

立法會 *Legislative Council*

LC Paper No. AS 222/02-03

Ref: AM 12/01/19

Subcommittee on Members' Remuneration and Operating Expenses Reimbursement

Background Paper on Remuneration Package and Retirement Benefits for LegCo Members

Purpose

This paper provides background information on the 'Remuneration package and retirement benefits for LegCo Members' to facilitate Members' meeting with the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (Independent Commission) on 2 June 2003.

Meeting with the Independent Commission

2. The established practice is that recommendations for substantial change to LegCo Members' remuneration and reimbursement/allowances package should be approved by the Legislature in one LegCo term, for implementation in the following term. In this connection, the Independent Commission would like to meet LegCo Members on 2 June 2003 to listen to their views on issues relating to LegCo Members' remuneration package (including monthly remuneration, annual allowances of office operating expenses and entertainment and travelling expenses and one-off provisions for setting-up of office, winding-up of office and IT equipment) and the proposal for the provision of retirement benefits for LegCo Members. (Copy of Director of Administration's (D of Adm) letter dated 23 May 2003 is in **Appendix I**.)

3. The membership list of the Independent Commission is in **Appendix II**.

Background

4. Since the formation of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the Subcommittee) at the House Committee meeting on 20 October 2000, it has submitted five reports to the House Committee on the following subject areas:

<u>Date</u>	<u>Report</u>	<u>Subject Area</u>
17.11.00	First) -	Level of Members' remuneration and operating expenses reimbursement (OER)
)	
)	
)	
8.12.00	Second) -	Annual adjustment mechanism to the levels of Members' remuneration and OER
)	
)	
29.6.01	Third -	The proposal of the Independent Commission of an alternative mechanism for annual adjustments to OER
2.11.01	Fourth -	Retirement benefits for LegCo Members
31.5.02	Fifth -	Enlarged central offices for LegCo Members

(Copies of these reports are in **Appendices III - VII** respectively.)

Development on issues raised

5. The development on issues raised in the Subcommittee's reports is set out in paragraphs 6-10.

Remuneration and reimbursements for LegCo Members

6. With the approval of the Finance Committee on 6 July 2001, LegCo Members' remuneration and reimbursements/allowances were revised with effect from 1.10.01 (Extract of the minutes of the relevant meeting of the Finance Committee and FCR (2001-02)32 is in **Appendix VIII**)

7. The main changes are:

- (a) increase the "accountable expenses reimbursement for office operation" of LegCo Members by \$25,000 per month;
- (b) merge the monthly provisions of the "accountable expenses reimbursement for office operation" into an annual provision; and
- (c) merge the monthly provisions of the allowance for "entertainment and travelling expenses" into an annual provision.

Adjustment mechanism for the accountable expenses reimbursement for office operation

8. In June 2001 the Independent Commission recommended that LegCo Members be given the option whereby the “accountable expenses reimbursement for office operation” was divided into two components - a fixed part for expenses relating to staff salaries and office accommodation and a variable part for other operating expenses which would continue to be adjusted annually in accordance with the movement of the CPI(C). The majority of LegCo Members indicated preference to continue with the existing adjustment mechanism.

Retirement benefits for LegCo Members

9. In May 2001, upon the request of the Subcommittee, the Secretariat produced research reports on the parliamentary pension schemes in Australia, Singapore, the United Kingdom and the United States of America. Two consultation papers were issued to all Members in June and October 2001 respectively. The first paper was to gauge Members’ views on whether there should be a pension scheme for LegCo Members. 33 Members supported the proposal of a pension scheme for LegCo Members. The second paper was to seek Members’ views on how to draw up the proposal. 41 Members preferred to request the Administration to draw up a scheme than to appoint a consultant by The Legislative Council Commission to formulate a scheme for Members’ consideration. On 5 November 2001 the Chairman of the House Committee wrote to the Chief Secretary for Administration requesting that the Administration should draw up a proposed pension scheme for Members of the Legislative Council and forwarding the research reports prepared by the Secretariat. On 12 July 2002 D of Adm replied that the Independent Commission “had decided that the provision of retirement benefits to Members should be considered in the context of a comprehensive review of the remuneration package for LegCo Members for the third LegCo term (i.e. 2004-2008), to take place in 2003.” (Copy of D of Adm’s letter is in **Appendix IX**)

Proposal for expansion of Members’ central offices in the Central Government Offices (CGO) and the Citibank Tower

10. In October 2002 the Administration advised that it was not able to identify spare accommodation in CGO (West Wing) in the medium term. Also, it was unlikely that new funds could be made available to rent additional office space in the Citibank Tower, or other commercial premises, to meet Members’ request for enlarged Members’ offices (from 40m² to 50m²). However, the Administration agreed to allocate additional premises in Prince’s Building to the Secretariat. With this additional office space, more Members’ rooms have been set up in February 2003 on the Ground Floor of the LegCo Building by reallocating some staff of the Secretariat to Prince’s Building.

Statistics on LegCo Members' use of OER in the current LegCo term

11. In April 2003, upon the request of the Director of Administration, and with the agreement of the Chairman of the Subcommittee, the Secretariat has prepared statistics on the use of LegCo Members' OER in the current LegCo term (Copy of LegCo Paper AS197/02-03 is in **Appendix X**). It is stressed in the statistical report that:

- (a) expenses over the yearly reimbursement ceilings have not been reflected because Members are not required to submit invoices and receipts for verification if the expenses concerned are not to be reimbursed;
- (b) it may be misleading to judge how much is required for carrying out Member's duties by just looking at the actual expenditure, because some Members might have needed more resources to support their work but were unable to bear those expenses that were not reimbursable; and
- (c) the low expenditure on the IT and Communication Equipment Expenses Reimbursement (ITCEER) may be due to the condition that the Setting Up Expenses Reimbursement (SUER) has to be exhausted before a Member can claim ITCEER. The reason is that some Members may like to use SUER for setting up new offices or renovating existing ones, but have not yet done so. As they have not used up their SUER, they cannot claim ITCEER.

12. D of Adm has advised that the Independent Commission has noted the statistics and requested for a breakdown of the statistics by groupings of Members returned from geographical constituencies, functional constituencies and the Election Committee for its further consideration. The statistics have been compiled by the Administration, a copy of which is in **Appendix XI** (to follow).

Main points of past discussions

13. (a) The mode of operation and expenditure pattern of various LegCo Members differ significantly, depending on the method of election through which they were returned.
- (b) There should not be a difference in the level of OER for LegCo Members, irrespective of the different methods of election. (It should be noted that no Members will be returned through the Election Committee in the third LegCo term.)
- (c) It would be inappropriate for LegCo Members themselves to recommend specific amounts of OER.

- (d) Under the existing arrangement, Members could set aside funds for payment of future staff benefits. However, the present level of OER was hardly sufficient, let alone setting aside funds for future staff benefits.
- (e) The Administration was requested to look into the funding of long service payments for Members' staff which were paid out from OER. Additional funding should be provided by the Administration as in the case of severance payments.
- (f) Some members of the Subcommittee considered that a scheme similar to the Mandatory Provident Fund (MPF) Scheme seemed to be appropriate for LegCo Members because it demanded no preferential treatment for them. The Administration responded that since the Government was not the employer of Members and Members were not regarded as self-employed under the MPF Ordinance, Members were not required to join any MPF schemes under current laws. The Administration noticed that not every country had a pension plan for legislators and the Administration was collecting up-to-date information from several countries.

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Legislative Council Secretariat
May 2003

政府總部
香港下亞厘畢道



URGENT BY FAX
GOVERNMENT SECRETARIAT
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HONG KONG

本函檔號 Our Ref.: CSO/ADM CR 11/1136/97(03)

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23 May 2003

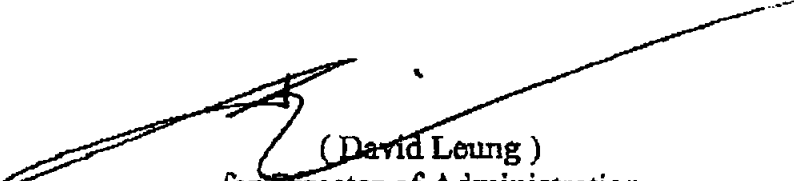
Mrs Anna Lo
Clerk to Subcommittee
Subcommittee on Members' Remuneration
and Operating Expenses Reimbursement
Legislative Council
8 Jackson Road
Central
Hong Kong

Dear Anna,

Review of the Remuneration Package for LegCo Members

Further to our letter of 20 May 2003 concerning the forthcoming meeting between LegCo Members and the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR on 2 June, I am writing to inform you that the Independent Commission would like to listen to LegCo Members' views at that meeting on issues relating to LegCo Members' remuneration package (including monthly remuneration, annual allowances of office operating expenses and entertainment and traveling expenses and one-off provisions for setting-up of office, winding-up of office and IT equipment) and the proposal for the provision of retirement benefits for LegCo Members.

