

9th-11th Floors, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong
 Telephone +852 2807 6543 Facsimile +852 2806 0303 Website DiscoverHongKong.com E-mail info@hktb.com

香港北角威非路十八號萬國寶通中心九樓至十一樓
 電話 +852 2807 6543 傳真 +852 2806 0303 網址 DiscoverHongKong.com 電郵 info@hktb.com

HONG KONG TOURISM BOARD 香港旅遊發展局

Your Ref: CB(3)/PAC/R49
 14 February 2008
By Email and By Hand
 Public Accounts Committee
 Legislative Council
 G/F., Legislative Council Building
 8 Jackson Road, Central HK
Attn: Ms Miranda Hon



Dear Ms Hon,

Re: The Director of Audit's Report on the results for value for money audits (Report No. 49) Chapter 5

We refer to your letter of 1 February 2008 and would like to provide information as follows:

(a) The amount of the consultancy fee for the HKTb's Compensation and Benefits Study conducted by the Hay Group in 2003 is HK\$655,500.

(b) The HR practices established before 2005 include the followings and related documents are attached. The documents are either posted onto the Company's intranet or distributed to the staff concerned at the time when it was issued.

- Long Service Award/ Retirement Gift issued on 5 February 1998
- Secondment Policy issued around March 1999
- Internal Transfer issued on 1 September 2004
- Overtime & Meal Allowances issued on 1 September 2004
- Shift & Airport Allowance issued on 1 September 2004
- Training Policy issued on 1 September 2004
- Personal Data Protection issued on 1 September 2004
- Disciplinary Policy issued on 1 September 2004
- Equal Employment Opportunity issued on 1 September 2004
- Tax Subsidy Scheme issued on 8 September 2004
- Salary Administration issued on 1 September 2004 and revised on 6 August 2007

(c) Between 2001 and 2004, there are totally 8 staff appointed/ recruited to 5 General Manager positions and we can only locate the endorsement of the Staff & Finance Committee in the form of meeting minutes for the appointment of the position, General Manager, Tourism Marketing. Extract of relevant paper and minutes is attached.

**Note by Clerk, PAC: Attachments in items (b) and (c) not attached.*

(d) In response to paragraph 6.22(e) of the Audit Report, the HKTB has conducted a review by benchmarking the existing policy of HKTB with that of 7 private companies, 6 quasi-government organizations and the HKSAR Government. A summary of the benchmarking results is provided in Appendix 1.

Due to confidentiality agreement between the HKTB and the benchmarking organizations, HKTB cannot disclose the names of these organizations without obtaining prior consent from them.

Based on the benchmarking study, the HKTB has revised its travel class entitlement policy, and the new policy is effective since 1 Feb 2008. Details of the revised policy is as follows:

	Old Policy (before 1 Feb 2008)		Revised Policy (Effective from 1 Feb 2008)	
Grade/Level	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time
Chairman	Business	all	Business (Note 1)	all
Executive Director	Business	all		
Deputy Executive Director				
General Manager, Regional Director	Business	> 9 hours	Business	> 9 hours
Senior Manager		Economy	< = 9 hours	Economy (Note 2)
Manager and below	Economy	all	Economy (Note 2)	all

Note 1:

Staff is encouraged to travel on Economy Class for short flights where the flying time is less than 4 hours.

Note 2:

Under the following circumstances the staff could apply for upgrade from Economy Class to Business Class, and approval has to be sought from the ED in advance:

- where the staff has to travel again within 7 calendar days from his last return from duty or where the staff is subject to a tight flight schedule of no less than 3 flights within 5 days; or
- where the appropriate class of travel is not available on the route concerned and the choice of other flights is not appropriate for the purpose of the visit; or
- where the staff is required on duty to travel in the same class with another person taking a higher class of travel; or
- where the staff is required to work on the day of arrival at the destination after an overnight flight (*existing HKTB guideline*).

