

**Report on the Activities of
The Legislative Council Commission
2011 - 2012**

**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

The year under report marked the commissioning of the new home of the Legislative Council at Tamar. For nearly 10 years since 1993, Members had been urging the Government to consider how best the problem of inadequate office space of the Legislature could be addressed and how a permanent home could be designed and built to meet the needs of operation of the Legislature. The Government finally decided in 2002 to build a Legislative Council Complex together with the new Central Government Complex at Tamar. During the ensuing years, the Commission held numerous discussions with the Government not only to determine what conference and other facilities should be provided in the Complex but also to explore how best the independence and solemn image of the Legislative Council could be maintained in the Tamar project. Despite the subsequent shelving of the project until 2005 due to the economic downturn in Hong Kong, construction of the Complex finally commenced in February 2008 and was completed in mid 2011 after three and a half years of strenuous efforts. The Legislative Council bid farewell to the 100-year old Legislative Council Building at Jackson Road in July 2011, and held its first meeting in the new Complex on 12 October 2011.

The new Complex provides the Legislative Council with more and better conference, education, media and other facilities which enable new and enhanced services to be provided to Members and the public. With more space available in the new Complex, offices of Members, their staff, and most Secretariat staff are accommodated under one roof which greatly enhances operational efficiency. The design of the new Complex

presents a high degree of transparency and public accessibility. More seats are provided in the Public Galleries in the Chamber and conference rooms for members of the public to observe live meetings, and all open meetings are now webcast to bring the public into the Legislative Council. Guided educational tours are conducted every day for schools, non-governmental organizations and charitable groups as well as walk-in visitors. In this way, members of the public can gain a better understanding of how the Legislative Council works and how they can convey their views directly to the Council to help Members monitor the work of the Government and improve legislative proposals.

The Commission is committed to providing barrier-free access for people with physical disabilities. The design of the Complex fulfils all the mandatory requirements and most of the recommended requirements in the new "Design Manual: Barrier Free Access" issued by the Buildings Department in 2008. The enhanced tactile path design for areas accessible by the public in the Complex has also taken into account comments made by welfare organizations for visually-impaired persons. Furthermore, the Commission will continue to urge the Administration to improve the transport and other ancillary facilities surrounding the Complex, including the construction of a footbridge connecting the Complex with Citic Tower.

The Legislative Council is also committed to protecting the environment and natural resources. Environmental protection and energy conservation features have been incorporated in the Complex's design and

facilities. They include the natural light funnel in the Chamber to bring in daylight, motion sensor control to economize on the use of electricity, water saving devices, an automated waste collection system, skyrise greenery as well as a recycling rainwater system. With the green efforts made, the Complex shares the Silver Award in Skyrise Greenery Award 2012 with the Central Government Complex given by the Development Bureau. The Complex has also achieved Excellent Class in Indoor Air Quality Certification Scheme, and BEAM (Building Environment Assessment Method) Certification in Platinum Standard. These awards serve as reminders that the Commission must continue to be environmentally responsible in all aspects of its services and activities.

The Commission has taken the initiative to bring art into the Legislative Council Complex to enrich the cultural life of the city of Hong Kong. Various items of original works of art by Hong Kong based artists as well as overseas artists have been acquired, on the one hand, to promote and support local culture and creativity and, on the other hand, to highlight the international and diversified character of Hong Kong.

The legislative session covered by this report was the last session of the Fourth Legislative Council. Members had a very heavy schedule of business and participated in many heated and long debates in the new Chamber before the Council stood prorogued in July 2012 prior to the Legislative Council Election in September 2012. To prepare for the increase of 10 Members in the Fifth Legislative Council, additional offices and other facilities have been provided. The

Commission will closely monitor the impact of the enlarged membership on the Secretariat's work and will seek adequate resources for the Secretariat to cope with new service demands and increased workload.

For their contribution to the Commission's work carried out last year, I would like to thank most warmly the Commission members and all staff of the Secretariat. On behalf of the Commission, I would also like to thank the Administration for the assistance rendered in bringing to fruition the construction of the new Legislative Council Complex.

In closing, I wish to state the Commission's heartfelt gratitude to Ms Pauline NG, the former Secretary General who headed the Secretariat in the Fourth Legislative Council, for her contribution to the Legislative Council in the past 22 years. I wish her good health and happiness in her retirement. I wish also to welcome our new Secretary General, Mr Kenneth CHEN, who assumed office in September 2012. The Commission is confident that under his leadership, the Secretariat will continue to provide professional and effective services to the Council and its Members.



Hon Jasper TSANG Yok-sing
Chairman
The Legislative Council Commission

The Legislative Council

The fourth 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 from functional constituencies. The term of office of Members 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 in the Chamber of the Legislative Council Complex. In addition, the Chief Executive attends Council meetings from time to time to answer 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 –

- the Finance Committee which scrutinizes proposals for public expenditure;
- the 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

- the Committee on Members' Interests which considers matters relating to Members' declaration of interests and operating expenses reimbursement claims as well as matters of ethics in relation to their conduct.

The House Committee deals with matters relating to the business 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, subsidiary legislation and draft subsidiary legislation. During the period under review, 26 Bills Committees and 24 subcommittees were formed.

There are 18 Panels under the Council which receive regular briefings from government officials on issues within their respective policy portfolio, 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.

Subcommittees may also be formed by the House Committee or Panels to study specific policy issues if deemed necessary. During the period under report, a total of 15 such subcommittees were in operation.

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 Legislative Council 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 Legislative Council Secretariat to operate with managerial and financial autonomy.

Members of the Commission

As provided in the Ordinance, The Legislative Council Commission can have not more than 13 members, including the Chairman.

For 2011-2012, the Commission comprises 12 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
- nine 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 –

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- determining the structure and functions of the Legislative 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

Five committees have been appointed by the Commission to carry out certain delegated functions. These are –

- the **Committee on Personnel Matters** which deals with appointment and other personnel matters;
- the **Committee on Facilities and Services** which oversees the provision of services, accommodation and facilities to the Council and the Secretariat;
- the **Committee on Art** which advises on matters relating to art in the new Legislative Council Complex;
- the **Committee on the Use of Legislative Council Square** which considers and approves applications for the use of the Legislative Council Square and imposes conditions of use where necessary; and
- the **Committee on Members' Operating Expenses** which advises on the processing of Members' operating expenses reimbursement claims.

The terms of reference and membership of the five committees 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. The Secretary General is responsible to the Chairman of the Commission for the administration of the Secretariat.

As at 31 March 2012, there were 514 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 10 divisions and a Special Duties Team –

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- Council Business Division 1
 - Council Business Division 2
 - Council Business Division 3
 - Council Business Division 4
 - Legal Service Division
 - Research Division
 - Complaints Division
 - Public Information Division
 - Translation and Interpretation Division
 - Administration Division
 - Special Duties Team

The organization of the Secretariat as at 31 March 2012 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 by four divisions: Council Business Divisions 1, 2, 3 and 4. The four 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 for 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. The division also provides support to the Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products which was set

up under the House Committee and authorized by resolution of the Council to exercise the powers conferred by section 9(1) of the Legislative Council (Powers and Privileges) Ordinance.

During the period from 1 April 2011 to 31 March 2012, the division serviced a total of 407 meetings, including seven public hearings and 14 closed meetings held by the Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products. In addition, it serviced five duty visits, including one to the United States and Canada to obtain first-hand information on the waterfront development and regeneration strategies of Boston, New York and Vancouver to study their institutional arrangements for waterfront planning and management, and to exchange views with parties concerned on the key challenges and opportunities in waterfront development and management. The division also provided support to the 20 sessions of special Finance Committee meetings held over five days for the examination of the Estimates, and processed 3 491 questions submitted by Members seeking the Administration's replies on details of the expenditure items shown in the Estimates.

In servicing committees, the division assisted in researching and analyzing information, as well as collating and analyzing public views. During the year, 43 of the 407 meetings serviced by the division were held to receive public views, at which a total of 944 individuals and deputations gave views. On research support, the division prepared a total of 174 background briefs and 56 discussion papers this year, as compared to 191

background briefs and 112 discussion papers in the previous year. Some of the briefs, such as those on the development of a third runway at the Hong Kong International Airport, annual tariff reviews with the two power companies, Copyright (Amendment) Bill 2011 and Residential Properties (First-hand Sales) Bill were prepared to facilitate detailed study of the subject matters by the relevant Panels or committees. In addition, a total of 51 committee reports were prepared by the division in the period.

The Chief Council Secretaries in the division, with the support of Council Secretaries on a rotation basis, also provided services to meetings-cum-luncheons held between Members and District Council members. Matters which required follow-up actions after these meetings were referred to the Panels concerned or dealt with in case conferences serviced by the Complaints Division.

Division 2

Council Business Division 2 provides secretariat and administrative services for 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, the division also serviced the Select Committee to Study Mr LEUNG Chun-ying's Involvement as a Member of the Jury in the West Kowloon Reclamation Concept Plan Competition and Related Issues which was appointed by a resolution passed by the Legislative Council on 29 February 2012.

During the period from 1 April 2011 to 31 March 2012, the division serviced a total of 350 meetings, including three public hearings and one meeting held by the Select Committee. In addition, it also serviced seven duty visits, including three conducted outside Hong Kong. In July 2011, a delegation of the Panel on Manpower visited Korea to study the country's experience in the implementation of standard working hours. In September 2011, a delegation of the Legislative Council attended, as guest of the Indonesian House of Representatives, the Asian Parliamentary Assembly Conference on Principles of Friendship and Cooperation in Asia and the Ad Hoc Committee Meeting on the Protection of the Rights of Migrant Workers in Asia. At the invitation of the Ministry of Foreign Affairs of Japan, a delegation of the Panel on Food Safety and Environmental Hygiene visited Japan in September 2011 to obtain a better understanding of the up-to-date situation in Japan after its earthquake in March 2011 and to exchange views with the relevant Japanese authorities responsible for food safety measures.

