particularly valuable in achieving publicity purposes.

3.3 The ISD manages different types of poster sites for displaying posters of various sizes. Table 3 shows a summary of the 1,230 poster sites managed by the ISD as at September 2012.

Table 3

Poster sites managed by the ISD
(September 2012)

Type (Note)	Number	Remarks
Poster boxes/boards (A1 size) installed at:		Used by various B/Ds (see para. 3.23)
— public housing estates (including their shopping centres)	679	
— bus stops and termini	165	
— footbridges and subways	162	
— other places (e.g. community centres/halls and government office buildings)	90	
Sub-total	1,096	
Information panels installed at bus stops (4-sheet size)	10	5 double-sided information panels providing 10 poster sites used by the Social Welfare Department (see para. 3.28)
Advertising panels installed at the Nathan Road Subway Link connecting with the East Tsim Sha Tsui Station (4-sheet size)	36	Used by several departments (see para. 3.29)
Poster boxes installed at the Salisbury Road Subway (A0 size)	68	Reserved for the ISD's use (see para. 3.33)
Poster boxes installed at the Passenger Terminal 2 of the Hong Kong International Airport (A1 size)	20	
Total	1,230	

Source: ISD records

Note: The dimensions of posters displayed at ISD poster sites:

- (a) A1 size — 830mm × 570mm (8 times the size of A4 paper);
- (b) A0 size — 1,188mm × 840mm (16 times the size of A4 paper); and
- (c) 4-sheet size — 1,500mm × 990mm.

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3.4 Photographs 1 to 4 show examples of ISD poster sites.

Photographs 1 to 4

Examples of ISD poster sites

Photograph 1

A1 size poster boards at a bus stop



Photograph 2

A 4-sheet size information panel at a bus stop



Photograph 3

A0 size poster boxes at the Salisbury Road Subway



Photograph 4

4-sheet size advertising panels at the Nathan Road Subway Link



Source: Photographs taken by Audit in June and July 2012

Poster sites at government premises and facilities

3.5 As can be seen from Table 3, as at September 2012, some 90% (1,096) of the poster sites managed by the ISD were for displaying A1 size posters. The demand for these A1 size poster sites has been increasing as indicated by the increasing number of titles of A1 size posters displayed (84, 103 and 112 in 2009-10, 2010-11 and 2011-12 respectively). However, in the past 10 years, the number of such A1 size poster sites decreased by 31%, from 1,592 in March 2002 to 1,096 in September 2012.

3.6 According to the ISD, the decrease in the number of A1 size poster sites was mainly due to the following reasons:

- (a) some public housing estates became Tenants Purchase Scheme (Note 8) estates. The owners' corporations of some of these housing estates asked the ISD to remove the poster boxes installed at their premises. Although the ISD requested keeping the poster boxes, such requests were usually turned down; and
- (b) many bus stops were renovated and installed with advertising panels of 4-sheet size. The ISD's A1 size poster boards previously installed were removed during renovation.

3.7 The decreasing trend in the number of A1 size poster sites is a cause for concern. It will result in a shorter display period or fewer copies displayed for each poster title. The ISD needs to take measures to provide more A1 size poster sites to meet B/Ds' increasing demand.

Scope for more poster sites at government premises and facilities

3.8 The majority of A1 size poster sites are at premises/facilities managed by (or under the purview of) government departments, including public housing estates by the Housing Department (HD), community centres/halls by the Home Affairs

Note 8: *The Tenants Purchase Scheme is a scheme operated by the Housing Authority to enable tenants of the Authority's public housing estates to purchase their own flats.*

Management of poster sites

Department (HAD), government office buildings by the Government Property Agency (GPA), and footbridges and subways by the Highways Department (HyD). In the past, the ISD identified suitable places at these premises/facilities for setting up poster sites by:

- (a) visiting these premises/facilities to identify suitable locations, and requesting the departments concerned to allow it to set up poster sites; and
- (b) accepting invitations from other departments (mainly HyD and GPA) to set up poster sites at locations suggested by them.

3.9 However, according to the ISD, owing to manpower and resource constraints, the ISD no longer actively identifies suitable places for setting up new poster sites. The ISD's A1 size poster sites are currently set up at only a relatively small percentage of government premises/facilities (see Table 4 for details). There appears to be ample scope for the ISD to set up more poster sites at government premises/facilities.

Table 4

Number of government premises and facilities with ISD's A1 size poster sites
(September 2012)

Department	Government premises/facilities	Number		
		Total (a)	With ISD poster sites (b)	Percentage $(c) = \frac{(b)}{(a)} \times 100\%$
Housing Department	Public housing estates	202	65	32%
Home Affairs Department	Community centres/halls	97	12	12%
Government Property Agency	Government office buildings	47	1 (Note 1)	2%
Highways Department	Footbridges and subways	1,182	5 (Note 2)	0.4%

Source: HD, HAD, GPA, HyD and ISD records

Note 1: ISD poster sites were only found at the Sai Kung Government Offices.

Note 2: ISD poster sites were found at four footbridges (in Central, Queensway, Wan Chai and Tsuen Wan) and one subway (in Jordan).

3.10 In August 2012, Audit made enquiries with the four departments (HD, HAD, GPA and HyD) as to whether they had issued any internal guidelines on providing places to the ISD for setting up poster sites. In reply, the departments said that they had not issued such guidelines. They were of the view that, in case the ISD identified suitable places at their premises/facilities for setting up poster sites, the ISD could make requests for their consideration.

Management of poster sites

3.11 Audit considers that the ISD needs to critically assess B/Ds' demand for additional poster sites (see para. 3.5), and identify more places at government premises/facilities for setting up poster sites. For example, the ISD may make arrangements with the departments concerned to inform it of possible places for setting up poster sites, particularly when new premises/facilities are being built.

Audit recommendations

3.12 **Audit has recommended that the Director of Information Services should:**

- (a) **critically assess B/Ds' demand for additional poster sites; and**
- (b) **take more proactive action, in consultation with the departments concerned (e.g. HD, HAD, GPA and HyD), to identify suitable places at government premises/facilities for setting up poster sites.**

Response from the Administration

3.13 The Director of Information Services agrees with the audit recommendations. He has said that the ISD will carry out a review on the continuing need for poster sites, their numbers and locations with a view to maximising the publicity effect within existing resources. This will include consultation with the departments concerned to identify suitable cost-effective locations for poster sites.

Information panels at bus stops

3.14 Bus stops are suitable places for outdoor advertising, as they have a captive audience of passengers awaiting transportation. The ISD has been using poster boards at bus stops to display A1 size posters (see Photograph 1 in para. 3.4). However, the number of such poster boards has decreased significantly in recent years (see para. 3.6(b)). The ISD has also arranged through the TD with a bus company (Bus Company A) to install five double-sided information panels of 4-sheet size at bus stops to display posters (see Photograph 2 in para. 3.4).

Arrangements with the bus companies

3.15 The following is a chronology of key events on the arrangements with the bus companies for setting up information panels at bus stops for government use:

	Date	Event
(a)	July 1990	<p>Bus Company A sought approval from the TD to use bus stops for advertising to cross-subsidise bus operation. It proposed a new design of shelters at bus stops which would provide spaces for installing advertising panels.</p> <p>The ISD suggested that one in six panels should be available for public service announcement. The ISD would call upon the allocation of panels when the need arose.</p>
(b)	September 1990	<p>The TD approved Bus Company A to use bus stops for advertising on the conditions that:</p> <ul style="list-style-type: none"> ● the advertising revenue would be treated as part of the bus operation revenue; and ● for every six advertising panels, one information panel would be provided to the Government free of charge for public service advertising.
(c)	1990 to 1998	<p>Bus Company A installed new bus shelters with advertising panels but did not reserve any information panels for Government use as there was no request forwarded to the Company.</p> <p>According to the ISD, there was no request for information panels as they were less desirable than advertising panels and their size did not fit standard government posters.</p>

Management of poster sites

	Date	Event
(d)	October 1998	<p>Bus Company A requested the TD to relax the ratio for providing panels to the Government as taking away so many panels would substantially reduce the amount of non-bus fare revenue and would increase the pressure on fare increase. Bus Company A suggested to the TD to revise the ratio from 1:6 to 1:100.</p> <p>The TD discussed the matter with the ISD. In view of the increasing number of major publicity campaigns, the ISD considered that the Government should retain an acceptable ratio of at least one in 10 panels for promoting messages in the public interest.</p>
(e)	January 1999	<p>The ISD agreed with the TD that Bus Company A would provide spaces for the ISD for putting up information panels and the maintenance cost of the panels would be borne by the ISD. Also, as a first step, the Government would use the ratio of 1:100 to obtain panel spaces from the bus company. Thereafter, the ISD would review the utilisation and effectiveness of using panel spaces, e.g. in 12 months' time. Subject to detailed justifications, the Government might further discuss with the bus company to increase the number of panel spaces in due course.</p> <p>However, Audit noted that the ISD had not carried out such a review.</p>
(f)	April 1999	<p>The TD put forward the following arrangements, which were agreed by Bus Company A:</p> <ul style="list-style-type: none"> ● the previous undertaking of reserving one for every six panels for the Government's use (see (b) above) would be dropped; ● Bus Company A would provide 1% of its total number of panel spaces to the ISD for installing information panels. Such panel spaces should be provided at popular locations. Since Bus Company A then had around 1,000 panel spaces, it would provide 10 panel spaces to the ISD. The ISD would bear the cost of installing and maintaining such panels; and ● the effectiveness of the arrangement would be reviewed on an annual basis if necessary.

Management of poster sites

	Date	Event
		<p>The TD also put forward the same arrangement to two other franchised bus companies (Bus Companies B and C). The TD stated that it would liaise with them on the detailed arrangements when the ISD had more concrete plans.</p> <p>In September 2012, in response to Audit's enquiry, the TD confirmed that the arrangements with the bus companies were still valid. However, Audit noted that the ISD had not acquired panel spaces from the two bus companies. According to the ISD, it had not been informed of the final arrangements between the TD and Bus Companies B and C on the matter.</p>
(g)	2000	The ISD installed 10 information panels (at a cost of \$4,800 each) at 10 bus stops of Bus Company A.
(h)	2001 to 2007	Of the 10 information panels installed at bus stops, five were subsequently dismantled for various reasons (see para. 3.19) and five remained.