Yours sincerely,


(David Leung)
for Director of Administration

Appendix II

**Independent Commission on Remuneration
for the Members of the Executive Council
and the Legislature of the HKSAR**

Membership

Chairman

Mr WONG Po-yan, GBM, JP (黃保欣先生)

Members

Mr Vincent CHENG Hoi-chuen, JP (鄭海泉先生)

Mr CHUNG Pui-lam, JP (鍾沛林先生)

Dr Thomas LEUNG Kwok-fai, BBS, JP (梁國輝博士)

Professor LIU Pak-wak, SBS (廖柏偉教授)

Mr LUI Tim-leung, JP (雷添良先生)

立法會
Legislative Council

LC Paper No. AS 86/00-01

Ref : AM 12/01/19 (Pt 2)

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

立法會
Legislative Council

LC Paper No. AS 123/00-01

Ref: AM 12/01/19 (Pt 2)

**Paper for the House Committee Meeting
on 8 December 2000**

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

Purpose

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

Background

2. The first report of the Subcommittee was considered by the House Committee on 17 November 2000. The Subcommittee was requested to work out more concrete proposals and provide another report to the House Committee. Under the chairmanship of Hon NG Leung-sing, the Subcommittee held another meeting on 30 November 2000.

3. Apart from those expressed at the House Committee meeting on 17 November 2000, no other views have been received from non-Subcommittee members for consideration by the Subcommittee at its meeting on 30 November 2000.

Deliberations and Recommendations of the Subcommittee

Standard Rate of Operating Expenses Reimbursement (OER) for all Members

4. The Subcommittee is of the consensus that there should not be a difference in the level of OER for Members, irrespective of the different methods of election (functional constituencies, Election Committee or geographical constituencies).

Factors for Review of Members' OER

5. After lengthy deliberation, the Subcommittee agrees that it would be inappropriate for Members themselves to recommend specific amounts, but the factors in paragraphs 6 to 13 should be taken into consideration in a review of Members' OER.

Maintenance of Quality of Service to the Public

6. As indicated in the statistics of Members' office operation expenses in June 2000, 63.2% and 10.6% of these expenses were spent on staff and office accommodation respectively (from past experience, the figures for staff salaries and office rents are not expected to vary significantly from month to month). These expenses cannot follow the downward movement of the Consumer Price Index (C) (CPI(C)) because they are bound by contracts or implied moral obligations. Moreover, the components and their relative weighting of CPI(C) are different from the expenditure items under the OER, e.g. CPI(C) does not have a separate weighting for wages and salaries.

7. A further reduction by another 5.1% this year following a 2% reduction in 1999 according to CPI(C) further aggravates the already inadequate level of OER for Members. Under such circumstances, Members are left with little choice but to reluctantly cut back on the service for the community. The Subcommittee considers it very important that Members' quality of service should be maintained.

8. When the mechanism for the annual adjustment of Members' remuneration and OER according to the movement of the Hang Seng Consumer Price Index (subsequently renamed as CPI(C)) was established in 1994-1995, it was the intention of the Commission on Remuneration for Members of the Legislative Council (the Commission) to ensure that Members' remuneration and their monthly expenses allowance would not be eroded by inflation. It is doubtful that the Commission envisaged at that time any downward adjustment at times of deflation. Any downward adjustment of Members' remuneration and OER according to CPI(C) may not therefore be a correct interpretation of the Commission's intention. It should be rectified as a matter of urgency.

Separate Adjustment Mechanism(s) for Staff and Office Costs

9. It is noted that the Legislative Council's Working Group on the Review of Allowances for Legislative Council Members recommended in 1994 that there should be separate adjustment mechanisms for staff and office costs and for other expenses (extract of the report of the Working Group is at **Appendix I**). However, the Commission recommended that adjustment should be made across the board by reference to the Hang Seng CPI.

10. For the same reasons stated in paragraph 6, the Subcommittee is of the view that expenses on staff salaries and office accommodation should more appropriately be subject to new annual adjustment mechanism(s), while other expenses should continue to be subject to CPI(C).

Changes to Election Systems and Constituencies since 1994

11. In 1994 the Commission's recommendation on the level of OER was based on one office per Member with a manning scale of an Executive Officer I, a Personal Secretary II and a Clerical Officer II at the mid-point salaries of \$49,385 (which is equivalent to \$71,865 in 2000) (extract of the Report of the Commission is at **Appendix II**). In view of the different election systems in 1994 and 2000 whereby the constituencies are now greatly enlarged, the need for more offices and resources is obvious. In June 2000, 48 Members had a total of 76 district offices (26 Members with one office, 16 Members with two offices and 6 Members with three offices). This indicates that over 80% of Members have more than one office. The present level of OER is hardly sufficient, let alone setting aside funds for future staff benefits. In this connection, the Subcommittee has requested Members to forward all invoices and receipts for the period October – December 2000 to the Secretariat for recording, irrespective of whether the OER ceilings have been exceeded, so that the actual expenditure of Members can be reflected to the Administration.

12. An appeal was made to the Administration to review the level of OER in 1998-1999. Whilst recognizing the enlarged area and population in some constituencies, the Administration considered that Members could communicate with their constituents through modern technology; hence the approval of the \$100,000 capital account on Information Technology and Communication Equipment Expenses in July 1999. The low expenditure on this account (\$0.456 million as at 30 June 2000) since its introduction seems to indicate that this measure may not be as effective and useful as expected.

13. The Subcommittee recommends that the Administration should review the number of offices required by Members, with reference to the 1994 manning scale for such offices. The Subcommittee welcomes the Independent Commission on Remuneration for the Members of the Executive Council and the Legislature of the HKSAR (Independent Commission) to visit the district offices and meet Members for an exchange of views on the OER system.

Additional Funding for Long Service Payments

14. The Subcommittee is of the unanimous view that additional funding should be provided by the Administration for long service payments to Members' staff as in the case of severance payments.

Members' Remuneration

15. The suggestions of pegging Members' remuneration to a salary point, or at a certain percentage of a salary point on the Civil Service pay scale, and of providing for the annual adjustment to follow that for the Civil Service have been considered. The Subcommittee notes that these were considered but were not accepted by the Commission in 1994 (extract of the report of the Commission is at **Appendix III**). While the Subcommittee does not intend to make any concrete proposal on Members' remuneration, it is of the view that it is opportune for the remuneration package for Members to be reviewed comprehensively. The Commission has earlier recommended that such a review be conducted once every three to five years.

Timing of the Review

16. The downward adjustment according to CPI(C) in October 2000 and the implementation of the Mandatory Provident Fund on 1 December 2000 further aggravate the inadequacy of OER for Members, particularly those with a large number of staff. The Subcommittee therefore urges the Independent Commission to conduct the review as a matter of urgency.

Advice Sought

17. 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 interpretation that Members' remuneration and OER should be adjusted downwards according to CPI(C) at times of deflation may not be correct and should be rectified urgently (paragraph 8).
- (b) Expenses on staff salaries and office accommodation should more appropriately be subject to new annual adjustment mechanism(s), while other expenses should continue to be subject to the movement of CPI(C) (paragraph 10).
- (c) It is necessary to review the present inadequate level of OER, having regard to the number of offices required by Members and with reference to the 1994 manning scale of such offices (paragraph 13).
- (d) Additional funding should be provided by the Administration for long service payments for Members' staff as in the case of severance payments (paragraph 14).
- (e) It is opportune for the remuneration package for Members to be reviewed comprehensively (paragraph 15).

- (f) A review should be conducted by the Independent Commission as a matter of urgency (paragraph 16).

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Legislative Council Secretariat
6 December 2000

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**Extract from Report of the Working Group
on the Review of Allowances for Legislative Council Members**

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General Expenses Allowance

15. The level of the component for office and staff costs should be determined by making reference to the scope of duties of a Legislative Council Member so that necessary supporting staff could be employed and adequate office expenses could be provided to assist Members in performing their duties effectively. As regards the adjustment of the non-accountable component on travelling and entertainment, reference should be made to inflation and the Consumer Price Index.

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**Extract from Report of the Commission on Remuneration
for Members of the Legislative Council**

X X X X X X X X X

Level of the General Expenses Allowance for Staff and Office Costs

3.13. In the absence of other suitable reference points, we recommend that the previous approach be maintained. The sum of the mid-point salaries of an Executive Officer I, a Personal Secretary II and a Clerical Officer II for 1993-94 is \$49,385. According to LegCo Members' latest claims, each LegCo Member incurs on average \$10,254 per month on office expenses. Therefore, we recommend that the level of the monthly general expenses allowance, as at the end of March 1994, should be \$60,000 (which is roughly the sum of \$49,385 and \$10,254).

3.14 We recommend that, as the expenditure pattern varies so much from one LegCo Member to another, LegCo Members should be allowed the flexibility to claim up to the full amount of \$60,000 per month irrespective of the breakdown between areas of expenditure. In other words, for example, a LegCo Member may use the whole allowance solely on staff expenses. We further recommend that, following the existing practice, the allowance should be made on a reimbursement basis. All claims must be supported by receipts duly certified by the LegCo Member concerned.

