

**Report on the Activities of
The Legislative Council Commission
2004 ~ 2005**

**Prepared for tabling in the Legislative Council
in accordance with section 13(5) of
The Legislative Council Commission Ordinance (Cap. 443)**

The Legislative Council Commission

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The Chairman's Review

I am most honoured to have been elected again the President of the Legislative Council. As provided in The Legislative Council Commission Ordinance, I have thereby become again the Chairman of The Legislative Council Commission.

There are a record high of 21 new Members in the third term of the Legislative Council (2004-2008). Staff of the Legislative Council Secretariat assisted the new Members, in their usual dedicated and professional manner, particularly at the beginning of the term, in acclimatizing to life in the Council.

The financial austerity programmes of the Government continued during the year under review. Further to the Enhanced Productivity Programme and the Operating Expenditure Envelope funding reduction, we acceded to the Government's request for further cuts in the period from 2004-05 to 2008-09. All in all, the savings targets amounted to \$33.4 million in 2004-05, as compared to the net provision of \$226.8 million for the Secretariat's staff emoluments and general expenses. In order to achieve these savings targets on the one hand and to cope with the growth in the volume and complexity of work on the other, the Secretariat made sustained concerted efforts to enhance productivity and cost-effectiveness. To this end, a number of re-engineering exercises were successfully launched. These included the Council Secretary (Committees) and Legislative Assistant Trial Schemes in Divisions providing

service to committees; the Assistant Translation Officer Trial Scheme and regrading of Chinese Word Processing Operator to Chinese Transcriber in the Translation and Interpretation Division; and the regrading of those clerical and secretarial staff who would not be transferred to the Legislative Assistant Grade to the new Administrative Assistant and Clerical Assistant Grades. We were successful in achieving these savings targets with the willing spirit in which staff at all levels accepted the need for change during this trying period. Needless to say, all the achievements could not have been attained without the support and cooperation of Members.

I am very pleased to note that the economy of Hong Kong is steadily recovering. In the circumstances, we have requested the Government to actively put the new Legislative Council Complex project back on track. There is an imminent need for a new Complex to address the present acute accommodation problems as well as the foreseeable problems arising from the likely expansion of the membership of the Council in 2008, as a result of the constitutional review. We remain to be open-minded about the choice of a site for the Complex.

The way we have persevered through the difficult and challenging period has made the Commission stronger and wiser. My colleagues and I will continue to give our utmost to serve the community of Hong Kong.

I take this opportunity to pay tribute to each and every staff member of the Secretariat for their hard work and resourcefulness during another busy year. I am also grateful to my colleagues on the Commission for their valuable contribution and unfailing support during the year.

A handwritten signature in black ink, appearing to read 'R. Fan', with a long horizontal stroke extending to the right.

Rita FAN
Chairman
The Legislative Council Commission

The Legislative Council

The third Legislative Council of the Hong Kong Special Administrative Region (HKSAR) consists of 60 Members, of whom 30 are returned by direct elections in geographical constituencies and 30 are elected from functional constituencies. In accordance with the Basic Law and the Legislative Council Ordinance (Cap. 542), the term of office of Members of the third Legislative Council is four years.

The President of the Legislative Council is elected by and from amongst Members of the Council.

The main functions of the Legislative Council are to enact laws, control public expenditure and monitor Government policies. The Council normally meets every Wednesday afternoon in the Chamber of the Legislative Council Building. In addition, during the period four meetings are held at which the Chief Executive answers questions from Members. The Council's proceedings are recorded verbatim in the Official Record of Proceedings of the Legislative Council.

Apart from attending Council meetings, Members also perform their duties through a system of committees. There are three standing committees under the Council -

- Finance Committee, which scrutinizes proposals for public expenditure;
- Public Accounts Committee, which examines reports of the Director of Audit on the accounts of the Government and the results of value for money audits; and
- Committee on Members' Interests, which considers matters relating to Members' declaration of interests and matters of ethics in relation to their conduct.

The House Committee co-ordinates the activities of the Council. The Committee on Rules of Procedure examines matters of practice and procedure relating to the Council and its committees.

Bills Committees and subcommittees are formed by the House Committee, as the need arises, to study bills and subsidiary legislation. During the period under review, 12 Bills Committees and 9 subcommittees were formed.

There are 18 Panels under the Council which receive regular briefings from government officials on issues within their respective policy areas, and monitor government policies and performance. The Panels also examine major legislative and financial proposals before they are introduced into the Council and the Finance Committee respectively.

The Council operates a redress system to receive representations from members of the public on issues relating to government policies, decisions, practices and procedures. The system also covers complaints relating to non-government bodies providing services for the general public.

The Legislative Council Commission

Administrative support and services to the Legislature are provided by a secretariat which operates under the Commission. The Commission is established under The Legislative Council Commission Ordinance (Cap. 443). The Ordinance, which was enacted in April 1994, provides the legal framework for the Commission and the independent Secretariat to operate with managerial and financial autonomy.

Members of the Commission

The Legislative Council Commission comprises ten members, namely -

- the President of the Council, who is also the Chairman of the Commission;
- the Chairman of the House Committee of the Council, who is also the Deputy Chairman of the Commission;
- the Deputy Chairman of the House Committee; and
- seven other members elected by and from amongst Members of the Legislative Council.

Term of Office of Commission Members

Unless otherwise determined by the Council by resolution, the term of office of members elected under section 4(1)(e) of the Ordinance shall be one year from the date of election or until the next House Committee meeting held for the election of Commission members, or

until the next dissolution of the Legislative Council, whichever is the earlier.

Functions of the Commission

The main functions of the Commission, as set out in section 9 of the Ordinance, are -

- providing through the Secretariat administrative support and services to the Council;
- providing office accommodation to Members of the Council and staff of the Secretariat;
- supervising the operation of the Secretariat;
- producing an official report of all proceedings in the Council and in any committee of the whole Council; and
- performing such other duties as the Council may by resolution determine.

Powers of the Commission

As provided under section 10(1) of the Ordinance, the main powers of the Commission include -

- determining the structure and functions of the Council Secretariat;
- employing staff in the Secretariat, dismissing and disciplining such staff and determining their numbers, grading, duties, remuneration and other terms and conditions of service;

-
- formulating and executing managerial and financial policies expedient to the performance of the Commission's functions;
 - preparing the annual estimates of income and expenditure and programme of activities of the Commission; and
 - receiving, expending and investing funds.

Committees of the Commission

Three committees and one subcommittee have been appointed by the Commission to carry out certain delegated functions. These are -

- **Committee on Personnel Matters**, which deals with appointment and other personnel matters;
- **Committee on Members' Operating Expenses**, which advises on administrative matters relating to Members' operating expenses;
- **Committee on Facilities and Services**, which looks after the provision of accommodation and facilities to the Council and the Secretariat; and
- **Subcommittee on Information Technology Services of the Committee on Facilities and Services**, which advises on the information technology services provided by the Legislative Council Secretariat.

The terms of reference and membership of the three committees and the subcommittee are set out in **Appendix 1**.

The Legislative Council Secretariat

The mission of the Legislative Council Secretariat is to provide efficient administrative, secretariat and research support for the Council, enhance community understanding of the activities of the Council and ensure an effective avenue for redress.

The Secretary General is the Clerk to the Legislative Council and the chief executive of the Legislative Council Secretariat. He is responsible to the Chairman of the Commission for the administration of the Secretariat.

As at 31 March 2005, there were 307 posts on the establishment of the Secretariat. The staff establishment by number and rank is set out in **Appendix 2**. Administrative support and services are provided for the Council and its committees through the following nine divisions -

- Council Business Division 1
- Council Business Division 2
- Council Business Division 3
- Legal Service Division
- Research and Library Services Division
- Complaints Division
- Public Information Division
- Translation and Interpretation Division
- Administration Division

The organization of the Secretariat is shown in **Appendix 3**.

Functions and Services of the Legislative Council Secretariat

Council Business Divisions

Servicing of meetings of the Council and its committees is undertaken separately by three divisions: Council Business Divisions 1, 2 and 3. The three divisions are each headed by an Assistant Secretary General. Their respective responsibilities are described below -

Division 1

Council Business Division 1 provides secretariat and administrative services to the Finance Committee and its two subcommittees, nine Panels as well as the Bills Committees and subcommittees dealing with proposed legislation and policy issues relating to the terms of reference of these Panels. During the year, it also provided service to the Select Committee on Building Problems of Public Housing Units, which completed its work in May 2004 and tabled its Second Report at the Council meeting on 19 May 2004.

The Chief Council Secretaries of the division, with the support of Senior Council Secretaries and Council Secretaries, provided services to meetings-cum-luncheons held between Members and District Council members. Research work was undertaken on each major topic to be raised for discussion at these meetings. Matters which required follow-up

actions were often referred to the Panels concerned or dealt with in case conferences serviced by the Complaints Division.

Since the start of the 2004-05 session, the division rendered assistance to the coordinated efforts of Panels and Finance Committee over the examination of financial proposals. Apart from formalizing the arrangements agreed with the Government in consulting Panels on major financial proposals, Panel chairmen were invited to report on the deliberations of Panels on the policy aspects of the proposals at the relevant meetings of Finance Committee and its subcommittees before members examined the financial aspects of the proposals. This arrangement ensured more thorough discussion of the proposals.