3.16 The three franchised bus companies engage advertising agents to manage their advertising panels at bus stops. In August 2012, Audit noted that at least seven B/Ds were hiring advertising panels for displaying posters in connection with their publicity campaigns (see Photograph 5). Audit made enquires with them about the hiring arrangements. Based on their replies, Audit noted that:

- (a) the expenditure of the seven B/Ds in hiring advertising panels at bus stops amounted to about \$7.9 million in 2012; and
- (b) the hiring rate was, on average, \$400 per week per panel side.

Photograph 5

Advertising panels at a bus stop hired by B/Ds



Source: Photograph taken by Audit in August 2012

3.17 It is evident that there is considerable demand from B/Ds for displaying posters at advertising panels of bus stops for publicity purposes. If the ISD had been able to provide more panels at bus stops for use by B/Ds, the related government expenditure could have been reduced. However, as can be seen from paragraph 3.15(e) and (f), the ISD had not been proactive in acquiring panel spaces from the bus companies in accordance with the 1999 agreement.

3.18 As at September 2012, the three franchised bus companies had a total of 7,106 advertising panels, comprising 5,601 for Bus Company A, 1,016 for Bus Company B, and 489 for Bus Company C. In accordance with the 1999 agreement, the ISD should have been able to acquire a total of 71 spaces (i.e. 1% of 7,106 panel spaces — also see para. 3.15(f)) for installing double-sided panels (i.e. a total of 142 panel sides) for displaying posters. However, as at September 2012, there were only five such panels (i.e. 10 panel sides) for use by the ISD (see para. 3.14). At a hiring rate of \$400 per week per panel side (see para. 3.16(b)), some \$2.7 million (i.e. $\$400 \times 52 \times (142 - 10)$) a year could have been saved in government expenditure on advertising at bus stops (see para. 3.16(a)).

Furthermore, the 1999 agreement has provided for a review of the ratio for allocating panel spaces to the ISD (see para. 3.15(e)). If the ISD needs to install more panels to meet the demand from B/Ds, the TD can negotiate with the three bus companies for a revision of the ratio. Therefore, the financial implication calculated above could have been much higher (Note 9).

Dismantling of information panels at bus stops

3.19 As noted in paragraph 3.15(h), of the 10 information panels installed by the ISD at bus stops of Bus Company A, five were dismantled for various reasons. Audit noted that the ISD had not adequately followed up with Bus Company A for the replacement of the dismantled panels at their original places or other suitable places.

Audit recommendations

3.20 **Audit has recommended that the Director of Information Services should:**

- (a) **in collaboration with the Commissioner for Transport, discuss with the bus companies with a view to acquiring sufficient number of panel spaces at suitable locations (in accordance with the terms agreed in 1999);**
- (b) **after installing panels at the panel spaces acquired, inform B/Ds of the availability of such panels, and issue guidelines to facilitate their use by B/Ds;**
- (c) **based on the experience of using the panel spaces acquired, review the need to revise the ratio of panel spaces to be provided by the bus companies;**

Note 9: *If the ISD had conducted a review of the utilisation and effectiveness of using panel spaces and increased the number of panel spaces based on its original assessment of one in 10 panels for promoting messages in the public interest (see para. 3.15(d)), the financial implication would have been about \$29 million a year (i.e. $\$400 \times 52 \times (710 \times 2 - 10)$).*

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- (d) **follow up with Bus Company A on the replacement of the dismantled panels; and**
- (e) **in collaboration with the Commissioner for Transport, explore the feasibility for other transport operators to also provide free poster sites for use by the Government.**

Response from the Administration

3.21 The Director of Information Services generally agrees with the audit recommendations. He has said that the ISD will carry out a review on the continuing need for poster sites (see para. 3.13). Subject to the outcome of the review, follow-up discussions with the relevant bus companies will be carried out in collaboration with the TD.

3.22 The Commissioner for Transport has said that the TD will work closely with and offer necessary assistance to the ISD on implementing the audit recommendations, subject to the ISD's confirmation that advertising spaces under the control of transport operators will form part of the ISD's advertising mix.

Usage of poster sites

A1 size poster sites

3.23 The majority of ISD poster sites (1,096 as at September 2012) are used by B/Ds for displaying A1 size posters (see Table 3 in para. 3.3). To use these sites, B/Ds have to submit their requests to the ISD, listing the necessary details (e.g. poster titles and requested display periods). The ISD coordinates the requests and determines the display periods after discussing with the B/Ds concerned. In 2011-12, the ISD received B/Ds' requests for displaying 112 poster titles. On average, about 70 copies of each poster title were displayed for 51 days.

3.24 The ISD has engaged a contractor to assist in putting up posters at the A1 size poster sites. On a weekly basis, the contractor collects posters from the ISD for displaying at poster sites. The ISD informs the contractor about the planned display periods of new poster titles, and the old poster titles to be replaced. The contractor is required to put up new posters to replace old ones in a timely manner according to their planned display periods. The contractor is also required to submit weekly reports. The weekly reports list, for individual new poster titles, the locations at which they have been put up and the old poster titles they have replaced.

3.25 However, the ISD does not have a system to record the information on the weekly reports to maintain a complete record of the poster being displayed at each poster site. In the circumstances, the ISD does not know how many and which poster sites are displaying posters due for replacement. Only general instructions are given to the contractor to replace old titles with new ones, without specifying the number and the locations of poster sites involved.

3.26 Inspections of poster sites are conducted by ISD staff to ensure that posters are properly displayed and the poster sites are in good conditions. In 2011-12, ISD staff conducted 1,629 poster site inspections. Of these inspections, information of the posters on display was recorded for 774 inspections. These 774 inspections revealed that 219 (28%) posters were beyond their planned display periods. Audit also examined the weekly reports submitted by the contractor to ascertain the poster on display at each site as at 30 September 2012. Of the 372 sites that the posters on display could be ascertained from the contractor's weekly reports, Audit found that 140 (38%) posters at these sites were beyond their

Management of poster sites

planned display periods. In particular, 49 (13%) posters had been displayed beyond their planned display periods by more than two months.

3.27 Audit considers that the ISD needs to devise a system to facilitate better planning for displaying posters at poster sites. For example, the ISD may consider developing a computer system to maintain complete and up-to-date information about the poster on display at each poster site. This will help the ISD to better plan and assess the display of posters at different poster sites according to poster themes to maximise their publicity effect. This will also enable the ISD to give more detailed instructions to the contractor on the number and locations of poster sites for putting up new posters.

Information panels at bus stops

3.28 The ISD has 10 poster sites of 4-sheet size at bus stops (see Table 3 in para. 3.3 and Photograph 2 in para. 3.4). Audit noted that from the installation of these sites in 2000 to September 2012, they had been used only by the Social Welfare Department for promoting its services. As far as could be ascertained, the same title of poster had been displayed at these sites for at least seven years. The ISD does not have a system in place for reviewing the need to replace a poster title, nor does it have any arrangement for other B/Ds to use these poster sites. Meanwhile, some B/Ds have hired advertising panels at bus stops (see para. 3.16).

Advertising panels at the Nathan Road Subway Link (NRSL)

3.29 The ISD has 36 poster sites of 4-sheet size at the NRSL (see Table 3 in para. 3.3 and Photograph 4 in para. 3.4). From the handover of these sites (from HyD to ISD) in 2006 to September 2012, they had been used by 12 B/Ds only. Since 2009, these sites had been used by the same seven departments for most of the time.

3.30 Comparing with the poster sites at government premises/facilities and bus stops, the NRSL poster sites are high-value sites. According to the market hiring rate of similar poster sites nearby, it was estimated that the hiring rate of an NRSL poster site was some \$5,200 per week. Based on this, the notional cost of the 36 NRSL poster sites was estimated to be \$9.7 million a year ($\$5,200 \times 36 \times 52$). Audit noted that at some of these sites, the same posters had been displayed for a

long time. For example, as at September 2012, 7 posters had been displayed for 22 to 47 months.

3.31 In the Publicity Guide, other than the list of ISD poster sites available for B/Ds' use, there is not much information on individual types of poster sites, such as the procedures to apply for their use. For the high-value sites at the NRSL, they are not particularly distinguished from the other poster sites. Furthermore, there are no guidelines on using these high-value sites in a cost-effective manner.

3.32 Displaying posters for a long period of time will reduce the availability of poster sites for new posters. This is not an effective use of poster sites as a publicity tool. Audit considers that the ISD needs to regularly review the usage of poster sites and consider setting guidelines on the optimum display periods of posters.

Poster sites reserved for the ISD's use

3.33 The ISD has reserved a total of 88 (68 + 20) poster sites (see Table 3 in para. 3.3) for displaying posters under specific themes to promote the city brand of Hong Kong. Audit's examination of ISD records of the themes and posters displayed at these sites since March 2007 showed that the themes had not been regularly changed and the same posters had been displayed for a long time (ranging from 15 to 41 months). Audit considers that the ISD needs to review the usage of these reserved sites.

Audit recommendations

3.34 **Audit has recommended that the Director of Information Services should:**

- (a) **put in place a system to record details about the posters displayed at poster sites, and generate information for planning the display of posters and providing more detailed instructions to the contractor for putting up posters;**

Management of poster sites

- (b) **provide in the Publicity Guide more information on individual types of poster sites to facilitate B/Ds to apply for their use;**
- (c) **provide guidelines for using poster sites, particularly the high-value sites at the NRSL, in a cost-effective manner; and**
- (d) **review the usage of poster sites (including those reserved by the ISD for promoting the city brand of Hong Kong) and consider setting guidelines on the optimum display periods of posters.**

Response from the Administration

3.35 The Director of Information Services agrees with the audit recommendations. He has said that the ISD will:

- (a) continue to implement and enhance as necessary the reporting mechanism on the management of A1 size poster sites;
- (b) include considerably more information on the full range of poster sites, display criteria and display periods in the Publicity Guide; and
- (c) review the usage and rotation of posters sites reserved for city branding purposes.

PART 4: PLACEMENT OF NEWSPAPER ADVERTISEMENTS AND NOTICES

4.1 This PART examines the ISD's management of government advertisements and notices in newspapers. Audit has found room for improvement in the following areas:

- (a) government advertisements and notices in print (paras. 4.5 to 4.22); and
- (b) government advertisements and notices on the Internet (paras. 4.23 to 4.32).