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**Extract from Report of the Commission on Remuneration
for Members of the Legislative Council**

X X X X X X X X X

Remuneration for Legislative Council Members

2.13 Because LegCo work is not a job, we do not find it possible to link the level of remuneration for LegCo Members to the pay scales of the civil service or pay levels in the private sector. We have therefore considered instead whether the present level of remuneration is reasonable. We are aware that there will not be any community consensus on how the level should be determined. We believe, however, whether people are coming forward as candidates in LegCo elections is not and should not be determined solely by the level of the remuneration.

2.14 We therefore choose to consider whether the present level of payment at \$43,250 per month is reasonable for those people of more modest means who may regard LegCo work as their main occupation. In this connection, we have made reference to the statistics on monthly employment and household earnings in Hong Kong and note that the existing level of remuneration, at \$43,250 per month, puts LegCo Members in the top 1.5% (as at 4th quarter 1993) of salary earners in Hong Kong. We consider this to be reasonable.

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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.

* * * * *

Legislative Council Secretariat
27 June 2001

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

Summary of Reponses

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

立法會
Legislative Council

LC Paper No. AS 36/01-02

Ref: AM 12/01/19/1 (Pt 2)

**Paper for the House Committee Meeting
on 2 November 2001**

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

Purpose

This paper seeks Members' endorsement on the recommendations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement regarding retirement benefits for Legislative Council (LegCo) Members.

Background

2. In the Subcommittee's first report to the House Committee on 17 November 2000, Members were informed that it would examine, inter alia, the issue of retirement benefits for LegCo Members.

Deliberations and Recommendations

3. Pursuant to the study on the level of and mechanism for determining Members' remuneration and operating expenses reimbursement, the Subcommittee has held three meetings, including one with the Administration, to discuss the issue of retirement benefits for LegCo Members.

4. The Subcommittee has also requested the Secretariat to produce research reports on the parliamentary pension schemes in Australia, Singapore, the United Kingdom and the United States of America. These reports were forwarded to all Members vide AS 351/00-01 on 30 May 2001.

5. Two consultation papers were issued to all Members in June and October 2001 respectively. The first one (LC Paper No. AS 381/00-01 dated 21 June 2001) was to gauge Members' views on whether there should be a pension scheme for Legislative Council Members. A total of 54 Members have responded. Of these Members, 33 support the proposal of a pension scheme for Legislative Council Members, while 18 do not and three abstain from indicating their views. Members' responses to the first consultation paper are summarized in LC Paper No. AS 403/00-01 dated 12 July 2001.

6. As the majority of Members support the proposal of a pension scheme for Legislative Council Members, the Subcommittee issues another consultation paper (LC Paper No. AS 17/01-02 dated 10 October 2001) to seek Members' further views on whether:

- (a) to request the Administration to draw up a scheme for Members' consideration; OR
- (b) to appoint a consultant by The Legislative Council Commission to formulate a scheme for the Administration's consideration.

A total of 48 Members have responded. 40 Members are in favour of (a), seven for (b) and one supports both (a) and (b). Members' responses to the second consultation paper are summarized in LC Paper No. AS 32/01-02 dated 29 October 2001.

7. Basing on the outcome of the two consultation papers, the Subcommittee recommends that there should be a pension scheme for Legislative Council Members and that the Administration should be requested to draw up a scheme for Members' consideration.

Advice Sought

8. Members are invited to endorse the recommendations of the Subcommittee in the preceding paragraph and forward them to the Administration for consideration.

* * * * *

Legislative Council Secretariat
29 October 2001

立法會
Legislative Council

LC Paper No. AS 250/01-02

Ref: AM 12/01/19/2

**Paper for the House Committee Meeting
on 31 May 2002**

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

Purpose

This paper seeks Members' advice on the recommendations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement for enlarged Members' offices (from 40 m² to 50m²) in the Central Government Offices (West Wing) (CGO(WW)) and Citibank Tower (CBT).

Background

2. Each Member may be provided with an office within the Council's premises on the third, fourth or fifth floor of CGO(WW) or the sixth floor of CBT. Members' offices are either in the form of individual office, or combined offices that can be shared by two or more Members. The existing standard provision, agreed between the Administration and LegCo in 1996, for each Member's office in CGO(WW)/CBT is 40m² which is to accommodate a Member, two personal assistants/secretaries and office equipment (such as computers, printers etc) and filing cabinets/bookshelves.

3. Given the increased Council-related work and the inadequate provision of the accountable office operating expenses reimbursement (OOER) for Members, the Independent Commission on Remuneration for the Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region (Independent Commission) recommended that the OOER be increased by \$25,000 per month, which should go towards meeting the operational needs of the majority of LegCo Members, enabling them to employ additional and better qualified staff. The Independent Commission's recommendation was approved with effect from 1 October 2001. The need for enlarged central offices in CGO(WW)/CBT as a result of the greater number of assistants employed by Members with the higher level of OOER was raised at The Legislative Council Commission meeting on 19 February 2002. The Commission referred the issue to the Subcommittee for consideration.

Deliberations and Recommendations

4. In March 2002 the Subcommittee conducted a survey seeking Members' views on the space requirements of their central offices in CGO(WW)/CBT. Fifty-three Members have responded; 33 of them consider the present provision of 40m² inadequate. Of the 53 responding Members, 44 have stationed staff in the CGO(WW)/CBT offices (27 Members have 1 - 2 while 17 Members have 3 - 8 full-time/part-time staff in these offices). It indicates that 17 Members have accommodated more staff in their CGO(WW)/CBT offices than the standard provision of office accommodation agreed with the Administration in 1996. After the increase of the OOER, 24 Members have each employed 1 - 3 additional staff. A total of 35 additional staff has been employed by the 24 Members. Twelve of these 35 additional staff are stationed in 11 Members' offices in CGO(WW)/CBT. Thirteen Members indicate that they have not employed additional staff due to the inadequacy of office space. The summary of responses to the questionnaire was circulated to all Members vide LC Paper No. AS 194/01-02 on 8 April 2002.

5. The Subcommittee held a meeting on 11 April 2002 to discuss the results of the survey. It is obvious that the present Members' offices in CGO(WW)/CBT are congested. The additional staff employed and stationed in these offices by Members with the increased OOER has aggravated the situation. The Subcommittee notes that the need of a larger office is even more acute for Members with no political affiliation as they cannot share their offices with their colleagues as in the case of Members with party affiliation. Based on the findings of the survey, the Subcommittee recommends that a larger central office of 50m² should be provided for Members in CGO(WW)/CBT as an interim measure to cope with the congested office accommodation in Members' central offices, pending the availability of the new Legislative Council Building by the end of 2007. The proposed additional 10m² is to accommodate two additional personal assistants. (The government space standard for staff at Executive Officer and Clerical Officer level is 5.8m² and 4.4m² respectively.)

6. The Subcommittee notes that in February 2002 The Legislative Council Commission has forwarded a proposal to the Administration requesting additional office space of 450m² to meet the short-term accommodation needs of the Council between now and the availability of the new Legislative Council Building. In the circumstances, the Subcommittee further recommends that its proposal in paragraph 5 should be considered in conjunction with the Commission's earlier proposal. Details of the reallocation of Members' central offices will also be decided by the Commission upon provision of additional space.

Advice Sought

7. Members' support is sought on the following recommendations of the Subcommittee:

- (a) the area of each Member's office in CGO(WW)/CBT be increased from 40m² to 50m²; and
- (b) The Legislative Council Commission to request the Administration to consider the above proposal in conjunction with the Commission's earlier proposal for additional office space.

* * * * *

Legislative Council Secretariat
21 May 2002

107. The Committee approved the proposal.

Item No. 7 - FCR(2001-02)32

HEAD 112 - LEGISLATIVE COUNCIL COMMISSION

• Subhead 366 Remuneration and reimbursements for Members of the Legislative Council

108. Members noted that the present proposal had been discussed by the LegCo Subcommittee on Members' Remuneration and Operating Expenses Reimbursement at its meetings on 16 March, 15 June and 26 June 2001.

109. The Chairman declared that all members had the same pecuniary interest in the matter and they could all speak and vote on the present proposal.

110. Miss Emily LAU noted the recommendation 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) to increase the "accountable expenses reimbursement for office operation" by \$25,000 a month and sought the Administration's comments on the basis for deriving the amount and how it could meet the operational needs of the majority of LegCo Members as a result of increased volume and complexity in Council-related work. Miss LAU further questioned whether the Administration and the Independent Commission were fully aware of the operation of directly elected LegCo Members and stressed that their work in geographical constituencies should also be taken into account.

111. Miss Margaret NG considered the increase in accountable expenses of \$25,000 a month failed to reflect the substantial increase in Members' workload over the years and queried whether the Independent Commission had obtained sufficient information on Members' heavy workload in arriving at the current recommendation.