In servicing committees, the division assists in researching and analyzing information, as well as collating and analyzing public views. During the year, 79 of the 350 meetings were held to receive public views, at which a total of 1 072 individuals and deputations had given views. The division had also further enhanced its research support to committees. A total of 265 background briefs were prepared by the division during the period to facilitate Members' consideration of specific subjects and issues, as compared to 233 background briefs in the previous year. In addition, 34 discussion papers, including

summary of views of deputations, were prepared for the meetings of the relevant committees. Some of the major subjects covered in the background briefs and discussion papers included debundling of textbooks and teaching and learning resources for pricing, Police's handling of public meetings and public processions, progress of implementation of statutory minimum wage, monitoring of radiation contamination of food products imported from Japan, obstetric services, review of the voter registration system and management of fixed pitch hawker areas. The division also prepared a total of 47 committee reports during the period.

The Chief Council Secretaries of the division, with the support of Council Secretaries on a rotation basis, provide services for meetings-cum-luncheons held between Members and District Council members. Matters which require follow-up actions are 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 meetings of the Legislative Council. During the period from 1 April 2011 to 31 March 2012, the division serviced 38 meetings of the Council, including five meetings devoted to the Chief Executive's Question and Answer Session. These five meetings were held in May, July and October 2011, and January and March 2012.

The division services a standing committee of the Council, namely, the Committee on Members' Interests. It also services the

Committee on Rules of Procedure and the Investigation Committee established under Rule 49B(2A) of the Rules of Procedure in respect of the Motion to censure Honourable KAM Nai-wai. During the report period, the Committee on Members' Interests held three open meetings and 11 closed meetings and submitted to the Council three reports, while the Committee on Rules of Procedure held five meetings and submitted to the Council one report. The Investigation Committee established under Rule 49B(2A) of the Rules of Procedure in respect of the Motion to censure Honourable KAM Nai-wai held 20 meetings and two hearings and submitted to the Council one report during the report period.

The Chief Council Secretaries of the division, with the support of Senior Council Secretaries, provide services for meetings-cum-luncheons held between Members and District Council members. Matters which require follow-up actions by Members are referred to the Panels concerned or dealt with in case conferences serviced by the Complaints Division.

Division 4

Council Business Division 4 provides secretariat and support services to the Public Accounts Committee, a standing committee of the Council, and the Parliamentary Liaison Subcommittee of the House Committee. The division also coordinates parliamentary and corporate liaison activities including making arrangements for Members' participation in overseas conferences and seminars.

During the period from 1 April 2011 to 31 March 2012, the Public Accounts Committee held seven public hearings and 18 meetings, and submitted to the Council two reports on its examination of the Director of Audit's value for money audit reports. The Parliamentary Liaison Subcommittee maintains contact with the friendship groups which the Council has formed with the Legislatures of Australia, Canada, the European Union, Japan and Singapore, and other Legislatures. Members of the Subcommittee, together with other Members of the Council, held 102 meetings with visiting parliamentarians and dignitaries.

The division was responsible for the relocation of the Legislative Council to the new Complex at Tamar. It also oversees the development of the new Archives as well as the planning and implementation of enhanced and new education and visitor services upon the commissioning of the Complex.

The Legislative Council Archives was open to the public with limited services in January 2012. Established in accordance with international standards and best practices, the Archives selects, acquires and preserves invaluable records which document the history, core functions and activities of the Legislative Council and provides records reference and access services for Members and their assistants, staff of the Secretariat and members of the public. In 2011, about 500 linear metres of records were appraised of possessing archival value and transferred to the Archives. Through the implementation of an electronic archives management system, paperless application for the Reader's Card, search and order of archival records for

consultation are now available for on-site archives users. The system will be enhanced to provide access via Internet in due course. An archives and records management policy has also been developed to ensure that records of the Legislature will be properly managed as a vital information resource from creation to final disposal through staff training, provision of guidelines and standards, and periodic reviews.

To enhance public understanding of the work of the Council, guided educational tours of the Legislative Council Complex are provided for the public. To make these tours more interesting and informative, new education facilities including a Video Corner, a Memory Lane, two Education Galleries, an Education Activities Room, and a Children's Corner are provided along the routing of the guided tour of the Complex. A Souvenir Shop has also been set up for the sale of Legislative Council branded souvenirs.

Since the relocation of the Legislative Council to the Complex in late 2011, 861 guided educational tours had been conducted by the division for 24 409 visitors including members of the public and students. New and enhanced educational activities introduced included 186 role-play sessions of the law-making process for students and 75 story-telling sessions for young children.

An enhanced "Education Service" section is now available on the revamped Legislative Council Website which was launched in late 2011. This new section provides a variety of learning and teaching resources related to the Legislative Council, such as video clips and presentation slides introducing the Council, guidelines on conducting role-play of the

law-making process at schools, and interactive games on themes related to the Council.

The division is also responsible for coordinating Legislative Council Members' regular meetings and lunches with councillors of Heung Yee Kuk and members of the 18 District Councils. The Chief Council Secretaries of the division, on a rotation basis, provide services for meetings-cum-luncheons held between Members and District Council members. Matters which require follow-up actions are referred to the Panels concerned or dealt with in case conferences serviced by the Complaints Division.

Legal Service Division

The Legal Service Division provides legal advice and support to the Legislative Council and its committees, in their scrutiny of bills and subsidiary legislation, examination of public policies, and the handling of complaints, 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 Division

The Research Division provides research services to the Council and its committees as well as Secretariat staff. It also undertakes search tasks and produces brief write-ups on topical issues and other areas of interest on request.

The publications prepared by the Research Division can be categorized into research reports, information notes and fact sheets. Research reports provide in-depth analysis of the policy issues under study and extensive coverage of the situations in several overseas jurisdictions identified for comparison. Information notes are focused researches on topical issues. The scope of information notes is usually not as broad as that of research reports, as they deal with selected topics of concern. Fact sheet are relatively short research papers containing basic factual information and statistics about a particular issue, usually in the local context.

During the period under review, the Research Division completed a total of 136 research publications comprising two research reports, 40 information notes and 94 fact sheets. A list of the major subjects studied is in **Appendix 4**.

Legislative Council Library

The Legislative Council Library provides reference support for Members and their assistants, Secretariat staff, researchers and members of the public through its five major categories of collections including Legislative Council records, constitutional collection, Basic Law collection, civic education publications, and general reference materials. Following the endorsement of the Commission to transform the Library into a constitutional library, the size of the constitutional and parliamentary collection in the Library reached 18 854 items, equivalent to 47% of the total number of books as of March 2012.

During the period, the number of visits made to the Library was 12 531 and the number of books accessed 3 490. The Library also handled a total of 1 609 enquiries and conducted 29 search tasks which involved search for and collation of in-depth information from various sources. The number of enquiries and search tasks had decreased as compared with that in the previous year, mainly on account of an enrichment of information available on the Legislative Council Website including new databases developed by the Library, new information packs relating to the Council business and the Basic Law, new dossiers on selected topics, digitization of Legislative Council records; enhancement of the search engine for retrieval of information; creation of a dedicated Website for the Library; the conduct of more workshops to familiarize users with the information services provided by the Library; and the closure of the Library for one month in August/September 2011 in

connection with the relocation of the Library to the new Legislative Council Complex.

Complaints Division

The Complaints Division provides support service for Members to deal with complaints and representations lodged with the Redress System of the Legislative 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 assisting Members in examining the cases lodged and determining suitable courses of action, scheduling and servicing interviews with complainants and case conferences with government officials, meeting and corresponding with complainants, as well as communicating with relevant organizations and government departments.

In 2011-2012, the division assisted Members in handling 1 998 cases, which comprised 229 group representations and 1 769 individuals' cases. The topical issues dealt with included those related to the administration of social security schemes, Mainland-Hong Kong families, land use, redevelopment, management of public housing estates, as well as public transport matters.

During the period, the division continued to widen the perspective of staff in complaints handling through participation in local training programmes and adoption of the best practices of other complaint handling agencies. Further, arrangements were made for them to attend workshops on topical

issues of complaint, courses on efficient handling of complaint situations and sessions on experience sharing.

Public Information Division

The Public Information Division provides public relations advice and media support services for the Legislative Council and its Members, and enhances public understanding of the work of the Council through the development and implementation of information and publicity programmes on the Legislature. The division issues press releases on all Council business related matters, handles press and public enquiries, provides press marshalling services and arranges media briefings and interviews for the Council and its committees. It also oversees and manages the operation of the televising system in the Legislative Council Complex to film and broadcast live on the Legislative Council Website all open meetings and official media briefings of the Council and its committees, and provides live audio/video signals of these meetings and briefings to the media to promote public awareness of the Council's work.

During the period from 1 April 2011 to 31 March 2012, the division issued a total of 279 press releases on the business and activities of the Council and organized 87 official media briefings for Members. It also received and handled 18 495 telephone, fax and walk-in enquiries and 1 132 e-mail enquiries. It also provides a daily newspaper clipping service for Members to keep them abreast of media reports and public views on topical issues.

The televising system in the Legislative Council Complex commenced operation on 3 October 2011. From that day to 31 March 2012, the division filmed and televised a total of 23 Council meetings (including three Chief Executive's Question and Answer sessions), 443 committee meetings and 17 media briefings, which amounted to a total of 1 169.5 hours. Footages of these meetings and briefings were widely used in the news reports of various TV news organizations.

The division also supervises and monitors the daily operation of the annunciator system inside the Legislative Council Complex, which provides the meeting schedules, broadcasts open meetings and media briefings, and disseminates of urgent and important information to users of the Complex.

The division is responsible for the production of Council publications, including the Legislative Council Annual Report and fact sheets introducing the work of the Council and the facilities of the Legislative Council Complex. During the period under review, the division produced a book entitled "Legislative Council Then and Now: A Journey to the New Complex" to commemorate the commissioning of the Legislative Council Complex. The book presents an overview of the constitutional development of Hong Kong over the years, reviews the evolution of the Legislature since its establishment in 1843 and describes in detail the architectural features and facilities of the Legislative Council Complex. It is available for public sale in the Souvenir Shop in the Legislative Council Complex.