Role of the ISD in public service advertising

4.2 The ISD acts as an executive arm of the Government for public service advertising. Newspaper advertising is a publicity tool commonly used by B/Ds with expenditure met by their own advertising/publicity votes. In the past three financial years (2009-10, 2010-11 and 2011-12), B/Ds spent \$75 million, \$73 million and \$78 million respectively on newspaper advertising. The Government General Regulations provide that no advertisement or notice may be sent to any newspaper except by the ISD. This does not apply to advertisements/notices placed in magazines.

4.3 B/Ds can choose the newspapers in which to place their advertisements and notices to reach their target audiences. In this regard, the ISD:

- (a) advises B/Ds of the rates charged by the publishers;
- (b) receives scripts from B/Ds and delivers them to the publishers;
- (c) checks the newspapers concerned to ensure that advertisements and notices have been published as placed; and
- (d) verifies invoices and delivers them to B/Ds for settlement.

Placement of newspaper advertisements and notices

4.4 Government advertisements and notices in newspapers mainly include recruitment advertisements, government notices, and promotional advertisements. Table 5 shows the expenditure on them in 2011-12.

Table 5
Expenditure on newspaper advertisements and notices
(2011-12)

Advertisement/notice	(\$ million)	(%)
Recruitment advertisements	10	13 %
Government notices (mainly statutory notices and tender notices)	42	54 %
Promotional advertisements	26	33 %
Total	78	100 %

Source: ISD records

Government advertisements and notices in print

2001 audit review

4.5 The cost of placing a newspaper advertisement is directly proportional to the size of the advertisement. In 2001, Audit completed a review of the ISD's management of government publicity programmes. In the review, Audit noted that duplication of contents was found in both government recruitment advertisements and government notices. Audit recommended that the ISD should coordinate with B/Ds to enable them to redesign the form and contents of their advertisements with a view to reducing the size by eliminating duplication of information.

4.6 The ISD accepted the audit recommendation, and issued a memo to B/Ds in February 2001. The ISD requested B/Ds to critically examine the feasibility of displaying identical information once and centrally in newspaper advertisements to avoid unnecessary duplication. The ISD has incorporated the same guideline in the Publicity Guide. To follow up on this issue, Audit examined government advertisements placed in newspapers in the first half of 2012 and found that there was still room for reducing the duplicated contents in these advertisements.

Format of government recruitment advertisements

4.7 According to the Government General Regulations, recruitment advertisements for both civil service (CS) and Non-civil service (NCS) posts should be published in accordance with the format prescribed by the Civil Service Bureau (CSB). The prescribed format includes a section on "General Notes" which contains general information about government vacancies for job seekers' reference (e.g. candidates must be permanent residents of Hong Kong).

Duplication of information in Chinese recruitment advertisements

4.8 The ISD has entered into a bulk contract with Newspaper A for the placement of Chinese recruitment advertisements. B/Ds' recruitment advertisements placed through the bulk contract are published on Fridays. The recruitment advertisements are grouped into two consolidated advertisements by the ISD, one for CS vacancies and one for NCS vacancies. To reduce the total size of recruitment advertisements, the ISD removes the General Notes section of

Placement of newspaper advertisements and notices

individual recruitment advertisements and arranges to display the General Notes section at the end of each page of a consolidated advertisement. In 2011-12, the expenditure on the consolidated recruitment advertisements in Newspaper A was \$0.76 million, representing 8% of the total expenditure on recruitment advertisements (\$10 million — see Table 5 in para. 4.4).

4.9 Audit examined the consolidated recruitment advertisements in Newspaper A and noted that there was still duplication of common information in individual advertisements, such as:

- (a) explanatory notes on the language proficiency requirements for posts below degree level, and those for posts at degree or professional level;
- (b) explanatory notes on the assessment of Basic Law knowledge for CS posts;
- (c) terms of appointment for CS posts; and
- (d) fringe benefits for NCS posts.

4.10 If the repeated information was taken out from individual advertisements and included in the General Notes section, the size of a consolidated recruitment advertisement would be reduced. Also, as the General Notes section was placed at the end of each page, it would appear on every page of a large consolidated recruitment advertisement occupying more than one page. Audit considers that the General Notes section should be displayed in a consolidated advertisement once only (e.g. at the end of a consolidated advertisement) to further reduce the size of government recruitment advertisements in Newspaper A.

4.11 Audit estimated that, if the above cost-saving measures had been adopted, savings of \$80,000 (or 20%) would have been achieved on the total charges of \$400,000 for the consolidated recruitment advertisements placed in Newspaper A in the first half of 2012.

Duplication of information in English recruitment advertisements

4.12 Prior to 2000, the ISD used to place English recruitment advertisements in Newspaper B under a bulk contract. In early 2000, the ISD considered that the charge rate was too high and decided not to continue the bulk contract arrangement. Since March 2000, an English summary notice of government vacancies prepared by the CSB has been placed in Newspaper C on a weekly basis (currently on Fridays). The revised arrangement was intended to be a cost-saving measure by advertising government vacancies in a summary notice instead of placing separate recruitment advertisements with full details. In 2011-12, the charges for placing summary notices of government vacancies amounted to \$0.53 million.

4.13 Despite the revised arrangement, individual B/Ds may still place recruitment advertisements (with full details) in English newspapers through the ISD. In 2011-12, of the 668 government vacancies listed in the summary notices, 265 (40%) were also advertised in Newspaper B by B/Ds. The related expenditure amounted to \$5 million, representing 50% of the total expenditure on recruitment advertisements (\$10 million — see Table 5 in para. 4.4), or 9.4 times the amount incurred in placing the summary notices (\$0.53 million). The ISD needs to review the effectiveness of the revised arrangement.

4.14 Regarding English recruitment advertisements placed in Newspaper B, the ISD does not arrange B/Ds' advertisements into consolidated ones for size reduction. The General Notes section and the general information identified in paragraph 4.9 were repeatedly displayed in individual English recruitment advertisements placed by B/Ds. Audit estimated that, if the cost-saving measures similar to those for Chinese recruitment advertisements had applied, savings of \$450,000 (or 23%) would have been achieved on the total charges of \$2 million for the recruitment advertisements placed in Newspaper B in the first half of 2012.

Duplication of information in government notices

4.15 Government notices in newspapers mainly comprise statutory notices and tender notices. Statutory notices are published by B/Ds in accordance with the requirements of various ordinances. For example, pursuant to the Railways Ordinance (Cap. 519) and the Roads (Works, Use and Compensation) Ordinance (Cap. 370), the Transport and Housing Bureau and the Lands Department have to publish notices informing the public about the public works to be carried out in the

Placement of newspaper advertisements and notices

territory. Normally, statutory notices are required to be published in one English newspaper and one Chinese newspaper. For tender notices, B/Ds placed advertisements in newspapers to invite tenders of various types (e.g. procurement of goods or services, and letting of government premises). In most cases, B/Ds place tender notices in one English newspaper and one or more Chinese newspapers.

4.16 Unlike the placement of recruitment advertisements, the ISD did not coordinate the placement of government notices. B/Ds may choose the dates and the newspapers for publishing their notices, taking into account their own considerations (e.g. target audience, circulation and readership of the newspapers, and charge rates). In 2011-12, the expenditure on placement of government notices amounted to \$42 million, representing 54% of the total expenditure on advertisements (\$78 million — see Table 5 in para. 4.4). Of the 5,900 advertisements placed for government notices, about 61% were advertised on Fridays.

4.17 Audit examined the government notices placed in newspapers in the first half of 2012 and noted that there were frequent occasions on which a B/D placed government notices of the same types in the same newspapers on the same days. Moreover, many of these notices were placed as separate notices with common details repeated in each notice, despite the memo issued by the ISD in February 2001 (see para. 4.6). For example, in the notices relating to public works, repeated common details included information about where the plans of works were available for public inspection (mainly the addresses and office hours of B/D's district offices), and how the public might express their opinions or make objections. In the case of tender notices, repeated common details included information on how bidders could obtain and submit tender documents.

4.18 For the government notices advertised in the first half of 2012, Audit identified government notices of the same types placed by the B/Ds concerned in the same newspapers on the same days. Audit estimated that \$1.4 million could have been saved by eliminating common details in these government notices.

4.19 As the advertising agent of the Government (see para. 1.2), the ISD needs to take further improvement measures to avoid unnecessary duplication of information in government notices. The ISD may offer assistance to the B/Ds concerned in setting up templates to consolidate government notices with common details displayed only once in the advertisements.

Audit recommendations

4.20 **Audit has *recommended* that the Director of Information Services should:**

- (a) **in consultation with the Secretary for the Civil Service, review the format of government recruitment advertisements to identify scope for size reduction;**
- (b) **for Chinese recruitment advertisements in Newspaper A, take measures to further reduce the duplication of information in the consolidated advertisements;**
- (c) **for English recruitment advertisements in Newspaper B, coordinate their placement in consolidated advertisements and apply similar measures for reducing duplication of information;**
- (d) **review the effectiveness of the current arrangement for placing English recruitment advertisements; and**
- (e) **take further improvement measures to assist B/Ds to consolidate their government notices in order to avoid unnecessary duplication of information.**

Response from the Administration

4.21 The Director of Information Services agrees with the audit recommendations. He has said that the ISD will:

- (a) consult the CSB on ways to reduce information duplication with recruitment advertisements in both Chinese and English newspapers, including the way in which advertisements are formatted for display and how best to maximise their effectiveness; and

Placement of newspaper advertisements and notices

- (b) consult relevant B/Ds to determine whether there is scope to reduce information duplication in advertisements placed on a regular basis in newspapers.

4.22 The Secretary for the Civil Service has said that the CSB will work with the ISD to review the existing arrangement for placing recruitment advertisements in newspapers, including the coverage and format of information, with a view to reducing information duplication.

Government advertisements and notices on the Internet

Recruitment advertisements on government websites

4.23 Since 2000, the CSB has placed an English summary notice in Newspaper C to provide a comprehensive list of government vacancies (see para. 4.12), and advise readers to visit the Government Homepage for details of these vacancies.

