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24 April 2004

Clerk to Bills Committee
Legislative Council Building
8 Jackson Road
Central
Hong Kong
(Attn: Mr Raymond LAM)

(Fax No: 2509 0775)

Dear Mr LAM,

Hong Kong Sports Development Board (Repeal) Bill

In response to the Bills Committee's motion passed at its meeting on 12 December 2003 that it should not examine the above Bill before the Administration had resolved the issue of transitional arrangements for the staff of SDB upon the dissolution of SDB, we are writing to update members on the latest developments and agreements reached between the Administration and SDB staff.

Reorganization in HKSDB

2. In anticipation of the disbandment of two functions of SDB, namely the allocation of funding to NSAs and management of the Sports House, SDB conducted an internal reorganization exercise in March 2004 resulting in a reduced establishment from 311 to 260. The reorganized SDB will be more focussed on elite sports training and development. Upon completion of reorganization on 1 April 2004, 46 staff were found redundant and were compensated in accordance with the Employment Ordinance which includes severance payment, payment in lieu of notice and leave encashment etc. In addition, ex-gratia payment was made to those staff whose posts were deleted in this re-organization exercise and could not continue their employment with SDB with effect from 1 April 2004.

Discussion with HKSDB staff representatives over transitional arrangements

3. HAB has maintained a continuous dialogue with SDB staff representatives to discuss the issues relating to their transition from SDB to the future Hong Kong Sports Institute(HKSI). Following our latest meeting with representatives of the SDB staff union on 22 April, we have reached in-principle agreements on the transitional arrangements. SDB staff union representatives also agreed with us that the proposed reconstitution of HKSI should be completed as soon as possible so that all parties would focus their attention on elite sports training and development and preparations for forthcoming major games. Main points agreed are summarised as follows:-

- (a) **Re-employment by HKSI**
 - (i) The future HKSI will adopt the existing reorganized SDB staffing structure of 260. All incumbent post holders will be re-employed by the new HKSI on contract upon dissolution of SDB.
 - (ii) The total pay as well as the fringe benefits will remain unchanged for the SDB staff upon transfer to the new HKSI .

- (b) **SDB's severance arrangements**
 - (i) Upon dissolution, SDB will terminate the employment of all serving SDB staff. All eligible staff will be entitled to severance payment calculated in accordance with the Employment Ordinance.
 - (ii) As all serving SDB staff will be offered re-employment in HKSI, no ex-gratia payment will be paid.
 - (iii) Leave encashment and end-of-contract gratuity entitlement will be calculated on a pro-rata basis up to the date of termination of employment with SDB.
 - (iv) 100% of the employer's provident fund contribution will be vested to the employee upon termination of employment with SDB.

5. In view of the above agreement-in-principle reached with SDB staff with regard to the transitional arrangements, we are of the view that we have addressed the concerns raised by the Bills Committee and the motion passed at Committee's meeting on 12 December 2003. We would like to invite the Bills Committee to reconvene as soon as possible to resume scrutiny of the Bill.

Yours sincerely,

(Eddie Poon)
for Secretary for Home Affairs

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