

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).

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.