

# 立法會

## *Legislative Council*

LC Paper No. AS 389/00-01

Ref: AM 12/01/19 (Pt 3)

### **Paper for the House Committee Meeting on 29 June 2001**

### **Third Report of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement**

#### **Purpose**

This paper seeks Members' views on the recommendation of the Subcommittee regarding the proposal of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region (the Independent Commission) of an alternative mechanism for annual adjustments to the Office Operation Expenses Reimbursement (OOER).

#### **Background**

2. On 13 December 2000, the Chairman of the House Committee wrote to the Chief Secretary for Administration conveying Members' views and recommendations on the annual adjustment mechanism and level of Members' remuneration and operating expenses reimbursement (LC Paper No. CB(2) 546/00-01). In the Chief Secretary for Administration's reply dated 14 June 2001, it is stated that the Independent Commission has recommended and the Chief Executive, on the advice of the Executive Council, has approved that:

- (a) LegCo Members be given the option of an alternative mechanism for annual adjustments to the OOER;
- (b) the OOER of LegCo Members be increased by \$25,000 from \$96,120 to \$121,120 per month, having regard to their increased workload relating to Council business;
- (c) the monthly provisions of the OOER be merged and made available as one annual provision. The same arrangement should be applied to the monthly provisions for "Entertainment and Travelling Expenses Reimbursement";

- (d) consideration be given to providing additional resources, where justified, to the LegCo Secretariat so that enhanced support could be provided to LegCo Members as a whole and, where appropriate, individually;
- (e) no change be made to the accountable allowance for the “Information Technology and Communication Equipment Expenses”;
- (f) no additional funding be provided for long service payments and mandatory provident fund payments to staff of LegCo Members; and
- (g) no change be made to the adjustment mechanism and the level of LegCo Members’ remuneration.

### **Alternative Adjustment Mechanism for the OOER**

3. Details of the proposed alternative mechanism for annual adjustments to the OOER proposed by the Independent Commission (LC Paper No. AS 369/00-01(01)) are :

- (a) the OOER be divided into two components, one for expenses relating to staff salaries and office accommodation and the other for other operating expenses;
- (b) the component covering staff and office accommodation expenses will be ‘fixed’ and will not be varied irrespective of the subsequent movements in the CPI(C); the other ‘variable’ component will continue to be adjusted annually in accordance with the movement of the CPI(C);
- (c) the proportion between the “fixed” and “variable” components in the OOER would be determined in consultation with LegCo Members, in the light of their expenditure pattern; and
- (d) once the ratio is agreed, it will be applicable to all LegCo Members and the ‘fixed’ component will remain unchanged throughout the entire term of office.

### **Deliberations of the Subcommittee**

4. The Subcommittee held two meetings with the Administration on 15 and 26 June 2001 to discuss the alternative mechanism for annual adjustments to the OOER.

5. From the statistics of a survey of Members' actual OOER for the period October to December 2000 conducted by the LegCo Secretariat, it is noted that the staff and office accommodation expenses constitute about 70% - 80% of Members' OOER. In the light of this, the Subcommittee considers it reasonable that the "fixed" component be set in this range, if Members prefer the alternative mechanism proposed by the Independent Commission.

### **Consultation Paper**

6. The Subcommittee decides to seek Members' views on their preference for the existing adjustment mechanism in accordance with the CPI(C) or the alternative mechanism proposed by the Independent Commission by means of a consultation paper (LC Paper No. AS 378/00-01).

### **Outcome of Consultation**

7. As at 27 June 2001, 51 Members have responded to the consultation paper. Fifteen prefer the existing mechanism, 17 prefer the alternative mechanism proposed by the Independent Commission with different views on the percentage of the component covering staff and office accommodation expenses, while 19 have other suggestions. In the main, these suggestions include adjusting (a) staff salaries in accordance with the annual pay trend survey as for civil servants; (b) office rental in accordance with the rental indices for private offices (Grade C) compiled by the Rating and Valuation Department, or the CPI(C); and (c) other expenses in accordance with the CPI(C). Members of the Democratic Party stress that Members' OOER should be adjusted on a yearly, not term, basis. Eighteen of these 19 Members also indicate that if their suggestions are not accepted, they will prefer the existing mechanism. A summary of Members' responses to the consultation paper is at the **Appendix**.