The division issues "the Legislative Council Reporter" after each Council meeting to record the business transacted and important decisions made at the meeting. The division also provides photographic services for Members and all official events of the Council and maintains a "Photo and Video Gallery" on the Legislative Council Website which presents Council related photos and videos for public viewing.

The division manages the "Legislative Council Photo Archives" in the Legislative Council Secretariat's Intranet to enable Members and Secretariat staff to browse, download or order photos of the activities of the Council and its committees when necessary. The division also updates information on the relevant webpages of the Legislative Council Website and fax-on-demand system through which members of the media and the public are able to access up-to-date Council information at all times.

Translation and Interpretation Division

The 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, i.e. the floor version, and then translated into two versions, one in Chinese and the other in English. Both the floor and

translated versions of the Official Record can be viewed on the Council's Website. For the 38 Council meetings held during the period under review, the division produced 9 663 pages of the floor version of the Official Record. The floor version was subsequently rendered into 14 029 pages of English text and 9 928 pages of Chinese text.

The division also translates questions, motions, committee papers, minutes of meetings and other Council papers. During the year, its total translation output amounted to 12 894 180 words.

During the period under report, the division continued to strive for efficiency and productivity gains through further streamlining the work processes, more flexible deployment of staff under pooling arrangements and effective use of information technology. Sustained efforts were also made to ensure the timely release of draft, confirmed floor version and translated versions of the Hansard within three, seven and 24 working days respectively under the enhanced performance pledges.

Administration Division

The 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 20 meetings and five visits of the Commission. It also serviced a meeting-cum-luncheon held between Members and District Council members. In addition, the division organized a total of 61 social functions for Members.

The division also serviced the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement which was formed by the House Committee in 2008 with a view to examining issues relating to the level of remuneration and operating expenses reimbursement for Legislative Council Members. During 2011-2012, the Subcommittee reviewed the proposed package endorsed by the Chief Executive-in-Council on 13 March 2012 having regard to the recommendations of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administration Region ("the Independent Commission"). Taking into account the nature and complexity of Members' work nowadays and the support required by Members to perform their constitutional functions under the Basic Law, the Subcommittee considered that the increase in Operating Office Expenses Reimbursement by 20% proposed by the Independent Commission was inadequate, and there was a genuine and urgent need for a more in-depth review to be conducted by

the Independent Commission shortly after the start of the next term of Legislative Council.

With the commissioning of the new Complex at Tamar in October 2011, the Legislative Council smoothly moved out of the Legislative Council Building which was home to the Legislature for the past 26 years. To commemorate this nostalgic moment, the Commission held a gathering on 18 July 2011 for over 200 incumbent and former Members, key staff of the Secretariat as well as members of the Legislative Council beat reporters to bid farewell to this 100-year-old building. The opportunity was also taken to unearth the Time Capsule laid underneath the Legislative Council Building Carpark in 1997.

Financial Arrangement and Audit

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 capital and time-limited projects.

Where additional resources are required for the introduction of new and improved services, the Commission will put forward bids under the Government's annual Resource Allocation Exercise. The bids will be considered by the Government on their own merits. If the proposed bids for recurrent resources are successful, funds will be provided yearly in the OEE.

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 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 uses its resources in performing its functions and exercising its powers.

The net financial provisions for the Commission in 2011-2012 amounted to \$584.1 million, which comprised \$161.4 million for Members' remuneration and operating expenses reimbursements, and \$422.7 million for the Secretariat's staff emoluments and general expenses. To ensure the efficient and effective support for the Legislative Council and its committees, the Commission approved a budgeted deficit of \$19.5 million for the Secretariat's operations, with the understanding that it

might have to be absorbed by the Commission's Operating Reserve. As shown in the Statement of Changes in Accumulated Funds in the audited accounts on pages 25 to 55, the actual loss absorbed for the year was \$13.8 million. The loss was mainly due to the need to undertake special inquiries, such as the setting up of a subcommittee to study the issues arising from Lehman Brothers-related minibonds and structured financial products.

Compliance Audit on Members' Claims for Reimbursement of Operating Expenses

To enhance the accountability and transparency in Members' claims for reimbursement of operating expenses that arise out of their Legislative Council duties, an independent audit firm has been appointed to conduct field audits at Members' offices. The primary objective of the audit is to ensure that the provisions on conflict of interest and declaration of interest stipulated in the Guide for Reimbursement of Operating Expenses for Members of the Legislative Council ("the Reimbursement Guide") are complied with.

The fifth audit report covering the 2010-2011 legislative year was presented to the Commission in April 2012. It stated that Members complied with, in all material respects, the provisions on conflict of interest and declaration of interest as stipulated in the Reimbursement Guide, and no particular instance of violation was reported. On the instructions of the Commission, the audit report is open for public inspection at the Legislative Council Library.

Appointment of Staff

Appointment of Secretariat staff is normally on a three-year agreement basis. 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.

Following the principles of prudent use of public money and financial accountability, the Legislative Council Secretariat has all along addressed the growing demands for services through internal re-deployment of existing resources, outsourcing and streamlining of work processes wherever possible. It is only when additional demands cannot be absorbed within approved funding or when new services are required that the requests for additional resources are put forward to the Administration. With the additional funding support from the Administration, 38 permanent posts were created in April 2012, mainly for providing expanded services upon the commissioning of the new Legislative Council Complex in September 2011.

During the year, a total of 49 recruitment exercises were conducted, including 28 open recruitment exercises, 12 open-cum-internal recruitment exercises and nine internal recruitment/selection exercises. A total of 183 new staff and 37 serving staff were

appointed or promoted through these exercises.

The Commission is committed to promoting the employment of persons with disabilities through giving opportunities to job applicants with disabilities to compete equally with other applicants without disabilities. Pursuant to the decision of the Commission in March 2011 to adopt the policy and preferential appointment procedure for the employment of persons with disabilities ("PWDs") in the Secretariat, four PWDs were appointed to work in office administration and visitor services during the year.

A pilot scheme is in place to enhance the recognition for Associate Degree qualification for appointment to the Secretariat through the grant of an incremental credit of one salary point above the entry point to successful candidates who have attained Associate Degree qualification or above for appointment to the rank of Assistant Visitor Services Officer ("AVSO") which requires two passes at Advanced Level in the Hong Kong Advanced Level Examination plus three credits in the Hong Kong Certificate of Education Examination ("2A3O") in the Secretariat. In the AVSO recruitment exercise, nine candidates who held qualifications at Associate Degree level or above were appointed. The grant of an incremental credit is successful in providing an incentive for holders of AD qualifications or above to apply for appointment with the Secretariat.

Staff Development and Succession Planning

Since the establishment of the Staff Development and Succession Committee in 2009, the Secretary General and Heads of Divisions have continued to implement career posting, cross-stream attachment and secondment schemes for the career development of staff members. In August and September 2011, Career Development Subcommittees formed for each grade or group of grades drew up training plans for staff in each and every rank of the Secretariat. The training plans serve as the blueprint for the formulation of training programmes for skills enhancement and career development.

In 2011-2012, 184 staff members enrolled in training programmes on National Studies, Basic Law, legal matters, customer service, management, communication skills, writing skills, accounting and financial management, Putonghua, language skills and information technology management organized by the Civil Service Training and Development Institute and the General Grades Office of the Civil Service Bureau. In-house training for skills enhancement and professional development was also arranged for 1 394 staff attendance. Such training covered a wide range of areas including law drafting, security reinforcement, communication skills in customer services, complaints and media handling skills, archives and records management, writing skills, language skills, research, human resources management, administrative practices, information technology, construction safety, first aid, occupational safety and health, and dessert making.

Staff also conducted duty visits or attended development programmes outside Hong Kong to broaden their exposure. Details are as follows –

- the Secretary General, the Legal Adviser and a Chief Council Secretary visited the constitutional court library in Karlsruhe of Germany and the parliamentary libraries of Germany, Netherlands, European Parliament and Belgium;
- the Legal Adviser attended the 3rd Meeting of Organization for Economic Co-operation and Development Parliamentary Budget Officials in Sweden. He also attended the seminars on "科學施政與制度化建設" and "'一國兩制'高級論壇2011: 特別行政區制度" in Macau;
- a Principal Council Secretary attended the 61st Westminster Seminar on Parliamentary Practice and Procedures and the 2nd Westminster Workshop Series: The Public Accounts Committee;
- a Principal Council Secretary attended the Ombudsman study programme in the United Kingdom;
- the Head (Translation and Interpretation) attended the Tenth Triennial Conference of the Commonwealth Hansard Editors Association in the Republic of Trinidad and Tobago;
- an Assistant Legal Adviser attended the Legislative Drafting course at the University of London;

-
- a Chief Council Secretary and an Assistant Legal Adviser attended the Professional Development Programme arranged by the Parliament of the United Kingdom;
 - a Chief Council Secretary and a Senior Council Secretary attended the National Studies Courses at Tsinghua University and Shenzhen Graduate School of Peking University; and
 - a Chief Translation Officer attended the Mainland Immersion Course at Jinan University of Guangzhou.

Staff Consultative Committee

The Staff Consultative Committee, comprising 25 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 four meetings during the year.

Staff Recreation

A Staff Recreation Club is formed to promote friendship and mutual support among staff of the Secretariat, and to organize recreational activities. The recreational activities organized during the period under review included outings, interest classes, photography competition and Christmas party.

Accommodation

Apart from the Legislative Council Complex, facilities and offices of the Council are accommodated at two other locations: the fourth and sixth floors of Citibank Tower (Translation and Interpretation Division); and the ground, mezzanine, eighth and tenth floors of the Murray Road Multi-Storey Carpark Building (Administration Division and Archives Division).

Art in the Legislative Council

With the vision to bring art into the new Legislative Council Complex so as to enrich the cultural life of Hong Kong city and the public and to make art a part of their life, the Commission has adopted a set of policy and guidelines for the acquisition of art pieces. In December 2009, a sum of \$12.4M was approved by the Finance Committee as a start-up fund for acquiring art pieces.

