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26 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 seventh meeting on 25 June 2002

At the seventh meeting of the Bills Committee on Public Officers Pay Adjustment Bill, Members made some suggestions on the drafting of clause 11 and Schedule 3 of the Bill. Members also sought information on the implication of the Bill on the subvented sector. Our response are as follows.

On Members' suggestions on the drafting of clause 11 and Schedule 3 of the Bill, I attach a paper on the Administrations' proposed Committee Stage Amendments for Members' information.

As regards the implication of the Bill on the subvented sector, the Administration has earlier submitted a paper entitled "2002 Civil Service Pay Adjustment: Impact on the Subvented Sector" (LC Paper CB(1)2004/01-02(04)) to the Bills Committee setting out how subvented organisations may be affected by a civil service pay reduction. In brief,

given the large variations in remuneration policies, staff categories and contract terms among the subvented organisations, a reduction in civil service pay may have different implications for different organisations. At the general level, as set out in our earlier paper, we assess that the situation will be manageable if both the management of the subvented organisations and their subvented staff act in a reasonable manner. We are confident that subvented staff will consider the matter in an objective and rational manner, taking into account the potential effect on the people they serve, the financial position of the subvented organisations, their own pay rises in previous years with reference to civil service pay, the sentiments of the community and the overall interests of Hong Kong. As noted by some Honourable Members at the meeting of the Committee held on 17 June 2002, we expect that the pay reduction that subvented staff may be subject to will be moderate. Given the above considerations, we do not envisage that termination of contracts among subvented staff will occur in such numbers as to affect the subvented organisations' services to the public. The Controlling Officers have been in communication with subvented organisations under their respective purview to see whether they would envisage any problems should they decide to reduce the pay of their staff. So far, there is no indication that a substantial number of staff in any one subvented organisation will refuse to accept a pay reduction prompted by a reduction in civil service pay, or that individual organisations are contemplating en bloc termination of contracts. The Administration will continue to keep in touch with the subvented organisations.

Yours sincerely,

(Angelina Fung)
for Secretary for the Civil Service