112. In response, the Director of Administration (D of Admin) advised that while it was difficult to quantify LegCo Members' increased workload, the Independent Commission had taken into consideration Members' workload relating to Council business, as well as the survey conducted in 2000 by the LegCo Secretariat on Members' office operating expenses, in arriving at the proposed increase of \$25,000 per month. The Independent Commission had met with members of the LegCo Subcommittee on Members' Remuneration and Operating Expenses Reimbursement and had previously visited some district offices of LegCo Members to acquire first-hand information on their mode of operation. D of Admin said that the Independent Commission did not consider that individual Members necessarily required more district offices to serve their constituencies.

113. Mr IP Kwok-him said that Members of DAB would support the present proposal. However, he pointed out that the bulk of Members' accountable expenses was for hiring personal assistants and urged that its adjustment mechanism should be modelled on that for civil servants.

114. In reply, D of Admin advised that the current adjustments to the level of accountable expenses would continue to be made in accordance with the movements of the Consumer Price Index (C) (CPI(C)), in view of the stated preference of the majority of Members. There was no restriction on how individual Members would remunerate their staff. He further pointed out that LegCo Secretariat's survey indicated that Members' mode of operation varied greatly and, as a result, the expenditure patterns were quite diverse.

115. Mr LEE Cheuk-yan considered that Members' "accountable expenses reimbursement for office operation" should be increased to enable Members to employ competent assistants to assist them in discharging their functions. In this connection, D of Admin said that the Independent Commission was fully aware of Members' need for greater support and had recommended that where justified, consideration should be given to providing additional resources to the LegCo Secretariat. On whether the LegCo Secretariat could submit a further bid for additional resources, D of Admin replied in the positive but pointed out that the Government would need to consider competing bids for resources vis a vis its available resources.

116. On Members' remuneration, Mr James TIEN considered it unfair that civil servants were entitled to a pay rise this year, but LegCo Members were not. In response, D of Admin said that Members' remuneration had been adjusted annually in accordance with the upward or downward movement of CPI(C). The Independent Commission also took the view that any recommendations for a substantial change to the level of remuneration of LegCo Members should, as far as possible, be approved by the legislature in one term for implementation in the next term. The Independent Commission had therefore recommended no change to the level and adjustment mechanism of LegCo Members' remuneration on this occasion.

117. In this connection, Mr Michael MAK queried the basis for the existing level of Members' remuneration at \$59,400 per month. In reply, D of Admin advised that the basis was set by the then Independent Commission in the review in 1994-95. If Members were interested, he would provide the relevant report for members' reference.

118. In response to Miss Margaret NG's call for an early review of the existing level and adjustment mechanism of Members' remuneration and allowances, D of Admin said that the Administration would request the Independent Commission to complete the next review before the end of the current term.

Admin

119. The Committee approved the proposal.

ITEM FOR FINANCE COMMITTEE

HEAD 112 – LEGISLATIVE COUNCIL COMMISSION

Subhead 366 Remuneration and reimbursements for Members of the Legislative Council

Members are invited to approve modifications to the package of remuneration and allowances for Members of the Legislative Council with effect from 1 October 2001 as recommended by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region.

PROBLEM

We need to give Members of the Legislative Council (LegCo) more resources and greater flexibility in the use of their accountable allowances for office operating expenses to help them discharge their LegCo-related functions.

PROPOSAL

2. With effect from 1 October 2001, we propose to –
 - (a) increase the “accountable expenses reimbursement for office operation” of LegCo Members by \$25,000 per month;
 - (b) merge the monthly provisions of the “accountable expenses reimbursement for office operation” into an annual provision; and
 - (c) merge the monthly provisions of the allowance for “entertainment and travelling expenses” into an annual provision.

/JUSTIFICATION

JUSTIFICATION

3. In December 2000, the LegCo House Committee put forward various proposals regarding Members' remuneration and accountable allowances for office operating expenses to the Administration. In response, the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region (hereafter referred to as the Independent Commission) have reviewed the package of remuneration and allowances for LegCo Members and recommended some modifications to the package. We accept the Independent Commission's recommendations, having regard to the increase in LegCo Members' workload in Council-related business and their need for greater flexibility in deploying their accountable allowances for office operating expenses.

Accountable Expenses Reimbursement for Office Operation

4. The Independent Commission note that different LegCo Members have different modes of operation and that only about one-third of LegCo Members are maintaining more than one district office. The Independent Commission do not consider that individual LegCo Members necessarily require more district offices to serve their constituencies. Nevertheless, the Independent Commission note that, compared to the 1993-95 LegCo term when the basis of the accountable allowances for office operating expenses was drawn up, LegCo Members' workload relating to Council business, as stipulated in the Basic Law, has increased in terms of both volume and complexity. The current staffing support for LegCo Members appears thin vis-a-vis their increased workload relating to Council business. A survey conducted in 2000 by the LegCo Secretariat on LegCo Members' office operating expenses showed that of the 28 Members who had expenditure in excess of the "accountable expenses reimbursement for office operation", the excess amount varied from \$67 to \$52,000 a month. Given the increased Council-related work and the inadequate provision of the current "accountable expenses reimbursement for office operation" for a number of LegCo Members, the Independent Commission recommend that the "accountable expenses reimbursement for office operation" be increased by \$25,000 per month, which should go towards meeting the operational needs of the majority of LegCo Members, enabling them to employ additional and better qualified staff.

5. The Independent Commission also note that expenditure, even for the same LegCo Member, can vary from month to month and that significant excesses above the monthly provision under the "accountable expenses reimbursement for office operation" arise during those months when expenditure on items other than office accommodation and staff is high. To allow LegCo Members greater

/flexibility

flexibility in deploying their resources, the Independent Commission recommend that the monthly provisions under the “accountable expenses reimbursement for office operation” should be merged into an annual provision.

Allowance for Entertainment and Travelling Expenses

6. Given that LegCo Members are allowed to use up to 50% of the allowance for “entertainment and travelling expenses” for employing staff under the existing arrangement, the Independent Commission similarly recommend that the monthly provisions for the allowance for “entertainment and travelling expenses” be merged into an annual provision, but kept as a separate account from the “accountable expenses reimbursement for office operation”.

Adjustment Mechanism for the Accountable Expenses Reimbursement for Office Operation

7. Pursuant to the decision of the Finance Committee on 14 July 1995 vide FCR(95-96)44, adjustments to the remuneration, the “accountable expenses reimbursement for office operation” and the allowance for “entertainment and travelling expenses” for LegCo Members have been made in accordance with the movement of the CPI(C) under delegated authority by the Secretary for the Treasury.

8. The Independent Commission have confirmed that the intention of the existing adjustment mechanism provides for both upward and downward adjustments. Nevertheless, the Independent Commission note that a significant proportion of the “accountable expenses reimbursement for office operation” is used by LegCo Members to cover expenses on staff salaries and office rental, which may not change from year to year, or if they do, may not be in accordance with the CPI(C). The Independent Commission, therefore, recommend that LegCo Members be given the option whereby the “accountable expenses reimbursement for office operation” is divided into two components - a fixed part for expenses relating to staff salaries and office accommodation and a variable part for other operating expenses which will continue to be adjusted annually in accordance with the movement of the CPI(C). We consulted the LegCo Subcommittee on Members’ Remuneration and Operating Expenses Reimbursement on the alternative adjustment mechanism, and were informed at a meeting on 26 June 2001 that the majority of the LegCo Members indicated preference to continue with the existing adjustment mechanism.

Others

9. As regards the other suggestions on LegCo Members' remuneration and allowances, the Independent Commission do not support LegCo's request for additional funding for long service payments and mandatory provident fund contributions to LegCo Members' staff, given that the current ambit of the "accountable expenses reimbursement for office operation" already covers such payments to staff as required under the relevant labour legislation, which includes long service payments and provident fund contributions.

10. The Independent Commission do not support any increase to the "information technology and communication equipment expenses reimbursement", given the relatively short time since the introduction of this allowance in 1999 and LegCo Members' varying expenditure patterns.

11. The Independent Commission reaffirm their view that LegCo membership is a form of service to the public and that it would not be appropriate or possible to link remuneration of LegCo Members to the pay scale of the civil service or pay levels in the private sector. They also advise that any recommendations for substantial change to the level of remuneration of LegCo Members should, as far as possible, be approved by the legislature in one term for implementation in the next term. They therefore recommend that no change should be made to the level and adjustment mechanism of LegCo Members' remuneration.

Date of Implementation

12. We recommend the proposal at paragraph 2 above should come into effect in the new legislative session beginning on 1 October 2001.

FINANCIAL IMPLICATIONS

13. We estimate that the maximum financial implication of increasing the level of the "accountable expenses reimbursement for office operation" of LegCo Members by \$25,000 per month will be \$9 million in 2001-02 (covering the period from 1 October 2001 to 31 March 2002) and \$18 million in a full year. Subject to Members' approval, we will approve the supplementary provision required in 2001-02 under delegated authority.

