

立法會
Legislative Council

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Paper for the House Committee Meeting on 17 November 2000

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

Purpose

This paper reports on the progress and deliberations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement in its review of the resources provided to Members of the Legislative Council.

The Subcommittee

2. The Subcommittee was formed at the House Committee meeting on 20 October 2000. It comprises seven members. A membership list of the Subcommittee is at the **Appendix**.

3. Under the chairmanship of Hon NG Leung-sing, the Subcommittee has held two meetings, with the second one attended by representatives from the Administration.

Deliberations and Recommendations of the Subcommittee

4. The Subcommittee has agreed to discuss the following issues:
- a) arrangements for Mandatory Provident Fund (MPF) payments for Members' personal assistants;
 - b) the mechanism of annual adjustment to the levels of Members' remuneration and operating expenses reimbursement (OER);
 - c) overall review of the mechanism for determining Members' remuneration and OER; and
 - d) retirement benefits for Members.

This paper reports on the deliberations on items (a) and (b), which are more urgent.

MPF Contributions

5. At their meeting with the Administration, members of the Subcommittee reiterated their difficulties in serving their much enlarged constituencies with the existing level of the monthly OER. The situation would be further aggravated with the implementation of the MPF scheme on 1 December 2000, when Members would have to make a 5% MPF contribution for their staff. Members were extremely reluctant to reduce the salaries of their staff or cut back on the service for the community in order to pay for the new MPF contributions. However, they were left with little choice after the monthly OER was further reduced by another 5.1% this year following a 2% reduction in 1999.

6. Citing the 1994 and 1995 reports of the Commission on Remuneration for Members of the Legislative Council (the Commission) and Finance Committee paper FCR(95-96)44, the Administration asserted that a pension element for staff was already included in Members' existing system of OER. It also stated that under the existing system, Members could set aside funds for payment of future staff benefits. However, some members of the Subcommittee were of the view that the present amount of OER was hardly sufficient for maintaining the day-to-day operation, let alone sparing a decent amount for future payments. The Administration maintained the view that if Members considered that the present level of OER was inadequate, it was willing to refer proposals, with justifications, from Members for additional resources to the Independent Commission on Remuneration for the Members of the Executive Council and the Legislature of the HKSAR (Independent Commission) for a review.

7. In order to assess the actual level of Members' operating expenses, the Subcommittee agreed that Members should provide all invoices and receipts of their expenses to the LegCo Secretariat irrespective of whether the OER ceilings had been exceeded. The survey would cover the period from October to December 2000. The Subcommittee noted that the required resource could be higher than the actual payments evidenced, as some Members might not have the financial resource to fund what could not be reimbursed.

8. According to the Employment Ordinance, a severance payment might be offset by a retirement scheme payment, such as MPF benefits attributable to an employer's contribution. Nevertheless, Members might not be exempted from contributing to an MPF scheme on the grounds that severance payments for Members' staff would be paid by public funds when Members vacated their LegCo seats. The Administration confirmed that it would not reduce its severance payments because of the MPF contributions made by Members. In other words, if MPF contributions were paid with Members' OER, the staff covered might receive both MPF benefits and severance payments in full, provided that the Members concerned satisfied the conditions for receiving the winding up expenses reimbursement. On the other hand, if Members funded the MPF contributions with their own financial resources, they might recover their MPF contributions from the severance payments provided by the Administration.

9. While appreciating the Administration's goodwill not to offset the severance payments against the MPF benefits attributable to contributions paid by Members for their staff, the Subcommittee requested the Administration to look into the funding of long service payments for their staff which were now paid out from the OER. The Subcommittee considered that additional funding should be provided by the Administration as in the case of severance payments.

Mechanism for Annual Adjustment

10. Regarding the mechanism for the annual adjustment of Members' remuneration and OER rates, the Administration stated that the automatic adjustment according to the movement of the Consumer Price Index (CPI) (C) had been recommended by the Commission and approved by the Finance Committee in 1995. However, the Subcommittee pointed out that at the time the mechanism was established it was the stated intention of the Commission to ensure "Members' remuneration and their monthly expenses allowances are not eroded by inflation". It was therefore doubtful whether the Commission in 1995 had envisaged any downward adjustments at times of deflation. As such, any downward adjustment was against the aim of the recommendation of the Commission.

11. The Subcommittee also emphasized to the Administration that Member's major expenses, such as office rental and staff salaries, did not follow the CPI's downward movement because they were bound by contracts or implied moral obligations. The applicability of the different component factors of CPI(C) to Members' OER should also be reviewed. Moreover, the Subcommittee noted that the salaries for civil servants were only frozen, not decreased, at times of deflation.

Advice Sought

12. Members are invited to endorse the following recommendations of the Subcommittee and forward them to the Administration so that they can be referred to the Independent Commission for consideration:

- (a) the existing level of Members' OER is inadequate and should be reviewed;
- (b) additional funding should be provided by the Administration for long service payments to Members' staff as in the case of severance payments; and
- (c) the mechanism for the annual adjustment of Members' remuneration and OER according to CPI(C) should be reviewed.

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Legislative Council Secretariat
15 November 2000

立法會議員酬金及工作開支償還款額小組委員會成員名單
Membership List of Subcommittee on Members' Remuneration and
Operating Expenses Reimbursement

吳亮星議員（主席）
Hon Ng Leung-sing (Chairman)

何秀蘭議員
Hon Cyd Ho Sau-lan

梁耀忠議員
Hon Leung Yiu-chung

楊孝華議員, JP
Hon Howard Young, JP

楊耀忠議員
Hon Yeung Yiu-chung

劉慧卿議員, JP
Hon Emily Lau Wai-hing, JP

鄭家富議員
Hon Andrew Cheng Kar-foo