

立法會
Legislative Council

LC Paper No. CB(1) 5/00-01

Ref: CB1/HS/3/99

**Paper for the House Committee meeting
on 20 October 2000**

**Payment of honoraria to non-official members
of Government boards and committees**

Purpose

This paper provides the background of the recommendations of the Subcommittee on Payment of Honoraria to Government Boards and Committees (the Subcommittee) of the former Council and reports on these recommendations.

Background

2. The lack of consistency in the granting of remuneration/honoraria to non-official members of Government boards and committees has led to repeated queries at meetings of the Finance Committee in the previous term of the Council. Pursuant to the decision of the then House Committee on 14 January 2000, the Subcommittee was set up to conduct a review of the current arrangements. The House Committee endorsed the report of the Subcommittee on 23 June 2000 and agreed that the subject be followed up by the House Committee in the new term. An extract from the Subcommittee Report (LC Paper No. CB(1)1903/99-00) on the conclusion of the study and recommendations of the Subcommittee is in **Appendix I**.

3. In gist, the Subcommittee observes that there is no central machinery to oversee how the principles approved by the Finance Committee for remunerating non-official members of Government committees are being implemented. It is entirely up to individual Bureau Secretaries to decide whether and how the chairmen or members of the committees under their respective portfolios are to be remunerated. As Bureau Secretaries are not required to follow any particular common yardsticks, the rates of remuneration vary greatly and differ from Bureau to Bureau.

4. The Subcommittee concludes that the existing arrangements in determining remuneration for non-official members of Government committees are highly unsatisfactory, and that general principles and common yardsticks should be drawn up, taking into account the level of responsibilities of the non-official members, for reference of Bureau Secretaries although a certain degree of flexibility should be provided to cater for different situation. To this end, a general review of the present operation of the current Government committees as well as the remuneration policy for non-official members should be undertaken. The review should also cover financially autonomous bodies established by statute since many of these public bodies operate on Government-injected funds. In response to the request of the Subcommittee, the Chairman of the former House Committee wrote to the Chief Secretary for Administration (CS) on 27 June 2000 providing a copy of the Subcommittee report and highlighting the need for conducting such a review.

Present position

5. Mr Michael SUEN, the Acting CS, responded on 25 August 2000 and outlined the actions taken by the Administration in response to the findings of the Subcommittee. In his reply (**Appendix II**), the Acting CS confirms the Administration's concurrence with the Subcommittee that there should be a fair and consistent mechanism for determining the payment of remuneration to non-official members of Government committees. The Administration appreciates the comments and concerns expressed by the Subcommittee, and accordingly plans to conduct a general review of the Government board and committee systems. The Acting CS also stresses that Bureau Secretaries will be requested to critically examine the need to maintain the committees within their purview and the remuneration arrangements adopted for their respective committees and the rationale behind. The Administration will, in the light of the information provided by Bureau Secretaries, decide on whether and how the current system could be refined to enhance its effectiveness.

6. The Acting CS also refers to a Financial Circular issued by the Finance Bureau (FB) in July 2000 (**Appendix III**) which reminds Bureau Secretaries of the basic remuneration principles/arrangements and provides them with more detailed guidelines, taking into account the observations made by the Subcommittee. All approved rates of remuneration are posted on FB's webpage to facilitate Bureau Secretaries' reference and comparison.

7. The Acting CS also advises that it will be desirable to provide financially autonomous public bodies with general principles and common yardsticks on the remuneration of their board chairmen and members but such guidelines will only be provided for the purpose of reference. It will be for the public bodies in question to consider if they would wish to adopt the guidelines.

Advice sought

8. Members are requested to consider the need for any follow-up action to be taken on the matter.

Council Business Division 1
Legislative Council Secretariat
8 September 2000

立法會

Legislative Council

LC Paper No. CB(1)1903/99-00

Ref: CB1/HS/3/99

**Paper for the House Committee meeting
on 23 June 2000**

**Report of the Subcommittee on Payment
of Honoraria to Government Boards and Committees**

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Conclusion and recommendations

19. The Subcommittee concludes that the current arrangements in determining remuneration for non-official members of Government committees are highly unsatisfactory. Apart from the lack of an appropriate policy on remuneration matters, there is no mechanism to keep the subject under review. Members' concern is not only on the degree of fairness in recompensing non-official members for the time and effort they spent on the work of the committees, but the transparency of the process and continued monitoring of the effectiveness of the committees.