No upgrading will be allowed –

- for the outward journey to duty place, if the staff takes leave outside of Hong Kong before duty is performed; or

(b) for the return journey to Hong Kong, if after performance of duty or upon arrival in Hong Kong, the staff takes leave.

(c) Breakdown of the total expenditure for Case 2 referred to in Table 10 of paragraph 6.7 of the Audit Report is as follows:

			HK\$
Dinner	-food	67,993.20	
	-beverage	565.40	68,558.60
Wine			27,302.00
Total amount			<u>95,860.60</u>
			=====

As there is no standard rental rate for the function room used by HKTB under Case 2, staff concerned has used standard rate of a similar room at the same venue to calculate the estimated venue rental for management's reference. Daily rate for a similar room is \$15,000 x 1.5 days = \$22,500. This amount was not separately listed in the related invoice.

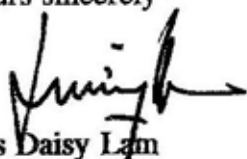
(f) The HKTB is working on the new policy for project-related entertainment expenses. Since more time is required for internal consultation, we plan to have the new policy submitted to the Staff and Finance Committee for approval by end May 2008.

The above may include personal or commercial sensitive data and we appreciate the same not be included in the appendix of the PAC report and identities of individuals and corporations mentioned in those documents or information be masked.

We understand that the PAC will copy our response to relevant parties attending the hearing. For those who are unable to attend the hearing, the PAC will provide copy to them on the same day by mail.

Thank you for your kind attention to our request.

Yours sincerely



Mrs Daisy Lam
Deputy Executive Director
Enc.

Cc Secretary for Commerce and Economic Development (without enc)
Commissioner for Tourism (without enc)
Secretary for Financial Services and the Treasury (without enc)
Director of Audit (without enc)
Hon Mrs Selina Chow (without enc)
Ms Clara Chong (without enc)
Mrs Grace Lee (without enc)

	HKT B		Org1		Org2		Org3		Org4		Org5		Org6	
Grade/Level	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time
Executive Director / CEO / President	Business	All	First	All	Business	All	Business	All	Business Economy	Greater than 3 hours Less or equal to 3 hours	Business*	All	First Business	Over 7 hours Asia & all journeys less than 7 hours
Deputy Executive Director / VP	Business	All	Business	All	Business	All	Business	All	Business Economy	Greater than 3 hours Less or equal to 3 hours	Business Economy	Inter-continental others	N/A	
General Manager	Business	All	Business	All	Business	All	Business	All	Business Economy	Greater than 3 hours Less or equal to 3 hours	Business Economy	Inter-continental others	Business Economy	Over 7 hours Asia & all journeys less than 7 hours
Senior Manager	Business Economy*	Greater than 9 hours Less or equal to 9 hours	Business Economy	Greater than 3 hours Less or equal to 3 hours	Business Economy	Over 8 hours Less or equal to 8 hours	Economy (may be upgraded to Business if flying time > 9 hours)	All	Business Economy	Greater than 3 hours Less or equal to 3 hours	Business Economy	Inter-continental others	Economy	All
Manager & below	Economy*	All	Economy	All	Economy	All	Economy (may be upgraded to Business if flying time > 9 hours)	All	Business Economy	Greater than 3 hours Less or equal to 3 hours	Business Economy	Inter-continental others	Economy	All
Last revision date of business travel entitlement policy			2006		1-Dec-06								1-Nov-03	
Remarks	* Under certain conditions staff could apply for Business class, however approval has to be sought from ED in advance.				No upgrading of travel class is allowed. All requests for overseas business travel should be approved by the relevant Director or by the CEO if the traveller is a Excom member		Under the following circumstances, request for upgrading of travel class may be considered: 1) staff has to travel again within 7 calendar days from his last return or the staff is subject to a tight flight schedule, i.e. no less than 3 flights within 5 days; 2) staff is required on duty to travel in the same class with another person taking a higher class of travel; 3) the appropriate class of travel is not available and choice of other flight is not appropriate. The approval procedure is 1) the staff to seek endorsement from Dept Head; 2) forward the form to Financial Control Dept for checking budget; and 3) seek approval from the delegated authority.		If the aircraft only provides 2-class seating configuration, staff is allowed to go for the higher class. Otherwise, upgrade to the next higher class of the flight service permissible under this policy for all staff must be authorized by the Chief Executive Officer, or in his absence, the Chief Operating Officer on a case by case discretionary basis.		* Staff are encouraged to take lower class for short flights Upgrade of air passage to Business Class may be approved by DCE under the following conditions: (a) Staff has a busy & difficult travelling schedule - more than one flight within the same day - regional flights again within 7 days (e.g. to India) - need to travel again within 7 days (b) Appropriate class is not available (c) More than 5-hour flight & need to perform official duty on the same day		Under the following circumstances, permission may be granted at the discretion of Director or his/her delegate(s) for Economy Class to Business Class comfort (e.g. discretionary upgrading by the airline or by transferring to a different carrier): (a) long haul journeys; and (b) the individual is a frequent business traveller; and (c) the traveller is required to attend meetings on the same day upon arrival; and (d) applicable on the outward journey only; and (e) the business trip is not for training purpose. Application for upgrading should be submitted well in advance.	