During the year, the division further strengthened its research capacity. To enhance the memory bank of the Secretariat, the division was given the task to establish a database which traced the historical development of policy issues and provided hyperlinks to related documents for easy retrieval of information. On 1 March 2005, the Database on Particular Policy Issues was put on the Legislative Council Website with a total of 128 topics available for public access.

Another major task undertaken by the division in 2004-05 was the conduct of two trial schemes (i.e. Council Secretary (Committees) Trial Scheme and Legislative Assistant Trial Scheme) to enhance the services to committees and re-engineer the work of supporting staff. Following the success of the Legislative Assistant Trial Scheme in the

division in 2004, much of the logistical support to committees is now carried out by the Legislative Assistants. Details of the progress of the two trial schemes are provided on page 19 of this Report.

During the period from 1 April 2004 to 31 March 2005, the division serviced a total of 289 meetings. A total of 67 information briefs were prepared for Panels to facilitate their discussion with the Government on various subjects. In addition, the division also provided service to seven local and overseas duty visits conducted by Panels, including one to Europe by the Panel on Economic Services to study the development and management of the logistics industry.

Division 2

Council Business Division 2 provides secretariat and administrative services to a number of committees of the Council.

The division services the House Committee, nine Panels as well as Bills Committees and subcommittees dealing with proposed legislation and policy issues relating to the terms of reference of these Panels. During the year under review, it also provided service for the Select Committee to Inquire into the Handling of the Severe Acute Respiratory Syndrome Outbreak by the Government and the Hospital Authority, which was formed by resolution in Council on 29 October 2003. During the period from 1 April 2004 to 31 March 2005, the division serviced a total of 301 meetings and seven duty visits.

In providing services for committees, some of the major items and issues dealt with by the division in the 2004-05 session included Government's work in handling the outbreak of Severe Acute Respiratory Syndrome (SARS) and the implementation of the recommendations of the SARS Expert Committee and the Hospital Authority Review Panel on the SARS Outbreak, constitutional development after 2007, legislation against racial discrimination, review of the Building Management Ordinance (Cap. 344), measures to tackle family violence, powers of the Independent Commission Against Corruption to search for and seize journalistic material, reform of the academic structure for senior secondary education and higher education, and prevention of avian influenza.

Research work and logistical arrangements were undertaken by the division to facilitate an overseas duty visit undertaken by the Panel on Manpower in May 2004 to study the Republic of Korea's experience in creating employment opportunities and providing training/ retraining for its workforce.

To enhance productivity, the division put in place a number of measures to maximize the utilisation of existing staffing resources on the one hand, and improve services for committees on the other. The initiatives included the following -

- strengthening support services for committees by providing comprehensive background papers or information briefs on specific subjects to facilitate Members' discussion; and

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- implementation of the Legislative Assistant Trial Scheme to provide logistical and other support for committees.

The Chief Council Secretaries of the division, with the support of Senior Council Secretaries on a rotation basis, provided services for meetings-cum-luncheons held between Members and District Council members. The division also provided service for Members' meeting with Councillors of Heung Yee Kuk. Research work was undertaken by designated Senior Council Secretaries on each of the topics to be raised for discussion at these meetings. Matters which required follow-up actions were often referred to the Panels concerned or dealt with in case conferences serviced by the Complaints Division.

Division 3

Council Business Division 3 provides support services for the conduct of meetings of the Legislative Council. During the period from 1 April 2004 to 31 March 2005, the division serviced 35 meetings of the Council, including four meetings devoted to the Chief Executive's Question and Answer Session.

The division also services two standing committees of the Council, namely, the Public Accounts Committee and the Committee on Members' Interests, and the Committee on Rules of Procedure. During the report period, the Public Accounts Committee held 18 public hearings and 37 meetings, and submitted to the Council two reports on its examination of the Director of Audit's value

for money audit reports. Besides holding one open meeting, the Committee on Members' Interests held 17 closed meetings to consider the cases of a Member's failure to register interests with the Clerk to the Legislative Council pursuant to Rule 83 of the Rules of Procedure and related matters. The Committee submitted its report on its consideration of the cases to the Council on 9 March 2005. The Committee on Rules of Procedure held five meetings.

In addition, the division services the Parliamentary Liaison Subcommittee of the House Committee. The Subcommittee maintained contacts with the friendship groups which the Council had formed with the legislatures of Australia, Canada, the European Union, Japan and Singapore respectively, and with other legislatures. Together with other Members of the Council, members of the Subcommittee received visiting parliamentarians and dignitaries from other territories. Senior staff members of the Secretariat also received visitors to the Council. A total of 84 meetings with visitors were arranged by the division during the report period.

The two Chief Council Secretaries of the division, with the support of Senior Council Secretaries, provided services for meetings-cum-luncheons held between Members and District Council members. Research work was undertaken by designated Senior Council Secretaries on the topics to be raised for discussion at these meetings. Matters which required follow-up actions by Members were referred to the Panels

concerned or dealt with in case conferences serviced by the Complaints Division.

Legal Service Division

Legal Service Division provides legal advice and support for all committees of the Council on bills, subsidiary legislation and other legal matters. The division also renders legal advice to individual Members on matters relating to the business of the Legislative Council. In addition, the division provides in-house legal service for The Legislative Council Commission and the Legislative Council Secretariat. It is the division's mission to provide comprehensive and reliable legal advice, analysis, research, and information services that are timely, objective, non-partisan, and where necessary, confidential; thereby contributing to an informed legislature.

Apart from being head of the Legal Service Division, the Legal Adviser is also the Counsel to the Legislature. Under the Rules of Procedure, the Counsel to the Legislature has the general duty of advising the President and the Clerk to the Legislative Council on legal issues in relation to the business or administration of the Council.

Research and Library Services Division

Research and Library Services Division provides research support for the Council and its committees. During the period under review, a total of 68 research studies were completed, and eight reports, 43 information notes and 17 fact sheets were published.

Major subjects studied were -

- Management of government investment incomes
- Regulation of interception of communications
- Public private partnerships
- Limited liability partnership and liability capping legislation for the practice of law
- Development of transport infrastructure in Hong Kong
- Mechanisms in selected legislatures for regulating and dealing with Members' misbehaviour unconnected with parliamentary proceedings
- Foreign direct investment in Hong Kong
- Government's training programmes for the youth
- Developments in the regulation of Internet Protocol telephony
- Legislation against racial discrimination
- Financial study on the West Kowloon Cultural District
- Overseas securities and futures regulators
- Poverty in Hong Kong
- Regulation of health food

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- Legislative provisions in relation to election of the Chief Executive
 - Operation of electoral regulatory bodies
 - Regulatory framework of political parties
 - Operation of Labour Tribunals and other mechanisms for resolving labour disputes
 - Economic and social impacts of hosting selected international games
 - Voting of chairman of committee/ subcommittee
 - Disease surveillance system
 - Job creation and vocational training/ retraining
 - Regulatory arrangements for major election-related activities at parliamentary general elections
 - Selection of head of state and head of government
 - Practices of voter registration
 - Peer-to-peer file sharing and copyright infringement
 - Sharing of consumer credit data
 - Functional representation
 - Accreditation system of family mediators
 - Promotion of renewable energy

- Mechanism of Environmental Impact Assessment
- Regulation of the operation of Chinese medicine outpatient clinics

The Legislative Council Library provides reference support for Members, their personal assistants and Secretariat staff. Library holdings and publications are open to members of the public, with Council papers and records, and official publications forming the core collection. Other reference materials include parliamentary publications, directories, books on political and constitutional subjects, CD-ROM databases, video tapes of Council meetings as well as newspapers and journals. An electronic press cuttings reference service is available to Members and Secretariat staff. In addition, the Library is linked to a number of external databases and provides access to the audio records of Council and committee meetings through the Digital Recording System.

In 2004-2005, the Library received a total of 18 246 enquiries and 71 search tasks which involved requests requiring more in-depth information and searches over various sources. The Library collection reached 36 451 items. The number of visits made to the Library was 9 060. The number of books loaned out was 9 818.

Complaints Division

Complaints Division provides support service for Members to enable them to deal with complaints and representations lodged with the redress system of the Council. The

division assists Members in processing cases to redress grievances and bring to light the need for improvement in government policies and procedures where appropriate.

The work of the division includes meeting and corresponding with complainants, examining the cases lodged and communicating with relevant organizations and government departments, assisting Members in determining suitable courses of action, as well as scheduling and servicing interviews with complainants and case conferences with government officials.

In 2004-05, the division assisted Members in handling 989 cases, which comprised 164 group representations and 825 individuals' cases. The more topical issues dealt with included those related to the redevelopment and management of public housing estates, comprehensive social security assistance, assistance for patients and families affected by the outbreak of the Severe Acute Respiratory Syndrome, and building management issues.

During this period, the division took the following measures to optimize the use of staff resources and improve efficiency -

- enhancing the proficiency of staff through the organization of workshops on the operation of and services provided by government departments; and
- widening the exposure of staff to the best practices in the processing of complaints through attachment programmes in overseas complaint handling agencies.

