

Use of public money

When examining the subject "Construction of government office buildings", the PAC is seriously concerned that due to the change in the allocation of office space of the Cheung Sha Wan Government Offices from the Architectural Services Department to the Rating and Valuation Department (RVD) at short notice, the submissions of the fitting-out plans for the RVD were delayed, resulting in the grant of extension of time to the contractor, and the estimated prolongation cost of \$3.27 million.

We are also seriously concerned that the Department of Health's decision of not relocating the Medical Examination Board (MEB) was made after the fitting-out works for the MEB had been completed, resulting in abortive fitting-out works which cost \$3.7 million. We consider that much of the abortive works and costs could have been avoided if the government officers had dealt with the situation more prudently and proactively.

This is not an isolated case. In considering the subject "Procurement and management of government supplies", the PAC is seriously concerned that for 79.9% of all common-user items, the target stock turnover rate of five times a year was not achieved in 2000-01, resulting in \$35.3 million being tied up in the average stockholding of these items. There are also 568 items, with stockholding totalling \$15.2 million as at 31 March 2001, which had a stock turnover rate of lower than 0.5 time a year in 2000-01. Among these 568 items, 194 items with stockholding totalling \$4.4 million had a stock turnover rate of lower than 0.01 time a year in 2000-01. We are dismayed that the Government Supplies Department has not demonstrated that it had exerted its best efforts to notify the user departments of the anticipated expiry dates of items in stock, and dispose of items which are in excess of users' requirements and will become outdated or pass their expiry dates shortly.

When considering the subject "The administration of sale of land by public auction", the PAC is gravely dismayed that, in the sale of a site in Siu Sai Wan, the Director of Lands, and the chairman and members of the District Lands Conference (DLC) had neither achieved the Government's planning objective of lowering the development density in order to "thin out" the population, nor sought to obtain the maximum revenue at the public auction by upgrading the Siu

Siu Sai Wan site to a Class C site, for example, by requiring the provision of an extra street. If the site had been clearly classified as a Class C site for auction, the eventual auctioned price might be higher than the present auctioned price of \$11,820 million.

While the PAC does not want to speculate on the motive behind the DLC's decision to delete the clause specifying the maximum residential gross floor area from the Conditions of Sale of the Siu Sai Wan site, we are gravely dismayed that the decision had not fulfilled any land policy, revenue or planning objectives.

Land, with its limited supply, is one of Hong Kong's most valuable assets and the sale of land represents a significant source of public revenue. At a time when the Hong Kong economy is in the doldrums and when the Government is facing a severe budget deficit, it is incumbent on the Government to optimize the use of land and maximize revenue from land sales. Seen in this light, the PAC considers that the reason for the sale of land by public auction must be to maximize land revenue, after other policy objectives, such as land supply, town planning, environmental and safety concerns, have been clearly stated in the Conditions of Sale and relevant legislation.

I take this opportunity to record that there has been close co-ordination between the PAC and the Council's other Committees, to ensure that there is no overlap between our work and that our work is complementary to each other.

Following the tabling of our report on the "Administration of the Quality Education Fund" today, this subject will be discussed by the Education Panel. Meanwhile, the Planning, Lands and Works Panel is actively following up the proposed charging and penalty system for street excavation works, which is one of the issues studied in our report on "Follow-up review on control of utility openings". On the Director of Audit's observations on the method of assessing the financial resources of infant legal aid applicants, contained in his Report on the "Provision of legal aid services", we understand that the Working Group on Legislation concerning the Provision of Legal Aid Services, under the Administration of Justice and Legal Services Panel, has taken note of the relevant policy issues and would deal with them in its report to the Panel.