Since 2010, with the endorsement of the Commission, the Secretariat has acquired 16 items/sets of original works of art and one decorative feature piece by Hong Kong based artists and overseas artists. The art pieces in the Legislative Council Complex are mostly about the cityscape of Hong Kong portraying the urban landscape and urban life. They now adorn common foyers, conference rooms and corridors of the Legislative Council Complex.

Development of Information Technology

The Information Technology Office of the Administration Division completed the Information Systems Strategic Planning (ISSP) Phase I Projects for system migration and user relocation in September 2011. In the new Legislative Council Complex, various IT systems now support Members and Secretariat staff in their daily operations, Council business activities, communication, information sharing and collaboration. The implementation of ISSP Phase II Projects which include the following systems, is underway –

- the Human Resources Information System which will be upgraded to integrate various services such as overtime and vacation leave records, job application tracking, statutory minimal wage calculation etc, into a single management environment;
- the Assets Tracker System which will be redeveloped to enhance the productivity. New features including automatic workflow management, assets life cycle management, mobile inventory checking and stationary ordering services will be introduced;
- the New Bills and Scripts System which will be completed by late 2012 aims to assist users in preparing script for bills and amendments more efficiently; and
- the Library System which will be upgraded to improve overall performance, reliability and resilience would be completed by late 2012.

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 5**.

All staff of the Secretariat will continue to make efforts to protect the environment through the green measures set out in the report. Special efforts to reduce electricity consumption and paper consumption were made during the year under review.

Report of the Director of Audit



Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Audit Report

To The Legislative Council Commission

I have audited the financial statements of The Legislative Council Commission set out on pages 25 to 55, which comprise the balance sheet as at 31 March 2012, and the income and expenditure account, statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Legislative Council Commission's Responsibility for the Financial Statements

The Legislative Council Commission is responsible for the preparation of financial statements that give a true and fair view in accordance with section 13(3)(a) of The Legislative Council Commission Ordinance (Cap. 443) and Hong Kong Financial Reporting Standards, and for such internal control as The Legislative Council Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The Legislative Council Commission, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of The Legislative Council Commission as at 31 March 2012, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with section 13(3)(a) of The Legislative Council Commission Ordinance.



David Sun
Director of Audit

10 July 2012

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

The Legislative Council Commission Income and Expenditure Account for the year ended 31 March 2012

(Expressed in thousands of Hong Kong dollars)

	Note	2012	2011
Income			
Financial provisions from Government	3(a)	584,113	450,628
Investment income	3(b)	6,494	3,930
Other income	3(c)	1,026	698
		591,633	455,256
Expenditure			
<i>Recurrent</i>			
Members' remuneration and medical allowances	4(a)	53,310	51,374
Members' operating expenses reimbursements	4(a)	103,851	99,981
Staff emoluments	4(b)	306,501	248,995
General expenses	4(c)	77,985	39,045
<i>Non-recurrent</i>			
Members' non-recurrent expenses reimbursements	4(d)	1,741	1,575
Other non-recurrent expenses	4(e)	15,190	6,696
		558,578	447,666
Surplus for the year		33,055	7,590

The notes on pages 30 to 55 form part of these financial statements.

The Legislative Council Commission Statement of Comprehensive Income for the year ended 31 March 2012

(Expressed in thousands of Hong Kong dollars)

	2012	2011
Surplus for the year	33,055	7,590
Other comprehensive income		
(Loss)/Gain arising from revaluation of available-for-sale securities	<u>(1,828)</u>	<u>770</u>
Total comprehensive income for the year	<u>31,227</u>	<u>8,360</u>

The notes on pages 30 to 55 form part of these financial statements.

The Legislative Council Commission

Balance Sheet as at 31 March 2012

(Expressed in thousands of Hong Kong dollars)

	Note	2012	2011
Non-current assets			
Fixed assets	5	65,896	22,277
Operating funds advanced to Members	7	12,572	12,436
Held-to-maturity securities	8	9,078	10,108
Structured deposit	9	7,765	7,784
Available-for-sale securities	10	9,934	11,727
		105,245	64,332
Current assets			
Souvenir stock		961	-
Prepayments, deposits and other receivables	11	2,805	2,604
Operating funds advanced to Members	7	-	64
Held-to-maturity securities	8	1,001	15,994
Structured deposit	9	-	7,800
Bank deposits		190,926	157,987
Cash at bank and in hand	12	1,998	2,486
		197,691	186,935
Current liabilities			
Payables and accruals	13	53,751	48,502
Contract gratuities accrued		43,598	14,987
		97,349	63,489
Net current assets		100,342	123,446
Total assets less current liabilities		205,587	187,778
Non-current liabilities			
Contract gratuities accrued		17,977	31,546
Deposits received		151	-
		18,128	31,546
Net assets		187,459	156,232
Accumulated funds			
Operating reserve		119,325	133,113
Investment revaluation reserve		81	1,909
Accumulated surplus		68,053	21,210
		187,459	156,232

Approved and authorized for issue by The Legislative Council Commission on 10 July 2012



Hon Jasper Tsang Yok Sing, GBS, JP
Chairman
The Legislative Council Commission



Ms Pauline Ng Man Wah, SBS
Secretary General
Legislative Council Secretariat

The notes on pages 30 to 55 form part of these financial statements.

The Legislative Council Commission

Statement of Changes in Accumulated Funds

for the year ended 31 March 2012

(Expressed in thousands of Hong Kong dollars)

	2012	2011
Operating reserve		
At beginning of year	133,113	137,215
Transfer to accumulated surplus	(13,788)	(4,102)
At end of year	119,325	133,113
Investment revaluation reserve		
At beginning of year	1,909	1,139
Other comprehensive income for the year	(1,828)	770
At end of year	81	1,909
Accumulated surplus		
At beginning of year	21,210	9,518
Surplus for the year	33,055	7,590
Transfer from operating reserve	13,788	4,102
At end of year	68,053	21,210
Total accumulated funds at end of year	187,459	156,232

The notes on pages 30 to 55 form part of these financial statements.

The Legislative Council Commission Statement of Cash Flows for the year ended 31 March 2012

(Expressed in thousands of Hong Kong dollars)

	Note	2012	2011
Cash flows from operating activities			
Financial provisions received from Government	3(a)	584,113	450,628
Other income received		930	437
Payments to and on behalf of Members		(158,648)	(153,634)
Payments to staff		(286,355)	(238,701)
Payment of operating expenses		(76,620)	(36,358)
Net cash from operating activities		63,420	22,372
Cash flows from investing activities			
Purchase of fixed assets		(61,159)	(5,573)
Proceeds from sale of fixed assets		10	72
Redemption of held-to-maturity securities		16,000	4,000
Redemption/(Placement) of structured deposit		7,800	(7,771)
Purchase of available-for-sale securities		-	(201)
(Increase)/Decrease in bank deposits with original maturity over three months			
Uplifts		265,517	193,273
Placements		(310,274)	(189,825)
		(44,757)	3,448
Interest received		3,996	2,901
Dividends received		277	190
Net cash used in investing activities		(77,833)	(2,934)
Net (decrease)/increase in cash and cash equivalents		(14,413)	19,438
Cash and cash equivalents at beginning of year		42,985	23,398
Effect of foreign exchange rate changes		127	149
Cash and cash equivalents at end of year	12	28,699	42,985

The notes on pages 30 to 55 form part of these financial statements.

Notes to the Financial Statements

(Amounts expressed in thousands of Hong Kong dollars unless otherwise stated)

1 GENERAL

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 ("LegCo") of the Hong Kong Special Administrative Region ("HKSAR") through the Legislative Council Secretariat.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), a collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). A summary of the significant accounting policies adopted by the Commission is set out below.

2.2 Basis of preparation of the financial statements

The measurement basis used in the preparation of these financial statements is historical cost, except that available-for-sale securities (note 2.3.2.3) are stated at fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, as well as income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2.2.1 Accounting judgements and estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements involved in the application of the Commission's accounting policies. There are also no key assumptions concerning the future, or other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the coming year.

2.3 Financial assets and financial liabilities

2.3.1 Initial recognition

The Commission classifies its financial assets and financial liabilities into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. The categories are: loans and receivables, held-to-maturity securities, available-for-sale securities and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value, which normally equals to the transaction price concerned. Transaction costs that are directly attributable to the acquisition of financial assets or the issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Commission recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of an instrument. Purchases and sales of financial assets are accounted for at settlement date.

2.3.2 Categorization

2.3.2.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Commission has no intention of trading. This category includes operating funds advanced to Members, structured deposits, receivables, bank deposits and cash at bank.

At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method less impairment losses, if any (note 2.3.6). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Commission estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.3.2.2 Held-to-maturity securities

Held-to-maturity securities are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Commission has the positive intention and ability to hold to maturity, other than those that meet the definition of loans and receivables.

At each balance sheet date subsequent to initial recognition, held-to-maturity securities are carried at amortized cost using the effective interest method less impairment losses, if any (note 2.3.6).

2.3.2.3 Available-for-sale securities

Available-for-sale securities are non-derivative securities that are designated as available for sale or are not classified in any of the other categories above. They include securities intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in the market environment.

At each balance sheet date subsequent to initial recognition, available-for-sale securities are carried at fair value. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income and recorded separately in the investment revaluation reserve. Gains and losses arising from foreign exchange translation are recognized in the income and expenditure account.

When available-for-sale securities are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying amount, as well as the accumulated fair value adjustments released from the investment revaluation reserve to the income and expenditure account.

2.3.2.4 Other financial liabilities

Other financial liabilities are carried at amortized cost using the effective interest method.

2.3.3 Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If there is no publicly available latest traded price nor a quoted market price on a recognized stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the financial asset or financial liability is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on the management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

2.3.4 Derecognition

A financial asset is derecognized when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

The Commission uses the weighted average method to determine realized gains and losses to be recognized in the income and expenditure account on derecognition.