Public Information Division

Public Information Division provides public relations opinion and advice for the Legislative Council and is responsible for organizing media activities and civic education programmes to promote the work of the Council.

The division handles press and public enquiries received by telephone, mail, e-mail and fax, and issues press releases on behalf of the Council. It liaises closely with media representatives and helps them report Council activities and events, assists in press briefings and provides press marshalling on special official occasions, such as the Policy Address and Budget Speech. It also provides a daily newspaper clipping service to keep Members abreast of media and public opinion on topical issues.

The division produces Council publications, including the Legislative Council Annual Report and a variety of fact-sheets and pamphlets informing the public of the work of the Council. Through its automated fax-on-demand service, members of the media and the public are able to retrieve up-to-date Council information at all times.

As part of its on-going civic education programme, the division co-ordinates guided tours of the Legislative Council Building. During the period under review, it arranged 440 tours, of which 107 were conducted by Members. This is the largest number of tours arranged by the division in a year since the commencement of the programme, and was a

substantial 48% increase over the previous year. Members' participation as tour guides, the enhancement of the Powerpoint presentation and the inclusion of a role-playing game made these visits increasingly interesting and educational.

The division continued to distribute teaching kits to primary and secondary schools at the start of the third term of the Legislative Council to facilitate teachers in compiling teaching material on the Council. The kit comprised information sheets, an illustrated booklet, a CD-ROM introducing the work of the Council and a wall chart on the legislative process. To enhance students' understanding of the work of the Council, the division produced a new civic education corner on the Council's website. The enhanced webpage is more interactive and informative, and provides teaching resources for teachers, including an animation on the work of the Council, information on the law making process, quiz game, photo gallery and information on the visit programme to the Legislative Council Building.

Pursuant to the decision of The Legislative Council Commission in 2004, the division has taken on a co-ordinating role for organizations to hold mock Council debates in the Legislative Council Building. These mock debates provide training opportunities for young people to enhance their understanding of the work of the Council and the legislative process. During the period under review, eight mock debates were held, mostly on Saturday afternoons.

Translation and Interpretation Division

Translation and Interpretation Division provides translation, interpretation and Chinese transcription services for the Council and its committees.

The division is responsible for the production of the Official Record of Proceedings of the Legislative Council, also known as the Hansard, which is the verbatim report of proceedings of the Council. The Official Record is published, in the first instance, in the language of the speeches delivered on the floor, and then translated into two versions, one in Chinese and the other in English. Both the verbatim and translated versions of the Official Record can be viewed on the Council's website. For the 35 Council meetings held during the period under review, the division produced 8 329 pages of the "floor" version of the Official Record, representing a 15% increase over the previous year. The "floor" version was subsequently rendered into 10 414 pages of English text and 7 049 pages of Chinese text.

The division translates questions, motions, committee papers, minutes of meetings and other Council papers. During the year, its total translation output amounted to 10016120 words.

To achieve a more cost-effective use of staff resources, the division introduced an Assistant Translation Officer Trial Scheme in October 2004 through the re-engineering of work processes, re-distribution of duties among translation staff and flexible deployment of staff under pooling arrangements.

As a result of a re-engineering exercise, the Chinese word processing pool in the division was re-organized into a new team of Chinese Transcribers specializing in the provision of Chinese transcription service for the Council and its committees.

Administration Division

Administration Division provides secretariat service for the Commission and internal administrative support for other divisions of the Secretariat. The division also administers Members' remuneration and operating expenses reimbursements, and organizes the Council's corporate social functions.

The division assists the Secretary General in executing the administrative, financial and personnel policies of the Commission. It also provides building management and security services in Council premises, and supervises the development and application of information technology in the Secretariat.

During the year, the division serviced six meetings of the Commission. The division also serviced two subcommittees under the House Committee, namely the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement and the Subcommittee to Consider a Mechanism for Handling Complaints and Allegations Concerning Members' Operating Expenses Reimbursement Claims. These two Subcommittees held seven meetings during the period under review. In addition, the division organized a total of 50 social functions for Members.

Financial Arrangements

Through a separate head of expenditure in the HKSAR Government's annual Estimates, the Commission is provided with funds to support the work of the Legislative Council. Recurrent funding is provided through an Operating Expenditure Envelope (OEE), which sets the ceiling for each year's funding. The OEE is sub-divided into two subheads in the Estimates: one for Members' remuneration and operating expenses reimbursements, and the other for Secretariat expenses, which comprise staff emoluments and general expenses. Basically, the funding for Members' remuneration and operating expenses reimbursements is adjusted annually according to the movement of Consumer Price Index (C), while that for Secretariat expenses is adjusted according to the target expenditure level of the Government. Only savings in the subhead for Secretariat expenses may be put into an operating reserve for future deployment at the discretion of the Commission. In addition, non-recurrent funding is obtainable for one-off activities and capital projects.

Where additional resources are required for the introduction of new and improved services, the Commission has to compete for funding with government policy bureaux and departments through the Government's annual Resource Allocation Exercise.

For the purposes of the Public Finance Ordinance (Cap. 2), the Secretary General is designated as the Controlling Officer responsible for the financial resources afforded to the Commission.

The net financial provisions obtained for the Commission in 2004-05 amounted to \$350.5 million, which comprised \$123.7 million for Members' remuneration and operating expenses reimbursements, and \$226.8 million for the Secretariat's staff emoluments and general expenses. The audited accounts are shown on pages 25 to 38.

Audit

The Commission's accounts are subject to examination by the Director of Audit. The Director is empowered to conduct value for money audits and examinations into the economy, efficiency and effectiveness with which the Commission expends its resources in performing its functions and exercising its powers.

In 2003-04, the Director of Audit conducted a value for money audit on the government funding for staff emoluments of The Legislative Council Commission – the first one on the Commission since its inception in 1994. One of the issues raised was whether a ceiling should be set for the Commission's Reserves. The Commission held the view that it should command adequate resources to enable the Legislative Council to perform effectively its constitutional functions stipulated in the Basic Law. This is consistent with the managerial and financial autonomy conferred on it by The Legislative Council Commission Ordinance. Therefore, the Commission did not agree that a ceiling for its Reserves be set or a one-off payment be made to the Government from its Reserves. In view of the lapse of time since the funding

arrangements between the Government and the Commission was first agreed in 1994, the Commission proposed an overall review of the arrangements.

An updated Exchange of Letters, which sets out the general principles and guidelines governing the working relationship between the Government and the Commission as well as the funding arrangements for the latter, was signed in November 2004. The Exchange of Letters reaffirms the Commission's discretion to retain in its Reserves the surpluses from the funding allocated for secretariat staff emoluments and general expenses.

Efficiency Savings Targets

The Commission has participated in the following austerity programmes launched in recent years by the Government, resulting in progressively less government funding since 2001-02 -

- in 2000-01 to 2002-03, \$21.6 million of savings in Secretariat expenses was achieved under the Enhanced Productivity Programme (EPP). The savings measures implemented under EPP reduced the Commission's annual funding by \$12.2 million from 2002-03 onwards;
- to support the Government's initiative to lower its recurrent expenditure by 1.8% in 2003-04 and an additional 1% in each of the subsequent three years (i.e. 2.8% in 2004-05, 3.8% in 2005-06 and 4.8% in 2006-07), the Commission agreed in October 2002 to reduce the size of its OEE

for Secretariat expenses by \$4.4 million, \$6.8 million, \$9.3 million and \$11.9 million in the four years concerned. In addition, the Commission agreed to absorb additional expenditures which were separately funded by the Government, such as those for fulfilling contractual obligations to award salary increments to staff and for servicing select committees. In 2004-05, the reduction in funding and the absorption of additional expenditures under the OEE for Secretariat expenses amounted to \$13.9 million; and

- at the request of the Government, the Commission agreed in November 2003 that the OEE for Secretariat expenses would be further reduced by \$7.3 million in 2004-05, \$14.5 million in 2005-06, and \$21.8 million in each of the years 2006-07 to 2008-09.

To accomplish the above savings targets, which amounted to \$33.4 million in 2004-05 (\$23.1 million in 2003-04), the following major measures have been taken -

- freezing of the post of Deputy Secretary General;
- re-engineering of work processes and re-distribution of staff duties, aiming at a slimmer organization through job enlargement, job enrichment and natural wastage;
- stopping the payment of allowance for taking up temporarily additional responsibilities;

- encouraging the provision of time-off in lieu of overtime allowance as far as possible;
- undertaking additional work during peak seasons as far as possible by redeploying existing staff, so as to reduce the expenditure on hiring temporary staff or outside services;
- rationalizing existing support facilities, such as shifting to more cost-effective telecommunication lines and computer systems, and re-structuring the mode of document delivery service;
- utilizing more environmentally friendly and technology-driven means for day-to-day operations, communication and information sharing, such as reducing printed copies of reports, producing annual reports in CD-ROMs rather than in paper form, and reducing the variety and copies of newspapers; and
- enhancing the return on the Commission's surplus cash by investing in foreign-currency deposits, medium-term debt securities and structured financial products, under the guiding principle that such investments should be principal-protected.