14. The proposed increase in the "accountable expenses reimbursement for office operation" may also have an additional financial implication of \$4.5 million for the current LegCo term when LegCo Members' offices are wound up. Firstly, retiring LegCo Members are provided with a fixed amount under the

/winding

“winding up expenses reimbursement” equivalent to the monthly “accountable expenses reimbursement for office operation”. If all Members claim the allowance, this will incur an additional amount of \$1.5 million. Secondly, LegCo Members’ expenses incurred in making severance payments to their staff are reimbursed on an actual basis. If all LegCo Members use the proposed increased amount of \$25,000 to employ staff, this will incur an additional amount of \$3 million.

15. The merging of the monthly provisions for the “accountable expenses reimbursement for office operation” and the allowance for “entertainment and travelling expenses” into two separate annual provisions will carry no additional financial implications.

BACKGROUND INFORMATION

16. At its meeting on 20 October 2000, the LegCo House Committee decided to form a Subcommittee on Members’ Remuneration and Operating Expenses Reimbursement (the Subcommittee) to review the remuneration and allowances for LegCo Members. On the recommendation of the Subcommittee, the LegCo House Committee put forward in December 2000 various proposals regarding Members’ remuneration and accountable allowances for office operating expenses to the Administration. To ascertain the adequacy or otherwise of the current provision, the LegCo Secretariat conducted a survey of Members’ actual office operating expenses for the period from October to December 2000. The Subcommittee met the Administration on 16 March 2001 to discuss the matter. At Members’ requests, the Independent Commission also met the Subcommittee on 17 May 2001.

17. Having considered the views and suggestions made by LegCo Members, the Independent Commission recommend some modifications to the package of remuneration and allowances. The proposed modifications were presented to and discussed with the LegCo Subcommittee at its meetings on 15 and 26 June 2001. The LegCo Subcommittee consulted all LegCo Members on our proposed alternative adjustment mechanism for the “accountable expenses reimbursement for office operation” and the majority of them indicated preference for the existing adjustment mechanism. The proposed package, together with the existing one, is detailed at Enclosure.

Encl.

Administration Wing
Chief Secretary for Administration’s Office
June 2001

**Package for LegCo Members' Remuneration and Allowances :
Existing and Proposed**

Existing Package	Proposed Package w.e.f.1.10.2001
<p>(A) Monthly provisions</p> <ol style="list-style-type: none"> 1. a remuneration of \$59,400 2. an allowance of up to \$96,120 (or \$1,153,440 per annum) for accountable expenses relating to office operation 3. a non-accountable allowance of up to \$13,720 for entertainment and travelling* <p>(B) One-off provisions</p> <ol style="list-style-type: none"> 4. an allowance of up to \$150,000 for setting up their offices for each LegCo term 5. an allowance of up to \$100,000 for "information technology and communications equipment expenses reimbursement" for each LegCo term 6. an allowance for winding-up when LegCo Members cease to be Members of the legislature comprising – <ol style="list-style-type: none"> (a) a fixed amount equivalent to the monthly "accountable expenses reimbursement for office operation" (currently at \$96,120), payable on a reimbursement basis, to cover office expenses incurred; and (b) a separate amount, with no pre-set ceiling, to cover actual severance payment to be paid to staff. 	<p>(A) Monthly provisions</p> <ol style="list-style-type: none"> 1. a remuneration of \$59,400# <p>(B) Annual provisions</p> <ol style="list-style-type: none"> 2. an allowance of up to \$1,453,440# for accountable expenses relating to office operation 3. a non-accountable allowance of up to \$164,640# for entertainment and travelling* <p>(C) One-off provisions</p> <ol style="list-style-type: none"> 4. an allowance of up to \$150,000 for setting up their offices for each LegCo term 5. an allowance of up to \$100,000 for "information technology and communications equipment expenses reimbursement" for each LegCo term 6. an allowance for winding-up when LegCo Members cease to be Members of the legislature comprising – <ol style="list-style-type: none"> (a) a fixed amount equivalent to the monthly "accountable expenses reimbursement for office operation" (\$121,120#), payable on a reimbursement basis, to cover office expenses incurred; and (b) a separate amount, with no pre-set ceiling, to cover actual severance payment to be paid to staff.

Note - * Up to 50% may be used for staff expenses on an accountable basis.

The amount does not take into account the next annual adjustment to be made on 1 October 2001.

政府總部
香港下亞厘畢道



GOVERNMENT SECRETARIAT
LOWER ALBERT ROAD
HONG KONG

本函檔號 Our Ref.:

來函檔號 Your Ref.:

CSO/ADM CR 1/1136/97(01)

Tel No. : 2810 3838

Fax No. : 2804 6870

12 July 2002

Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Chairman
House Committee
Legislative Council
8 Jackson Road
Central
Hong Kong

Dear Selina

Retirement Benefits for Legislative Council Members

Thank you for your letter to the Chief Secretary for Administration of 5 November 2001, on the House Committee's decision to request the Administration to draw up a pension scheme for Members' consideration.

As the Chief Secretary for Administration has advised you in his interim reply of 13 November 2001, the Administration would need to consult the Independent Commission on Remuneration of Members of the Executive Council and the Legislature of the HKSAR before we come to a view on the matter.

The Independent Commission has now considered your request and decided that the provision of retirement benefits to Members should be considered in the context of a comprehensive review of the remuneration package for LegCo Members for the third LegCo term (i.e. 2004 – 2008), to take place in 2003. The Independent Commission also noted the established practice that recommendations for substantial change to the remuneration package should be approved by the Legislature in one term, for implementation in the following term.

We will keep you posted of developments and consult Members in due course on outcome of the review.

Yours Sincerely

A handwritten signature in black ink, appearing to be 'Andrew H Y Wong', written in a cursive style.

(Andrew H Y Wong)
Director of Administration

立法會
Legislative Council

LC Paper No. AS 197/02-03

Ref : AM 12/01/19 (Pt 5)

Tel : 2869 9480

Date : 9 May 2003

From : Clerk to Subcommittee

To : Hon Ng Leung-sing, JP (Chairman)
Hon Cyd Ho Sau-lan
Hon Leung Yiu-chung
Hon Howard Young, JP
Hon Yeung Yiu-chung, BBS
Hon Emily Lau Wai-hing, JP
Hon Andrew Cheng Kar-foo

**Subcommittee on Members' Remuneration and
Operating Expenses Reimbursement**

Review of the Remuneration Package for LegCo Members

In response to the Director of Administration's request dated 4 April 2003 (**Appendix I**) and with the Chairman's agreement, the Secretariat has provided the relevant statistics on Members' operating expenses since the commencement of the current LegCo term (**Appendix II**) to the Administration. These papers are forwarded for Members' information.

2. Members will be kept informed of the progress on the review of the remuneration package for LegCo Members.

(Mrs Anna Lo)
Clerk to Subcommittee

Encl.

c.c. Other Members
SG
DSG
CPIO
ACCT

政府總部
香港下亞厘畢道



URGENT BY FAX
GOVERNMENT SECRETARIAT
LOWER ALBERT ROAD
HONG KONG

本函檔號 Our Ref.:
來函檔號 Your Ref.:

CSO/ADM CR 1/1136/97

Tel No. : 2810 3946
Fax No. : 2842 8897

4 April 2003

Secretary General
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

(Attn: Mrs Anna Lo)

Dear Anna,

Review of the Remuneration Package for LegCo Members

As you are probably aware, a major task of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission) is to consider the system of remuneration for LegCo Members and carry out periodic reviews of the remuneration package. According to the established practice, the Independent Commission normally conducts a comprehensive review of the remuneration package for LegCo Members about a year before the start of a new LegCo term.


In accordance with this timetable, the Independent Commission will shortly commence a comprehensive review of the remuneration package for Members of the third term LegCo. To facilitate the review, I am writing to seek your assistance to provide relevant statistics of Members' operating expenses since the commencement of the current LegCo term, as follows –

- (i) Annual allowance for office operation expenses (from October 2000 to December 2002)
- Utilization rate of individual Members
 - Breakdown of major expenditure components, i.e. –

- Staff remuneration and expenses;
 - Office accommodation and expenses;
 - Equipment and furniture; and
 - Other operating expenses.
- (ii) Annual allowance for entertainment and traveling expenses (from October 2000 to December 2002)
- Utilization rate of individual Members;
 - Breakdown of major expenditure components, i.e. -
 - Entertainment and traveling expenses; and
 - Staff remuneration.
- (iii) Operating expenses on staff remuneration and office rental (as at December 2002)
- Number of full-time / part-time assistants for individual LegCo Members;
 - Salary levels for full-time / part-time assistants; and
 - Number of central / district offices for individual LegCo Members.
- (iv) One-off provision for setting up of offices (in the first and second LegCo terms)
- Utilization rate of individual Members.
- (v) One-off provision for winding up of offices (in the first LegCo term)
- Utilization rate of individual Members.
- (vi) One-off provision for purchases of IT and communications equipment (in the second LegCo term)
- Utilization rate of individual Members.