4.24 In 2006, the ISD explored the feasibility of replacing bulk advertising in one Chinese newspaper with recruitment advertisements on government websites. The ISD noted that the Census and Statistics Department (C&SD) had conducted a survey in 2005 on online government services, which showed that only 29.4% of all persons aged 15 or above had used online government services for personal matters. In view of this, the ISD considered that online job-seeking might not be popular in Hong Kong and continued its arrangement for Chinese recruitment advertisements.

4.25 In recent years, the popularity of the Internet has been increasing. According to a similar survey conducted by the C&SD in 2009, 49% of all persons aged 15 or above had used online government services for personal matters.

4.26 In view of the increased popularity of using online government services, there is a need to consider replacing the consolidated Chinese recruitment advertisements with a summary notice of government vacancies (similar to the one placed in Newspaper C). B/Ds should also critically review their need for placing recruitment advertisements with full details in English newspapers.

Tender notices on government websites

4.27 Government notices in newspapers mainly comprise statutory notices and tender notices. Statutory notices are published by B/Ds in accordance with the requirements of various ordinances. For tender notices, there are no mandatory requirements to place tender notices in newspapers. B/Ds have the discretion to place tender notices in one or more newspapers of their own choice. In 2011-12, B/Ds spent about \$16 million on placement of tender notices, representing 38% of the total expenditure (\$42 million — see Table 5 in para. 4.4) on placement of government notices.

Placement of newspaper advertisements and notices

4.28 Under an instruction issued by the Financial Services and the Treasury Bureau (FSTB) in 1999, all B/Ds have now included in their websites a section on “Tender notices” posting information about on-going tender exercises. The FSTB website also provides information on government procurement and hyperlinks to the relevant webpages of B/Ds posting tender notices. Audit considers that using government websites to post tender notices is more efficient and cost-effective than placing newspaper advertisements.

4.29 Prior to September 2010, for procurements covered by the Agreement on Government Procurement of the World Trade Organisation, procuring departments were required to publish tender notices in the Gazette and local newspapers. In September 2010, after a review, the FSTB informed B/Ds that tender notices for procurements covered by the Agreement should be published in the Gazette and their websites (instead of local newspapers).

4.30 Audit notes that many B/Ds still place in newspapers various types of tender notices, e.g. letting/sale of land, tenancy of government premises, and provision of goods and services. Audit also notes that the Government Logistics Department (GLD — the central procurement agent of the Government which handles a large number of tenders) has ceased placing tender notices in newspapers since 1 April 2011. As a result, the GLD saved \$1.2 million on newspaper advertising in 2011-12. Audit considers that B/Ds should publish tender notices in newspapers only if it is necessary.

Audit recommendations

4.31 **Audit has *recommended* that the Director of Information Services should:**

- (a) **monitor closely the popularity of the use of government websites by job-seekers for accessing details of government vacancies and submitting applications;**
- (b) **remind B/Ds regularly to critically consider reducing the placement of recruitment advertisements with full details in newspapers, taking into account the increasing usage of online job-seeking; and**

- (c) **remind B/Ds to critically consider the need to place tender notices in newspapers having regard to the availability of such information on government websites.**

Response from the Administration

4.32 The Director of Information Services generally agrees with the audit recommendations. He has said that the ISD will:

- (a) consult B/Ds on their advertising requirements, including whether current newspaper advertising needs can be effectively replaced with online options; and
- (b) consult the FSTB on the current guidelines in relation to advertising tender notices, and advise B/Ds of the outcome.

PART 5: SALE AND DISTRIBUTION OF GOVERNMENT PUBLICATIONS

5.1 This PART examines the sale and distribution of government publications by the ISD. The following issues are discussed:

- (a) sale of publications (paras. 5.7 to 5.23);
- (b) stock management (paras. 5.24 to 5.38); and
- (c) free distribution of saleable publications (paras. 5.39 to 5.49).

The Publications Sales Unit

5.2 The ISD has set up a Publications Sales Unit (PSU) under the PPD for selling government publications. The PSU handles most of the saleable publications produced by B/Ds (Note 10). Figures 1 to 4 show examples of some saleable government publications.

Note 10: *Several B/Ds have their own arrangements for selling their publications (e.g. the C&SD and the Lands Department).*

Figures 1 to 4

Examples of saleable government publications

Figure 1

Hong Kong Yearbook 2011

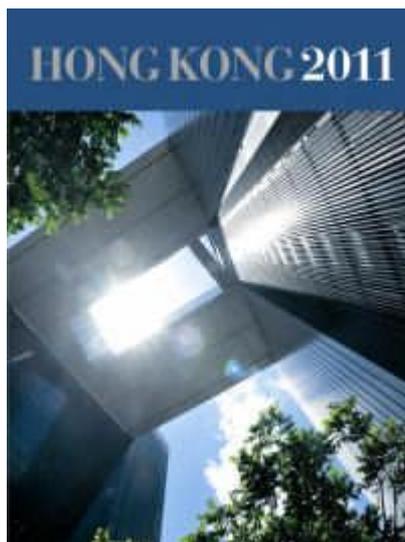


Figure 2

Hong Kong Government Gazette



Figure 3

Code of Practice for Building Works for Lifts and Escalators 2011

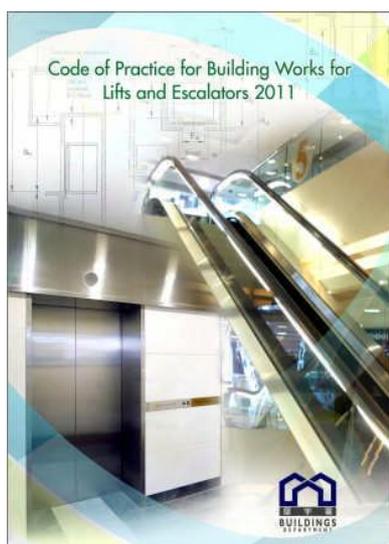
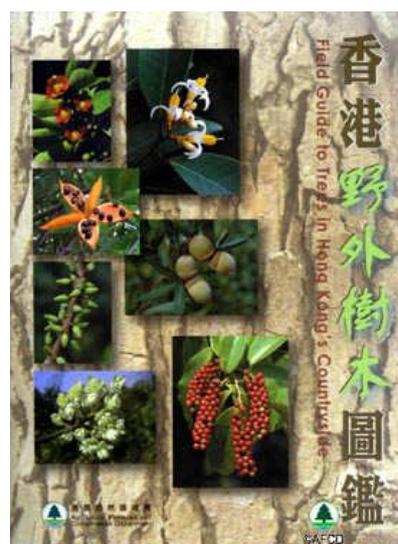


Figure 4

Field Guide to Trees in Hong Kong's Countryside



Source: ISD records

Sale and distribution of government publications

5.3 For a saleable government publication, the ISD estimates the number of copies required in consultation with the publishing B/D concerned, and places printing orders with the GLD which will charge the ISD for the printing costs. The ISD also determines the prices of government publications.

5.4 It is the Government's policy that fees charged should in general be set at levels adequate to recover the full cost of providing the goods or services. The ISD follows this full-cost recovery policy, and sets the prices of government publications according to an established formula. In this connection, the full cost (Note 11) of a publication includes the printing cost (charged by the GLD) and the selling expenses (incurred by the ISD).

5.5 In 2011-12, the ISD's total sales of government publications amounted to some \$6 million. Table 6 shows the sales of government publications by category.

Table 6
Sales of government publications by category
(2011-12)

Category	(\$ million)	(%)
Government reports and general publications	2.17	36%
Laws of Hong Kong	1.40	23%
Government forms	1.16	19%
Hong Kong Government Gazette (Gazette)	0.78	13%
Statistical publications	0.25	4%
Other printed materials (e.g. maps, postcards, etc.)	0.15	3%
Educational publications	0.11	2%
Total	6.02	100%

Source: ISD records

Note 11: *In determining the full cost of a publication, it is the ISD's practice not to include the costs incurred in producing the content of the publication.*

Sale and distribution of government publications

5.6 The sales counter of the PSU is currently located on 6/F, North Point Government Offices. It is open to the public during office hours, inclusive of lunch time, for the purchase of government publications. Besides, the public may purchase government publications through the Online Government Bookstore, or by placing orders by phone, fax or e-mail, with the publications delivered by post. Some government publications are also available for sale at commercial bookstores or other departments. Table 7 shows the sales of government publications by channel.

Table 7

**Sales of government publications by channel
(2011-12)**

Sales channel	(\$ million)	(%)
By phone, fax or e-mail	2.33	39%
Sales counter of the ISD	1.84	31%
Other departments (Note)	1.40	23%
Online Government Bookstore	0.31	5%
Commercial bookstores	0.14	2%
Total	6.02	100%

Source: ISD records

Note: Government forms sold by the Trade and Industry Department and the Fire Services Department accounted for about \$0.91 million (65% of \$1.4 million).