Need for a review of general effectiveness of committees and remuneration for non-officials

20. The Subcommittee recognizes the difficulties of laying down standard guidelines for application to all committees. In view of the different work nature of Government committees, the subcommittee agrees that some flexibility should be retained. However, general principles and common yardsticks, which are subject to periodic reviews, should be drawn up to ensure consistency and fairness. In drawing up these general principles and common yardsticks, consideration should also be given to the level of responsibilities of the non-official members, let alone the time spent on the activities of the committees. The Subcommittee observes that notwithstanding any stipulation of the duties of a committee in law or in its terms of reference, the depth of involvement of the committee in such duties depends very much on the committee itself and how much the Administration or the executive body would like

the committee to be involved. The level of responsibilities of individual members therefore varies according to the extent of work which the committee is prepared to take up.

21. Under the circumstances, the Subcommittee considers it necessary for the Administration to conduct an overall review of the Government committees, including the purposes they serve, the method of appointing non-officials, the involvement of non-official chairmen and members, the role of Government officials in the work of these committees and whether and how remuneration is to be granted to the non-officials. In this respect, the Subcommittee is disappointed at the reluctance of the Administration in considering the need for such a review. While the Finance Bureau remains open-minded on the general principles to be adopted in guiding Bureaux in making requests for remunerating their non-officials, none of the Bureaux consider that there is any need for change. Even the Bureaux themselves are not certain which one of them should be the party to follow up the matter.

Need for higher accountability in financial autonomous bodies

22. The Subcommittee is particularly concerned about the way financially autonomous bodies decide on the remuneration of their board chairmen and members. The Subcommittee sees no reason why the general principles and common yardsticks applicable to Government-funded committees cannot be provided to these financially autonomous public bodies for reference. Since Government officials also sit on the boards of these public bodies, they have the responsibility to draw the attention of the boards to the general principles on remuneration, although due consideration should be given to the needs of individual circumstances. The Subcommittee considers that it is equally important for public bodies with financial autonomous status to be accountable for the money they spend on the remuneration of their own directors and senior executives.

Recommendations

23. The Subcommittee considers that a general review on the present operation of the current Government committees as well as the remuneration policy for non-official members, as described in para 21 above, should be undertaken. In view of the lack of co-ordination among the various Bureaux currently responsible for different policy aspects of Government committees, there is no commitment at this stage on the part of Administration that this review will be conducted. The Subcommittee therefore recommends that, subject to the House Committee's endorsement of this report, the Chairman of the House Committee be requested to write to the Chief Secretary on the need for conducting such a review. The Subcommittee also recommends that the subject be followed up by the House Committee in the next term.

Acknowledgement

24. The Subcommittee wishes to thank the Finance Bureau for its assistance to the Subcommittee and the Legislative Council Secretariat for compiling the necessary information to facilitate the work of the Subcommittee. The Subcommittee would also like to thank Hon Michael HO for the information he provides to the Subcommittee when deliberating on the responsibilities of non-officials on Government Committees.

Council Business 1
Legislative Council Secretariat
20 June 2000

Letterhead of CHIEF SECRETARY FOR ADMINISTRATION'S OFFICE

Appendix II

Our Ref.: CSO 8/2/5/2000/27-6(2)

Your Ref.: CB2/H/3

25 August 2000

Mr. Ricky C C Fung, JP
Secretary General
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

LegCo Sub-Committee on Payment of Honoraria to Government Boards and Committees

Dr. Leong Che-hung wrote to me on 27 June 2000 as Chairman of the House Committee of the Legislative Council (LegCo) on the report of the Sub-committee on Payment of Honoraria to Government Boards and Committees (the Sub-committee). I should be grateful if the following response from the Administration could be conveyed to the Chairman of the House Committee of the new LegCo when elected.

We agree with the Sub-committee that there should be a fair and consistent mechanism for determining the payment of remuneration to non-official members of Government boards and committees. In line with this objective, the Government had, following approval by the LegCo Finance Committee, established in 1993 a set of basic principles and arrangements for remunerating non-official members of Government boards and committees. Under these principles, the relevant Bureau Secretaries will, in consultation with the Finance Bureau and the board/committee concerned, consider the need for and the rate of remunerating non-official members. In doing so, the Bureau Secretary takes into account: (a) the functions, responsibilities and mode of operation (e.g. frequency and location of meetings) of the respective board/committee; (b) the expenses incurred in and the earnings foregone arising from the non-official members' participation in the board/committee; and (c) the level of professional experience and expertise required of the members. The Finance Committee has delegated to the Secretary for the Treasury the authority to approve Bureau Secretaries' requests for remuneration subject to a ceiling.

We consider that the existing general guiding principles in determining the granting of remuneration remain valid. To provide a more facilitating environment for Bureau Secretaries to make remuneration proposals, the Finance Bureau (FB) has already issued a Financial Circular to Controlling Officers in July 2000 reminding them of the basic remuneration principles/arrangements and providing them with more detailed guidelines, taking into account the observations made by the Sub-Committee. In addition, FB has posted on its webpage all the approved rates to facilitate Bureau Secretaries' reference and comparison. A copy of the circular together with the relevant index page of their website have been sent to the Legislative Council Secretariat on 26 July 2000. We are of the view that such measures can provide further guidance to Bureau Secretaries to assist them in deciding whether, and if so, how non-official members should be remunerated, thereby enhancing the fairness and consistency of the remuneration policy.