Appointment of Staff

Appointment of Secretariat staff is normally on a three-year agreement. Grading, remuneration and other terms and conditions of service of staff are broadly in line with those

applicable to civil servants. Remuneration comprises a basic salary paid in accordance with the salary scale applicable to civil servants holding comparable jobs, a cash allowance in lieu of certain fringe benefits enjoyed by civil servants, and an end-of-agreement gratuity. Staff of the Commission are required to serve the Council with complete political impartiality.

During the year, a total of eight recruitment exercises were conducted and 13 new staff were appointed as a result. In addition, eight internal recruitment exercises were held.

Re-engineering of Staff

A number of re-engineering exercises have been conducted to enhance cost-effectiveness of staff resources and to achieve the efficiency savings targets.

Council Secretary (Committees) and Legislative Assistant Trial Schemes

In May 2002, the Commission endorsed the recommendations of the Working Group to Review the Organization and Structure of the Legislative Council Secretariat to create Council Secretary posts and to introduce a new Legislative Assistant Grade in those divisions providing service to committees. The Commission also decided that the two schemes be put on trial in Council Business Division 1.

The Council Secretary (Committees) Trial Scheme was launched in Council Business

Division 1 in April 2003. An interim review on the effectiveness of the Trial Scheme was conducted and reported to the Commission in February 2004. Based on the views of the Commission, Phase II of the Trial Scheme was carried out in the same division to further test the viability of designating Senior Council Secretaries as clerk to committees. Moreover, Council Secretaries (Committees) were tasked with the development of a database with interface with the Council's website to allow cross-referencing of previous decisions and discussions in various committees of the Council. A second review of the Trial Scheme took place in March 2005. In April 2005, the Commission approved full implementation of the scheme in Council Business Divisions 1 and 2.

In February 2004, the Commission accepted the recommendations in the report on the Legislative Assistant Trial Scheme submitted by Council Business Division 1 and agreed that the Trial Scheme be extended to Council Business Division 2. In June 2005, the Trial Scheme was approved by the Commission for implementation in Council Business Divisions 1 and 2. Applicability of this scheme to other divisions will be further considered.

Assistant Translation Officer Trial Scheme

In October 2004, the Assistant Translation Officer Trial Scheme was introduced in the Translation and Interpretation Division through re-engineering of work processes, re-distribution of duties and flexible deployment of staff under a pooling system.

Regrading of Clerical and Secretarial Staff

Due to the advancement of technologies and the increasing demand for more comprehensive service from supporting clerical and secretariat staff, fundamental changes have taken place in the nature and scope of duties undertaken by these staff in recent years. Having regard to these changes, the Secretariat reviewed the grade structure, titles and job requirements of supporting staff in the Clerical Officer, Personal Secretary, Clerical Assistant and Typist Grades in the Secretariat. The objective of the review was to simplify the existing grade structure and develop a multi-skilled support service.

In May 2004, the Commission endorsed the Secretariat's recommendation to regrade those clerical and secretarial staff who would not be transferred to the Legislative Assistant Grade to the new Administrative Assistant and Clerical Assistant Grades on a cost-neutral basis.

Regrading of Chinese Word Processing Operators

In October 2004, the Chinese word processing pool in the Translation and Interpretation Division was re-organized into a new team of Chinese Transcribers specializing in the provision of Chinese transcription service for the Council and its committees.

Staff Development

In 2004-05, arrangements were made for 211 attendances in courses and workshops on China studies, language and communication, information technology, customer service, management and leadership organized by the Civil Service Training and Development Institute; and seminars of legal matters and current affairs organized by other local training organizations. In addition, in-house training courses, workshops and seminars were organized. These included workshops on Putonghua conversation and English writing skills, seminars on information technology and occupational health and safety, demonstration on the use of "Database on Particular Policy Issues", and other job-related training workshops and courses.

During the period under review, the Legal Adviser and an Assistant Secretary General visited the General Office of the Legislative Affairs Commission of the Standing Committee of the National People's Congress in Beijing. Three Chief Council Secretaries and the Accountant attended the China Studies Courses at the Tsinghua University and Peking University. A Chief Translation Officer attended the Training Course on Translation and Chinese Language in Beijing Normal University.

In addition, an Assistant Legal Adviser attended the "Lawyers and Government: Managing Change" study program in the

United Kingdom (UK). A Chief Council Secretary participated in the “Inter-parliamentary Study Program” in Australia and a Research Officer attended the “Parliamentary Officers’ Study Program” in Canada. A Chief Council Secretary and a Senior Council Secretary were on attachment to the UK Parliament and the Office of the Parliamentary Ombudsman in the UK respectively.

Staff Consultative Committee

The Staff Consultative Committee, comprising 19 elected representatives of various grades of staff of the Secretariat and chaired by the Secretary General, provides a channel for staff to express their views on matters affecting them. The committee held three meetings during the year. Major issues that went through this consultation process included the re-engineering proposals of the Secretariat, implementation of the Legislative Assistant Scheme and regrading of the clerical and secretarial staff in the Secretariat to the Administrative Assistant and Clerical Assistant Grades.

Staff Recreation

A Staff Recreation Club is formed to promote friendship and mutual help among staff of the Secretariat, and to organize recreational activities for them. During the period under review, the Club organized a series of recreational activities, such as outings, interest classes, health talks, as well as a Christmas party for the staff of the Secretariat.

Accommodation

Apart from the Legislative Council Building, facilities and offices of the Council were scattered in three other locations: third, fourth and fifth floors of Central Government Offices (West Wing); third, fourth, fifth and sixth floors of Citibank Tower; and fourth floor of Prince’s Building. Each Member is provided with a 40m² office within Council premises. Forty-six Members’ offices are housed in the Central Government Offices (West Wing), whilst the Citibank Tower premises accommodate the remaining 14 Members’ offices and most of the staff of the Secretariat.

New Legislative Council Complex

The Commission is of the view that in the long term there should be a centrally located purpose-built building for the Legislative Council and the Secretariat, and has actively pursued this target since 1998. Following the Government’s decision in April 2002 to proceed with the development of the Tamar site for a new Legislative Council Complex together with a Central Government Complex and other compatible community facilities, the Commission submitted the planning and design parameters for the new Legislative Council Complex for inclusion in the design brief for the prequalification exercise for the Tamar project to be conducted in December 2002. The Commission further submitted the schedule of accommodation and detailed user requirements for the new Complex for incorporation into the tender document for the Tamar project.

The funding proposal for the project was endorsed by the Public Works Subcommittee on 7 May 2003, and was originally scheduled to be considered by the Finance Committee on 30 May 2003. However, on 26 May 2003, the Government decided to put the project temporarily on hold in order to review its spending priorities following the Severe Acute Respiratory Syndrome outbreak.

The Commission considered a new Legislative Council Complex essential to the smooth operation of the Legislature. It therefore requested that should the Government decide not to proceed with the Tamar development project after its review, it should make appropriate arrangements, including the provision of suitable site options, to ensure that a new building/complex would be available for use by the Legislature by 2008.

On 19 November 2003, the Chief Secretary for Administration (CS) informed the Commission that having taken into account the prevailing political climate and its financial position, the Government decided to defer the Tamar project and terminate the procurement exercise for the Design-and-Build Contract for the Tamar project.

In response to the Commission's suggestion on two alternative sites, apart from the use of the Tamar site, for the new Legislative Council Complex, CS reiterated on 5 March 2004 that in view of the Government's financial stringency and the need to prioritize capital works projects, new office accommodation projects such as the new Legislative Council Complex should be deferred. The

Government's longer-term plan remained to develop the Tamar site into a prime civic core, with the new Central Government Complex and the new Legislative Council Complex as its key components. The Government would consider resurrecting the project when public finances, as well as public sentiments against major capital spending on office accommodation, changed for the better.

On 21 June 2005, the Commission requested that the new Legislative Council Complex project be actively put back on track, in view of the much improved financial position of the Government. The Commission remains open-minded about the choice of a site for the Complex.

Development of Information Technology

The Legislative Council network backbone integrates all computer systems in use by the Council and the Secretariat to enable the sharing of computer resources by Members and Secretariat staff. They can access information kept in individual application systems from their desks and communicate with each other in an efficient manner. About 60 servers and 400 workstations are in use. Apart from common office automation software applications and administrative systems, the Council is equipped with business support systems, such as Digital Recording System, Electronic Voting System, Legislative Council Business System, Legislative Council Events Scheduling System, Schedule Display System and Research and Library Information System. The e-mail

system allows Secretariat staff to communicate with outsiders electronically through the Internet in a fast and effective manner. The website of the Legislative Council contains information on the business transacted in the Council and its committees.

During the year under review, the following projects were undertaken to enhance the use of information technology in the Council -

- completion of the project to replace outdated computer workstations by advanced models;
- completion of the “Remote Access to Information Systems on the Legislative Council Network” project;
- completion of the project to replace leased data communication lines by Metro-IP network;
- completion of the project to upgrade the software version of the e-mail system;
- commencement of the project to replace the Document Management System by the Millennium Media Management System, which is a supplementary module to the Library System; and
- commencement of the project to replace the Electronic Voting System and Public Address/Simultaneous Interpretation Systems by an advanced integrated system with richer functionality.

