

**Introductory Remarks by
Chairman of the Public Accounts Committee,
Dr Hon Philip WONG Yu-hong, GBS,
at the First Public Hearing of the Committee
on Wednesday, 8 December 2004**

Good morning, ladies and gentlemen. Welcome to the Public Accounts Committee's first public hearing relating to Report No. 43 of the Director of Audit on the results of value for money audits, which was tabled in the Legislative Council on 24 November 2004.

The Public Accounts Committee is a standing committee of the Legislative Council. It plays the role of a watchdog over public expenditure through consideration of the reports of the Director of Audit laid before the Council on the Government's accounts and the results of value for money audits of the Government and those organisations which receive funding from the Government. The consideration by the Committee of the Director's reports involves gathering evidence relevant to the facts contained in the Director's reports, so that the Committee may draw conclusions and make recommendations in a constructive spirit and forward-looking manner. I also wish to stress that the objective of the whole exercise is such that the lessons learned from past experience and our comments on the performance of the public officers concerned will enable the Government to improve its control over the expenditure of public funds, with due regard to economy, efficiency and effectiveness.

The consideration of the Director's reports follows an established process of public hearings where necessary, internal deliberations and publication of the Committee's report. The Committee has an established procedure for ensuring that the parties concerned have a reasonable opportunity to be heard. After the Committee is satisfied that it has ascertained the relevant facts, it will proceed to form its views on those facts, followed by a process of formulating its conclusions and recommendations to be included in its report. In accordance with Rule 72 of the Rules of Procedure of the Legislative Council, the Committee is required to make its report on the Director's report to the Legislative Council within three months of the date at which the Director's report is laid on the Table of the Council. Before then, we will not, as a committee or individually, be making any public comment on our conclusions.

Following a preliminary study of the Director of Audit's Report No. 43, the Committee has decided, in respect of five chapters in the Report, to invite the relevant public officers and parties concerned to appear before the Committee and answer our questions. We have, apart from this morning's hearing, also set aside the morning of 10 December for the public hearings.

Finally, I would like to draw your attention to the fact that my colleagues, Hon TAM Heung-man, Hon Andrew CHENG and Hon LAU Kong-wah have declared interest in respect of Chapter 1 of Report No. 43 which concerns "Control and monitoring of District Council expenses and related activities". The issues examined in this chapter include tax deduction on 50% of the honorarium for District Council Members and the allowance and grant for District Council Members. Hon TAM Heung-man and Hon Andrew CHENG have declared that they are serving District Council Members. Hon LAU Kong-wah has declared that he was a former District Council Member. The Committee considers that it is proper for these three Members to make the declaration.

To avoid any conflict of interest on the part of the three Members and in order that the impartiality and integrity of the Committee may be maintained, the Committee has agreed that they do not take part in the examination of this chapter. They will not participate in the public hearing, nor in the discussion and compilation of the Committee's report on this chapter. Neither will they make any public comment on the issues relating to this chapter.

I now declare the Committee to be in session.