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled, or when it expires.

2.3.5 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.3.6 Impairment of financial assets

The carrying amounts of loans and receivables, held-to-maturity securities and available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment.

When there is objective evidence that an impairment loss on loans and receivables or held-to-maturity securities has occurred, the loss is recognized in the income and expenditure account as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition of the asset. If in a subsequent period, the amount of such impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the income and expenditure account.

When there is objective evidence that an impairment loss on available-for-sale securities has occurred, the cumulative loss previously recorded in the investment revaluation reserve is removed from the investment revaluation reserve and recognized in the income and expenditure account even though the financial asset has not been derecognized. The cumulative loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income and expenditure account. Impairment losses for available-for-sale debt securities are subsequently reversed if an increase in fair value of the investment can be objectively related to an event occurring after the impairment loss was recognized. In respect of available-for-sale equity securities and exchange traded funds ("ETFs"), impairment losses previously recognized in the income and expenditure account are not reversed through the income and expenditure account in subsequent periods. Any such subsequent increases in fair value are recognized in other comprehensive income and recorded in the investment revaluation reserve.

2.4 Souvenir stock

With the commissioning of the new Legislative Council Complex, a souvenir shop was set up in November 2011.

Souvenir stock is stated at the lower of cost or net realizable value. Cost is calculated using the weighted average method. It comprises design fees, mould charges and other production costs of the souvenir items. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.5 Fixed assets

2.5.1 Measurement of fixed assets

2.5.1.1 Works of art acquired are capitalized and recognized in the balance sheet at cost less impairment losses, if any (note 2.5.2). They are not depreciated or revalued.

2.5.1.2 Other fixed assets are stated at cost less accumulated depreciation and less impairment losses, if any (note 2.5.2). Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, on a straight-line basis over their estimated useful lives as follows:

- Furniture and fixtures	10 years
- Motor vehicles and office equipment	5 years
- Computers and software	3 years

Work in progress is not depreciated.

Gains or losses arising from the disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amounts of the assets, and are recognized in the income and expenditure account at the time of disposal.

2.5.2 Impairment of fixed assets

The carrying amounts of fixed assets are reviewed at each balance sheet date to identify any indication of impairment. If there is an indication of impairment, an impairment loss is recognized in the income and expenditure account whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use.

2.6 Cash equivalents

For the purpose of the statement of cash flows, cash equivalents include cash at bank and bank deposits with original maturity within three months.

2.7 Staff benefits

2.7.1 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 provided for and charged to the income and expenditure account. Those gratuities payable within one year from the balance sheet date are classified as current liabilities, while others are classified as non-current liabilities.

2.7.2 Contributions to Mandatory Provident Fund ("MPF")

To comply with the requirements under the MPF Schemes Ordinance (Cap. 485), the Commission has set up an MPF Scheme by participating in a master trust scheme provided by an independent MPF service provider. Contributions paid and payable by the Commission to the Scheme are charged to the income and expenditure account.

2.7.3 Staff leave entitlements

Staff's unexpired entitlements to paid annual leave as a result of services rendered up to the balance sheet date are charged to the income and expenditure account according to each individual staff member's remuneration package.

2.8 Revenue and expenditure recognition

2.8.1 Financial provisions from Government

Financial provisions from the HKSAR Government are recognized in the period when receivable.

2.8.2 Interest income

Interest income is recognized as it accrues using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

2.8.3 Other investment income

Dividend income from listed securities is recognized when the share price of the investment is quoted ex-dividend.

Realized gains or losses on financial instruments are recognized in the income and expenditure account when the financial instruments are derecognized.

2.8.4 Souvenir sales

Revenue from the sale of souvenirs is recognized when a souvenir item is sold to the customer.

2.8.5 Expenses

Members' remuneration, staff emoluments and the Secretariat's operating expenses are accounted for as they are incurred. Members' reimbursable operating expenses and medical allowances are accounted for as they are claimed; and end-of-service gratuities payable to Members are accounted for at the end of each LegCo term when back-to-back financial provisions from the Government are obtained.

2.9 Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars using the closing exchange rates at the balance sheet date. Exchange gains and losses are recognized in the income and expenditure account.

2.10 Impact of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs which are effective for the current accounting period. There have been no changes to the Commission's accounting policies or impact on its operating results and financial position as a result of these developments.

The Commission has not applied any new standard that is not yet effective for the current accounting period (note 19).

3 INCOME

(a) Financial provisions from Government

	2012	2011
Financial provisions from Government for specified ambits		
Recurrent items		
Members' remuneration, medical allowances and operating expenses reimbursements	160,015	147,755
Secretariat's operating expenses	355,503	275,225
Non-recurrent items		
Members' non-recurrent expenses reimbursements	1,400	1,510
Secretariat's non-recurrent expenses	52,010	24,911
	568,928	449,401
Allocation warrants issued by government departments and utilized during the year		
Recurrent and non-recurrent items		
Secretariat's expenses	15,185	1,227
Total	584,113	450,628

(b) Investment income	2012	2011
Interest income from financial assets not at fair value		
Held-to-maturity securities	966	1,308
Structured deposits	164	181
Bank deposits	2,957	1,485
	<u>4,087</u>	<u>2,974</u>
Dividend income from available-for-sale securities	318	271
Net exchange gains	2,089	685
Total	<u>6,494</u>	<u>3,930</u>
(c) Other income	2012	2011
Souvenir sales	678	-
Sundry income	348	698
Total	<u>1,026</u>	<u>698</u>

4 EXPENDITURE

(a) Members' remuneration, benefits and operating expenses reimbursements

Members are provided with remuneration, benefits and reimbursements for expenses arising from LegCo duties. A medical allowance and an end-of-service gratuity, which is calculated at 15% of the remuneration earned by the Member concerned and payable at the end of each four-year LegCo term, were first introduced in the LegCo term starting from 1 October 2008. The rates of such remuneration, benefits and reimbursements are proposed by the Government on the advice of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR, and approved by the Finance Committee of LegCo.

Under the delegated authority from the Finance Committee, the rates for Members' remuneration, medical allowance 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:

	Oct 2011 to Sept 2012 (\$)	Oct 2010 to Sept 2011 (\$)	Oct 2009 to Sept 2010 (\$)
Monthly remuneration			
President	146,300	140,800	138,860
President's Deputy and House Committee Chairman	109,730	105,600	104,150
Members not serving on the Executive Council of the Government	73,150	70,400	69,430
Members serving on the Executive Council of the Government	48,770	46,930	46,290
Annual medical allowance	28,020	26,970	26,600
Annual operating expenses reimbursements			
Office expenses	1,719,290	1,654,750	1,631,900
Entertainment and travelling expenses	176,310	169,690	167,350
Entertainment expenses in the President's capacity	176,480	169,860	167,510
 (b) Staff emoluments			
		2012	2011
Salaries		237,995	192,554
Contract gratuities		37,027	32,210
Cash allowances		15,380	15,113
Other job-related allowances		4,992	2,868
MPF contributions		5,786	4,549
Increase in accrued leave pay		5,321	1,701
Total		306,501	248,995

(c) **General expenses**

	2012	2011
Professional and other services	22,898	11,109
Utilities, communication and building services	19,508	7,416
Depreciation	11,256	6,105
Publications	6,273	1,325
Information services	4,795	3,796
Repairs and maintenance	3,683	2,782
Office supplies	3,389	2,571
Staff related expenses	3,029	1,415
Travelling	2,079	2,224
Cost of souvenirs sold	457	-
Others	618	302
Total	77,985	39,045

(d) **Members' non-recurrent expenses reimbursements**

	2012	2011
Members' setting up expenses	1,039	795
Members' information technology and communication equipment expenses	702	780
Total	1,741	1,575

(e) **Other non-recurrent expenses**

	2012	2011
Services and non-capitalized expenses related to		
Integration and application of information technology in Legislative Council Complex	9,755	5,695
Acquisition of standard and non-standard furniture and equipment for Legislative Council Complex	2,347	-
Relocation of Legislative Council to Legislative Council complex	1,200	-
Artworks in Legislative Council Complex	1,147	945
Relocation of Members' offices	307	-
Purchase of wireless tour guide communication system	226	-
Design and installation of education facilities	154	7
Purchase of archival boxes and supplies	54	48
Replacement of vehicles	-	1
Total	<u>15,190</u>	<u>6,696</u>

5 FIXED ASSETS

	Motor vehicles	Computers and software	Office equipment	Furniture and fixtures	Work in progress	Works of art	Total
Cost							
At 1 April 2010	933	40,550	3,719	6,863	-	-	52,065
Additions	348	4,112	380	271	15,543	-	20,654
Disposals	(170)	(394)	(223)	(85)	-	-	(872)
At 31 March 2011	<u>1,111</u>	<u>44,268</u>	<u>3,876</u>	<u>7,049</u>	<u>15,543</u>	<u>-</u>	<u>71,847</u>
At 1 April 2011	1,111	44,268	3,876	7,049	15,543	-	71,847
Additions	-	24,863	3,200	9,773	15,450	1,696	54,982
Transfers	-	10,495	-	30	(13,515)	2,990	-
Disposals	-	(31,140)	(1,180)	(3,356)	-	-	(35,676)
At 31 March 2012	<u>1,111</u>	<u>48,486</u>	<u>5,896</u>	<u>13,496</u>	<u>17,478</u>	<u>4,686</u>	<u>91,153</u>
Accumulated depreciation							
At 1 April 2010	313	34,815	2,786	6,418	-	-	44,332
Charge for the year	222	5,304	417	162	-	-	6,105
Written back on disposal	(171)	(394)	(218)	(84)	-	-	(867)
At 31 March 2011	<u>364</u>	<u>39,725</u>	<u>2,985</u>	<u>6,496</u>	<u>-</u>	<u>-</u>	<u>49,570</u>
At 1 April 2011	364	39,725	2,985	6,496	-	-	49,570
Charge for the year	222	9,499	732	803	-	-	11,256
Written back on disposal	-	(31,051)	(1,179)	(3,339)	-	-	(35,569)
At 31 March 2012	<u>586</u>	<u>18,173</u>	<u>2,538</u>	<u>3,960</u>	<u>-</u>	<u>-</u>	<u>25,257</u>
Net book value							
At 31 March 2012	<u>525</u>	<u>30,313</u>	<u>3,358</u>	<u>9,536</u>	<u>17,478</u>	<u>4,686</u>	<u>65,896</u>
At 31 March 2011	<u>747</u>	<u>4,543</u>	<u>891</u>	<u>553</u>	<u>15,543</u>	<u>-</u>	<u>22,277</u>

After relocation of offices to the new Legislative Council Complex, all unserviceable assets, mainly information technology equipment in the Legislative Council Building, Citibank Tower, Murray Road Multi-Storey Carpark Building and Central Government Offices, were written off before the end of March 2012.