Your return on or before 28 April 2003 would be appreciated.

Yours sincerely,


(David Leung)
for Director of Administration

**Statistics on the Use of Legislative Council Members'
Operating Expenses Reimbursements**

1. The following statistics are prepared in response to the Director of Administration's request dated 4 April 2003:

**(i) Reimbursement for office operation expenses
(from October 2000 to December 2002)**

The average monthly reimbursements for office operation expenses per Member are as follows:

	Oct 2000 to Sept 2001		Oct 2001 to Sept 2002		Oct 2002 to Dec 2002	
	\$	%	\$	%	\$	%
Average limit per month	96,120	100	119,198	100	116,456	100
Staff remuneration and expenses	61,557	64.0	73,197	61.4	75,757	65.0
Office accommodation	9,102	9.4	9,777	8.2	10,359	8.9
Equipment and furniture	1,532	1.6	1,602	1.4	316	0.3
Other operating expenses	16,271	17.0	21,617	18.1	20,158	17.3
Average total reimbursement per month	88,462	92.0	106,193	89.1	106,590	91.5

Statistics on the utilization rates are shown in **Appendix 1**. Forty-five and 36 Members' claims were over 90% of the reimbursable limits in the years 2000-01 and 2001-02 respectively.

**(ii) Reimbursement for entertainment and travelling expenses
(from October 2000 to December 2002)**

The average monthly reimbursements for entertainment and travelling expenses per Member, with a portion of them used for hiring staff, are as follows:

	Oct 2000 to Sept 2001		Oct 2001 to Sept 2002		Oct 2002 to Dec 2002	
	\$	%	\$	%	\$	%
Average limit per month	13,720	100	13,446	100	13,137	100
Entertainment and travelling expenses	11,836	86.3	12,199	90.7	13,430	102.3
Staff remuneration	732	5.3	186	1.4	109	0.8
Average total reimbursement per month	12,568	91.6	12,385	92.1	13,539	103.1

Statistics on the utilization rates are shown in **Appendix 2**. Fifty-two and 53 Members' claims were higher than 90% of the reimbursable limits in 2000-01 and 2001-02 respectively.

**(iii) Operating expenses on staff remuneration and office rental
(as in December 2002)**

The number of full-time and part-time staff employed by individual Members are shown in **Appendix 3**. Statistics show that about one-third of the Members employed four to five full-time assistants. Clustered around the median of four, 17 Members employed two to three and another 15 Members employed six to seven full-time assistants. On the hiring of part-time assistants, twenty-three Members did not have any and 22 Members had one.

Statistics on the number of full-time assistants and their salaries are shown in **Appendix 4**. Among these 273 assistants, about 65% were paid around \$5,000 to \$14,999 a month, and the median salary was \$11,500. The two highest paid assistants were in the \$40,000 to \$44,999 bracket.

Statistics on the number of part-time employees and their salaries are shown in **Appendix 5**. Although the employees are grouped by different salary ranges, it must be noted that they worked different number of hours and their skills and experience might vary widely.

The number of central and district offices operated by Members are shown in **Appendix 6**. In counting the number of district offices operated, those shared by two or more LegCo/District Council Members are accounted for with reference to the shared portions only. On the other hand, the figures have not included those offices which some Members might have used without claiming any rental reimbursement. Bearing this background in mind, the statistics show that over 46 Members had two or more offices. Among them, 11 had more than three offices.

**(iv) One-off provision for setting up of offices
(in the first and second LegCo terms)**

Statistics on the utilization rates for Setting Up Expenses Reimbursement (SUER) are shown in **Appendix 7**. Twenty-nine Members had claimed over 90% of the reimbursable limit in the first LegCo term; and up to the end of December 2002, 31 Members had done likewise in the second term.

**(v) One-off provision for winding up of offices
(in the first LegCo term)**

The utilization rates for Winding Up Expenses Reimbursement are shown in **Appendix 8**. Ten out of the 13 Members who stepped down after the first LegCo term used over 40% of the fixed portion of the Reimbursement; among them six used over half of the fixed portion. With claims for the unlimited portion for severance payments included, on average, each of the 13 Members claimed about \$130,000. The highest claim was about \$279,000 and the lowest was about \$45,000.

**(vi) One-off provision for purchases of IT and communication equipment
(in the second LegCo term)**

Statistics on the utilization rates of the Information Technology and Communication Equipment Expenses Reimbursement (ITCEER) are shown in **Appendix 9**. Nine Members had used over 90% of the reimbursable amount by the end of 2002, while 40 Members had used none. The condition that the SUER has to be exhausted before a Member can claim the ITCEER may have put off some claims for the latter. The reason is that some Members may like to use SUER for setting up new offices or renovating existing ones, but have not yet done so. As they have not used up their SUER, they cannot claim the ITCEER.

2. It must be noted that expenses over the yearly reimbursement ceilings have not been reflected in the statistics, because Members are not required to submit invoices and receipts for verification if the expenses concerned are not to be reimbursed.

3. Furthermore, it may be misleading to judge how much is required for carrying out Members' duties by just looking at the actual expenditure, because "some Members might have needed more resources to support their work but were unable to bear those expenses that were not reimbursable". (See para 5 of the minutes of the meeting of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement held on 16 March 2001, which was attended by the Director of Administration and his colleagues.)

Accounts Office
Legislative Council Secretariat
28 April 2003

**Utilization Rates of
Office Operation Expenses Reimbursement
from October 2000 to December 2002**

Utilization rate	No. of Members		
	Oct 2000 - Sept 2001	Oct 2001 - Sept 2002	Oct 2002 - Dec 2002
	12 months	12 months	3 months ^(note 2)
166% - 170%			1
⋮			
121% - 125%			2
116% - 120%			2
111% - 115%			1
106% - 110%			5
101% - 105%			4
96% - 100%	37	30	11
91% - 95%	8	6	8
86% - 90%	4	6	6
81% - 85%	3	6	4
76% - 80%	1	1	4
71% - 75%	3	2	3
66% - 70%	2	4	4
61% - 65%	2	2	3
56% - 60%		1	1
51% - 55%			
46% - 50%	1		1
41% - 45%		2	
⋮			
0% - 5%			
Total no. of Members	61 ^(note 1)	60	60

(note 1) A Member resigned in July 2001 and a new Member was elected in the September by-election.

(note 2) Using the pro rata entitlement for three months as base, the utilization rate may exceed 100% if the amount claimed is higher than one-quarter of the yearly entitlement. Therefore, if the utilization rate is 200%, the amount claimed is equivalent to six months' pro rata entitlement. In no way will the claims exceed the whole year's entitlement.

**Utilization Rate of
Entertainment and Travelling Expenses Reimbursement
from October 2000 to December 2002**

Utilization rate	No. of Members		
	Oct 2000 - Sept 2001	Oct 2001 - Sept 2002	Oct 2002 - Dec 2002
	12 months	12 months	3 months ^(note 2)
301% - 305%			1
⋮			
201% - 205%			1
⋮			
176% - 180%			1
171% - 175%			
166% - 170%			1
161% - 165%			1
⋮			
141% - 145%			1
⋮			
126% - 130%			1
121% - 125%			
116% - 120%			1
111% - 115%			
106% - 110%			2
101% - 105%			9
96% - 100%	49	50	31
91% - 95%	3	3	2
86% - 90%	2		1
81% - 85%			
76% - 80%			1
71% - 75%	1	1	
66% - 70%	1	1	1
61% - 65%			
56% - 60%	1	1	2
⋮			
31% - 35%	1	1	
⋮			
16% - 20%	1		
11% - 15%		1	
6% - 10%	2	1	
0% - 5%		1	3
Total no. of Members	61 ^(note 1)	60	60

^(note 1) A Member resigned in July 2001 and a new Member was elected in the September by-election.

^(note 2) Using the pro rata entitlement for three months as base, the utilization rate may exceed 100% if the amount claimed is higher than one-quarter of the yearly entitlement. Therefore, if the utilization rate is 300%, the amount claimed is equivalent to nine months' pro rata entitlement. In no way will the claims exceed the whole year's entitlement.

**Number of full-time and part-time staff
employed by LegCo Members as in December 2002**

		No. of part-time staff															No. of Members
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
No. of full-time staff	0															1	1
	1	1			1												2
	2	3	3	1													7
	3	5	3	1	1												10
	4	4	6		1	1		1									13
	5	3	2	2		1											8
	6	2	5		1		1										9
	7	1	3	1		1											6
	8	1															1
	9	1															1
	10	1															1
	11																0
	12	1															1
No. of Members		23	22	5	4	3	1	1	0	0	0	0	0	0	0	1	60



Each number within the shaded area represents the number of members who had Y full-time staff (see scale on left) and X part-time staff (see scale on top).