Having said that, we consider that a reasonable degree of flexibility should be built into the remuneration mechanism, bearing in mind the considerable variation among the over 580 boards/committees in terms of their functions and operation as well as the workload of the non-official members. It is therefore logical and reasonable for different levels of remuneration to exist for different boards/committees, notwithstanding that remuneration matters are governed by a common set of basic principles. The differences are not "inconsistencies" per se but the natural results of applying the basic principles in different circumstances.

Regarding the Sub-committee's proposal to conduct an overall review of the operation of the current Government committees and the remuneration policy for non-official members (para. 21 of the report), the Administration has issued a Circular to Bureau Secretaries providing guidelines on the appointment of non-official members to Government boards/committees. These guidelines set out, inter alia, the general criteria for appointments and re-appointments of non-officials. In addition, we intend to issue further guidelines on measures to enhance transparency of the operation of the boards/committees. These guidelines strike a good balance between the need to maintain service-wide consistency in the appointment of non-officials and the need to provide reasonable flexibility for Bureau Secretaries in view of the diverse nature and circumstances of individual boards/committees.

Nonetheless, the Administration appreciates the comments and concerns expressed by the Sub-committee regarding the Government boards and committees system, and accordingly plans to conduct a general review of the system. In particular, Bureau Secretaries will be requested to critically examine the need to maintain the boards/committees within their purview, taking into account their contributions, effectiveness and possible duplication with other committees. Moreover, the Bureau Secretaries will be asked to examine the remuneration arrangements adopted for their respective boards/committees and the rationale behind. The information provided by the Bureau Secretaries will help reveal problems, if any, inherent in the existing Government boards and committees system, in particular the remuneration mechanism, and shed light on the way forward. The Administration will, in the light of the information, decide on whether and, if so, how the current system could be further refined to enhance its effectiveness.

We also note that the Sub-committee is particularly concerned about the way financially autonomous public bodies decide on the remuneration of their non-official members. I wish to emphasize that these autonomous bodies are governed by their respective Ordinances. Many of them operate in accordance with prudent commercial principles and practices as other business concerns. The Administration's interests including the financial stakes we placed in them are protected through Government representatives in the relevant management bodies. Remuneration matters are carefully scrutinised by the relevant approving authorities.

Nevertheless, we share views of the Subcommittee that it would be desirable to provide these bodies with general principles and common yardsticks on the remuneration of their board chairmen and members for their reference. On this basis, we would take into account financially autonomous public bodies in our coming review with a view to drawing up guidelines for these bodies which are to be comparable to the policies and guidelines to be adopted by government boards and committees. However, to respect the financial and administrative autonomy of these bodies, such guidelines should only be "preferred practice" and the Administration would leave it to the bodies in question to consider if they would wish to adopt the guidelines.

I would like to thank all members of the Sub-Committee and the Hon Michael Ho for their valuable opinions on improving the existing remuneration arrangements. The Administration stands ready to discuss the matter with LegCo in the next legislative session.

Yours sincerely,

(Michael M Y Suen)
Acting Chief Secretary for Administration

FIN 96/2/1 II

**FINANCE BUREAU
GOVERNMENT SECRETARIAT
24 July 2000**

FINANCIAL CIRCULAR NO. 7/2000

**Remuneration of Non-official Members of
Boards and Committees**

(Note: Distribution of this Circular is **Scale C**. It should be read by Bureau Secretaries, Controlling Officers, Departmental Secretaries and Accountants, and by all other officers dealing with financial matters.)

This circular reminds bureaux and departments of the principles and guidelines for remunerating non-official members of boards and committees set up by the Government. It replaces Financial Circular No. 7/93.

Principles governing the remuneration of non-official members of Government boards and committees

2. The basic principle is that the service of non-official members is voluntary and, as a general rule, un-remunerated. However, at the same time, no individual should suffer a pecuniary embarrassment through public service nor should the Government be obtaining the services of highly qualified, professional persons "on the cheap". Finance Committee at its meeting on 5 March 1993 reaffirmed these principles.

