



中華人民共和國香港特別行政區
Hong Kong Special Administrative Region of the People's Republic of China



立法會秘書處

LEGISLATIVE COUNCIL SECRETARIAT

來函檔號 YOUR REF : CB(3)/PAC/R40
本函檔號 OUR REF : AM 12/03/03
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22 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
results of value for money audits (Report No. 40)**

**Chapter 5: Subvention for staff emoluments
of The Legislative Council Commission**

Thank you for your letter ref. CB(3)/PAC/R40 dated 15 May 2003 requesting additional information relating to Chapter 5 of the above-mentioned report for the consideration of the Public Accounts Committee (PAC).

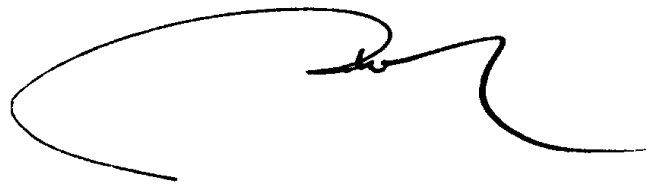
I forward the following information as requested -

- (a) Meetings of The Legislative Council Commission (the Commission) are not open to the public. The papers and records of such meetings are not distributed to the public, as most issues deliberated by the Commission are in respect of internal management matters concerning the Legislative Council Secretariat. However, if there are press enquiries on matters discussed by the Commission, the Chairman of the Commission invariably responds to these enquiries, unless they are on issues which are confidential, such as those relating to the Director of Audit's draft report before its tabling in the Legislative Council.

- (b) The Commission is given managerial and financial autonomy in organising its own administration and support facilities under The Legislative Council Commission Ordinance (the Ordinance) (Cap 443). One of the features of that autonomy is reflected in the Ordinance by the Commission's power to determine the terms and conditions of its staff, subject to the only condition that these terms and conditions have to be kept broadly in line with those applicable to persons employed in the Civil Service. The so-called "no better than" principle which Government applies to subvented organizations does not apply to the Commission. Having considered the changes in the terms and conditions of service of civil servants notified to the Secretary General of the Legislative Council Secretariat through FBCM No. 10/99, the reasons given by the Secretary General in LegCo Paper No. LCC 34/99-00 (reproduced in paragraph 5.5 of the Audit Report) as well as the fact that a number of statutory organizations operated under the one-line vote system paid contract gratuity to their non-professional and supporting staff at 15% of their basic salary, the Commission made a policy decision on 13 April 2000 that such staff in the Secretariat should be paid contract gratuity at 15% of their basic salary.
- (c) The actual amounts of the annual expenditure of the Legislative Council Secretariat on contract gratuities and cash allowance for the period 1994-95 to 2002-03 are shown in **Appendices I and II** respectively.
- (d) In view of the lapse of time since 2000, the Commission recently reviewed its decision on the rate of contract gratuity for non-professional and supporting staff of the Secretariat. The Commission decided at its meeting on 20 May 2003 to lower the rate of contract gratuity for such staff to 10% of their basic salary, having regard to the following factors:
- (i) the public is concerned about the stringent financial climate in Hong Kong;
 - (ii) no apparent adverse impact on the quality of service or recruitment difficulty may result from a lowering of the rate of contract gratuity for such staff in view of the current labour market; and
 - (iii) some of the statutory organizations referred to in (b) above have lowered the rate of contract gratuity for such staff.

I shall separately be providing additional information to PAC to assist its study of the report. I shall also be happy to provide any further information that PAC may require.

Yours sincerely

A handwritten signature in black ink, consisting of a large, sweeping loop followed by a smaller, more intricate flourish.

(Ricky C C Fung)
Secretary General

Encls.

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Appendix I

The Legislative Council Commission

Expenditure on Contract Gratuities in the years 1994/1995 to 2002/2003

Year	Payment during the year	Gratuities incurred but not yet due for payment on 31 March 2003
	\$million	\$million
1994/95	2.7 ⁽¹⁾	
1995/96	1.4 ⁽¹⁾	
1996/97	14.2	
1997/98	42.7 ⁽²⁾	
1998/99	12.1	
1999/00	17.5	
2000/01	58.5 ⁽²⁾	
2001/02	20.7	
2002/03	14.2	60.0
Total	244.0	

⁽¹⁾ Gratuities in respect of contracts transferred from the Commission's predecessor (The Office of Members of the Legislative Council (OMLEGCO)) were paid by the Commission, including those incurred by the predecessor but not yet due for payment at the time of handover.

⁽²⁾ Majority of contracts were entered into in 1994/95 and renewed in 1997/98. Therefore payments in 1997/98 and 2000/01 were higher when these 3-year contracts expired.

Appendix II

The Legislative Council Commission

Expenditure on Cash Allowances in the years 1994/1995 to 2002/2003

Year	\$million
1994/95	25.2 ⁽¹⁾
1995/96	19.5
1996/97	20.6
1997/98	21.3
1998/99	23.6
1999/00	23.9
2000/01	24.0
2001/02	24.8
2002/03	25.8
Total	208.7

- ⁽¹⁾ The expenditure included \$12.9 million of government secondee on-costs charged for the secondees' services provided during the transitional period after the setting up of the new Legislative Council Secretariat in April 1994.