



"Portia Chan"

2007/12/12 PM 01:09

To miranda hon, serena chu

cc "Anthony Lau" [REDACTED], "Daisy Lam"
[REDACTED], "Tourism Commission - Laura Tsoi -
internet" [REDACTED], "Tourism Commission -
Miss Au King Chi - Internet" [REDACTED],
"Tourism Commission - Kinnie - Internet"
[REDACTED], bteng [REDACTED],
selina [REDACTED], [REDACTED] chong [REDACTED],
grace [REDACTED]

Subject The Director of Audit's Report (No. 49) on Hong Kong
Tourism Board (Chapter 5)

Dear Miranda,

We refer to your letter of 11 December 2007 (your ref: CB(3)/PAC/R49) and enclose herewith a copy of the advertisement for the post of Executive Director (ED) in connection with the recruitment of the former ED in 2001 as requested (attachment 1).

We also set out below further information in respect of item (c) of the Committee's letter dated 6 December 2007 concerning the performance based variable payment (VP).

The VP was first introduced since former ED's (Ms Clara Chong) appointment in March 2001. The then Chairman, Mrs Selina Chow sought the Board's endorsement on the proposed terms of employment for Clara and obtained Government's approval to a gist of the key terms of employment including the VP. VP was made part of Clara's contract terms and it was termed as "incentive award" in the contract. The relevant board meeting minutes and correspondence with the Government are attached for reference (attachment 2).

According to Clara's 1st contract, she was eligible for the incentive award of 10% of her total annual basic salary subject to satisfactory achievement of quantifiable targets as agreed with the Board on annual basis; for instance, tourism arrival, tourism spending, etc, and the award shall be payable annually at a time to be agreed between her and the Board.

The VP was then introduced to other Band A staff who were subsequently appointed, e.g. Ms Jacqueline Tong (General Manager, Strategic Planning & Marketing in April 2001), Ms Lambert Chan (General Manager, Destination Marketing in Aug 2001), Ms Bonnie Ngan (General Manager, Corporate

Communications and Public Relations in January 2002), or promoted, eg Mrs Grace Lee (Deputy Executive Director (DED) in January 2003). It was set out in their respective contract that the targets and the payment time were to be agreed with ED instead of with the Board and their employment contracts were all signed by ED.

Before Clara's appointment in 2001, all General Managers and Finance & Admin. Director were entitled to 13th month salary and without VP. The previous ED (Amy Chan) and DED (Douglas Gautier and James Lu) were not entitled to the 13th month salary nor any VP and their pay was pegged with the Government Directorate pay scale. The relevant document is attached (attachment 3).

There was no documentary proof of any laid-down procedures agreed by the Board for ED to seek approval from the Board or the Staff and Finance Committee to ED's assessment of the DED/GMs' performance as well as decision on granting of VP to them until July 2005.

In July 2005, the Board approved the HR policy on staff appointment and it was specifically laid down that approval has to be sought from a Selection Committee comprising of the Staff & Finance Committee (S&FC) members for appointment of General Managers, and from the HKTB Board and the Financial Secretary also for the appointment of ED and DED. Relevant document is attached (attachment 4).

Regards,
Daisy Lam
Deputy Executive Director
Hong Kong Tourism Board

(cc Secretary for Commerce and Economic Development (via fax)
Secretary for Financial Services and Treasury (via fax))

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**Note by Clerk, PAC: Attachments 1 to 4 not attached.*