/Guidelines

To: Policy Secretaries
Controlling Officers

Guidelines for remunerating non-official members of Government boards and committees

3. Given the large number of boards and committees carrying out varied functions and duties and the fact that the workload and demand on non-officials' time also vary considerably, it is not appropriate for us to mandate the payment of honorarium to non-official members of all boards and committees. Instead, Bureau Secretaries and Controlling Officers should observe the following guidelines in considering whether an honorarium should be paid -

- (a) payment of honorarium should be considered to cover travel, out-of-pocket and related expenses incurred by non-official members in connection with their duties. The frequency and location of meetings as well as secretarial support when required should be taken into account;
- (b) remuneration should be considered as compensation for earnings forgone arising from -
 - (i) resignation from substantive employment in order to serve on a Government board or committee; or
 - (ii) membership of a committee which requires substantial and regular work by the member to the extent that it occupies a significant part of the member's working day;
- (c) while advice tendered by non-officials which is of an expert or professional nature per se should not constitute a claim for remuneration, recognition should be given to professional expertise and experience required of the non-officials in performing the function of the board or committee, for example, in chairing appeal boards.

4. In an ad hoc Subcommittee of the Legislative Council set up earlier this year to study the current arrangements for remunerating non-official members serving on Government boards and committees, Members expressed concern over the apparent lack of consistency in the granting of honorarium to non-official members of these boards and committees. To address this concern, Controlling Officers are requested to review from time to time whether non-official members serving on Government boards and committees under their purview should be remunerated and consciously consider the issue of remuneration in the setting up of new boards and committees.

/Procedural

Procedural arrangements and rates of remuneration

5. Bureau Secretaries should consider whether remuneration is necessary and appropriate having regard to the foregoing principles and guidelines. They should consult as necessary the Chairman (where he or she is a non-official) as well as obtain the views of the Head of Department concerned. They should also make reference to existing remuneration arrangements in respect of other boards and committees performing similar functions. Where the Bureau Secretary is satisfied that remuneration is appropriate, he should put a case, with a suggested rate and an indication of availability of funds, to the Secretary for the Treasury for consideration.

6. The Secretary for the Treasury has been delegated the authority by Finance Committee to approve remuneration subject to a ceiling. This ceiling is regularly revised with reference to the movement of the Consumer Price Index (C) and announced by way of a Finance Bureau Circular Memorandum. The ceiling, with effect from 1 August 2000, will be \$745 per member per attendance. A per-attendance rate is used if the number of attendance is small, e.g. four to five times monthly. If attendance is more frequent, a monthly honorarium based on the per-attendance rate may be more appropriate.

7. There are cases where rates higher than the ceiling are more appropriate. Such higher rates are often justified on grounds that the business of the board or committee is very time-consuming and calls for substantial sacrifice on the part of the chairman or members in terms of earnings forgone. In other cases, professional experience and expertise are required and should be appropriately recognised. Such higher rates of remuneration require the approval of Finance Committee on a case-by-case basis.

8. To facilitate bureaux and departments in considering and proposing an appropriate rate of remuneration for non-officials and to ensure greater consistency throughout the Government in this regard, we have posted on FB's webpages (<http://www.info.gov.hk/fb>) in the Internet all the approved rates for easy reference. Our colleagues in the respective Resource Divisions are also happy to assist. Bureaux and departments are requested to keep FB informed of any changes for updating the webpages.

/Remuneration

Remuneration for members of financially autonomous public bodies and statutory bodies with arrangements for remuneration specified under the relevant legislation

9. Some boards and committees, though appointed by Government, are not subject to the above system of approving remuneration to their Chairman and members. These include

- (a) financially autonomous non-government funded public bodies such as the Airport Authority, Housing Authority, KCRC and Examinations Authority; and
- (b) statutory bodies such as the HKSAR Passports Appeal Board, Electoral Affairs Commission and Copyright Tribunal whose Chairman's and members' remuneration are governed by specific provisions in the respective legislation.

Trading funds

10. This circular also applies to trading funds.

Enquiries

11. For enquiries on this circular, please contact Mr. K K Lam, Principal Executive Officer (G) on 2810 2668 or Miss Pat Chung, Treasury Officer (Bureau Management) on 2810 2567.

MISS DENISE YUE
Secretary for the Treasury

**Information on Payment of Remuneration for Non-official
Members of Government Board and Committees**



- ★ Paper for the Legislative Council Subcommittee on Review of Payment of Honoraria to Members of Boards and Committees (22-02-2000)
- ★ Paper for the Legislative Council Subcommittee on Payment of Honoraria to Government Boards and Committees (02-06-2000)
Appendix(A. Statutory)
Appendix(B. Non-Statutory)
- ★ Minutes of meeting of the Legislative Council Subcommittee on payment of Honoraria to Government boards and committees (22-02-2000)
- ★ Minutes of meeting of the Legislative Council Subcommittee on payment of Honoraria to Government boards and committees (02-06-2000)
- ★ Minutes of meeting of the Legislative Council Subcommittee on payment of Honoraria to Government boards and committees (19-06-2000)
- ★ List of Government Advisory and Statutory Bodies with Remuneration for Non-Official Members (as at 16-05-2000)