	HKTB		Com1		Com2		Com3		Com4		Com5		Com6		Com7	
Grade/Level (please elaborate)	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time	Class of Air Travel	Flying Time
Executive Director / CEO / President	Business	All	Business (upgrade from Economy)	Long Haul	Business Economy	Greater than 6 hours Less or equal to 6 hours	Business		Business (upgrade from Economy) Economy	Greater than 5 hours Less or equal to 5 hours	First Business	Greater than 5 hours Less or equal to 5 hours	Business	All	Business	All
Deputy Executive Director / VP	Business	All	Business (upgrade from Economy)	Long Haul	Business Economy	Greater than 6 hours Less or equal to 6 hours	Business		Business (upgrade from Economy) Economy	Greater than 5 hours Less or equal to 5 hours	Business	All	Business Economy	Greater than 3 hours Less or equal to 3 hours	Business	All
General Manager	Business	All	Business (upgrade from Economy)	Long Haul	Business Economy	Greater than 6 hours Less or equal to 6 hours	Business		Business (upgrade from Economy) Economy	Greater than 5 hours Less or equal to 5 hours	Business	All	Business Economy	Greater than 3 hours Less or equal to 3 hours	Business	All
Senior Manager	Business Economy	Greater than 9 hours Less or equal to 9 hours	Economy	All	Business Economy	Greater than 6 hours Less or equal to 6 hours	Business (upgrade from Economy) Economy	Greater than 5 hours Less or equal to 5 hours	Business (upgrade from Economy) Economy	Greater than 5 hours Less or equal to 5 hours	Business Economy	Greater than 5 hours Less or equal to 5 hours	Business Economy	Greater than 6 hours Less or equal to 6 hours	Business (upgrade from Economy) Economy	Greater than 6 hours and outside Asia Less or equal to 5 hours
Manager & below	Economy	All	Economy	All	Economy	All	Business (upgrade from Economy) Economy	Greater than 5 hours Less or equal to 5 hours	Economy	All	Business Economy	Greater than 5 hours Less or equal to 5 hours	Economy	All	Economy	All
Remarks							Upgrade of other travel entitlements is allowed for legitimate business reasons, e.g. staff could upgrade the airticket/hotel to the same class as the senior executive (customer) whom they are travelling with, subject to the prior written approval by CE.				At the discretion of the subsidiary Managing Director or the respective Group Executive Committee, the class of air travel may be upgraded to next higher class on an exceptional basis, e.g. overnight flights. In exercising this discretion, the circumstances of the request and the cumulative impact of such approvals on travel costs must be duly assessed.		- Group General Managers and above: First Class for greater than 3 hours & Business Class for less or equal to 3 hours - Employees are requested to follow the travel policy as listed above and no upgrade of travel class is allowed under normal circumstances			