**Statistics on the number of full-time employees
hired by Members in different salary ranges
(based on reimbursement claims for the month of December 2002)**

Salary Range (\$)	No. of Full-time Employees
0 - 4,999	3
5,000 - 9,999	89
10,000 - 14,999	88
15,000 - 19,999	39
20,000 - 24,999	24
25,000 - 29,999	11
30,000 - 34,999	10
35,000 - 39,999	7
40,000 - 44,999	2
Total	273

**Statistics on the number of part-time employees
hired by Members in different salary ranges
(based on reimbursement claims for the month of December 2002)**

Salary Range (\$)	No. of Part-time Employees
0 - 999	5
1,000 - 1,999	12
2,000 - 2,999	10
3,000 - 3,999	17
4,000 - 4,999	13
5,000 - 5,999	12
6,000 - 6,999	3
7,000 - 7,999	1
8,000 - 8,999	2
9,000 - 9,999	2
⋮	⋮
13,000-13,999	1
14,000 - 14,999	1
15,000 - 15,999	1
⋮	⋮
18,000 - 18,999	1
Total	81

**Number of Central & District Offices Operated
by LegCo Members in December 2002**

No. of Members	No. of Central Offices		No. of District Offices ^(Note)										No. of Offices Each	Total No. of Offices
	0	1	0	0.5	1	1.5	2	2.5	3	3.5	4	4.5		
1	0		0										0	0
3	0				1								1	3
9		1	0										1	9
2		1		0.5									1.5	3
21		1			1								2	42
3		1				1.5							2.5	7.5
10		1					2						3	30
2		1						2.5					3.5	7
4		1							3				4	16
1		1								3.5			4.5	4.5
2		1									4		5	10
2		1										4.5	5.5	11
60	56		87.0										—	143

(Note) For an office shared by two or more LegCo/District Council Members, only the shared portion of the office is counted for compiling the above statistics.

**Utilization Rates of
Setting Up Expenses Reimbursement
in the First and Second LegCo Terms**

Utilization rate	No. of Members	
	First LegCo Team (1998 - 2000)	Second LegCo Term (2000 - 2004)*
100%	26	23
90-99%	3	8
80-89%	-	1
70-79%	-	1
60-69%	4	3
50-59%	-	5
40-49%	2	4
30-39%	5	2
20-29%	2	2
10-19%	1	2
1-9%	-	1
0%	17	9
Total	60	61 [#]

* claimed up to 31 December 2002

[#] A Member resigned in July 2001 and a new Member was elected in the September by-election.

**Utilization Rates of
Winding Up Expenses Reimbursement
in the First LegCo Term (1998-2000)**

Utilization rate	No. of Members
100%	1
90-99%	1
80-89%	-
70-79%	1
60-69%	2
50-59%	1
40-49%	4
30-39%	-
20-29%	1
10-19%	1
1-9%	-
0%	1
Total	13

**Utilization Rates of
Information Technology & Communication Equipment Expenses Reimbursement
in the Second LegCo Term (2000-2004)***

Utilization rate	No. of Members
100%	5
90-99%	4
80-89%	-
70-79%	-
60-69%	2
50-59%	2
40-49%	4
30-39%	2
20-29%	-
10-19%	1
1-9%	1
0%	40
Total	61[#]

* claimed up to 31 December 2002

A Member resigned in July 2001 and a new Member was elected in the September by-election.

**Utilization Rates of the
Annual Allowances for Office Operation Expenses (OOE),
Entertainment and Travelling Expenses (ETE) and
Other One-off Provisions of LegCo Members**

**Breakdowns on Members returned from Geographical
Constituencies, Functional Constituencies and Election Committees**

*Table I: Overall utilization rates of the OOE and ETE allowances
[Compiled on the basis of the raw data for the two tables
under paragraph 1(i) and (ii) in the LegCo Secretariat's
submission.]*

	Oct 2000 – Sep 2001	Oct 2001 – Sep 2002	Oct 2002 – Dec 2002¹
OOE – Geographical Constituencies			
Maximum claim amount (per month per Member)	\$96,120	\$119,198	\$116,456
Average claim amount (per month per Member)	\$93,277	\$115,161	\$113,323
Utilization rate	97.0%	96.6%	97.3%
OOE – Functional Constituencies			
Maximum claim amount (per month per Member)	\$96,120	\$119,198	\$116,456
Average claim amount (per month per Member)	\$85,532	\$99,367	\$102,729
Utilization rate	90.0%	83.4%	88.2%
OOE – Election Committees			
Maximum claim amount (per month per Member)	\$96,120	\$119,198	\$116,456
Average claim amount (per month per Member)	\$83,852	\$104,450	\$98,962
Utilization rate	87.2%	87.6%	85.0%
OVERALL	92.0%	89.1%	91.5%

¹ The LegCo Secretariat has calculated the average statistics for OOE and ETE on the basis of the pro rata entitlement during the period under study. It follows that the average utilization rate for individual LegCo Members may exceed 100%, but the actual reimbursement during that period could in no case exceed the total entitlement in a full-year period.

	Oct 2000 – Sep 2001	Oct 2001 – Sep 2002	Oct 2002 – Dec 2002 ¹
ETE – Geographical Constituencies			
Maximum claim amount (per month per Member)	\$13,720	\$13,446	\$13,137
Average claim amount (per month per Member)	\$13,131	\$12,902	\$13,902
Utilization rate	95.7%	96.0%	105.8%
ETE – Functional Constituencies			
Maximum claim amount (per month per Member)	\$13,720	\$13,446	\$13,137
Average claim amount (per month per Member)	\$12,146	\$11,952	\$13,532
Utilization rate	88.3%	88.9%	103.0%
ETE – Election Committees			
Maximum claim amount (per month per Member)	\$13,720	\$13,446	\$13,137
Average claim amount (per month per Member)	\$12,424	\$12,488	\$12,124
Utilization rate	90.6%	92.9%	92.3%
OVERALL	91.6%	92.1%	103.1%

Table II: Utilization rate of individual LegCo Members
[Compiled on the basis of the raw data for Appendices 1 & 2 of the LegCo Secretariat's submission.]

(a) Geographical Constituencies

No of Member Utilization rate	Oct 2000 – Sep 2001		Oct 2001 – Sep 2002		Oct 2002 – Dec 2002	
	OOE	ETE	OOE	ETE	OOE	ETE
over 100%					9	6
100%	16	21	17	22	2	12
96% – 99%	3		3	1	4	3
91% – 95%	4	1	1		3	1
SUB-TOTAL	23	22	21	23	18	22
86% – 90%		1	1		4	
81% – 85%						
76% – 80%	1					
71% – 75%			1			
66% – 70%			1		1	
61% – 65%						
56% – 60%					1	
51% – 55%						
46% – 50%						
41% – 45%						
36% – 40%						
31% – 35%						
26% – 30%						
21% – 25%						
16% – 20%		1				
11% – 15%						
6% – 10%				1		
0% – 5%						1
SUB-TOTAL	1	2	3	1	6	2
TOTAL	24		24		24	

(b) *Functional Constituencies*

No of Member Utilization rate	Oct 2000 – Sep 2001		Oct 2001 – Sep 2002		Oct 2002 – Dec 2002	
	OOE	ETE	OOE	ETE	OOE	ETE
over 100%					6	10
100%	8	22	7	22		12
96% – 99%	7	1	1	1	4	3
91% – 95%	3	1	4	2	4	1
SUB-TOTAL	18	24	12	25	14	26
86% – 90%	4	1	5		1	
81% – 85%	2		4		4	
76% – 80%			1		1	1
71% – 75%	3	1	1	1	3	
66% – 70%	1		2		3	
61% – 65%	1		2		3	
56% – 60%		1	1	1		1
51% – 55%						
46% – 50%	1				1	
41% – 45%			2			
36% – 40%						
31% – 35%		1		1		
26% – 30%						
21% – 25%						
16% – 20%						
11% – 15%				1		
6% – 10%		2				
0% - 5%				1		2
SUB-TOTAL	12	6	18	5	16	4
TOTAL	30		30		30	

(c) Election Committees

No of Member Utilization rate	Oct 2000 – Sep 2001		Oct 2001 – Sep 2002		Oct 2002 – Dec 2002	
	OOE	ETE	OOE	ETE	OOE	ETE
over 100%						3
100%	2	3	1	4		1
96% – 99%	1	2	1		1	
91% – 95%	1	1	1	1	1	
SUB-TOTAL	4	6	3	5	2	4
86% – 90%					1	1
81% – 85%	1		2			
76% – 80%					3	
71% – 75%	1					
66% – 70%	1	1	1	1		
61% – 65%						
56% – 60%						1
51% – 55%						
41% – 45%						
36% – 40%						
31% – 35%						
26% – 30%						
21% – 25%						
16% – 20%						
11% – 15%						
6% – 10%						
0% – 5%						
SUB-TOTAL	3	1	3	1	4	2
TOTAL	7²		6		6	

² A Member resigned in July 2001 and a new Member was elected in the by-election held in September 2001.

Table III: Major expenditure components for the annual allowances³
 [Compiled on the basis of the raw data for the two tables under paragraph 1(i) and (ii) in the LegCo Secretariat's submission.]

