

By Fax

Ref : ITCCR 2/3801/09 Pt 4
Tel : 2737 2215

28 December 2009

Clerk to Public Accounts Committee
Legislative Council Secretariat
Council Building
8 Jackson Road
Central, Hong Kong
(Attn: Ms Serena Chu)
[Fax No.: 2537 1204]

Dear Ms Chu,

**The Director of Audit's Report on the
results of value for money audits (Report No. 53)**

**Hong Kong Productivity Council:
Corporate governance and administrative issues (Chapter 7)**

I refer to your letter of 16 December 2009 to the Commissioner for Innovation and Technology (CIT). The information requested is as follows –

- (a) The implementation of recommendations of two consultancy studies conducted in 2006 was discussed at the ITC-HKPC Housekeeping meetings held on 10 January, 6 February, 12 April, 7 June and 11 September 2007 respectively. The relevant extracts of the notes of meetings are at **Annex A**;

(b) Departure of the previous two Executive Directors (ED)/HKPC–

Mr. Thomas Tang

(period of service: 1 January 1997 to 8 March 2003)

- On 14 November 2002, HKPC Council agreed to offer the then ED, Mr. Thomas Tang, to renew his employment contract for one year from 1 January to 31 December 2003.
- Following Mr. Tang's decision not to renew his contract for the ED post, HKPC Council agreed in December 2002, to extend the contract of Mr. Tang from 1 January to 8 March 2003 to facilitate a smooth transition and handover.

Mr. K K Yeung

(period of service: 1 September 2003 to 31 August 2006)

- In December 2005, Mr. K K Yeung informed the Council Chairman that he would not seek to renew his contract which would expire on 31 August 2006. The Council decided to launch a recruitment exercise for the ED post in March 2006.

- (c) On 23 November 2009, HKPC submitted the proposed amendments of the Standard Practices to ITC for approval. After seeking legal advice, CIT approved under delegated authority the submission from HKPC on 15 December 2009 in accordance with section 6(1) of HKPC Ordinance (Cap. 1116).

Separately, regarding item (f) in your letter dated 16 December 2009 to ED/HKPC, you asked for sight of the paper and minutes of the Council meeting in June 2009 regarding the approval of an increased rate for contract gratuity for the ED on renewal of contract. Since the contract renewal matter for ED/HKPC was handled by ITC on behalf of the Council, we attach a copy of HKPC Council paper no. P.C. 10/2009 at **Annex B** for your reference. The paper was approved by the Council by circulation in June 2009.

HKPC Council paper no. P.C. 10/2009 contains certain personal information of the incumbent ED/HKPC. Unless the Committee considers it absolutely necessary, we suggest that PAC members draw reference to the information therein as appropriate without making it a public document.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Lai', written in a cursive style.

(Andrew Lai)

for Commissioner for Innovation and Technology

c.c. PSCT
SFST
AA/SCED
ED/HKPC
D of Audit

***Note by Clerk, PAC: Annexes A and B not attached.**