

## **Executive Summary**

### **Direct Investigation into Leisure and Cultural Services Department's Criteria and Procedures for Procuring and Withdrawing Library Materials**

#### **Background**

In January 2014, the media reported that a large quantity of books withdrawn from public libraries were found disposed of on a pavement, among which some appeared to be brand new with barely any check-out records. In July 2014, another media report alleged that the Leisure and Cultural Services Department ("LCSD") was being wasteful, as its public libraries would dispose of the duplicate copies of documents published by listed companies after registration by the Books Registration Office and sell them as waste paper. In November 2015, there was a further media report that LCSD had withdrawn more than 1.6 million books between 2012 and 2014, calling into question whether it was a waste of public money.

2. In the light of public concerns raised by the above media reports, The Ombudsman initiated a preliminary enquiry in May 2014 to scrutinise LCSD's criteria and procedures for procuring and withdrawing library materials. On 4 January 2016, a direct investigation is declared on this subject. We completed this direct investigation on 31 August 2017.

#### **Our Findings**

3. Our investigation reveals ten inadequacies on the part of LCSD in the procurement and withdrawal of library materials, as well as coordination between these two processes.

#### **Part One: Procurement of Materials**

##### ***(I) Obscure Rationale behind Procurement Target***

4. Taking reference of the relevant policy formulated by the former Urban Council in the 1990s, LCSD has adopted for years an annual procurement target of acquiring "at least 700,000 items" for its library collections. However, LCSD has so far failed to explain the specific rationale for this target. LCSD stressed that the above target only served as a general reference, and it would take into account various factors, such as resource constraints, in determining the quantity of library materials to be acquired each year. LCSD also cited the standard item per capita and procurement guidelines proposed by the International Federation of Library Associations and Institutions ("IFLA") as one of the reference targets for procurement of library materials, but we

find that the figures of collections and items acquired in the past few years are at variance with IFLA’s recommended benchmarks.

5. We appreciate that LCSD might need to maintain flexibility in the procurement of library materials, so that it could adapt to many factors and constraints encountered during the procurement process. Nevertheless, without a clear rationale for its procurement target all these years, it would be difficult for the public to monitor whether the quantity of library materials acquired was appropriate. In fact, for many years acquisition has exceeded the target by more than 100,000 items, which shows that the target has failed to keep up with the times. Given the enormous expenditure of nearly \$100 million annually<sup>1</sup> on procurement of library materials, we consider it essential for LCSD to thoroughly examine the objectives and criteria of procurement in order to set a pragmatic target in keeping with the times. LCSD should also clearly explain the rationale for the procurement target and conduct regular review to ensure that the target remains up to date and appropriate. It will provide a basis for LCSD’s procurement target and exercise, thereby facilitating monitoring by the public.

***(II) Continued Increase in Library Stock despite Drop in Number of Loans***

6. LCSD statistics show that the total stock of its public libraries has increased by 16.8% in the past eight years, but the number of items lent by public libraries has dropped by 18.2% over the same period. While LCSD contended that fluctuation in the number of loans was caused by multiple factors and not directly comparable with new acquisition, we consider it necessary for LCSD to conduct more robust analysis into the reasons behind the dropping of loans. This will provide useful parameters for LCSD to review whether the quantity and the types of library materials to be acquired every year need to be adjusted, so as to ensure that library collections better meet the community demands. Moreover, LCSD should include the relevant justification in the minutes of the Collection Development Meeting to enhance transparency and accountability in the utilisation of resources.

***(III) Lack of Records on Consolidation and Compilation Procedures and Justification of Master Procurement Plan for Verification***

7. According to current procedures, the librarians in charge of libraries at various levels are required to prepare a Collection Development Plan (“the Plan”) every year for

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<sup>1</sup> LCSD’s annual expenditures on procuring library materials (including printed books, newspapers, periodicals and electronic resources) are as follows:

Year	Total Expenditure (\$ million)
2012/13	88.47
2013/14	87.49
2014/15	90.16
2015/16	97.34
2016/17	98.47

their own libraries, indicating the quantity of library materials that need to be acquired and the categories of library collections to be strengthened. These Plans are submitted to the Technical Processing Unit (“TPU”) for consolidation and compilation of an annual Master Procurement Plan (“the Master Plan”), which is then submitted to the Collection Development Meeting for vetting and approval.

