

**Introductory Remarks by
Chairman of the Public Accounts Committee,
Dr Hon Philip WONG Yu-hong, GBS,
at the Public Hearing of the Committee
on Monday, 10 December 2007**

Good morning, ladies and gentlemen. Welcome to the Public Accounts Committee's public hearing relating to Report No. 49 of the Director of Audit on the results of value for money audits, which was tabled in the Legislative Council on 28 November 2007.

2. 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 or other personnel concerned will enable the Government to improve its control over the expenditure of public funds, with due regard to economy, efficiency and effectiveness.

3. 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 comments.

4. Following a preliminary study of Report No. 49, the Committee has decided, in respect of three chapters in the Report, to invite the relevant public officers and other personnel concerned to appear before the Committee and answer our questions. We have, apart from this morning's hearing, also set aside 13 December 2007 for public hearings on the other chapters.

5. I should like to mention here that the Director of Audit's Report is not released into the public domain until it is tabled in the Council. However, it has come to the Committee's attention that prior to Report No. 49 being tabled, there has been a large amount of media coverage of the matters dealt with in the Report, some of which contained details identical or similar to those depicted in the Report. The Committee is dismayed that there were these leakages.

6. The public hearing this morning is on Chapter 10 of Report No. 49 on the subject of "Outsourcing of the management of public rental housing estates". Apart from Chapter 10, there are two other chapters in Report No. 49 which deal with government outsourcing. Chapter 8 covers the outsourcing of environmental hygiene services and Chapter 9 the outsourcing of services in the Leisure and Cultural Services Department. The Committee understands that whilst the three departments each have problems unique to themselves in the management of outsourcing activities, there are also a lot of problems common to them. The Committee has selected Chapter 10 for public hearing because, among the three departments, the Housing Department has engaged the greatest number of workers under its outsourcing contracts, the contract value is the highest, and the number of sub-contractors appointed is also the largest. In addition, it also has the greatest number of cases with employment-related irregularities.

7. The witnesses this morning are: Mr CHAN Chun-yuen (Director of Housing), Mr LAU Kai-hung (Deputy Director of Housing (Estate Management)), Mr CHIU Kin-chee (Chief Manager/ Management (Support Services)) and Mr LEE Kang-sum (Chief Manager/ Management (Support Services)).

8. I now proceed to the public hearing.