Sale of publications

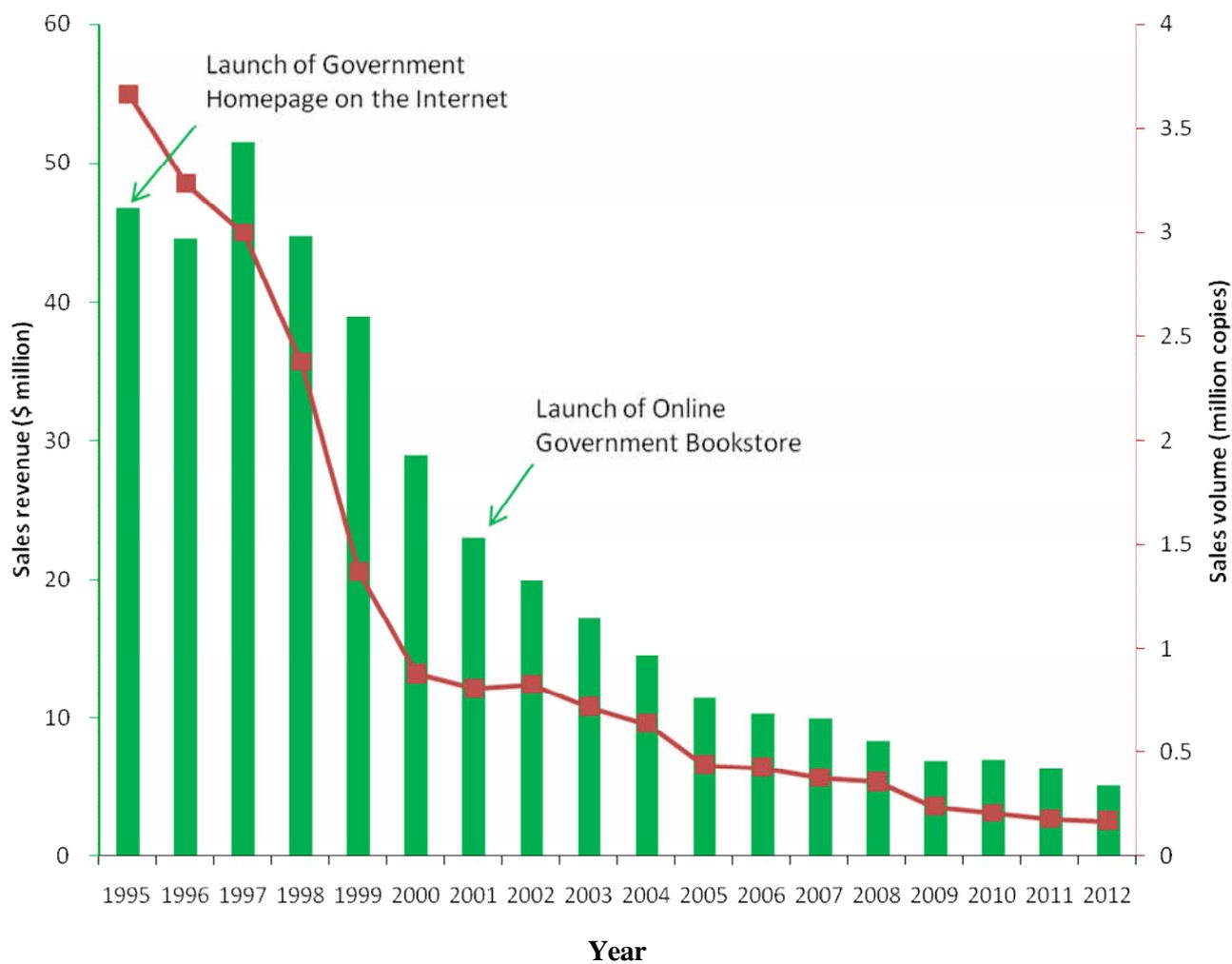
Downward trend in publication sales

5.7 There has been a downward trend in the sales volume and revenue of government publications. From 1995 to 2012, the sales volume decreased by 95% (from 3.67 million to 0.17 million copies), while the sales revenue decreased by 89% (from \$46.8 million to \$5.2 million). Figure 5 shows the details.

Sale and distribution of government publications

Figure 5

Sales volume and revenue of government publications
(1995 to 2012)



Legend: ■ Sales revenue
—■— Sales volume

Source: ISD records

Sale and distribution of government publications

5.8 Online e-versions of government publications are very often provided on departmental websites for free viewing and downloading. According to the ISD, the availability of online e-versions of government publications has contributed to the trend of diminishing sales volume. More and more people were making use of e-versions in order to save costs and protect the environment. It is expected that the demand for government publications will continue to decline.

Operating results of publication sales

5.9 As mentioned in paragraph 5.4, the ISD follows the full-cost recovery policy in setting the prices of publications. Theoretically, the relevant costs (i.e. printing costs and selling expenses) of publications sold could be recovered from the sales revenue. Audit conducted an analysis of the operating results of the sale of government publications for the past three financial years 2009-10 to 2011-12. Audit noted that for each of these three years, there was an operating loss of more than \$11 million. Table 8 shows the operating results for 2011-12.

Sale and distribution of government publications

Table 8

Operating results of publication sales (2011-12)

		(\$ million)
(a)	Sales revenue	6.02
(b)	Printing costs of publications sold	5.25
(c)	Selling expenses	12.05
(d)	Operating gain/(loss) [(d) = (a) - (b) - (c)]	(11.28)
(e)	Percentage of costs not recovered (e) = (d) ÷ [(b) + (c)]	65%
(f)	Charges collected from public notices placed on the Gazette (Note)	19.61

Source: Audit analysis of ISD records

Note: The Gazette is an official publication of the Government. It is normally published on Fridays. The public can place public notices, at a fee, on the Gazette relating to matters such as companies winding up, bankruptcies, transfer of business, etc.

5.10 As shown in Table 8, the ISD had not been able to recover the relevant printing costs and selling expenses from its sales of government publications. The operating loss amounted to \$11.28 million. Audit also found that the substantial under-recovery of relevant costs (65%) was mainly due to the fact that the ISD had not strictly followed the full-cost recovery principle in pricing government publications, as shown below:

- (a) **Under-recovery of selling expenses.** For the pricing of government publications other than the Gazette (see (b) below), the ISD basically follows the full-cost recovery principle. The price of a publication is set at the printing cost plus a mark-up for recovering the selling expenses. Audit's examination of the ISD's calculation of the selling prices of publications revealed that part of the selling expenses was inappropriately

Sale and distribution of government publications

apportioned to copies for free distribution (Note 12). As these copies for free distribution involved neither selling expenses nor sales revenue, apportionment of selling expenses to such copies would result in an under-recovery of selling expenses from the sale of publications. Audit estimated that, in 2011-12, the under-recovery of the relevant costs of publications (other than the Gazette) amounted to about \$2 million; and

- (b) ***Pricing of the Gazette.*** In 1980, the ISD in consultation with the relevant B/Ds decided that, in determining the selling price of the Gazette, the charges collected by the GLD from public notices placed on the Gazette could be used to offset the printing cost. However, starting from 1986, public notice charges have exceeded the printing cost. In the ISD's view, the Gazette could theoretically be published free of charge. In 1998, the Gazette price was revised to \$70 per copy, without reference to the full-cost recovery principle. Since then, the price of the Gazette has not been further revised. Audit estimated that, in 2011-12, the under-recovery of the relevant costs of the Gazette amounted to about \$7 million.

5.11 As can be seen from Table 8 in para. 5.9, the operating loss appears to be financed by revenue from Gazette public notices charges (see item (f) in Table 8). Audit however noted that the offsetting of costs against revenue received (i.e. public notice charges collected which form part of the General Revenue) was not in line with the full-cost recovery policy. Financial Circular No. 6/2006 on "Fees and Charges" has stipulated guidelines and procedures for determining the fees and charges for government services. The Circular has made no provisions for offsetting costs against revenue in determining the level of fee of a government service. A specific policy decision has to be taken for part of the costs to be borne by the General Revenue (in which case the fee will be classified as a subsidised fee). As noted in paragraph 5.10(b), the practice of offsetting printing costs against public notice charges was first adopted in 1980, after consulting relevant B/Ds, with regard to the pricing of Gazette only. Audit considers that the ISD needs to review, in consultation with the HAB and the FSTB, whether it is appropriate for the entire publication sale operation to be subsidised by the General Revenue.

Note 12: *Apart from selling government publications, the ISD also distributed free copies of these publications to B/Ds and related organisations for operational use or for information.*

Sale and distribution of government publications

5.12 In conducting such a review, the ISD should also give due consideration to the need to promote environmental protection by reducing the use of paper. In December 2000, the GLD launched the electronic version of the Gazette (the e-Gazette) on its website for free viewing and downloading. In order to promote green management practice, users of the Gazette should be encouraged to use the e-Gazette instead of its printed version. In March 2003, the then Environment, Transport and Works Bureau issued a circular memorandum on “Enhancing Green Management Practice” which encourages B/Ds to make better use of electronic means in disseminating their messages. Today, most government publications have e-versions available on the Internet for free viewing and downloading. However, the current “subsidised” pricing of government publications would encourage users to continue using printed versions of the publications, and is therefore not in line with the Government’s policy of enhancing green management practice.

5.13 Given the established pricing level and the downward trend in publication sales in recent years, it would be difficult for the ISD to raise the selling prices of the Gazette and other publications. In Audit’s view, the sale operation would still need to be subsidised in the foreseeable future. The ISD needs to explore the way forward for a more cost-effective mode of operation for the sale of government publications. In this regard, the ISD may consider:

- (a) encouraging the public to use the Online Government Bookstore (paras. 5.14 to 5.16); and
- (b) exploring the use of a print-on-demand service (para. 5.17).

Online Government Bookstore

5.14 Since November 2001, the ISD has been operating an Online Government Bookstore (the Bookstore) on the Internet, which allows customers to browse a long list of publications, place orders and make payments in one go. The Bookstore offers round-the-clock service seven days a week for purchasing a wide range of government publications. Online services generally enhance efficiency and improve quality of customer services.

5.15 The patronage of the Bookstore has been low. For each of the past three years 2009-10 to 2011-12, the sales revenue collected from the Bookstore was only about 5% of the total sales revenue. However, the ISD has not conducted a

review to ascertain the reasons for the low patronage. The ISD needs to conduct a review and collect customer feedback on services of the Bookstore, with a view to taking improvement measures (e.g. enhancing the user-friendliness of the webpages of the Bookstore).

5.16 In Audit's view, the ISD needs to make more efforts to encourage customers to use the Bookstore or place orders via phone, fax or e-mail and, in the longer term, explore the feasibility of closing down the sales counter (see para. 5.6) to achieve cost saving. In this connection, Audit noted that the ISD closed down its sales counter at Queensway in 2003 and achieved savings of \$11.1 million a year in selling expenses (Note 13).

Print-on-demand service

5.17 Print-on-demand is a new form of publishing made possible by the development of digital printing technology. The viability of printing small quantities on demand gives greater flexibility in providing publications without using the traditional publishing method. Today, most government publications have e-versions available on the Internet. The public demand for printed versions is diminishing and is difficult to forecast. A print-on-demand service provides a cost-effective means to meet customer demand for small quantities of printed versions while keeping the cost to a minimum. Audit's research shows that a print-on-demand service is used by the Government Printing Office of the United States for selling government publications. In Hong Kong, such a service has not been commonly adopted by B/Ds for selling their publications. In this regard, Audit noted that the C&SD had recently adopted such a practice for selling its regular statistical reports (see Appendix A for details). In exploring the way forward for the government publication sale operation (see para. 5.13), the ISD needs to critically examine the feasibility and cost-effectiveness of introducing such a service to replace the traditional publishing method.