8. However, the librarians are only required to suggest in the standard form of the Plan the total number of Chinese/English materials to be acquired. They do not need to provide the categories and titles of materials, nor the reasons for acquiring such quantity of materials. While each library is required to specify in the form the subjects to be strengthened, it is not necessary to explain the reason or specify the quantity to be purchased. Moreover, the TPU will only follow certain general principles and take into account the available resources when consolidating and compiling the Master Plan. There are no clear procedural guidelines on how the TPU would compile the Master Plan based on the Plans from individual libraries, nor are there any records documenting the justification of the procurement decisions made in the Master Plan. Without documentary records, there is no way to verify how the TPU-coordinated Master Plan has embodied the collection development principles laid down by the Collection Development Meeting, how it has considered the public opinions collected, or how it has catered to the needs of libraries at different levels.

***(IV) No Means to Ascertain Whether the Plans Suggested by Various Libraries are Implemented***

9. On receipt of the newly acquired library materials allocated to them each year, the libraries are not required to check against their original procurement suggestions in the Plans submitted to the TPU to ascertain whether they have been implemented. Although the TPU provides the libraries with quarterly statistics on the change in library stock, it is difficult for individual libraries to discern from those statistics which parts of their procurement suggestions are rejected, and the reasons for that. Also, the libraries can hardly evaluate whether the books and quantity of materials allocated by the TPU can properly meet their needs.

10. In our view, LCSd should enhance its compilation of the Plan and the Master Plan in order to ensure that materials to be procured will meet the procurement objectives and needs of individual libraries. To achieve this, libraries should specify the quantity of materials they plan to acquire and the justification to do so, while the TPU should establish a detailed workflow for coordinating and consolidating the Plans from all libraries and set out the justification for major procurement decisions in the Master Plan for the Collection Development Meeting’s deliberation. Moreover, the TPU should consider setting up a standing mechanism for getting feedbacks from libraries on the materials allocated to them.

11. On receipt of our draft investigation report and in response to our comments, LCSd has reviewed and revised the form for the 2018/19 Plan, requiring the librarians of individual libraries to specify the quantity of each category of materials suggested to

acquire, the justification and the suggested titles of materials when submitting the form. We consider that LCSD should continue to monitor the effectiveness of the revised Plan and make timely review and revision.

## **Part Two: Withdrawal of Materials**

### ***(V) Reasons for Withdrawal of Individual Library Materials Unknown Prior to Mid-2015***

12. According to LCSD's procedural guidelines on withdrawal of library materials, those withdrawn must be worn out/damaged or outdated library materials. Nevertheless, LCSD has all along maintained only lists of withdrawn materials without requiring its staff to record the reasons of withdrawal for individual items (i.e. whether they are "worn out/damaged" or "outdated"). It was not until we had initiated an inquiry that LCSD revised its guidelines in mid-2015, instructing its staff to record also the reasons for withdrawing individual library materials. Therefore, the reasons of withdrawal for individual materials prior to mid-2015 are unknown, and no statistics could be compiled for management analysis. This is far from satisfactory from a management perspective.

### ***(VI) Management Information Regarding Withdrawals Still Inadequate After Mid-2015***

13. Despite LCSD's revision of internal guidelines in mid-2015 to require its staff to record the reasons of withdrawal for library materials, the data collected did not help much in enhancing the standards of management of library collections. For instance, LCSD has not carried out any in-depth analysis as to which categories of materials show higher rates of withdrawals for being "damaged" or "outdated", how many years have these materials been used, or how withdrawn materials of libraries in different districts vary. We consider it necessary for LCSD to analyse more carefully the status of library materials withdrawn, such as checking the utilisation and depletion of various categories/subjects of books, in order to introduce appropriate measures for collection management, storage, promotion of collection, readers' education, etc. This should help to reduce the chance that library materials have to be withdrawn unnecessarily for being "damaged" or "outdated" and ensure that library materials are fully utilised.