6 CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2012

	Loans and receivables	Held-to- maturity securities	Available- for-sale securities	Other financial liabilities	Total
Operating funds advanced to Members	12,572	-	-	-	12,572
Held-to-maturity securities	-	10,079	-	-	10,079
Structured deposit	7,765	-	-	-	7,765
Available-for-sale securities	-	-	9,934	-	9,934
Deposits and other receivables	2,272	-	-	-	2,272
Bank deposits	190,926	-	-	-	190,926
Cash at bank and in hand	1,998	-	-	-	1,998
Financial assets	<u>215,533</u>	<u>10,079</u>	<u>9,934</u>	<u>-</u>	<u>235,546</u>
Payables and accruals	-	-	-	53,751	53,751
Deposits received	-	-	-	151	151
Contract gratuities accrued	-	-	-	61,575	61,575
Financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,477</u>	<u>115,477</u>

2011

	Loans and receivables	Held-to- maturity securities	Available- for-sale securities	Other financial liabilities	Total
Operating funds advanced to Members	12,500	-	-	-	12,500
Held-to-maturity securities	-	26,102	-	-	26,102
Structured deposits	15,584	-	-	-	15,584
Available-for-sale securities	-	-	11,727	-	11,727
Deposits and other receivables	1,963	-	-	-	1,963
Bank deposits	157,987	-	-	-	157,987
Cash at bank and in hand	2,486	-	-	-	2,486
Financial assets	<u>190,520</u>	<u>26,102</u>	<u>11,727</u>	<u>-</u>	<u>228,349</u>
Payables and accruals	-	-	-	48,502	48,502
Contract gratuities accrued	-	-	-	46,533	46,533
Financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,035</u>	<u>95,035</u>

7 OPERATING FUNDS ADVANCED TO MEMBERS

	2012	2011
Operating funds advanced for		
Recurrent operating expenses	12,572	12,436
Setting up expenses	-	64
Total	<u>12,572</u>	<u>12,500</u>
Classified as:		
Current assets	-	64
Non-current assets	12,572	12,436
Total	<u>12,572</u>	<u>12,500</u>

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 as at 31 March 2012 were \$150,000 and \$100,000 (2011: \$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. As at 31 March 2012, the ceiling was \$315,933 (2011: \$304,073). Funds advanced in this respect have to be returned to the Commission when the Member concerned ceases office. They are classified as non-current assets as it is assumed that only a small number of Members would cease office after the current LegCo term, which ends on 30 September 2012.

8 HELD-TO-MATURITY SECURITIES

	2012	2011
Debt securities, at amortized cost		
Listed in Hong Kong	5,020	5,037
Listed outside Hong Kong	-	10,008
Unlisted	5,059	11,057
Total	<u>10,079</u>	<u>26,102</u>
Classified as:		
Current assets	1,001	15,994
Non-current assets	9,078	10,108
Total	<u>10,079</u>	<u>26,102</u>

9 STRUCTURED DEPOSITS

	2012	2011
Unlisted structured deposits, at amortized cost		
with interest at London Interbank Offered Rate, subject to a floor and a ceiling	7,765	7,784
with interest at a predetermined fixed rate for the first year; in the second year, the bank has a one-time right to switch the fixed rate to a floating rate at a certain percentage point above the 3-month Hong Kong Interbank Offered Rate	-	7,800
Total	<u>7,765</u>	<u>15,584</u>
Classified as:		
Current assets	-	7,800
Non-current assets	7,765	7,784
Total	<u>7,765</u>	<u>15,584</u>

10 AVAILABLE-FOR-SALE SECURITIES

	2012	2011
Equity securities and exchange traded funds, classified as Level 1 financial instruments, at fair value		
Listed in Hong Kong	<u>9,934</u>	<u>11,727</u>

No financial assets were classified under Level 2 or Level 3.

The three levels of the fair value hierarchy are:

Level 1 – fair values of financial instruments are quoted prices (unadjusted) in active markets for identical financial instruments;

Level 2 – fair values of financial instruments are determined with inputs other than quoted prices included in Level 1 that are observable for the financial instruments, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – fair values of financial instruments are determined with inputs that are not based on observable market data (unobservable inputs).

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2012	2011
Prepayments to		
Staff	4	-
Others	529	641
Deposits	26	22
Receivable from		
Government	62	7
Members	89	86
Staff	691	487
Accrued interest	1,267	1,146
Other receivables	137	215
Total	2,805	2,604

12 CASH AND CASH EQUIVALENTS

	2012	2011
Cash at bank and in hand	1,998	2,486
Bank deposits with original maturity within three months	26,701	40,499
Total	28,699	42,985

13 PAYABLES AND ACCRUALS

	2012	2011
Payable to		
Government	6,465	3,188
Members	1,098	802
Staff		
- accrued emoluments and reimbursements	741	818
- accrued leave pay	31,678	26,288
Others	13,769	17,406
Total	53,751	48,502

14 ACCUMULATED FUNDS

14.1 Operating reserve

Surpluses in recurrent financial provisions for the Secretariat's operating expenses are credited to the operating reserve at the discretion of the Commission for future use on LegCo business, such as funding any deficits.

14.2 Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in note 2.3.2.3 and 2.3.6.

15 NON-CASH TRANSACTIONS WITH GOVERNMENT

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 financial statements.

16 CAPITAL COMMITMENTS

Outstanding commitments for acquisitions of fixed assets at 31 March 2012 not provided for in the financial statements were as follows:

	2012	2011
Authorized but not yet contracted for	33,517	62,743
Authorized and contracted for	7,731	30,792
Total	41,248	93,535

17 FINANCIAL RISK MANAGEMENT

17.1 General

To provide an ancillary source of income, surplus cash is invested in a portfolio of financial instruments according to a target ratio set by the Commission. The portfolio includes fixed deposits, structured deposits, debt securities, equities and trust funds. It is the Commission's policy that all investments in financial instruments, except equities and trust funds, should be principal-protected.

The Commission's financial instruments are shown in note 6.

17.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Commission does not have significant concentrations of credit risk. The maximum exposure to credit risk at the balance sheet date without taking account of any collateral held or other credit enhancements is shown below:

	2012	2011
Operating funds advanced to Members	12,572	12,500
Held-to-maturity securities	10,079	26,102
Structured deposits	7,765	15,584
Deposits and other receivables	2,272	1,963
Bank deposits	190,926	157,987
Cash at bank	1,974	2,472
Total	<u>225,588</u>	<u>216,608</u>

In respect of operating funds advanced to Members, the credit risk is minimal, because a great proportion of the funds advanced will be offset against Members' expenses reimbursements when they cease office.

To minimize credit risks, all fixed deposits and structured deposits are placed with licensed banks in Hong Kong. For investments in debt securities, only those classified under the investment grade by Moody's or Standard & Poor's are considered. At the balance sheet date, the credit quality of investments in debt securities, analyzed by the lower of ratings designated by Moody's or Standard & Poor's, was as follows:

	2012	2011
Held-to-maturity securities by credit rating		
Aaa / AAA	-	3,999
Aa1 to Aa3 / AA+ to AA -	6,021	18,036
A1 to A3 / A+ to A-	4,058	4,067
Total	<u>10,079</u>	<u>26,102</u>

At the balance sheet date, deposits and other receivables included mainly accrued interest, the associated credit risk of which was minimal.

17.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Commission employs projected cash flow analysis to manage liquidity risk, namely by forecasting the amount of cash required and monitoring the working capital of the Commission to ensure that all liabilities due and funding requirements known could be met. As the Commission has a strong liquidity position, it has a very low level of liquidity risk.

17.4 Market risk

The Commission is exposed to market risk for its investment in financial instruments. Market risk comprises interest rate risk, currency risk and equity price risk.

17.4.1 Interest rate risk

Interest rate risk refers to the risk of loss arising from changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

- (a) Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. As the Commission's bank deposits and held-to-maturity securities bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are all stated at amortized cost, changes in market interest rates will not affect their carrying amounts and the Commission's surplus and accumulated funds.
- (b) Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission's exposure to cash flow interest risk is small as it has no major floating-rate investments other than the structured deposits and bank balances in savings accounts and overnight deposits.

The table below sets out the Commission's exposure to interest rate risk, based on the major interest bearing assets stated at carrying amounts at the balance sheet date and categorized by the earlier of contractual repricing dates or maturity dates.

	Repricing period					Total
	3 months or less	More than 3 months but not more than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years but not more than 10 years	
2012						
Held-to-maturity securities	1,001	-	5,020	-	4,058	10,079
Structured deposit	7,765	-	-	-	-	7,765
Bank deposits	68,676	122,250	-	-	-	190,926
Total	77,442	122,250	5,020	-	4,058	208,770
2011						
Held-to-maturity securities	-	15,994	1,004	5,037	4,067	26,102
Structured deposits	15,584	-	-	-	-	15,584
Bank deposits	88,053	69,934	-	-	-	157,987
Total	103,637	85,928	1,004	5,037	4,067	199,673

17.4.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

According to the Commission's policy, any financial instrument denominated in a currency other than the HK dollar, Renminbi or the US dollar has to be covered by a back-to-back forward exchange contract for converting back the funds invested into HK dollars. Moreover, the amount of US dollar denominated financial instruments, as well as its weighting in the portfolio, has to be maintained under a pre-determined level.