Note 13: *Prior to September 2003, the ISD had two sales counters for publications. In September 2003, to tie in with the Government's e-business policy, the sales counter at Queensway was closed down. Before the closure, the selling expenses amounted to \$23.5 million in 2002-03. The selling expenses were reduced to \$12.4 million in 2004-05. A cost reduction of \$11.1 million was achieved.*

Audit recommendations

5.18 **Audit has recommended that the Director of Information Services should, in consultation with the Secretary for Home Affairs and the Secretary for Financial Services and the Treasury:**

- (a) **review whether it is appropriate for the entire publication sale operation to be subsidised by the General Revenue, taking into account the fact that the subsidised pricing of publications would encourage users to continue using printed versions (instead of e-versions) and is therefore not in line with the Government's policy of enhancing green management practice;**
- (b) **explore the way forward for a more cost-effective mode of operation for the sale of government publications, having regard to the declining sales and substantial operating losses in recent years;**
- (c) **ascertain the reasons for the low patronage of the Online Government Bookstore and collect customer feedback to identify measures for improving its services (e.g. enhancing the user-friendliness of the webpages);**
- (d) **make more efforts to encourage the public to use the Online Government Bookstore, or place orders via phone, fax or e-mail and, in the longer term, critically consider the feasibility of closing down the sales counter; and**
- (e) **explore the feasibility of introducing a print-on-demand service for selling government publications.**

Response from the Administration

5.19 **The Director of Information Services generally agrees with the audit recommendations. He has said that the ISD will:**

- (a) **discuss with the FSTB and the HAB the pricing formula for the sale of government publications bearing in mind the unique role of, and market for, most government publications and the fact that they are not produced by the commercial sector;**

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- (b) take steps to reduce overhead costs in the PSU whilst maintaining service quality;
- (c) expand the reach of the Online Government Bookstore with a mobile phone application due to be launched in the fourth quarter of 2013; and
- (d) explore whether print-on-demand services are suitable for any government publications and, if so, inform the publication owners of such a service delivery option.

5.20 The Secretary for Home Affairs has said that the HAB would facilitate the follow-up work of the ISD wherever necessary.

5.21 The Secretary for Financial Services and the Treasury agrees with the audit recommendation to review whether it is appropriate for the whole publication sale operation to be subsidised by the General Revenue.

5.22 The Director of Accounting Services has said that:

- (a) the ISD sets the prices of government publications according to an established formula approved by the then Finance Branch years ago. With the passage of time and changing circumstances, the Treasury considers it apt and had in fact advised the ISD in August 2011 that the formula was due for review. In response, the ISD agreed to follow up with the HAB and the FSTB; and
- (b) the Gazette price of \$70 per copy has been in place for years. The Treasury had advised the ISD in August 2011 that it should seek approval from the HAB and the FSTB of the pricing policy. In response, the ISD agreed to follow up with the HAB and the FSTB.

5.23 The Director of Government Logistics has said that the GLD stands ready to assist in the recommended study to explore the feasibility and cost-effectiveness of introducing a print-on-demand service for selling government publications (see para. 5.18(e)).

Stock management

5.24 The cost of storing publications is a significant part of the operating expenses for the ISD's sale of government publications. The ISD has two warehouses for storing stock of publications:

- (a) a leased warehouse in Wong Chuk Hang with an area of 1,010 square metres. The accommodation cost (including rent and rates) in 2011-12 amounted to \$1.2 million; and
- (b) a government-owned warehouse in Cheung Sha Wan with an area of 300 square metres. The notional accommodation cost in 2011-12 amounted to \$0.9 million.

The total accommodation cost of the two warehouses was \$2.1 million a year. The ISD also deployed 6 staff members for operating the warehouses.

Identification of obsolete stock

5.25 Publications which have remained unsold for a long period are identified as obsolete stock for disposal so as to conserve storage space and cost. The ISD identifies obsolete publications for disposal based on the following criteria:

- (a) for reports produced by B/Ds, they are considered obsolete three years after publication;
- (b) for periodicals (e.g. the Gazette and statistical reports), they are considered obsolete two years after publication;
- (c) for publications with new editions printed upon revisions (e.g. the Laws of Hong Kong and school syllabuses), the old editions are considered obsolete; and
- (d) for publications which have been slow-moving for five years, they are considered obsolete.

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5.26 In processing obsolete stock, the ISD has adopted the following procedures:

- (a) at the end of each financial year, the ISD identifies obsolete stock according to the laid-down criteria;
- (b) the ISD will write off and dispose of the identified obsolete stock. According to the Stores and Procurement Regulations, if the cost of the obsolete stock to be written off exceeds \$500,000, the ISD needs to seek the FSTB's approval; and
- (c) after obtaining approval for the write-off, the ISD will dispose of the obsolete stock as waste paper for recycling.

5.27 As at 31 March 2012, the ISD held a publication stock of \$36.9 million, of which obsolete stock accounted for \$9.4 million (25%). Audit examined the composition of the obsolete stock and found that there had been an accumulation of obsolete stocks of previous years (see Table 9 for details).

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Table 9

Composition of obsolete stock as at 31 March 2012

Financial year of obsolete stock	Printing cost	Progress in disposal of obsolete stock (up to March 2013)		
		Submission of write-off application to FSTB	Approval of write-off application (Note)	Disposal of obsolete stock
	(\$ million)			
2005-06	2.1	November 2010	April 2011	August 2012
2006-07	3.1	April 2011	July 2011	December 2012
2007-08	1.7	November 2012	February 2013	Pending
2008-09	1.8			
2009-10	0.7	February 2013	March 2013	Pending
Total	9.4			

Source: ISD records

Note: According to the FSTB, upon receipt of an application from the ISD for writing off obsolete stock, the FSTB will vet the application and, if necessary, request the ISD to provide supplementary information. Thus, there is a lead time between submission and approval of write-off application.

5.28 As can be seen from Table 9, the ISD was slow in applying to the FSTB for writing off obsolete stock. For example, the application to write off the obsolete stock for 2005-06 was only made in November 2010. In February 2013, the ISD informed Audit that the obsolete stock for 2010-11 had been identified, but the obsolete stock for 2011-12 had not yet been identified. In March 2013, the FSTB informed Audit that the ISD's application to write off the obsolete stock for 2010-11 (\$1.4 million) had been approved.

Slow-moving stock not identified

5.29 For the management of stores, B/Ds usually make use of a computerised stores ledger system provided by the GLD. The system provides monthly reports on the stock turnover rate (Note 14) for each store item and the whole store. This is a useful tool for identifying slow-moving store items. For the management of publication stock, however, the ISD has its own computer system which does not provide information on stock turnover rates for identifying slow-moving publication items. So far, the ISD had not identified any slow-moving stock as obsolete stock for disposal (see para. 5.25(d)). As a result, slow-moving publications might still be held in stock for many years if they did not fall within the definition of obsolete stock according to other criteria (see para. 5.25(a) to (c)). The ISD needs to compile stock turnover rates for individual publications to identify slow-moving stock for write-off and disposal.

5.30 Audit examined the ISD's publication stock and noted that:

- (a) the sales revenue of educational publications was the least among all categories (e.g. 2% of total in 2011-12 — see Table 6 in para. 5.5); and
- (b) very few publications in this category were identified as obsolete stock in recent years.

5.31 According to ISD records, in 2011-12, the cost of educational publications sold and the average stockholding for this category were \$0.07 million and \$1.52 million respectively. The stock turnover rate was only about 0.05 (i.e. 0.07/1.52). Audit also estimated the stock turnover rates of individual items in this category and the results were summarised in Appendix B.

5.32 In order to save storage cost, it is important for the ISD to identify slow-moving publications to take early action for their disposal or to explore their alternative uses (e.g. transfer to B/Ds that could make use of the publications).

Note 14: *The stock turnover rate of a store item is the number of times the stock of the item has flowed through a warehouse in a year. It is calculated by dividing the total cost of stock issued for the item in a year by the average cost of stockholding for the item.*

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Scope for saving storage cost

5.33 Notwithstanding that the ISD had not yet identified all obsolete or slow-moving stocks (see paras. 5.28 and 5.29), the identified obsolete stock of \$9.4 million as at 31 March 2012 already accounted for 25% of the total stockholding of \$36.9 million. If the ISD could dispose of all obsolete and slow-moving stocks, substantial storage space could be saved. The ISD has a total storage space of about 1,310 square metres in its two warehouses. The one in Cheung Sha Wan (300 square metres) accounts for about 23% (i.e. 300/1,310) of the total storage space. According to the ISD, this warehouse was not manned and was mainly used for storing obsolete stock. If the ISD could take prompt action to dispose of all obsolete and slow-moving stocks, it would no longer need to use this warehouse for storage, and a notional accommodation cost of \$0.9 million a year (see para. 5.24(b)) could be saved.

Reducing print quantities to minimise obsolete stock

5.34 The substantial obsolete stock of unsold publications (see para. 5.33) is an indication of the excess of print quantities over public demand for government publications. In recent years, when processing the ISD's applications for write-off of obsolete stock, the FSTB has requested the ISD to monitor and control the publication stock, and to submit the write-off applications, if any, in a timely manner. Audit noted that, from 2001-02 to 2011-12, the ISD's printing cost of publications for sale had already decreased by 77% from \$30 million to \$7 million. The ISD needs to continue its efforts in making a more accurate assessment of the public demand for saleable government publications, with a view to reducing print quantities to minimise obsolete stock.

Verification of publication stock

5.35 According to the Stores and Procurement Regulations, departments should inspect and verify the stock of all items in all stores. However, Audit noted that the ISD did not have a practice of conducting, on a periodic basis, inspections of its publication stock at the two warehouses in accordance with the Stores and Procurement Regulations. As there were no regular complete verifications of the stock records, the accuracy of the stock balances was in doubt and cases of discrepancies were revealed during the ISD's applications for write-off obsolete stock.

