



Bursar's Office  
財務長室



16 May 2003

Ms. Miranda Hon  
Clerk, Public Accounts Committee  
Legislative Council  
Legislative Council Building  
8 Jackson Road, Central  
Hong Kong

Dear Ms. Hon,

**The Director of Audit's Report on the  
result of value for money audits (Report No. 40 Chapter 10)**

Further to the meeting of the Public Accounts Committee on 14 May 2003, and with reference to the discussion regarding para 3.16(a) of the above report, we are pleased to attach herewith the following documents for further information of the Committee.

- Attachment 1. An extract of the minutes of the meeting held on 13 July 1999 of Administrative Affairs Committee (AAC) of the Chinese University of Hong Kong, confirming the advice of the Committee that the "University should wait for further development on the civil service remuneration package, including outcome of the consultation on the recent Civil Service reforms and the recommendations from the Standing Commission on Civil Service Salaries and Conditions of Service in respect of entry salary, salary scales and compensation for civil servants to be published soon, instead of following the Civil Service practice by reducing the percentage of contract-end gratuity since further changes might be necessary on possible adoption of the Civil Service reforms."
- Attachment 2. A copy of a letter dated 22 July 1999 from the Director of Personnel of the University to the Secretary-General of University Grants Committee, advising the Secretary-General UGC that the University "note that Government recently recommended a gratuity of 10% for contract staff at non-professional and supporting ranks" and that the University is "also

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aware that the impending Government reforms, which include, inter alia, revision of salary scales for various grades, to come out within this year and the Mandatory Provident Fund Scheme to be implemented on December 1, 2000 may have impact on the total compensation package that the Government-funded institutions may offer to its future employees. In the light of the above, the University does not reckon it appropriate to make any changes to the percentage of the contract gratuity payable to University employees at the moment. The University may consider the matter again if there is a need, along with the review of other possible changes to the remuneration package for its employees when we have a clearer picture of the mentioned issues.”

We trust the above two documents fully clarify and support the statements in para 3.16 (a) of the said Audit Report.

Please let me know if you wish further information.

Yours sincerely,



Terence Chan  
University Bursar

Encl.

cc Professor Ambrose King, Vice-Chancellor  
Professor Paul Chu, President, HKUST; Convenor, HUCOM  
Mr. Peter Cheung, Secretary-General, UGC

TC:bl

**Minute Extracts of the 8<sup>th</sup> (1999) Meeting of AAC held on July 13, 1999**

16. Any Other Business

(a) Contract-end Gratuity

AAC NOTED a letter from the University Grants Committee (UGC) regarding a request of the Secretary for the Treasury, Government of the Hong Kong Special Administrative Region, for the Government Departments and subvented organisations to lower the contract-end gratuity from 15% to 10% for non-professional and supporting grades (paper tabled). AAC HEARD from the Director of Personnel that on seeking clarification with the UGC Secretariat, the University was advised that there was no intention from the Government to require the UGC-funded Institutions to follow compulsorily the Civil Service practice and that savings realised from any reduction of gratuities were not subject to return to the Government. AAC was further advised that the representatives of the Personnel Offices of UGC-funded Institutions at a meeting held the day before had exchanged information on their own situation and their intention on receipt of the UGC letter. Some institutions were considering following the request, while some preferred to wait, and some already awarding 10% or less than 10% gratuity to certain of their junior grades. In this connection, AAC ADVISED that the University should wait for further development on the civil service remuneration package, including outcome of the consultation on the recent Civil Service reforms and the recommendations from the Standing Commission on Civil Service Salaries and Conditions of Service in respect of entry salary, salary scales and compensation for civil servants to be published soon, instead of following the Civil Service practice by reducing the percentage of contract-end gratuity since further changes might be necessary on possible adoption of the Civil Service reforms.



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Our Ref :

Your Ref The Secretary-General  
University Grants Committee  
7/F., Shui On Centre  
6 - 8 Harbour Road  
Wan Chai  
Hong Kong

(Attn : Mr. Jack Chan)

July 22, 1999

Dear Mr. Chan,

Provision for Contract Gratuity for Staff Employed by Subvented Organisations

I refer to your letter of July 5, 1999 on the captioned subject.

Apart from regular staff whose appointments are on superannuable terms, the University has been hiring fixed-term contract staff for a number of years. In recent years, all new appointees are appointed on initial contracts of up to three years before they can be considered for an appointment on superannuable terms. It has been a long standing practice that contracts of sufficient length will carry a contract-end gratuity equivalent to 15% of the basic salary drawn during the contract period. For this purpose, the minimum qualifying contract period for staff to be eligible for gratuity is 10 months in the case of teachers and staff of equivalent rank, and 2 years in the case of other support grades staff.

We note that Government recently recommended a gratuity of 10% for contract staff at non-professional and supporting ranks. Whilst we appreciate that such a recommendation is in response to the market situation, we are also aware that the impending Government reforms, which include, *inter alia*, revision of salary scales for various grades, to come out within this year and the Mandatory Provident Fund Scheme to be implemented on December 1, 2000 may have impact on the total compensation package that the Government-funded institutions may offer to its future employees. In the light of the above, the University does not reckon it appropriate to make any changes to the percentage of the contract gratuity payable to University employees at the moment. The University may consider the matter again if there is a need, along with the review of other possible changes to the remuneration package for its employees when we have a clearer picture of the mentioned issues.

I hope the above information will be useful to your present enquiry.

Yours sincerely,

Sophie Lau (Mrs.)  
Director of Personnel

SST/CL/

b.c.c. Professor Kenneth Young  
Professor PW Liu  
Bursar