

財經事務及庫務局
(庫務科)

香港下亞厘畢道
中區政府合署



FINANCIAL SERVICES AND
THE TREASURY BUREAU
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19 June 2003

Ms Miranda Hon
Clerk to Public Accounts Committee
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 (LCC)**

Thank you for your letter of 17 June 2003. The information requested by the Public Accounts Committee is set out below.

Item (a)

2. The funding we allocate to the Legislative Council Commission (LCC) under the Resource Allocation Exercise (RAE) process represents the resources supported for new or enhanced services. The resources allocated become part of the one-line vote (OLV) and the LCC has the flexibility to deploy funds among expenditure components in the most economical way as it sees fit, so long as the services are provided as specified in LCC's resource bid. Furthermore, as the LCC is not under the Administration's establishment controls, it determines the staff mix, ranks and grades, and number of posts at its own discretion and has the flexibility to create or delete posts to suit its operational expedience.

Item (b)

3. When LCC submits bids for new resources, apart from justifications for the bids, the amount of new money requested will have to be supported by cost estimates. These may be expressed in terms of staff cost and other day-to-day operational expenses. Staff cost data may include salaries and other salary-related costs such as cash allowance and contract gratuity. All these cost estimates will be taken into account in assessing the amount of resources to be allocated. However, as mentioned in para. 2 above, once the new resources have been allocated for a particular new or enhanced service, the resources form part of the OLV and there is no requirement that the LCC must spend the resources allocated in accordance with the cost estimates in the resource bid.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Sp.' or a stylized version of the name Stanley Ying.

(Stanley Ying)
for Secretary for Financial Services and the Treasury