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25 June 2002

Clerk to Bills Committee on
Public Officers Pay Adjustment Bill
Legislative Council Building
8 Jackson Road
Hong Kong

(Attn: Miss Salumi Chan)

Dear Miss Chan,

**Bills Committee on
Public Officers Pay Adjustment Bill**

Follow-up to sixth meeting on 22 June 2002

At the sixth meeting of the Bills Committee on Public Officers Pay Adjustment Bill, some Members sought information on the implication of the Bill on the statutory bodies, publicly-funded bodies and subvented organizations. Our response are as follows.

None of the employees of the statutory bodies, publicly-funded bodies and subvented organisations (e.g. Employees Retraining Board, Family Planning Association of Hong Kong, Hospital Authority, Vocational Training Council, etc.) is covered by the Public Officers Pay Adjustment Bill. We are separately seeking information from the Director of Administration on the review on the remuneration of senior executives of statutory and other bodies and will pass it onto you once available.

As regards the principle of "no better than", it is a subvention

principle which applies only to organisations receiving recurrent subventions from the Government. In an earlier paper submitted to the Bills Committee (LC Paper CB(1)2004/01-02(04)), we have explained the principle and its application. Annex A to the paper also sets out, by category, the organisations currently receiving recurrent subventions from the Government.

This year's civil service pay reduction may have an impact on government funding to subvented organisations and the remuneration for subvented staff as we have explained in the afore-mentioned paper submitted to the Bills Committee earlier. The Administration has, through the relevant Controlling Officers, kept the subvented organisations informed of the developments and implications of the 2002 civil service pay adjustment exercise. The exact impact of the civil service reduction varies among subvented organisations, and individual Controlling Officers may need to explain the situation to each organization in appropriate terms. In short, the Administration did not issue a standard letter to all subvented organisations.

One Member specifically asked about the impact of this year's civil service pay adjustment on the Office of the Ombudsman. If civil service pay is reduced with effect from 1 October 2002 by the percentages specified in the Bill, the Government will reduce recurrent funding to the Office of the Ombudsman in accordance with the relevant subvention formula which has incorporated a factor of price adjustment according to civil service pay adjustment. The full-year reduction is estimated to be \$1.9 million, as set out at Annex A to LC Paper CB(1) 2004/01-02(04). The management of the Office of the Ombudsman will have to decide whether as a result of the reduction in civil service pay and subvention the remuneration of their subvented staff should be reduced correspondingly having regard to the factors set out in paragraph 6 of LC Paper CB(1) 2004/01-02(04). The Ombudsman herself is a public officer and is paid at D8. Accordingly, her pay will be adjusted with effect from 1.10.2002, subject to the enactment of the Bill, in line with the adjustment to the Directorate Pay Scale.

Yours sincerely,

(Angelina Fung)
for Secretary for the Civil Service