Environmental Protection

The Legislative Council Secretariat is committed to conducting all its activities and operations in an environmentally responsible manner. A report covering the environmental goal, policy and management adopted by the Secretariat is in **Appendix 4**. All staff are required to make special efforts to protect the environment through the green measures shown in the report.

Report of the Director of Audit to The Legislative Council Commission

I have audited the statement of accounts on pages 25 to 38 which has been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of The Legislative Council Commission and the Director of Audit

Under section 13(3)(a) of The Legislative Council Commission Ordinance (Cap. 443), The Legislative Council Commission is responsible for the preparation of the statement of accounts, which shall include an income and expenditure account and a balance sheet. In preparing the statement of accounts, The Legislative Council Commission has to select appropriate accounting policies and to apply them consistently.

It is my responsibility to form an independent opinion, based on my audit, on that statement of accounts and to report my opinion to you.

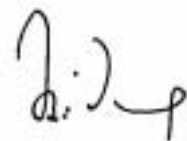
Basis of opinion

I have audited the statement of accounts referred to above in accordance with sections 13(3)(b) and 13(4) of The Legislative Council Commission Ordinance, section 15(1)(a) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also includes an assessment of the significant estimates and judgements made by The Legislative Council Commission in the preparation of the statement of accounts, and of whether the accounting policies are appropriate to the circumstances of The Legislative Council Commission, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance as to whether the statement of accounts is free from material misstatement. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the statement of accounts. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion the statement of accounts gives a true and fair view of the state of affairs of The Legislative Council Commission as at 31 March 2005 and of the results of its operations and cash flows for the year then ended and has been properly prepared in accordance with section 13(3)(a) of The Legislative Council Commission Ordinance.



Audit Commission
Hong Kong
15 June 2005

(Benjamin Tang)
Director of Audit

The Legislative Council Commission

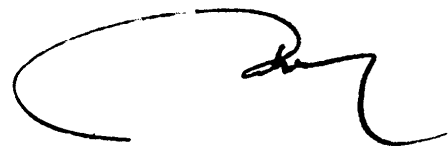
Balance Sheet as at 31 March 2005

	Note	2005 HK\$'000	2004 HK\$'000
Non-current assets			
Fixed assets	2I, 5	6,554	6,607
Operating funds advanced to Members	2E	9,570	9,695
Investments	2G, 6	49,415	-
Current assets			
Prepayments and accounts receivable	7	4,014	1,553
Cash and bank deposits	8	143,798	181,673
		<u>147,812</u>	<u>183,226</u>
Current liabilities			
Accounts payable and accrued charges	9	22,237	21,901
Current portion of contract gratuities accrued	2F(i)	9,931	19,037
		<u>32,168</u>	<u>40,938</u>
Net current assets		<u>115,644</u>	<u>142,288</u>
Total assets less current liabilities		181,183	158,590
Non-current liabilities			
Non-current portion of contract gratuities accrued	2F(i)	<u>31,570</u>	<u>16,989</u>
Net assets		<u>149,613</u>	<u>141,601</u>
Accumulated funds			
Capital Assets Subvention Reserve	2J,10	6,554	6,607
Operating Reserve	11	131,262	127,268
Income and Expenditure Account		<u>11,797</u>	<u>7,726</u>
		<u>149,613</u>	<u>141,601</u>

Approved and authorized for issue by The Legislative Council Commission on 15 June 2005



Hon Mrs Rita Fan, GBS, JP
Chairman



Mr Ricky C C Fung, JP
Secretary General

The notes on pages 29 to 38 form part of these accounts.

The Legislative Council Commission

Income and Expenditure Account

for the Year Ended 31 March 2005

	Note	2005 HK\$'000	2004 HK\$'000
Income			
Financial provisions from Government		350,506	367,908
Interest earned		3,113	2,383
Exchange gain/(loss)	2H	122	(1)
Other income		178	124
Gain on sale of fixed assets		652	33
		354,571	370,447
Non-capitalized expenditure			
<i>Recurrent</i>			
Members' remunerations	3	39,834	40,956
Members' operating expenses reimbursements	3	75,662	85,161
Staff emoluments	2F, 4	198,228	206,238
General expenses		23,862	25,884
<i>Non-recurrent</i>			
Members' setting up expenses (2000-2004)		140	515
Members' setting up expenses (2004-2008)		1,102	-
Members' information technology and communication equipment expenses (2000-2004)		222	380
Members' information technology and communication equipment expenses (2004-2008)		794	-
Members' winding up expenses		2,093	-
Electronic Voting System		1	-
Enhancement of the computer network		-	27
Enhancement of the Legislative Council Business Information System		49	-
Legislative Council Corporate Video 2000		-	170
Teaching kits for schools		92	32
Replacement of internal electronic mailing system		107	13
Digital Recording System		70	24
Project team for planning of the new Legislative Council Complex		-	1,509
Internet access to information systems on the Legislative Council network		2	31
Replacement of computing facilities		49	-
Microfilming of archival records		14	23
		342,321	360,963
Surplus for the year	12	12,250	9,484
Surplus brought forward		7,726	7,477
Transfer to Capital Assets Subvention Reserve	2J, 10	(4,185)	(1,152)
Transfer to Operating Reserve	11	(3,994)	(8,083)
Surplus carried forward		11,797	7,726

The notes on pages 29 to 38 form part of these accounts.

The Legislative Council Commission

Cash Flow Statement

for the Year Ended 31 March 2005

	Note	2005 HK\$'000	2004 HK\$'000
Cash flows from operating activities			
Net financial provisions received from Government		350,506	367,908
Other income		178	124
Payments to and on behalf of Members		(120,112)	(126,785)
Payments to staff		(193,581)	(231,046)
Payment of operating expenses		<u>(23,668)</u>	<u>(29,354)</u>
Net cash from/(used in) operating activities	12	<u>13,323</u>	<u>(19,153)</u>
Cash flows from investing activities			
Purchase of fixed assets		(4,607)	(2,649)
Sale of fixed assets		652	33
Purchase of held-to-maturity securities		(25,980)	-
Increase in structured deposits		(23,358)	-
Placements		<u>(30,358)</u>	<u>-</u>
Deposits called prior to maturity		<u>7,000</u>	<u>-</u>
Decrease in fixed deposits with a tenor longer than three months		32,794	25,700
Uplifts		<u>271,952</u>	<u>367,000</u>
Placements		<u>(239,158)</u>	<u>(341,300)</u>
Exchange gain on matured investments		13	-
Interest received		<u>2,014</u>	<u>2,930</u>
Net cash (used in)/from investing activities		<u>(18,472)</u>	<u>26,014</u>
Net (decrease)/increase in cash and cash equivalents		(5,149)	6,861
Cash and cash equivalents at beginning of year		<u>13,273</u>	<u>6,412</u>
Cash and cash equivalents at end of year		<u>8,124</u>	<u>13,273</u>
Analysis of the balances of cash and cash equivalents			
	2K		
Cash at bank and in hand	8	1,745	4,273
Fixed deposits with a tenor of three months or less	8	<u>6,379</u>	<u>9,000</u>
		<u>8,124</u>	<u>13,273</u>

The notes on pages 29 to 38 form part of these accounts.

The Legislative Council Commission

Statement of Changes in Accumulated Funds

for the Year Ended 31 March 2005

	Note	2005 HK\$'000	2004 HK\$'000
Beginning of year		141,601	135,605
Net charges not recognized in the Income and Expenditure Account, but dealt with in the Capital Assets Subvention Reserve			
	21, 10	(4,238)	(3,488)
Depreciation for the year		(4,419)	(3,484)
Write-off of fixed assets at net book value		(3)	(14)
Assets transferred from Members		184	10
Surplus for the year		12,250	9,484
		149,613	141,601
End of year		149,613	141,601

The notes on pages 29 to 38 form part of these accounts.

Notes to the Accounts

1. The Legislative Council Commission

The Legislative Council Commission (the “Commission”) is a financially and administratively autonomous body corporate established by The Legislative Council Commission Ordinance (Cap. 443). It provides administrative support and services for the Legislative Council of the Hong Kong Special Administrative Region (“HKSAR”) through the Legislative Council Secretariat.

2. Significant Accounting Policies

A. Statement of Compliance

The accounts of the Commission are prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The adoption of the HKFRSs has not affected the Commission’s reported financial position, financial performance and cash flows in the current year and the preceding year.

B. Basis of Preparation

These accounts are prepared on an accrual basis under the historical cost convention. The more significant accounting policies are set out below.

C. Income Recognition

Income accounted for in the accounts includes recurrent and non-recurrent financial provisions received from the HKSAR Government (“Government”), allocation warrants issued by government departments and utilized during the year, and interest earned from bank deposits and other financial assets on a time proportion basis by reference to the principal outstanding and the interest rate applicable.

D. Accrual of Expenses

Members’ remunerations, staff’s emoluments and the Secretariat’s operating expenses are accounted for as they are incurred. Members’ reimbursable expenses are accounted for as they are claimed.

E. Operating Funds Advanced to Members

Members of the Legislative Council (“Members”) may apply for advance of funds to finance the setting up, equipping and operation of their offices. The ceilings of advance are set by the Commission.