At the balance sheet date, financial assets totalling \$59.1 million (2011: \$65.1 million) were denominated in US dollars and \$87.3 million (2011: \$50.2 million) in Renminbi. The remaining financial assets and all financial liabilities were denominated in HK dollars. Owing to the linked exchange rate of the HK dollar to the US dollar, the Commission has a very low level of currency risk for financial assets denominated in US dollars.

For financial assets denominated in Renminbi, it was estimated that, as at 31 March 2012, a 100 basis point increase/decrease in the exchange rate of the Renminbi

against the HK dollar, with all other variables held constant, would increase/decrease the net exchange gains by \$706,786 (2011: \$420,767).

17.4.3 Equity price risk

Equity price risk is the risk of loss arising from changes in equity prices. The Commission is exposed to equity price risk through its investment in equity securities and ETFs listed on the Stock Exchange of Hong Kong Ltd.

The Commission's equity price risk is mainly concentrated on equity securities operating in the banking industry and ETFs which seek to provide investment results that closely correspond to the performance of the Hang Seng Index, the Hang Seng China Enterprises Index or those publicly traded securities in China. The Commission sets a limit on its investment in equity securities and ETFs. A Working Group on Investment formed under the Commission advises the Commission on its investment strategies.

If equity price at the balance sheet date had been 10% higher/lower, the investment revaluation reserve would have increased/decreased by \$993,404 (2011: increased/decreased by \$1,172,716) as a result of the changes in fair value of available-for-sale securities.

18 FAIR VALUES

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. In the absence of such quoted market prices, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The fair value of structured deposits is estimated by the issuer with reference to market prices.

The fair values of held-to-maturity securities and structured deposits are shown below:

	Carrying value		Fair value	
	2012	2011	2012	2011
Held-to-maturity securities	10,079	26,102	10,661	27,006
Structured deposits	7,765	15,584	7,874	15,770

All other financial instruments were stated at fair value or carried at amounts not materially different from their fair values as at 31 March 2012 and 2011.

19 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2012 and which have not been early adopted in these financial statements.

The Commission is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Commission's results of operations and financial position.

The following new standards may result in new or amended disclosures in future financial statements:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to HKAS 32, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to HKFRS 7, Financial Instruments: Disclosures – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 9, Financial Instruments	1 January 2015
HKFRS 13, Fair Value Measurement	1 January 2013

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.
- (3) To monitor progress of appointment and personnel matters delegated to the Secretary General.

Membership

Hon Jasper TSANG Yok-sing, GBS, JP (Chairman)

Dr Hon Margaret NG

Dr Hon Philip WONG Yu-hong, GBS

Hon Emily LAU Wai-hing, JP

Hon Cyd HO Sau-lan

Hon IP Kwok-him, GBS, JP

Committee on Members' Operating Expenses

Terms of Reference

- (1) To advise on administrative matters relating to Members' operating expenses.
- (2) To review Secretary General's decision on a Member's claim for operating expenses reimbursement upon the Member's request.

Membership

Hon Jasper TSANG Yok-sing, GBS, JP (Chairman)

Hon Miriam LAU Kin-yee, GBS, JP

Hon Fred LI Wah-ming, SBS, JP

Committee on Facilities and Services

Terms of Reference

- (1) To advise on matters relating to the provision of office accommodation, furniture and equipment to 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 advise on the provision of services and facilities to the public who visit the Legislative Council Building/Complex.
- (4) To formulate solutions for meeting needs identified at (1), (2) and (3).
- (5) To consider financial matters relating to (1) to (4) above, and approve procurement of fixed assets costing above \$500,000 but not exceeding \$2,000,000.
- (6) To monitor the progress and developments relating to the above items.

Membership

Hon Jasper TSANG Yok-sing, GBS, JP (Chairman)

Hon Miriam LAU Kin-yee, GBS, JP

Hon Fred LI Wah-ming, SBS, JP

Dr Hon Margaret NG

Hon Emily LAU Wai-hing, JP

Hon WONG Ting-kwong, BBS, JP

Prof Hon Patrick LAU Sau-shing, SBS, JP

Hon Cyd HO Sau-lan

Hon IP Kwok-him, GBS, JP

Committee on Art

Terms of Reference

- (1) To formulate policy/guidelines on the acquisition of works of art for the new Legislative Council (LegCo) Complex.
- (2) To advise on the locations of works of art in the new LegCo Complex.
- (3) To advise on matters relating to the display and management of the art collection in the new LegCo Complex.
- (4) To monitor the progress and developments relating to the above items.

Membership

Hon Jasper TSANG Yok-sing, GBS, JP (Chairman)

Hon Emily LAU Wai-hing, JP

Prof Hon Patrick LAU Sau-shing, SBS, JP

Hon Cyd HO Sau-lan

Hon IP Kwok-him, GBS, JP

Committee on the Use of Legislative Council Square

Terms of Reference

To consider and approve applications for the use of the Legislative Council Square and impose conditions of use where necessary.

Membership

Hon Fred LI Wah-ming, SBS, JP (Chairman)

Hon Miriam LAU Kin-yee, GBS, JP

Dr Hon Margaret NG

Hon Emily LAU Wai-hing, JP

Hon Andrew LEUNG Kwan-yuen, GBS, JP

Hon Cyd HO Sau-lan

Hon IP Kwok-him, GBS, JP

Appendix 2

Staff Establishment of the Legislative Council Secretariat

Permanent Post	As at 31.3.2012
Secretary General	1
Legal Adviser	1
Deputy Secretary General	1 *
Assistant Secretary General	4
Senior Assistant Legal Adviser	3
Chief Public Information Officer	1
Head (Research and Library Services)	1 ✧
Head (Translation and Interpretation)	1
Principal Council Secretary	2
Accountant	1
Assistant Legal Adviser	9
Chief Archivist	1
Chief Council Secretary	18
Chief Information Technology Officer	1
Chief Translation Officer	4
Deputy Head (Research and Library Services)	1 ▲
Chief Security Officer	1
Research Officer	10
Senior Council Secretary	28
Senior Information Technology Officer	3
Senior Librarian	1
Senior Public Information Officer	6
Senior Translation Officer	25
Archivist	3
Assistant Accountant	3
Council Secretary	22
Information Technology Officer	4
Librarian	4
Public Information Officer	6
Translation Officer	21
Assistant Translation Officer	3
Educator	4
Security Officer	2
Senior Administrative Assistant	8
Senior Legislative Assistant	8
Senior Security Assistant	6
Accounting Clerk	5
Administrative Assistant I	21
Assistant Information Technology Officer	7
Senior Chinese Transcriber	2
Social Functions Assistant	1
Security Assistant I	34
Assistant Visitor Services Officer	9
Legislative Assistant	19
Administrative Assistant II	69
Chinese Transcriber	7
Personal Chauffeur	1
Security Assistant II	49
Steward	10
Chauffeur	1
Artisan	3
Motor Driver	1
Clerical Assistant	26
Visitor Assistant	11
Office Assistant	19
Workman I	1
Total	514

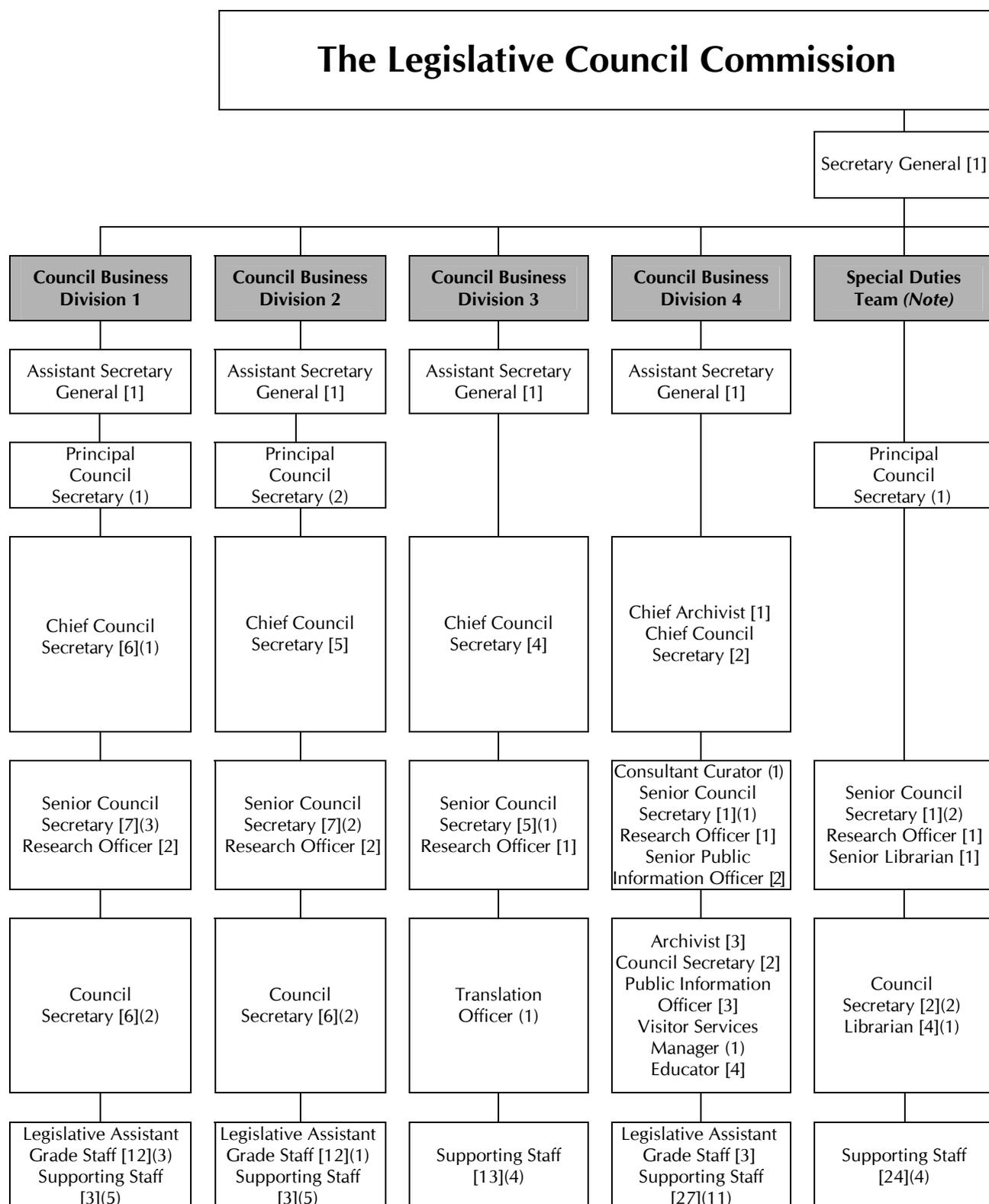
* Post frozen with effect from 25.5.2004.