### ***(VII) Disposal of Withdrawn Library Materials by Means of Paper Recycling Should be Reviewed***

14. Each year, LCSD withdraws hundreds of thousands of library materials and disposes of them as waste paper for recycling or as refuse in accordance with the Government's Stores and Procurement Regulations. Library materials are sources of knowledge and cultural information. Although some materials may be "damaged" or "outdated", their value is definitely higher than waste paper and refuse. It is a great pity that throughout these years, LCSD has been disposing of those materials as waste

paper or refuse. In fact, there has been demand from society that LCSD should consider using other methods to dispose of withdrawn library materials, such as working together with charitable organisations to hold book sale campaigns. This would not only promote reading but also better utilise those library materials. In the past two years, LCSD had launched some pilot projects to donate “surplus” books to some community organisations. However, it subsequently considered the projects not cost-effective and so would not promote them further.

15. We consider it necessary for LCSD to conduct a comprehensive review of the long-established policy of withdrawal of library materials so that they can be put to the best use. LCSD should consider extending the coverage of donation of “surplus” books to community organisations or adopting other proposals to promote reading. Meanwhile, LCSD should join forces with the policy bureaux and departments concerned to identify new modes and methods to dispose of the withdrawn library materials rather than rigidly adhering to the Stores and Procurement Regulations and continuing to dispose of withdrawn materials by selling them as waste paper.

#### *(VIII) Indecisiveness in Handling Publications of Listed Companies*

16. Under the Books Registration Ordinance, all listed companies have to submit to LCSD’s Books Registration Office five copies/sets of their publication for registration. The current procedures provide that after registration, two sets of those publications will be sent to university libraries and one set to the Hong Kong Central Library for permanent retention, while the remaining two will be sent to public libraries, other educational bodies or non-profit-making organisations, or disposed of in other appropriate manner.

17. In 2009, the former Collection Development Board (currently the Collection Development Meeting) decided after deliberation that the CD-ROMs containing information on listed companies donated by the Hong Kong Exchanges and Clearing Limited (“HKEx”) every month are sufficient for readers’ use, and so the remaining two sets of listed companies’ publications will not be put in the library collections but disposed of by means of paper recycling. In 2014, some newspapers commentaries criticised such practice. The Board then reviewed the practice. As records showed that there was still public demand for printed copies of listed companies’ publications in the Hong Kong Exchanges Collection<sup>2</sup> in public libraries, the Board finally retracted its previous decision and resumed the practice of placing the two copies in the Reference Libraries of the Hong Kong Central Library and City Hall Public Library for public use.

18. We consider LCSD was indecisive on whether to include the two sets of publications of listed companies into its library collections. Its decision in 2009 not to include the two remaining sets of the publications into its collections was obviously made without thorough consideration of the check-out rates of such materials. As a result, those publications were treated as waste paper. The decision was later retracted

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<sup>2</sup> There is a Hong Kong Exchanges Collection in Hong Kong public libraries, accommodating annual reports of and information on listed companies, which are donated by HKEx each month for public reference.

in the face of public criticism. Nevertheless, the cost-effectiveness of the current practice is still open to question. This Office considers that the utilisation rate of the publications of listed companies under the Hong Kong Exchanges Collection does not necessarily reflect the public's demand for those two sets of publications of listed companies. LCSD should, therefore, gather the check-out data and information of those publications in order to devise an appropriate disposal method. To avoid waste, it should consider amending the Books Registration Ordinance where necessary, so that listed companies can either be exempted from submitting their publications to LCSD, or submit fewer copies.