### **The Administration's Response**

8. The Administration responds that, in view of the great differences in Members' expenditure pattern on staff salaries, office rental and other expenses, there are technical difficulties in determining the ratios for the different components of the OOER as suggested by some Members. It envisages that Members' proposed mechanism will be contentious. Moreover, the Independent Commission's proposed alternative mechanism is in response to Members' concern about contractual or implied moral obligations regarding staff salaries and office rental which may not be changed from year to year. Members' suggestions do not address their concern. In sum, the Administration considers Members' suggestions not feasible.

### **Recommendation of the Subcommittee**

9. The Subcommittee is of the view that Members might need more time to consider another alternative mechanism. However, in view of the stated preference of 33 Members (15 who have opted for the existing mechanism and 18 who will opt for the existing mechanism in view of the Administration's reluctance to accept their suggestions), the Subcommittee recommends that the existing annual adjustment mechanism of the OOER in accordance with the CPI(C) should continue.

### **Advice Sought**

10. Members' views are sought on the recommendation of the Subcommittee in paragraph 9.

11. Subject to Members' views, the Administration will seek the approval of the Finance Committee on 6 July 2001 for implementation of the Independent Commission's recommendations in the next Legislative Council session.

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Legislative Council Secretariat  
27 June 2001

**Consultation Paper on Annual Adjustment Mechanism  
for Office Operation Expenses Reimbursement(OOER)**

**Summary of Reponses**

	<b>No. of Members</b>
<b>1. Prefer the existing adjustment mechanism in accordance with the movement of the Consumer Price Index (C) (CPI(C)).</b>	<b>15</b>
<b>2. Prefer the alternative mechanism for annual adjustments proposed by the Independent Commission; and</b>	<b>17</b>
a. consider the component covering staff and office accommodation expenses should be <b>70%</b> of the OOER.	<b>(4)</b>
b. consider the component covering staff and office accommodation expenses should be <b>75%</b> of the OOER.	<b>(4)</b>
c. consider the component covering staff and office accommodation expenses should be <b>80%</b> of the OOER.	<b>(9)</b>
<b>3. Other Suggestions</b>	
a. Need more time to understand the situation and cannot make a decision yet.	<b>1</b>
b. Two Parts:	<b>3</b>
i) Office rental expenses and other operating expenses should be adjusted in accordance with the movement of the CPI(C).	
ii) Staff expenses should follow the salary adjustment for the Civil Service.	

(If the above proposals are not accepted, will go for option 1.)

**No. of  
Members**

c. Have the following proposals on the consultation paper of the Subcommittee:

**3**

- i) Staff expenses should follow the salary adjustment for the Civil Service;
- ii) Rental and other office operation expenses should be adjusted in accordance with the movement of the CPI(C);
- iii) As the limited amount of the Information Technology and Communication Equipment Expenses Reimbursement is hardly sufficient to cover the expenses for four years, we dare not rashly invest in this area. It is thus hoped that the Government would consider a further increase;
- iv) An increase of \$25,000 in the OOER, as approved by the Executive Council, is in fact not sufficient to meet fully the office expenses and provide new services. The Executive Council is thus requested to consider a further increase.

(If the above requests are not approved by the majority of Members, we will go for option 1.)

d. Members of the Democratic Party consider it more appropriate to divide the OOER into three parts than to make adjustments in accordance with the CPI(C). In the past few years, staff salaries and office rentals have not followed the downward movement of the CPI(C). The Democratic Party thinks that the new mechanism proposed by the Independent Commission has not taken into account the flexibility required by individual Members in allocating resources. For example, directly-elected Members may have to employ more community organizers to follow up on local matters, while Members returned by functional constituencies may have to spend more money on communicating with their electorate. If the recommendations of the Independent Commission are adopted, they cannot exercise flexibility in allocating resources.

**12**

**No. of  
Members**

Members of the Democratic Party propose that the OOER be divided into three parts: staff salaries to be adjusted in accordance with the annual pay trend survey; office rental to be adjusted in accordance with the rental indices for private offices (Grade C) compiled by the Rating and Valuation Department; while the other expenses should be subject to the CPI (C). The Democratic Party proposes that Members' OOER should be adjusted annually on such basis, in order to ensure that Members have sufficient resources to meet their operating expenses. Only in this way can they serve the electorate effectively.

(If the Independent Commission does not accept the proposals of the Democratic Party, option 1 will be chosen.)