For setting up Members’ offices and equipping them with information technology and communication facilities, the ceilings of advance for each Member stood at \$150,000 and \$100,000 (2004: \$150,000 and \$100,000) respectively. Funds advanced in these respects have to be settled within three months with expenses actually incurred and any excess returned to the Commission. They are classified as current assets.

For recurrent operating expenses, the ceiling of advance is equivalent to two months’ office operation, entertainment and travelling expenses. On 31 March 2005, the ceiling stood at \$246,887 (2004: \$251,668). Funds advanced in this respect have to be returned to the Commission when the Member concerned leaves office. They are classified as non-current assets.

F. Staff Benefits

(i) Contract Gratuities

All full-time staff employed by the Commission are on fixed agreement terms, mainly for three years with a gratuity payable upon satisfactory completion of each term. Staff gratuities incurred but not yet due for payment are fully accrued in the accounts. Those gratuities payable within one year from the balance sheet date are classified as current liabilities, while others are classified as non-current liabilities.

(ii) Contributions to Mandatory Provident Fund

The Commission has set up a Mandatory Provident Fund (“MPF”) Scheme by participating in a master trust scheme provided by an independent MPF service provider to comply with the requirements under the MPF Schemes Ordinance. Contributions paid and payable by the Commission to the Scheme are charged to the Income and Expenditure Account.

(iii) Staff Leave Entitlements

Staff’s unexpired entitlements to paid annual leave are accrued in the accounts according to each individual staff member’s remuneration package.

G. Investments

Investments in debt securities are classified as held-to-maturity securities when the Commission has the intent and the ability to hold such securities to maturity. They are stated at cost, adjusted for the amortization of premiums paid or discounts obtained using the effective interest method. The amortized amounts, as well as any interest on the securities, are included under interest earned.

Provision is made when evidence shows that a diminution in value is other than temporary.

H. Foreign Currency Translation

Foreign currency transactions are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at the market rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the Income and Expenditure Account.

I. Fixed Assets

(i) Capitalization of Fixed Assets

Assets costing \$1,000 or more with estimated useful lives longer than one year are capitalized.

Capital projects under development are classified as work in progress under fixed assets. The capitalized amount comprises costs of constituent parts delivered and/or a portion of the contract price according to the stage of completion of the relevant project. On completion of a project, the assets in commission will be reclassified.

(ii) Depreciation

Depreciation is calculated to write off the historical cost of assets less any estimated residual value evenly over their estimated useful lives. No depreciation is provided for work in progress.

The annual depreciation rates are:

Furniture and fixtures	10%
Motor vehicles and office equipment	20%
Computers and software	33⅓%

For assets acquired in the second six months of a financial year, half-year's depreciation is charged.

J. Capital Assets Subvention Reserve

Assets transferred from the Government and Members are capitalized as fixed assets and a corresponding amount credited to the Capital Assets Subvention Reserve. For assets acquired with government funding, an equivalent amount is transferred to the Reserve from the Income and Expenditure Account. Depreciation on fixed assets is charged to the Reserve. The balance in the Reserve represents the net amount, after depreciation, of the Commission's resources already invested in fixed assets.

K. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and bank deposits with a tenor of three months or less. They are highly liquid investments, which are readily convertible to known amount of cash and are not subject to a significant risk of changes in value. Placements and uplifts of bank deposits with a tenor longer than three months are classified as investing activities.

L. Provisions and Contingent Liabilities

Provisions are recognized for liabilities of uncertain timing or amount when (a) the Commission has a legal or constructive obligation arising as a result of a past event, (b) it is probable that an outflow of economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, provisions are stated at the present value of the expenditures expected to be required for settling the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities, unless the probability of outflow of economic benefits is remote.

M. Office Supplies

Office supplies are charged as expenses in the year they are acquired.

3 Members' Remunerations and Operating Expenses Reimbursements

Members are provided with remuneration and reimbursements for expenses arising from Council duties. The rates of such remuneration and reimbursements are proposed by the Government and approved by the Finance Committee of the Legislative Council.

Under the delegated authority from the Finance Committee, the rates for Members' monthly remuneration and recurrent operating expenses reimbursements are adjusted by the Government yearly in October according to the movement of Consumer Price Index (C). The relevant rates for each Member are as follows:

	October 2004 to September 2005	October 2003 to September 2004
	HK\$	HK\$
<u>Remuneration</u>	<u>Per Month</u>	<u>Per Month</u>
President	108,340	110,440
President's Deputy and House Committee Chairman	81,270	82,840
Members not serving on the Executive Council of the Government	54,170	55,220
Members serving on the Executive Council of the Government	36,110	36,810
	<u>Per Year</u>	<u>Per Year</u>
<u>Operating Expenses Reimbursement</u>		
Office expenses	1,331,160	1,356,940
Entertainment and travelling expenses	150,160	153,070
Entertainment expenses in the President's capacity	150,300	153,210

4 Staff Emoluments

	2005	2004
	HK\$'000	HK\$'000
Salaries	143,621	148,384
Job-related allowances	968	937
Cash allowances	22,093	23,739
Gratuities	29,171	30,457
MPF contributions	3,449	3,531
Accrued leave pay written back	(1,074)	(810)
	<u>198,228</u>	<u>206,238</u>

5. Fixed Assets

	Motor Vehicles	Computers and Software	Office Equipment	Furniture and Fixtures	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation					
Beginning of year	959	30,252	3,179	7,927	42,317
Additions	-	4,118	240	11	4,369
Disposals	-	(4,252)	(194)	(19)	(4,465)
End of year	<u>959</u>	<u>30,118</u>	<u>3,225</u>	<u>7,919</u>	<u>42,221</u>
Aggregate depreciation					
Beginning of year	959	26,446	2,749	5,556	35,710
Additions	-	3,492	238	689	4,419
Disposals	-	(4,252)	(194)	(16)	(4,462)
End of year	<u>959</u>	<u>25,686</u>	<u>2,793</u>	<u>6,229</u>	<u>35,667</u>
Net book value					
End of year	<u>-</u>	<u>4,432</u>	<u>432</u>	<u>1,690</u>	<u>6,554</u>
Beginning of year	<u>-</u>	<u>3,806</u>	<u>430</u>	<u>2,371</u>	<u>6,607</u>

6. Investments

	2005	2004
	HK\$'000	HK\$'000
Held-to-maturity securities		
- listed in Hong Kong	16,026	-
- unlisted	9,990	-
Structured deposits	<u>23,399</u>	<u>-</u>
	<u>49,415</u>	<u>-</u>

The market value of the listed held-to-maturity securities was HK\$16,091,000 as at 31 March 2005 (2004 - nil).

7. Prepayments and Accounts Receivable

	2005 HK\$'000	2004 HK\$'000
Prepayments to		
Government	40	25
Staff	-	1
Others	427	843
Deposits	18	20
Receivable from		
Members	1,876	12
Staff	292	354
Others		
- accrued interest	1,360	298
- sundries	1	-
	<u>4,014</u>	<u>1,553</u>

8. Cash and Bank Deposits

	2005 HK\$'000	2004 HK\$'000
Fixed deposits		
- with a tenor of three months or less	6,379	9,000
- with a tenor longer than three months	135,674	168,400
Cash at bank and in hand	1,745	4,273
	<u>143,798</u>	<u>181,673</u>

9. Accounts Payable and Accrued Charges

	2005 HK\$'000	2004 HK\$'000
Payable to		
Government	599	961
Members	3,207	1,673
Staff		
- accrued emoluments and reimbursements	264	80
- accrued leave pay	16,815	17,889
Others	1,352	1,298
	<u>22,237</u>	<u>21,901</u>

10. Capital Assets Subvention Reserve

	2005 HK\$'000	2004 HK\$'000
Beginning of year	6,607	8,943
Transfer from Income and Expenditure Account for additions to fixed assets funded by		
- recurrent financial provisions	370	395
- non-recurrent financial provisions for		
Electronic Voting System	37	-
enhancement of the computer network	-	168
enhancement of the Legislative Council Business Information System	107	6
enhancement of computing facilities	-	36
replacement of internal electronic mailing system	308	66
Digital Recording System	95	136
internet access to information systems on the Legislative Council network	-	212
replacement of computing facilities	3,268	74
microfilming of archival records	-	61
	3,815	759
- government departments under their votes in the form of allocation warrants	-	(2)
	4,185	1,152
Assets transferred from Members	184	10
	10,976	10,105
Less : Depreciation for the year	(4,419)	(3,484)
Write-off of fixed assets at net book value	(3)	(14)
End of year	6,554	6,607

11. Operating Reserve

Surpluses in recurrent financial provisions for staff emoluments and general expenses are credited to the Operating Reserve at the discretion of the Commission for future use on Council business.

