

(Translation)

Motion on
“Formulating operational standards for public organizations”
moved by Hon Mrs Regina IP LAU Suk-ye
at the Legislative Council meeting commencing
on Wednesday, 16 December 2009

Motion as amended by Hon Miriam LAU Kin-ye and Dr Hon PAN Pey-chyou

That, owing to different policy objectives, the Government has in the past set up dozens of public organizations, some being statutory bodies, to provide important public services in areas including housing, transportation, commerce and trade as well as financial services, etc; the funding for such organizations is mostly provided by the Government in full or in part, and some of them are authorized by legislation to impose levies or develop other businesses to enhance their profitability; it is learnt that in determining the pay and bonus for the management of these public organizations, their profitability is one of the important criteria for measuring performance, causing some public organizations to fully strive to expand and compete with the private sector for profits, hence disregarding the purposes of their establishment, development of free market economy and public interests; as such, this Council urges the Government to strengthen the monitoring of the operation and finances of various public organizations, which include ensuring that they exercise prudence in financial management, make effective use of public funds, put in place a highly transparent mechanism for declaration of interests and are subject to audits by the Director of Audit on a regular basis; and public organizations having an objective to make profits have to strike a balance between pursuing profits and public interests, should be subject to the regulation of competition law and uphold the principles of ‘big market, small government’ and free market economy in their operations; in addition, different public organizations should evaluate their performance based on their respective nature and the following five criteria:

- (a) shall meet the purposes laid down upon the establishment of the organization;
- (b) shall meet the overall interests of the community;
- (c) shall comply with stringent indicators for corporate social responsibility;
- (d) shall attain public service standards which are updated from time to time and are measurable; and
- (e) for public organizations having an objective to make profits, shall adhere to the principle of prudent business operation;

and peg the pay/bonus for the remunerated directors and senior executives of public organizations as well as the appointment and removal of the chairmen of public organizations and members of their management boards or management committees to the above evaluation results; in formulating operational standards for public organizations, the Government should also ensure that public organizations shall implement a good staff management culture, which provides staff with reasonable salary, job stability and reasonable workload, and enables them to have fair treatment in employment relationship; in addition, the Government should enhance public participation in the board of directors of various public organizations, include staff representatives who have recognition to sit on the board and, at the same time, strengthen the board's ability in monitoring the operation, governance and financial operations of the organizations.