



Your ref.:
Our ref.: EDB 22/12/2

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4 April 2006

Mrs Grace Lee
Deputy Executive Director
Hong Kong Tourism Board
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Dear Grace,

**Senior Staff Matters of the
Hong Kong Tourism Board**

There are two issues that have come to our attention lately in the course of reviewing the performance and Variable Pay (VP) of the Executive Director of the Hong Kong Tourism Board (ED/HKTB). I am writing to relay our views on these issues and should be grateful for your follow up actions.

In the undated contract of the ED/HKTB, which we presume was signed in April 2004, we notice that there is a clause of annual review of the monthly basic salary. This clause was not mentioned in the Chairman's proposal of ED/HKTB's remuneration package dated 4 and 7 March 2004 based on which the Government considered the revised package. Accordingly, the approval of the Financial Secretary as conveyed to you vide the letter of 23 March 2004 issued by the Permanent Secretary for Economic Development (the Controlling Officer of HKTB's vote of expenditure under the Economic Development and Labour Bureau) was in line with the Chairman's proposal and did not cover such a term. For the record, we were not party to the drafting of the contract and were not given sight of the contract in any draft form.

We understand that the contract has been signed and become a binding document on both the ED/HKTB and the HKTB. In order to discharge the functions of the Controlling Officer more effectively and to avoid similar misunderstanding in future, I should be grateful if you would institute as a standing arrangement that draft employment contracts to be signed with the senior staff of the first three tiers, i.e. the ED/HKTB, the Deputy ED and General Managers should be sent to us before signing in future.

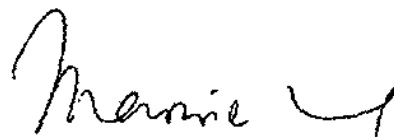
The timing of the review of performance and VP of ED/HKTB is another point that concerns us. The review for 2004-05 has not been conducted in time which has led to a delay in the payment of the VP. This will lead to a "bunching" effect on HKTB's expenditure account as it is likely that more than one year's VP payment may have to be reflected in the same year of account. This will have two undesirable impacts. Firstly, the original year of account will give a misleading picture of the total package of the ED/HKTB in that it does not fully reflect the total package. The 2005 remuneration package of ED/HKTB as shown in HKTB's Annual Report 2005-06 is a typical example. The "bunching" of VP payment in the following year will present an alarming increase rate which will draw totally undesirable negative PR. In addition, it reflects badly on the discipline of the HKTB Board in reviewing staff performance and monitoring staff matters and the related account.

I am asking my colleagues to institute a tracking system which will assist yourselves and us in monitoring the review of performance of the senior staff in HKTB. In parallel with this, I should be grateful if you would forward to us the copy of signed contracts of the senior staff of the first three tiers. As you would agree, the remuneration of all HKTB staff comes from the public coffers; and as the Controlling Officer, we need to keep a copy of the employment contract signed between HKTB and the senior staff concerned.

In passing, we note that the copy addressees listed on the undated contract of ED/HKTB have not been sent a copy of the contract since the contract was signed. This is the case with the Permanent Secretary, the Commissioner for Tourism and Mr Stanley Ko. My team only managed to obtain a copy of the contract one year later while we were asking for details for another task. I suggest that you look into your office system and plug these loopholes.

I look forward to hearing from you your proposed action plan in taking forward the above. I shall be happy to discuss with you if you would like to go through the above issues.

Yours sincerely,



(Ms Maisie Cheng)
for Commissioner for Tourism

cc Chairman, HKTB (Fax: 2810 9099)

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