	2005 HK\$'000	2004 HK\$'000
Beginning of year	127,268	119,185
Transfer from Income and Expenditure Account	3,994	8,083
End of year	<u>131,262</u>	<u>127,268</u>

12. Reconciliation of Surplus for the Year to Net Cash from/(Used in) Operating Activities

	2005 HK\$'000	2004 HK\$'000
Surplus for the year	12,250	9,484
Exchange gain on investing activities	(122)	-
Income from investing activities		
- interest earned	(3,113)	(2,383)
- gain on sale of fixed assets	(652)	(33)
Increase in receivables	(1,287)	(430)
Increase/(Decrease) in payables	772	(1,772)
Increase/(Decrease) in gratuities accrued	5,475	(24,019)
Net cash from/(used in) operating activities	<u>13,323</u>	<u>(19,153)</u>

13. Major Non-Cash Transactions

Offices and certain government-operated services used by the Secretariat are either provided by the Government free of charge or funded by the respective government departments. They are not accounted for in these accounts.

14. Taxation

The Commission is exempt from Hong Kong taxation.

15. Capital Commitments

Outstanding commitments for acquisition of fixed assets at 31 March 2005 were as follows:

	2005 HK\$'000	2004 HK\$'000
Authorized but not yet contracted for	2,352	6,781
Authorized and contracted for	<u>676</u>	<u>8</u>
	<u><u>3,028</u></u>	<u><u>6,789</u></u>

16. Comparative Figures

Owing to the increase in exchange differences following the investment in financial assets denominated in United States dollars, comparative figures for exchange differences have been reclassified.

Appendix 1

Committees of The Legislative Council Commission

Committee on Personnel Matters

Terms of Reference

- (1) To consider personnel matters including staffing resources, appointment, promotion, dismissal, grading, duties, remuneration and other terms and conditions of service of staff of the Secretariat which require the attention of the Commission;
- (2) To approve appointments including acting appointments with a view to promotion of officers at Chief Council Secretary level and above; and
- (3) To monitor progress of appointment and personnel matters delegated to the Secretary General.

Membership

Hon Mrs Rita FAN HSU Lai-tai, GBS, JP (Chairman)

Hon Miriam LAU Kin-yee, GBS, JP

Hon Margaret NG

Hon Jasper TSANG Yok-sing, GBS, JP

Hon Emily LAU Wai-hing, JP

Committee on Members' Operating Expenses

Terms of Reference

- (1) To advise on administrative matters relating to Members' operating expenses; and
- (2) To review the Legislative Council Secretariat's decisions on Members' claims for operating expenses reimbursements.

Membership

Hon Mrs Rita FAN HSU Lai-tai, GBS, JP (Chairman)

Hon Miriam LAU Kin-yee, GBS, JP

Hon Fred LI Wah-ming, JP

Committee on Facilities and Services

Terms of Reference

- (1) To consider the accommodation requirements of the Council and the Secretariat;
- (2) To assess the needs of the Council and of individual Members for services and facilities for the conduct of Council business;
- (3) To formulate solutions for meeting needs identified at (1) and (2);
- (4) To consider financial matters relating to (1) to (3) above, and approve procurement of fixed assets costing above \$500,000 but not exceeding \$2,000,000; and
- (5) To monitor the progress and developments relating to the above items.

Membership

Hon Mrs Rita FAN HSU Lai-tai, GBS, JP (Chairman)

Hon Margaret NG

Hon CHEUNG Man-kwong

Hon Emily LAU Wai-hing, JP

Hon Andrew LEUNG Kwan-yuen, SBS, JP

Hon WONG Ting-kwong, BBS

Hon Patrick LAU Sau-shing, SBS, JP

Subcommittee on Information Technology Services of the Committee on Facilities and Services

Terms of Reference

To advise on the information technology services provided by the Legislative Council Secretariat.

Membership

Hon Andrew LEUNG Kwan-yuen, SBS, JP (Chairman)

Hon Emily LAU Wai-hing, JP

Hon Patrick LAU Sau-shing, SBS, JP

Appendix 2

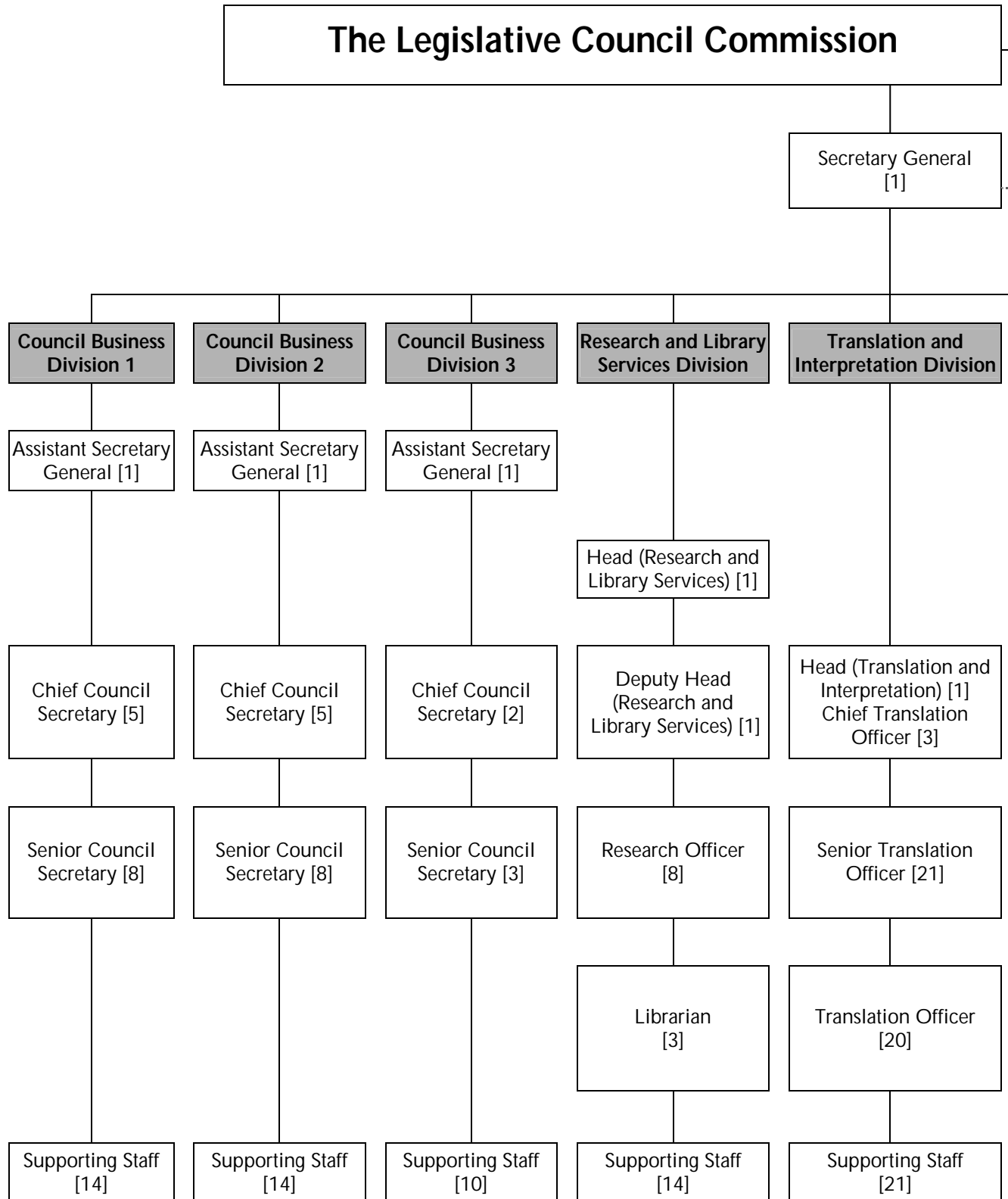
Staff Establishment of the Legislative Council Secretariat

Post	As at 31.3.2005
Secretary General	1
Legal Adviser	1
Deputy Secretary General	1 *
Assistant Secretary General	3
Senior Assistant Legal Adviser	2
Chief Public Information Officer	1
Head (Research and Library Services)	1
Principal Council Secretary	2
Accountant	1
Assistant Legal Adviser	7
Chief Council Secretary	12
Chief Translation Officer	4
Deputy Head (Research and Library Services)	1
Information Technology Manager	1
Research Officer	8
Senior Council Secretary	26
Senior Public Information Officer	2
Senior Translation Officer	21
Assistant Accountant	2
Council Secretary	6
Information Technology Officer	2
Librarian	3
Public Information Officer	2
Translation Officer	20
Security Officer	1
Senior Clerical Officer	3
Senior Personal Secretary	3
Senior Security Assistant	2
Accounting Clerk	4
Assistant Information Technology Officer	3
Clerical Officer I	14
Personal Secretary I	7
Senior Chinese Transcriber	2
Social Functions Assistant	1
Security Assistant	21
Personal Secretary II	23
Chinese Transcriber	5
Clerical Officer II	37
Personal Chauffeur	1
Steward	5
Chauffeur	1
Motor Driver	1
Clerical Assistant	25
Office Assistant	15
Workman I	1
Workman II	2
Total	307

* Post frozen with effect from 25.5.2004.