Audit recommendations

5.36 **Audit has recommended that the Director of Information Services should:**

- (a) **expedite action in:**

 - (i) **disposing of obsolete stocks for 2007-08 to 2010-11; and**
 - (ii) **identifying obsolete stock for 2011-12 for disposal;**

- (b) **compile stock turnover rates for individual publications to identify slow-moving publications for disposal (or other beneficial uses);**
- (c) **examine the feasibility of discontinuing the use of the warehouse in Cheung Sha Wan after disposing of the obsolete and slow-moving stocks in (a) and (b) above;**
- (d) **in consultation with the publishing B/Ds concerned, make a more accurate assessment of the public demand for government publications, with a view to reducing print quantities to minimise obsolete stock; and**
- (e) **ensure that stock inspections are conducted to verify the stock records in accordance with the relevant Stores and Procurement Regulations.**

Response from the Administration

5.37 The Director of Information Services generally agrees with the audit recommendations. He has said that the ISD will:

- (a) continue to bring write-off exercises up to date. The ISD aims to have the write-off exercises for 2011-12 and 2012-13 approved by the end of 2013, subject to any clarifications or additional information required by the FSTB;

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- (b) explore the feasibility of enhancing the computer system that records publication sales to identify slow-moving stock so as to include these items in annual write-off exercises;
- (c) explore with publication owners (including the Education Bureau) options to sell down slow-moving or old stock items if such items still contain usable content. Where possible, and in consultation with the FSTB, the ISD will explore price discounts for publications to help deplete old or slow-moving stock items;
- (d) carry out a stock-taking exercise at the Wong Chuk Hang warehouse (see para. 5.24(a)) once write-off exercises are up to date;
- (e) once write-off exercise have been brought up to date, aim to close the Cheung Sha Wan warehouse (see para. 5.24(b)) to reduce operating overheads and help develop a more rigorous stock management regime; and
- (f) continue to remind B/Ds to critically examine their printing needs and provide justifications for the print runs of their publications. Print runs of publications for which the ISD is responsible (in particular, the Gazette and the Hong Kong Yearbook) are examined annually and have been reduced every year for the past five years to save paper and reduce storage needs.

5.38 The Director of Government Logistics has said that the GLD stands ready to render any advice/assistance required to the ISD for its effective and efficient management of stores.

Free distribution of saleable publications

5.39 Apart from selling government publications, the ISD is also responsible for distributing free copies of saleable publications to B/Ds and related organisations for operational use or for information. The ISD maintains distribution lists for this purpose. These publications include the Gazette, the Laws of Hong Kong, government accounts and departmental publications. In 2011-12, the ISD distributed about 43,000 copies of 84 titles of saleable publications with a printing cost of \$11.1 million.

5.40 According to the circular memorandum of March 2003 on “Enhancing Green Management Practice” (see para. 5.12), to help reduce paper consumption, B/Ds should review their lists of publications including departmental reports and keep the number of paper publications to the absolute minimum. B/Ds are also encouraged to make better use of electronic means in disseminating their messages, e.g. uploading their publications onto their websites/homepages and/or using CD-ROM. In response, B/Ds have taken steps to reduce paper consumption for publications. For example, prior to 2003, the Director of Administration used to publish the Government Telephone Directory every year for distribution to B/Ds. In 2001-02, 24,000 copies of the Directory costing \$0.9 million were distributed. In 2003, the publication of the Directory ceased after the launch of an online version of the Directory.

5.41 Since 2003, the ISD has regularly advised/reminded B/Ds to consider whether they still need to produce departmental reports in hardcopy. However, in 2011-12, the cost of publications distributed (printing cost of \$11.1 million) was still significant which was more than double the cost of publications sold by the ISD (\$5.3 million). Audit noted that, of the 84 titles of government publications distributed by the ISD in 2011-12, 82 (98%) had been uploaded onto the websites of the originating B/Ds for free viewing and downloading (Note 15). There appears to be scope for further reducing the number of government publications in hardcopy. The ISD should make more efforts to encourage the B/Ds concerned to consider whether there is still a need to continue producing publications in hardcopy for sale and distribution. Nowadays, all B/Ds should have necessary facilities to access the Internet and government officers should have well adapted to using electronic

Note 15: *The two titles without online versions were issues of amendment sheets for updating the loose-leaf version of the Laws of Hong Kong.*

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versions of publications at work. The ISD may also need to ascertain whether B/Ds and related organisations on its distribution lists still require government publications in hardcopy.

Distribution of the Gazette

5.42 Among the publications distributed by the ISD to B/Ds and related organisations in 2011-12, the Gazette accounted for 43% and 53% in terms of the number of copies and amount respectively. A total of 18,300 copies of the Gazette (53 weekly issues) at a printing cost of \$5.8 million were distributed.

5.43 In December 2000, the GLD launched the e-Gazette (see para. 5.12) on its website for free viewing and downloading. Since then, there has been a substantial drop in the number of copies sold and distributed. The number of copies sold to subscribers decreased by 92%, from 2,000 a week in 2000 to 160 a week in 2012. For free distribution to B/Ds and related organisations, the number of copies also decreased by 72%, from 1,240 a week in 2000 to 350 a week in 2012.

5.44 The Gazette contains government notices (e.g. appointments and tenders) and legal notices (e.g. ordinances and regulations passed by the Legislative Council). The Government General Regulations provide guidelines for the keeping of the Gazette by B/Ds. For each set of the Laws of Hong Kong in official use, B/Ds are required to keep one set of the Gazette. Audit's research found that this requirement was laid down by the Director of Administration many years ago (before the 1970s) and has not been revised notwithstanding the launch of the e-Gazette.

5.45 In 2011-12, for each weekly issue of the Gazette, some 350 free copies were distributed. The 350 copies were distributed among 78 B/Ds and related organisations, with 44 (56%) receiving one copy, and 34 (44%) receiving more than one copy (Note 16). Audit noted that, after the launch of the e-Gazette in 2000, as at December 2012, four B/Ds had opted not to receive the Gazette in hardcopy from the ISD. Audit considers that there is a need to review the relevant General

Note 16: 27 B/Ds and related organisations received 2 to 10 copies; 6 received 11 to 40 copies; and 1 received 75 copies.

Regulations on the keeping of the Gazette in hardcopy by B/Ds, having regard to the availability of the e-Gazette.

Audit recommendations

5.46 **With a view to reducing the use of paper and taking into account the availability of most government publications in electronic form on the Internet, Audit has *recommended* that the Director of Information Services should:**

- (a) **make more efforts to encourage the B/Ds concerned to consider the need to continue producing publications in hardcopy for sale and distribution; and**
- (b) **consult B/Ds and related organisations on the ISD's distribution lists about their need and justifications for receiving government publications in hardcopy.**

5.47 **Audit has also *recommended* that the Director of Administration should, in consultation with the Director of Information Services, review the relevant General Regulations on the keeping of the Gazette in hardcopy by B/Ds, taking account of the availability of the e-Gazette.**

Response from the Administration

5.48 The Director of Information Services agrees with the audit recommendations. He has said that the ISD will:

- (a) continue to remind B/Ds to critically examine their printing needs and provide justifications for the print runs of their publications;
- (b) examine and review the lists for the free distribution of publications, and advise B/Ds to do the same; and
- (c) consult the Director of Administration on the need for B/Ds to keep a printed copy of the Gazette in their offices.

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5.49 The Director of Administration agrees with the audit recommendations. She has said that there may be scope to further review the relevant provisions in the General Regulations in consultation with parties concerned, e.g. the ISD, GLD and Department of Justice, etc. so that B/Ds may in future decide on their own the continued need to receive the Gazette in hardcopy, having regard to their operational needs and circumstances, and the availability of other viable means to verify the print-out version of the e-Gazette, if so required. She has also said that:

- (a) for any new/revised provisions of an Ordinance, the Gazette published by the Government provides the most up-to-date legal supplement to the Laws pending the necessary revision of the hardcopies of the Laws of Hong Kong kept by B/Ds or the online version of the Bilingual Laws Information System. There is usually a time lag of a month or so before the latest legal amendments/revisions published in the Gazette are incorporated onto the System. The keeping of the Gazette in hardcopy may have become redundant having regard to the availability of the online e-Gazette which provides an even more handy reference;
- (b) some B/Ds may need to keep a published version of the Gazette for verification purpose. It is worth noting that the relevant website of the e-Gazette also contains a disclaimer that users are advised to verify such information by making reference to the printed version of the Gazette. In any case, however, the number of such hardcopies of the Gazette should be kept to the bare minimum as stipulated in the General Regulations; and
- (c) such requirement of keeping a set of the Gazette in hardcopy for verification use is more to serve an academic purpose rather than a matter of operational need, as the likelihood of a technical incompatibility issue within the Government might have become remote with the advanced development of information technology nowadays.

PART 6: PUBLICITY ON THE INTERNET

6.1 This PART examines the Government's use of the Internet for publicity purposes, focusing on the following areas:

- (a) checking of government websites (paras. 6.4 to 6.10); and
- (b) use of social media in the Government (paras. 6.11 to 6.22).

Use of the Internet for disseminating information

6.2 The use of government websites on the Internet is an efficient and effective way for disseminating information. All B/Ds have set up their own websites to disseminate information. The Government has also set up a one-stop portal, the GovHK (www.gov.hk), which hosts a wide range of information and services most frequently sought by the public.

6.3 In 1997, the ISD established the Internet Resource Centre to assist B/Ds to set up their websites. Currently, the Internet Resource Centre (headed by a Senior Information Officer, with five supporting staff) has the following functions:

- (a) assisting B/Ds to use websites to disseminate information;
- (b) maintaining the websites of the Offices of the Chief Executive, the Chief Secretary for Administration, and the Financial Secretary, as well as part of the GovHK; and
- (c) setting up and maintaining some thematic websites (e.g. websites on elections and voter registration).

Checking of government websites

6.4 The HAB has issued the "Guidelines on Dissemination of Information through Government Websites" (the Guidelines), with reference to international practices and inputs from industry and community groups. The HAB oversees the

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implementation of the Guidelines and keeps the Guidelines under review. In assisting B/Ds to use websites for disseminating information, the ISD checks their websites for compliance with the Guidelines. For this purpose, the ISD has developed a checklist based on the Guidelines.

6.5 The checklist covers a number of areas, such as information updating, web accessibility and browser compatibility. The common shortcomings identified by the ISD in checking government websites included the following:

- (a) some webpages were not reviewed/ revised in a timely manner (e.g. the last review/revision date was more than one year old); and
- (b) some hyperlinks were not valid or not functioning properly.