	Oct 2000 – Sep 2001	Oct 2001 – Sep 2002	Oct 2002 – Dec 2002
OOE– Geographical Constituencies			
Staff expenses	71.4%	69.0%	71.9%
Office accommodation	11.7%	10.3%	10.7%
Furniture and equipment	0.6%	1.5%	0.1%
Others	16.3%	19.2%	17.3%
TOTAL	100%	100%	100%
OOE– Functional Constituencies			
Staff expenses	68.7%	69.4%	69.9%
Office accommodation	9.0%	7.7%	8.1%
Furniture and equipment	2.4%	1.2%	0.5%
Others	19.9%	21.7%	21.5%
TOTAL	100%	100%	100%
OOE– Election Committees			
Staff expenses	65.9%	66.8%	73.4%
Office accommodation	10.7%	11.7%	13.5%
Furniture and equipment	3.0%	3.2%	0.0%
Others	20.4%	18.3%	13.1%
TOTAL	100%	100%	100%
ETE– Geographical Constituencies			
Entertainment and travelling	95.2%	96.6%	98.0%
Staff expenses	4.8%	3.4%	2.0%
TOTAL	100%	100%	100%
ETE– Functional Constituencies			
Entertainment and travelling	93.0%	99.8%	98.0%
Staff expenses	7.0%	0.2%	2.0%
TOTAL	100%	100%	100%
ETE– Election Committees			
Entertainment and travelling	95.6%	100%	100%
Staff expenses	4.4%	0%	0%
TOTAL	100%	100%	100%

³ We have made the necessary adaptations to the figures in the relevant tables in the LegCo Secretariat's submission to illustrate the proportion of the relevant types of expenses (e.g. staff expenses, office accommodation, etc) in actual reimbursements.

Table IV: Number of employees hired by LegCo Members
[Compiled on the basis of the raw data for Appendix 3 of the LegCo Secretariat's submission and data previously provided by the LegCo Secretariat to the Administration.]

(a) Breakdown on LegCo Members returned from GC, FC and EC

No. of Member No. of employee	Dec 2000			Dec 2001			Dec 2002		
	GC	FC	EC	GC	FC	EC	GC	FC	EC
0	1								
1		3			2			1	
2		3	1		3			3	
3		9	1		5	1		7	1
4	4	8	2	2	11	2		8	1
5	7	2	2	4	4	2	5	3	2
6	2	1		4	2		2	2	1
7	7	2		5		1	7	2	
8	3	1		2	1		2	2	1
9				2	1		3	1	
10				4			2		
11				1			2		
12		1					1		
13					1				
14								1	
Total no. of employees	136	118	23	172	129	28	183	140	31
Mean	5.7	3.9	3.8	7.2	4.3	4.7	7.6	4.7	5.2
Median	5.5	3.5	4.0	7.0	4.0	4.5	7.0	4.0	5.0

[Note: The statistics for 2000 and 2001 are compiled by the Administration on the basis of data previously provided by the LegCo Secretariat.]

(b) Breakdown on nature of employment for December 2002⁴

No of employee		No of LegCo Members		
Full-time	Part-time	GC	FC	EC
0	> 3		1	
1	0		1	
1	3		1	
2	0		3	
2	1		3	
2	2		1	
3	0		4	1
3	1		3	
3	2		1	
3	3	1		
4	0		3	1
4	1	3	1	2
4	3	1	1	
4	> 3	1		
5	0	2	1	
5	1		1	1
5	2	1	1	
5	> 3	1		
6	0	1	1	
6	1	4		
6	3	2		
6	> 3	1		
7	0		1	
7	1	2		1
7	2		1	
7	> 3	1		
8	0		1	
9	0	1		
10	0	1		
12	0	1		
TOTAL		24	30	6

⁴ The LegCo Secretariat advised that the relevant breakdowns for December 2000 and December 2001 are not available.

Table V: Salary level of employees hired by LegCo Members (including full-time and part-time employees)
[Compiled on the basis of the raw data for Appendices 4 & 5 of the LegCo Secretariat's submission and data previously provided by the LegCo Secretariat to the Administration.]

(a) Geographical Constituencies

Salary range (\$)	Dec 2000	Dec 2001	Dec 2002
\$0 – \$4,999	20	37	35
\$5,000 – \$9,999	45	56	60
\$10,000 – \$14,999	41	49	56
\$15,000 – \$19,999	20	16	17
\$20,000 – \$24,999	7	10	12
\$25,000 – \$29,999	2	2	1
\$30,000 – \$34,999		1	1
\$35,000 – \$39,999	1	1	1
Mean	\$11,030	\$10,200	\$10,400
Median	\$10,430	\$9,420	\$9,710

[Note: The statistics for 2000 and 2001 are compiled by the Administration on the basis of data previously provided by the LegCo Secretariat.]

(b) Functional Constituencies

Salary range (\$)	Dec 2000	Dec 2001	Dec 2002
\$0 – \$4,999	21	17	22
\$5,000 – \$9,999	33	41	39
\$10,000 – \$14,999	18	19	25
\$15,000 – \$19,999	14	17	18
\$20,000 – \$24,999	14	13	12
\$25,000 – \$29,999	5	8	9
\$30,000 – \$34,999	7	8	9
\$35,000 – \$39,999	4	4	5
\$40,000 – \$44,999		1	1
\$45,000 – \$49,999	2	1	
Mean	\$14,360	\$14,710	\$14,400
Median	\$11,530	\$11,840	\$11,900

[Note: The statistics for 2000 and 2001 are compiled by the Administration on the basis of data previously provided by the LegCo Secretariat.]

(c) Election Committees

Salary range (\$)	Dec 2000	Dec 2001	Dec 2002
\$0 – \$4,999	3	2	3
\$5,000 – \$9,999	4	8	10
\$10,000 – \$14,999	9	12	9
\$15,000 – \$19,999	4	4	6
\$20,000 – \$24,999			
\$25,000 – \$29,999	1	1	1
\$30,000 – \$34,999	1	1	
\$35,000 – \$39,999			1
\$40,000 – \$44,999			1
\$45,000 – \$49,999	1		
Mean	\$14,240	\$14,320	\$13,150
Median	\$12,780	\$11,880	\$11,670

[Note: The statistics for 2000 and 2001 are compiled by the Administration on the basis of data previously provided by the LegCo Secretariat.]

*Table VI: Number of district offices⁵ operated by LegCo Members⁶
[Compiled on the basis of the raw data for Appendix 6 of the LegCo Secretariat's submission and data previously provided by the LegCo Secretariat to the Administration.]*

No. of district office per Member	No. of Members								
	Dec 2000			Dec 2001			Dec 2002		
	GC	FC	EC	GC	FC	EC	GC	FC	EC
0	5	11	2	1	10	2	1	8	1
0.5	--	--	--	--	--	--		2	
1	5	16	3	8	17	3	5	16	3
1.5	--	--	--	--	--	--	3		
2	9	1	1	7	1		6	3	1
2.5	--	--	--	--	--	--	1	1	
3	4	1		4	1	1	4		
3.5	--	--	--	--	--	--	1		
4	1	1		4			2		
4.5	--	--	--	--	--	--	1		1
5					1				
Total no. of offices	39	25	5	50	27	6	52	25.5	9.5
Mean	1.63	0.83	0.83	2.08	0.90	1.00	2.17	0.85	1.58
Median	2	1	1	2	1	1	2	1	1

[Note: The statistics for 2000 and 2001 are compiled by the Administration on the basis of data previously provided by the LegCo Secretariat.]

⁵ A district office means an office operated by LegCo Members outside the central office space of 40m² provided free-of-charge by the Administration.

⁶ For an office shared by two or more LegCo/District Council Members, the LegCo Secretariat has only counted the shared portion of the office.

Table VII: Utilization rate of the one-off provisions
[Compiled on the basis of the raw data for Appendices 7, 8 & 9 of the LegCo Secretariat's submission.]

<div>No of Member</div> <div>Utilization rate</div>	Setting up provision						Winding up provision			IT provision		
	1 st term			2 nd term			1 st term			2 nd term		
	GC	FC	EC	GC	FC	EC	GC	FC	EC	GC	FC	EC
100%	17	8	1	11	10	2		1		3	2	
90% - 99%		2	1	3	5			1		1	3	
SUB-TOTAL	17	10	2	14	15	2	0	2	0	4	5	0
80% - 89%						1						
70% - 79%					1			1				
60% - 69%	1	2	1	1	1	1	1	1		1	1	
50% - 59%				1	4		1			2		
40% - 49%		2		1	2	1	1	2	1	2	2	
30% - 39%	2	2	1		1	1						2
20% - 29%		2		1	1			1				
10% - 19%		1		2				1			1	
1% - 9%				1							1	
0%		11	6	3	5	1			1	15	20	5
SUB-TOTAL	3	20	8	10	15	5	3	6	2	20	25	7
TOTAL	20	30	10	24	30	7	3	8	2	24	30	7