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18 May 2004

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

By Fax: 2509 0775

Dear Mr. Lam,

**Bills Committee on
Hong Kong Sports Development Board (Repeal) Bill
Meeting on 7 May 2004**

Thank you for your letter of 13 May attaching draft notes of meeting. We would like to report progress on the follow up actions mentioned in para.2 of your draft notes of meeting –

- (a) The calculation of severance payment with regard to the present case (i.e. re-employment of SDB staff by the reconstituted HKSI) is illustrated by the following example –

A staff member who has worked for 10 years in SDB will be given severance payment for his 10 years of service upon SDB's dissolution, notwithstanding the fact that he will be re-employed by the reconstituted HKSI immediately upon such dissolution.

If he then works for the reconstituted HKSI for another 23 months before he is dismissed or laid off by his new employer, under the agreed arrangements among SDB, its staff and the reconstituted HKSI, he will be entitled to severance payment calculated on the basis of 10 years of service with SDB plus 23 months of service with the reconstituted HKSI, subject to deduction of the severance payment already paid to him earlier upon the dissolution of SDB.

The above example is different from a normal case in which an employee is only entitled to severance payment if he has been under continuous employment by the same employer for at least 24 months as required under the Employment Ordinance (Cap.57)

- (b) we have liaised with the Board of Directors of the reconstituted HKSI and they have agreed to consider providing in the new employment contract for staff of the SDB re-employed by the reconstituted HKSI that the period of service with SDB would be recognised in the calculation of length of service with the reconstituted HKSI;
- (c) we have confirmed with the reconstituted HKSI that the entire establishment of 260 under SDB's existing structure would be re-employed by the reconstituted HKSI;
- (d) we confirm that SDB has no outstanding liabilities or agreements with creditors which had to be dealt with upon its dissolution; and
- (e) we have confirmed with the Sports Development Board that they will pass a special resolution to authorize the Chairman and Vice Chairman to prepare final statements of accounts and reports referred to in Clause 12 of the Bill at their Board meeting on 20 May. We do not anticipate any problem as the arrangement was proposed by SDB. We shall let you have a copy of the special resolution passed as soon as possible.

We shall consult the Chairman of the House Committee and give notice on 31 May for the HKSDB (Repeal) Bill to resume its second reading debate on 9 June and to move the two Committee Stage Amendments to the Bill.

Yours sincerely,

(Eddie Poon)
for Secretary for Home Affairs

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ADLS (Attn: Mr. Johnny Woo) Fax: 2691 3264

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