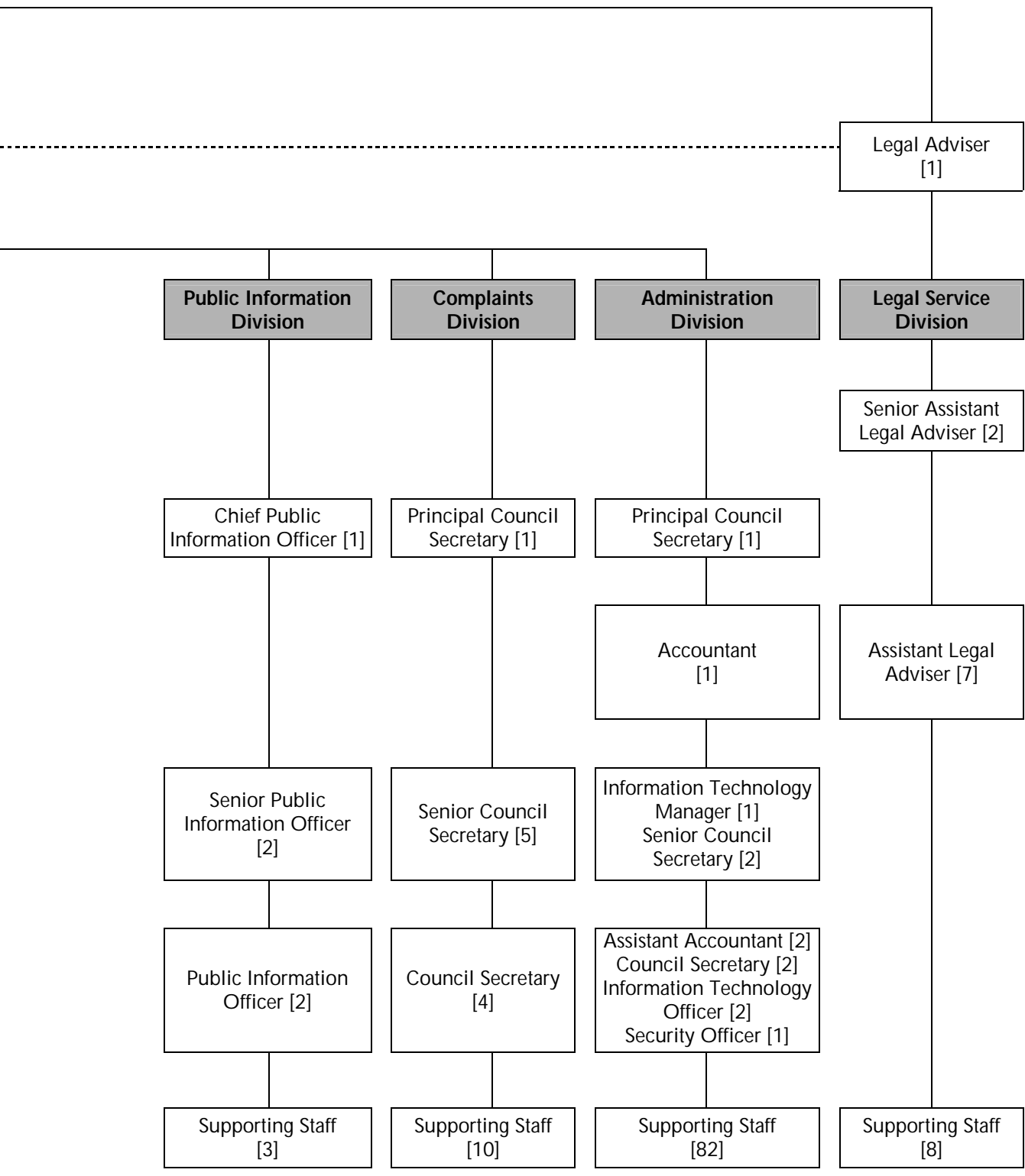
Appendix 3

Organization Structure of the Legislative Council Secretariat (as at 31.3.2005)



[] = number of staffing positions

* The post of Deputy Secretary General was frozen with effect from 25.5.2004



Appendix 4

Secretary General's Environmental Report for the Year 2004-2005

Environmental Goal

The Legislative Council Secretariat is committed to -

- Conducting all its activities and operations in an environmentally responsible manner
- Minimizing consumption of resources by efficient use of materials
- Minimizing negative impacts on the environment during the whole work cycle

Environmental Policy

The environmental policy of the Legislative Council Secretariat requires all staff to make a special effort to protect the environment through -

- **Saving resources**, particularly on paper and electricity
- **Reducing waste** by re-using paper, collecting recyclable materials and adopting green procurements where applicable
- **Preserving a pleasant indoor working environment** through maintenance of good indoor air quality and minimization of noisy works during office hours
- **Preventing and minimizing air pollution** through the choice of commuting modes and good driving behaviour

Environmental Management

Under the chairmanship of Principal Council Secretary (Administration), a Green Effort Team with representatives from all divisions was set up in 1993 to develop the Secretariat's environmental objectives and oversee the implementation of the green programme in the Secretariat. The Team monitors the progress and reviews the overall strategy for green management in the Secretariat.

A description of the environmental measures and the performance of these measures are included in the following table. The targets on these measures for the year 2005-2006 are also given in the table.

Environmental Management and Future Targets

Saving Resources	
I. Environmental Measures Adopted	<p>Economy in the use of paper</p> <ul style="list-style-type: none"> • Use blank side of used paper for drafting • Print on both sides of paper • Use double side photocopiers • Use recycled paper • Minimize photocopies (e.g. not to make unnecessary spare and/or personal copies) • Minimize copies of circulars (e.g. circulate by electronic mail as far as possible; and if necessary, one copy to a group of staff) • Use old sets of documents for recirculation • Adopt green measures at festive seasons (e.g. promote Green Christmas, re-use decorative materials) • Use plain paper fax machines • Avoid use of fax leader pages • Use blank side of used paper to print incoming fax message • Communicate by electronic mail • Request soft copies from senders to facilitate future processing by electronic means • Upload documents, including agenda, minutes, discussion papers, submissions, reports of all open meetings onto the LegCo website (http://www.legco.gov.hk) • Store documents in central information systems for common access by staff • Reduce subscription to newspapers and magazines by the use of electronic news platform <p>Economy in the use of envelope</p> <ul style="list-style-type: none"> • Stop using envelopes for unclassified documents • Re-use envelopes or use transit envelopes <p>Energy conservation</p> <ul style="list-style-type: none"> • Carry out routine checks to ensure that staff switch off lights, air conditioners and office equipment in unoccupied areas; and during lunch and after office hours when office is not in use • Modify group lighting switches to individual switches • Use high efficiency electric lamps/tubes • Reduce lighting to minimum required for illumination • Encourage the use of staircase for inter-floor traffic • Issue advice on a regular basis on the need to save energy e.g. attach stickers to all switches to remind users to turn off lights and air-conditioning when leaving • Control fuel consumption (e.g. minimize the use of official vehicles) • Encourage the use of public transport • Turn off vehicle engines while waiting
II. Performance on the Environmental Measures	<ul style="list-style-type: none"> • Consumption of paper decreased by 11.97% from 27 567 reams in 2003-04 to 24 266 reams in 2004-05 • Consumption of electricity decreased by 2.53% from 2 057 261 kWh in 2003-04 to 2 005 177 kWh in 2004-05 • Consumption of envelopes decreased by 43.9% from 36 290 nos. in 2003-04 to 20 360 nos. in 2004-05
III. Targets for Year 2005-06	<ul style="list-style-type: none"> • Decrease electricity consumption by 1%

Reducing Wastes	Preserving a Pleasant Indoor Working Environment
<ul style="list-style-type: none"> • Re-use envelopes, loose minute jackets • Use refillable ball pens • Use recycled pencils • Use recycled paper as far as possible • Use recycled printer and fax cartridges as far as possible • Urge staff to use their own cups instead of paper cups • Collect waste paper, used printer and fax cartridges, aluminum cans and plastic bottles for recycling • Use Digital Recording System to record meeting proceedings, thereby reducing consumption of cassette tapes 	<ul style="list-style-type: none"> • Use low emission and ozone-free photocopiers • Use non-volatile correction fluid • Carry out renovation works outside office hours • Conduct annual air quality tests to monitor the air quality in offices • Clean air filters and outlets regularly
<ul style="list-style-type: none"> • Consumption of recycled pencils increased by 23% from 913 nos. in 2003-04 to 1 125 nos. in 2004-05, due to the cessation of the use of wooden pencils • Consumption of cassette tapes continued to decrease by 94.8% from 6 310 nos. in 2003-04 to 331 nos. in 2004-05, due to the use of Digital Recording System • Consumption of ball pen decreased by 24.4% from 1 344 nos. in 2003-04 to 1 016 nos. in 2004-05 • Consumption of ball pen refill decreased by 43.4% from 341 nos. in 2003-04 to 193 nos. in 2004-05 	<ul style="list-style-type: none"> • Legislative Council Building designated as a smoke-free building in April 1999 • Annual air quality tests indicate that the air quality in offices complied with the guideline recommended by the Environmental Protection Department
<ul style="list-style-type: none"> • Increase the use of recycled paper, printer and fax cartridges, subject to higher quality and lower price • Increase collection of waste paper 	

立法會行政管理委員會
THE LEGISLATIVE COUNCIL
COMMISSION

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