Omissions in checking government websites

6.6 According to existing practices, the ISD prepares a schedule for checking government websites on an annual basis. For its checking in 2012, the ISD prepared a schedule consisting of 75 websites of B/Ds. Audit noted that the ISD's checking only covered the main websites of the B/Ds, but not the separate websites (under different domain names) of their government units or service areas. For example, the websites of the Tourism Commission under the Commerce and Economic Development Bureau and the Sustainable Division under the Environment Bureau were not checked.

Follow-up of suggested improvements

6.7 After its checking, the ISD forwards the checking results to the HAB which is responsible for overseeing the implementation of the Guidelines (see para. 6.4). The HAB then forwards the results to the B/Ds concerned, and requests them to implement the suggested improvements (within one to two months) and inform the ISD of the progress.

6.8 Audit noted that not all B/Ds informed the ISD of the progress of implementing the suggested improvements. In 2011-12, the ISD checked 75 government websites and suggested improvements for 70 websites. Up to January 2013, of the 70 B/Ds concerned, 39 (56%) had not informed the ISD of the

progress of implementing the suggested improvements. However, the ISD did not take follow-up actions to ascertain whether the suggested improvements had been implemented, but did re-check the websites in the next cycle of annual checking.

Audit recommendations

6.9 Audit has recommended that the Director of Information Services should:

- (a) update regularly the ISD's list of government websites to ensure completeness of its checking for compliance with the Guidelines; and**
- (b) follow up with the B/Ds concerned on the progress of implementing the suggested improvements arising from the ISD's checking of government websites.**

Response from the Administration

6.10 The Director of Information Services generally agrees with the audit recommendations. He has said that the ISD will:

- (a) expand the scope of its website compliance audits to include major units (about 15 in total) of B/Ds not yet covered by such checks;**
- (b) enhance the technical compliance reporting mechanism to make it more efficient and introduce a "Bring-Up" system to remind B/Ds of the need to ensure that their websites comply with the Guidelines. The ISD will maintain a service commitment of annual checks for technical compliance for the expanded list of about 90 websites; and**
- (c) provide advice as necessary (including compliance checklists) to the webmasters of B/Ds to help ensure that the thematic, specialty or ad hoc websites under their management comply with the Guidelines.**

Use of social media in the Government

6.11 Social media refers to the use of web-based platforms, applications and technologies to enable users to socially interact with each other online. It provides channels which facilitate interaction, participation, contribution and collaboration. Social media has become popular as it allows users to connect with each other to form relationships on the Internet for personal and other purposes.

6.12 Social media takes different forms, including the following:

- (a) social networks (e.g. Facebook) which enable users to build up online communities for sharing common interests;
- (b) blogs which are places where users can publish entries (such as articles, commentaries and descriptions of events) commonly displayed in chronological order;
- (c) discussion forums which are places where users can put up topics for discussion and exchange of ideas;
- (d) micro-blogs (e.g. Twitter) which enable users to exchange short text messages. Subscribers of micro-blogs receive messages on a real-time basis; and
- (e) video and photograph sharing sites (e.g. YouTube) which enable users to upload and share their videos or photographs.

6.13 The use of social media by the government can enable the public to have additional and convenient channels to make their voices known, and to receive responses from the government. The government may use social media to “e-engage” citizens in making public policies and in designing and delivering public services so that policies and services could be more citizen-centric. In Hong Kong, the E-government Steering Committee (Note 17) decided at a meeting of October 2009 that:

- (a) B/Ds should use various tools to collect public opinion from the Internet more actively; and
- (b) the Government should directly engage the public on the Internet more actively.

6.14 To assist B/Ds in using social media, the Office of the Government Chief Information Officer (OGCIO) has developed a thematic website (on the Government’s Intranet) to provide guidelines for B/Ds’ reference. The website provides the following information:

- (a) various options for e-engagement (e.g. passively listening to public opinion, posting materials to stimulate public debate, and participating in public debate);
- (b) concerns and challenges in using social media (e.g. dealing with comments and criticisms, and applying security measures);
- (c) quick tips on developing social media applications (e.g. tips on information security and data privacy); and
- (d) guidelines on using Facebook and Twitter.

Note 17: *The E-government Steering Committee is a high-level committee chaired by the Financial Secretary. The Committee sets the strategic direction of the e-government programme of the Government and coordinates interagency implementation of the programme.*

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6.15 As at December 2012, among some 76 major government B/Ds and agencies, only 15 (20%) were using social media, including the following:

- (a) eight were using Facebook (e.g. the Social Welfare Department was using this platform to promote volunteer work);
- (b) seven were using Twitter (e.g. the Hong Kong Observatory was using this platform to disseminate weather messages); and
- (c) 10 were using YouTube (e.g. the ISD was using this platform to share TV APIs).

6.16 Audit's research shows that, in comparison, overseas governments are using social media to a greater extent. For example, according to a study of the Government Accountability Office of the United States in 2011, 23 of the 24 major federal agencies had established accounts on Facebook, Twitter or YouTube. In the United Kingdom, according to a study in 2012, 96% of local councils had used social media for posting news and information, and 90% had used social media for promoting specific events and campaigns.

6.17 As social media is a relatively new development, more guidance needs to be provided to B/Ds on its use. Such guidance should include not only technical guidelines on information technology, but also guidelines on areas such as change management, assessing the justification of a social media project, mitigating the risks of using social media, and ensuring the innovative and effective use of social media. In this connection, some overseas countries have developed comprehensive guidelines on using social media. For example, New Zealand has published three sets of guidelines on social media which provide high-level guidance and hands-on tools for using social media.

6.18 In Hong Kong, the popularity of social media is on the rise, especially among the younger generation. Social media platforms are becoming important platforms that need to be considered by B/Ds in developing their publicity strategies. However, the use of social media by B/Ds is still limited (see para. 6.15) and its potential use in public engagement (particularly for the younger generation) can be further explored. As the Government's public relations and publicity consultant (see para. 1.2), the ISD needs to provide more guidelines (e.g. in the Publicity Guide) to

B/Ds with a view to promoting a wider and more effective use of social media for publicity and public engagement purposes, making reference to overseas good practices.

Audit recommendations

6.19 **Audit has recommended that the Director of Information Services should, in consultation with the Secretary for Home Affairs and the Government Chief Information Officer:**

- (a) **identify ways to further promote a wider use of social media by B/Ds for publicity and public engagement purposes; and**
- (b) **provide more guidelines in the Publicity Guide to help B/Ds use social media effectively.**

Response from the Administration

6.20 The Director of Information Services agrees with the audit recommendations. He has said that the ISD will:

- (a) include information on the use of social media in the revised Publicity Guide for circulation to B/Ds on an annual basis. Guidelines on the use of social media are also available to B/Ds on a thematic website managed by the OGCIIO (see para. 6.14);
- (b) continue to upload content onto social media platforms such as YouTube, Sina Weibo and Twitter to increase the reach of government-related news and publicity materials; and
- (c) encourage B/Ds to make greater use of social media in their publicity work.

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6.21 The Government Chief Information Officer has said that:

- (a) the use of social media can provide additional channels to engage the public, but using social media effectively requires additional resources to plan, design, collect, monitor, review, manage and engage;
- (b) the OGCIO has developed tools such as live streaming, questionnaire and e-Cards that B/Ds can use;
- (c) the OGCIO will work with the ISD to enhance the content on social media in the Publicity Guide; and
- (d) the OGCIO will continue to provide B/Ds with advice as needed, as well as a range of social media tools to provide additional channels to engage the public.

6.22 The Secretary for Home Affairs has said that the HAB would facilitate the follow-up work of the ISD wherever necessary.

Census and Statistics Department
Print-on-demand service for selling government publications

1. In delivering its statistical services, the C&SD produces statistical reports of various categories. The C&SD used to publish regular statistical reports in printed versions for sale through the ISD.
2. Publishing statistical reports in printed versions incurred printing cost, storage cost, selling expenses as well as cost arising from writing off obsolete stock. For the three years from 2006-07 to 2008-09, on average, statistical reports costing \$353,000 were written off as obsolete stock by the ISD each year.
3. With the launch of online e-versions of statistical reports, starting from 2009, the C&SD ceased publishing printed versions of statistical reports by phase. The last printed versions of regular statistical reports were released in December 2011 (Note).
4. While online e-versions of statistical reports are made available free of charge, the C&SD also provides a print-on-demand service, under which a computer printout copy of a requested statistical report will be produced at a charge to a user who demands a printed version of the statistical report.

Source: Audit analysis of C&SD and ISD records

Note: The C&SD still publishes ad hoc statistical reports of high public interest in printed versions, e.g. 2011 Population Census Summary Results.

**Stock turnover rates of educational publications
(2011-12)**

Stock turnover rate (a) (Times a year)	Years of customer demand (b)=1/(a)	Number of publication titles (c)	Quantity as at 31.3.2012 (d)	Printing cost as at 31.3.2012 (e) (\$)
<0.01	>100	281	174,900	1,090,398 (73.3%)
≥0.01 to <0.02	>50 to 100	20	2,523	44,694 (3.0%)
≥0.02 to <0.1	>10 to 50	46	15,480	311,649 (21.0%)
≥0.1 to <0.2	>5 to 10	9	1,826	22,971 (1.5%)
≥0.2 to <1	>1 to 5	14	819	12,317 (0.8%)
≥1	≤1	2	137	6,111 (0.4%)
Total		372	195,685	1,488,140 (100.0%)

Source: ISD records and Audit analysis

Acronyms and abbreviations

API	Announcement in the public interest
Audit	Audit Commission
B/Ds	Bureaux and departments
C&SD	Census and Statistics Department
CA	Communications Authority
CS	Civil service
CSB	Civil Service Bureau
FSTB	Financial Services and the Treasury Bureau
GLD	Government Logistics Department
GPA	Government Property Agency
HAB	Home Affairs Bureau
HAD	Home Affairs Department
HD	Housing Department
HyD	Highways Department
ISD	Information Services Department
NCS	Non-civil service
NRSL	Nathan Road Subway Link
OFCA	Office of the Communications Authority
OGCIO	Office of the Government Chief Information Officer
PPD	Publicity and Promotions Division
PSU	Publications Sales Unit
TD	Transport Department
TELA	Television and Entertainment Licensing Authority
TV	Television