✧ A temporary Principal Council Secretary post was created by holding against a frozen post of Head (Research and Library Services).

▲ A temporary Chief Research Officer post was created by holding against a frozen post of Deputy Head (Research and Library Services).

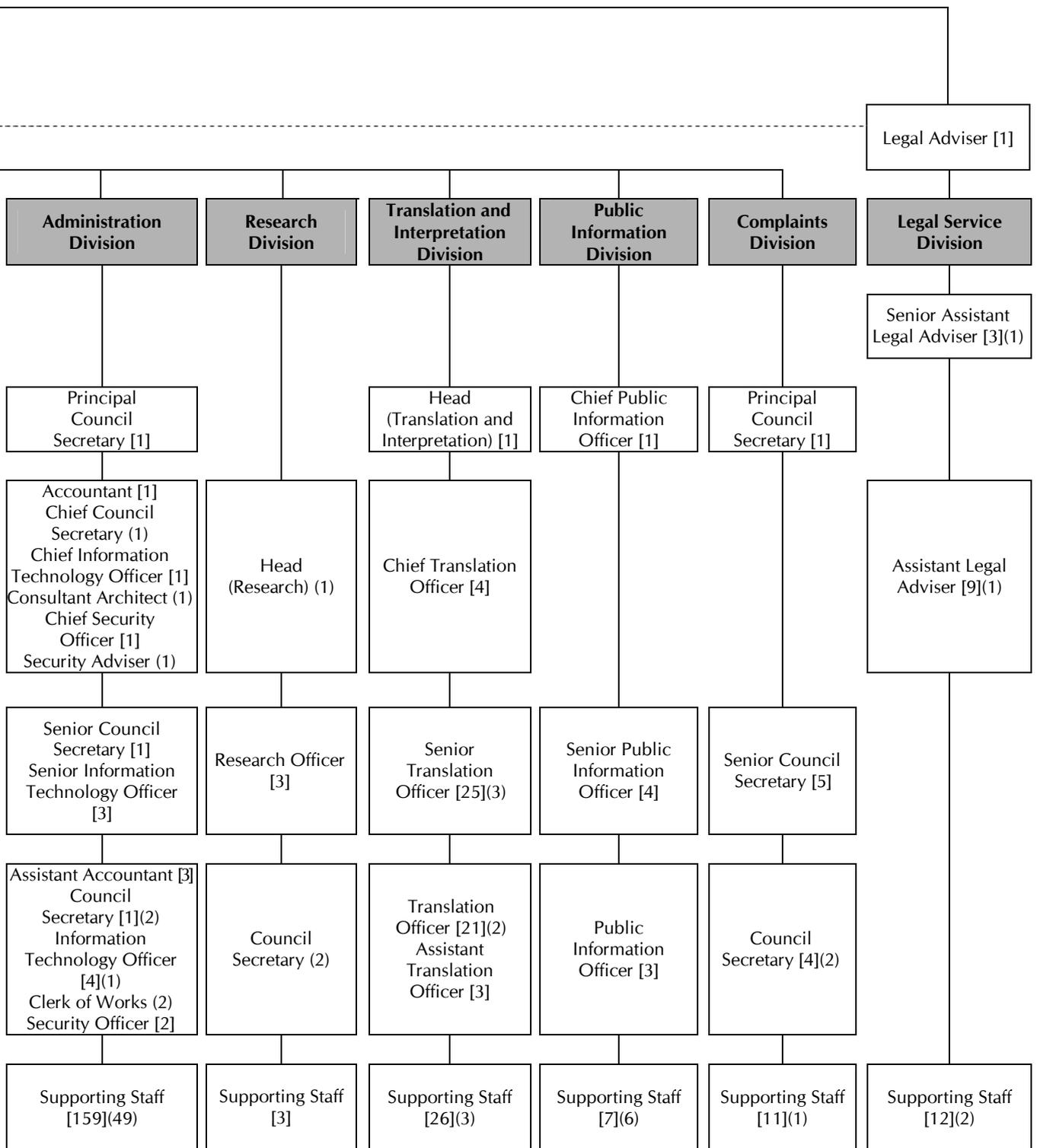
Appendix 3

Organization Structure of the Legislative Council Secretariat (as at 31.3.2012)



Figures in [] denote no. of permanent posts
 Figures in () denote no. of time-limited posts

Note: The Special Duties Team is tasked to conduct reviews, oversee the transformation of the Legislative Council Library into a constitutional library, and supervise the work of the Human Resources Office.



Appendix 4

A List of Major Subjects Studied by the Research Division

- Mechanisms for handling torture claims in selected jurisdictions
- Retirement protection system in selected places
- Harbourfront planning and management in selected places
- Protection of the rights of migrant workers in the Hong Kong Special Administrative Region
- Development of social media
- Millennium Development Goals
- Rules and practices governing parliamentary questioning in selected places
- Consumer protection in the United Kingdom and Singapore
- Mechanism in handling disclosure of medical information of senior government officials in selected places
- The World Bank conceptual framework on the reform of pension system and latest development of social security system for retirement protection in selected places
- Replacement arrangement for filling vacancies in overseas legislatures
- Free legal advice services in selected places
- Support measures for ethnic minorities and new arrivals from the Mainland
- Custody and access of children in Hong Kong
- Analysis of the long titles of bills introduced into the Legislative Council between 1998-1999 and 2011-2012 legislative years
- Composition and operation of the Obscene Articles Tribunal
- Members' remuneration and benefits in the legislatures of selected places
- Election broadcasting in selected places
- Measures to tackle the problem of pregnant Mainland women giving birth in Hong Kong
- Regulation of gambling-related advertisements in public areas
- Use of Chinese in court proceedings
- Mainland Experience Scheme for Post-secondary Students
- Independent authorities overseeing the conduct of interception of communications in selected jurisdictions
- Overview of organic food in Hong Kong
- Establishment of a multi-partite Medical Centre of Excellence in Paediatrics
- Loan funds for fishermen

Appendix 5

Secretary General's Environmental Report for the Year 2011-2012

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

The Administration Division regularly reviews the Secretariat's environmental objectives and oversees the implementation of the green programme in the Secretariat. To monitor the implementation of green effort measures in office premises, individual divisions are requested to complete a compliance checklist every six months.

A description of the environmental measures and the performance of these measures are included in the following table.

Carbon Audit

Following the support of the Commission to conduct a carbon audit for the Legislative Council Complex, the Secretariat is in the process of procuring service of an independent contractor to undertake the audit.

Environmental Management and Future Targets

Saving Resources

I. Environmental Measures Adopted

Economy in the use of paper

- 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 or personal copies, to review regularly the need for hardcopy of papers and to receive papers by electronic mail)
- Minimize copies of circulars (e.g. circulate by electronic mail as far as possible; and if necessary, only one copy to a group of staff)
- Use old sets of documents for re-circulation
- Adopt green measures at festive seasons (e.g. support 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 softcopies 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

Economy in the use of envelope

- Stop using envelopes for unclassified documents
- Reuse envelopes or use transit envelopes

Energy conservation

- Carry out routine checks to ensure that users switch off lights 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, such as LED Lamps
- Procure energy efficient computers and office equipment where applicable, having regard to the information in their energy labels (if any) and other national and international energy saving standards
- Reduce lighting to minimum required for illumination
- Encourage the use of staircase for inter-floor traffic
- Minimize the operation time of lifts outside office hours
- 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 when leaving
- As far as practicable, set the room temperature at 25.5°C during summer months
- Improve the air-conditioning system to enhance its efficiency
- 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

- Consumption of electricity was 6 242 831 kWh in 2011-2012 with all major facilities co-located in the Legislative Council Complex
- Consumption of paper increased by 6.1% from 27 347 reams in 2010-2011 to 29 015 reams in 2011-2012. This was mainly attributable to the increase in staff establishment as well as the new services for the public in the Legislative Council Complex
- Collection of waste paper increased by 180% from 18 253 kg in 2010-2011 to 32 979 kg in 2011-2012

III. Targets for Year 2012-2013

- Decrease electricity consumption by 5%, subject to the number of meetings remaining more or less the same as in 2011-2012

Reducing Wastes	Preserving a Pleasant Indoor Working Environment
<ul style="list-style-type: none"> • Reuse envelopes, loose minute jackets • Use refillable ball pens • Cease the use of wooden pencils • 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, metal cans and plastic bottles for recycling • Use Digital Recording System to record meeting proceedings, thereby reducing consumption of cassette tapes or discs 	<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"> • Legislative Council Complex was designated as a smoke-free building • The Legislative Council Complex was awarded the Indoor Air Quality (IAQ) Certificate (Good Class) under the IAQ Certification Scheme for Offices and Public Places in 2011. Further improvements would be made to IAQ with a view to achieving the Excellent Class under the Certification Scheme
<ul style="list-style-type: none"> • Use recycled paper for all documents • Increase the use of recycled 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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