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the Legislative Council Secretariat
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(Letterhead of the Neighbourhood and Workers' Service Centre,
LegCo Member, LEUNG Yiu-chung's Office)

11 October 2000

To: Chairman and Members of the House Committee

**Problems arising from the reduction of
Members' remuneration and operating expenses**

The monthly remuneration and reimbursable ceilings for operating expenses for Legislative Council Members have been further reduced by more than 5% with effect from 1 October this year. As there was already a reduction of about 2% for Members of the previous term in October last year due to deflation, altogether the remuneration and operating expenses for Members have been lowered by a total of 7% over these two years.

It is my view that successive reductions of Members' remuneration and operating expenses are not only unfair to Members, but will also seriously affect Members' ability to pay their personal assistants (PAs), something which they are obliged to do as employers. Hence, I would like to ask the House Committee to discuss this issue.

In the first place, a cutback in Members' monthly remuneration will certainly create difficulties for some Members who rely on the remuneration as their major source of income. It is also extremely unfair to Members to have their remuneration reduced successively.

Besides, I am gravely concerned that a 5% reduction of the ceilings for "operating expenses reimbursements" means the amount available for Members to employ PAs will be cut down accordingly. To make ends meet, Members will be forced to consider cutting down the remuneration for their PAs (it has been reported that some PAs to Members have complained about possible cutbacks in their salaries). In my opinion, it is only unfair to both Members and their PAs if Members are forced to be "unscrupulous employers".

What causes greater concern is that starting from December this year, all Members employing PAs will be required to contribute to Mandatory Provident Fund (MPF) schemes for their PAs, which means that Members will have to pay an extra 5% of their PAs' income as MPF contributions every month. However, the ceilings for "operating expenses reimbursements" for Members have not been

raised accordingly. Rather, the amounts are reduced by 5% in line with the trend of deflation, thereby placing Members in an even more difficult situation.

In view of the above problems, I recommend that the House Committee endorse the following as its position:

- (1) requesting the Government to propose to the Finance Committee that the monthly remuneration and reimbursable ceilings for operating expenses for Members be restored to the level as at September this year;
- (2) setting up a subcommittee to conduct a comprehensive review of the criteria for determining the rates of Members' remuneration and operating expenses as well as the adjustment mechanism, and to recommend to the Government that the existing mechanism for adjusting the levels of Members' remuneration and operating expenses according to the annual inflation rate be abolished as soon as possible; and
- (3) requesting the Government to propose to the Finance Committee that Members may, on an actual need basis, claim the amounts of MPF contributions every month from the provision for severance payment for PAs payable at the time of winding up Members' office, so that Members need not bear any additional financial burden arising from MPF contributions.

I should be grateful if Members of the House Committee would consider the three recommendations above. Thank you.

LEUNG Yiu-chung