### **Part Three: Coordination between Procurement and Withdrawal**

#### ***(IX) Procurement and Withdrawal Should Complement Each Other***

19. LCSD indicated that procurement and withdrawal of library materials are based on different objectives and visions. It also stated that, while the two processes are not directly related, they do complement each other and could naturally adjust themselves to achieve a balanced mix of library collections that would meet the public's needs in a cost-effective manner. Nevertheless, our investigation revealed that acquiring library materials is the sole responsibility of the Collection Development Meeting while withdrawing materials, the Departmental Disposal Committee. There is no whatsoever arrangement for communication between the two under the current mechanism. The TPU would provide quarterly data to different libraries on the changes of library stock as a result of new additions and withdrawals of library materials. The librarians of all libraries would also regularly review their own library stocks and exercise expert judgement in making suggestions on which library materials to be withdrawn before giving the number of proposed withdrawals in the Plan, as well as compare that number with their suggested procurements. Yet, the librarians could not ascertain that the number of withdrawals and the categories of materials withdrawn from their own libraries would match those of the new acquisitions to be allocated to them by the TPU. Simply put, LCSD could not explain how procurement and withdrawal of library materials could complement each other and naturally adjust themselves to achieve a balanced mix of library collections.

20. We consider that "procurement" and "withdrawal" of library collections are actually directly related and should not be left to "naturally adjust themselves". Instead, LCSD should analyse the reasons for withdrawing the various categories of library materials, and adjust accordingly the number and categories of library materials to be acquired so that "procurement" and "withdrawal" can be truly complementary. Meanwhile, LCSD should establish a mechanism to assess and analyse whether post-withdrawal acquisitions can effectively complement the existing library stock to form an overall collection that follows the direction of development determined by the Collection Development Meeting and the principles stated in the Collection Development Policy. The results of analysis should also be kept for records. The withdrawal data of the previous year should be taken into account as well when the

Collection Development Meeting deliberates and vets the Master Plan.

***(X) Information System on Library Materials Should Be Enhanced***

21. Given the enormous collections of public libraries, a sound computer information system must be put in place for their proper management. The tremendous amount of data on library materials stored in the computer information systems of public libraries, however, have not been integrated to become a useful management database for understanding the public's utilisation of library materials and related trends, or for timely adjustment of management strategies and measures. This points to the need for LCSD to enhance its computer information system for management.

22. Upon commencement of our direct investigation into the issue, LCSD set up a working group in 2016 on the enhancement of its library information systems to facilitate consolidation and comprehensive analysis of the overall status of its library collections. We consider that LCSD should expedite the enhancement process, especially the incorporation of data on withdrawals of library materials into the management information system for effective monitoring of withdrawals. In particular, LCSD should examine the reasons for withdrawal of relatively new items in the collections (e.g. those withdrawn in less than two years) and formulate corresponding strategies to avoid waste of resources.

**Recommendations**

23. In view of the above inadequacies, The Ombudsman makes the following eight improvement recommendations to **LCSD**:

- (1) review the annual target of “procuring not less than 700,000 library items” and consider setting a clearer procurement target with good justification;
- (2) continue to examine the effectiveness of the revised Plan submitted by the libraries and make timely review and revision;
- (3) maintain records of the workflow of consolidating, adjusting and devising the Master Plan, as well as the justifications for procurement decisions. LCSD should also consider setting up a mechanism for the libraries in all districts to give feedbacks upon receipt of their allocation of newly acquired materials;
- (4) record and make good use of the data on withdrawal of materials by conducting analysis for more effective monitoring of the withdrawal process and timely revision of management principles;

- (5) study with the policy bureaux/departments concerned to review and consider revising the current practice of disposing of withdrawn library materials as waste paper and refuse;
- (6) gather and analyse the check-out records of printed copies of publications of listed companies and related data for careful review of the disposal method of such publications;
- (7) consider setting up a mechanism for assessing whether library collections are in line with existing policies, coordinate procurement and withdrawal of library materials to achieve a balanced mix of library collections; and
- (8) expedite the enhancement of computer information systems of public libraries for more effective management of library collections.

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