

**Introductory remarks by the  
Chairman of the Public Accounts Committee,  
Hon Eric LI Ka-cheung, JP,  
at the first public hearing of the Committee  
on Monday, 12 May 2003**

Good morning, ladies and gentlemen. Welcome to the Public Accounts Committee's first public hearing relating to Report No. 40 of the Director of Audit on the results of value for money audits, which was tabled in the Legislative Council on 30 April 2003.

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 purposes of the Committee's considering the Director's reports are to receive evidence relevant to the reports in order to ensure that the facts contained in the Director's reports are accurate, and to 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. 40, the Committee has decided, in respect of three 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 14 May for the public hearings.

Finally, I would like to draw your attention to the fact that my colleagues, Hon Emily LAU Wai-hing and Hon LAU Kong-wah, have declared interest in respect of Chapter 5 of Report No. 40 which concerns "Subvention for staff emoluments of The Legislative Council Commission". Hon Emily LAU Wai-hing has declared that she is a serving member of The Legislative Council Commission. Hon LAU Kong-wah has declared that he was a member of The Provisional Legislative Council Commission from 1 July 1997 to 30 June 1998. The Committee considers that it is proper for them to make the declaration because:

- (a) Hon Emily LAU Wai-hing, being a serving member of The Legislative Council Commission, is directly involved in some of the issues examined in this chapter; and
- (b) Hon LAU Kong-wah was involved as a Member of The Provisional Legislative Council Commission in matters referred to in this chapter which relate to the funding of The Provisional Legislative Council Commission for cash allowance and contract gratuity of staff of the Legislative Council Secretariat.

In line with the Committee's practice, the members concerned have disclosed their personal interest in this particular subject, so as to avoid any conflict of interest and in order that the impartiality and integrity of the Committee may be maintained. The Committee has agreed that Hon Emily LAU Wai-hing and Hon LAU Kong-wah be exempted from the examination of this particular 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 formal session.