

**Subcommittee to Study the Proposed  
Accountability System for Principal Officials and Related Issues**

**Appointment, Employment and Removal of Principal Officials**

**Introduction**

This paper sets out issues relating to the appointment, employment and removal of principal officials.

**Appointment and employment**

2. Articles 15 and 48(5) of the Basic Law provide that the Chief Executive shall nominate principal officials for appointment by the Central People's Government; and recommend to the Central People's Government the removal of these officials. These provisions will continue to apply under the accountability system for principal officials.

3. The prospective principal officials will be subject to integrity checking and medical examination on the same basis as those applicable to prospective appointees to senior civil service positions. They will be nominated by the Chief Executive for appointment by the Central People's Government only after they have completed the integrity check and medical examination. Only after the Central People's Government has approved the relevant appointments will the Government of the Hong Kong Special Administrative Region enter into an employment contract with the principal officials.

**Employment package**

4. The employment package for principal officials under the accountability system will be as follows:

- (a) cash remuneration of:

- (i) \$3,743,050<sup>1</sup> per annum (\$311,900<sup>1</sup> per month) for Directors of Bureau under the accountability system,
  - (ii) \$3,874,050<sup>1</sup> per annum (\$322,850<sup>1</sup> per month) for the Secretary for Justice (SJ) [103.5% that of Directors of Bureau],
  - (iii) \$4,009,650<sup>1</sup> per annum (\$334,150<sup>1</sup> per month) for the Financial Secretary (FS) [103.5% that of SJ], and
  - (iv) \$4,150,000<sup>1</sup> per annum (\$345,850<sup>1</sup> per month) for the Chief Secretary for Administration (CS) [103.5% that of FS];
- (b) annual leave of 22 working days per annum, subject to a maximum accumulation limit of 22 days. Any accumulated leave will be forfeited upon resignation or termination of contract or at the end of term of contract;
  - (c) medical and dental benefits on the same basis as those provided to civil servants;
  - (d) MPF contribution by the Government; and
  - (e) a car and driver for use at the discretion of the principal official.

5. The cash remuneration in paragraph 4 above falls within the range recommended by a human resources consultant, Hay Group Limited. When compared with the results of a survey conducted by Hay Group Limited earlier, the cash remuneration recommended for Directors of Bureau falls between the 15<sup>th</sup> and 20<sup>th</sup> percentile<sup>2</sup> of the remuneration of a group of 56 Chief Executive Officers in the public and private sectors in Hong Kong.

6. The pay differential between Directors of Bureau, SJ, FS and CS is at present 6% - 7%. It will be reduced to 3.5%.

7. The remuneration package for principal officials under the accountability system is so structured that there will be no housing allowance,

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<sup>1</sup> Rounded to the nearest 50 dollars.

<sup>2</sup> This means that when remuneration of the 56 CEOs is arranged in order from the lowest to the highest, the cash remuneration for Directors of Bureau falls between the lowest 8<sup>th</sup> to the lowest 11<sup>th</sup>.

no leave passage allowance, no children's education allowance, and no gratuity or retirement benefits. CS, FS and SJ will be assigned their respective official residences. There will not be any rental charge.

8. The employment package for principal officials under the accountability system will not be linked to civil service salaries. That said, in the event that civil service salaries are cut later this year, the remuneration of principal officials under the accountability system will be adjusted accordingly.

9. There will be no change to the remuneration for the Chief Executive and members of the Judiciary as a result of implementation of the accountability system. The Chief Executive has indicated that he would continue to receive his present remuneration which will continue to be adjusted in accordance with the civil service pay. The remuneration for the third term Chief Executive will be decided on by an independent commission.

### **Other terms and conditions**

10. The term of the employment contract will not exceed five years. The employment contract will also contain provisions to allow for earlier termination. Subject to the relevant provisions in the Basic Law, either party may terminate the contract on one month's notice or by paying one month's salary in lieu of notice or by mutual consent. Other terms and conditions on employment in respect of principal officials under the accountability system have been set out in LC Paper No. CB(2)1952/001-02(01).

### **Administrative support**

11. Each Director of Bureau will be provided with administrative support staff comprising an administrative assistant (pitched at the equivalent rank of a D2 civil servant), a press secretary, a personal secretary and a personal chauffeur. (CS, FS and SJ have already been provided with a similar complement of administrative support staff.) These positions can either be filled by civil servants on posting or by way of direct appointment if the principal officials consider it more appropriate to do so. In the latter case, the appointments will be made on contract terms and their tenure will be the same as that of the principal official concerned. In other words, they will depart as and when the principal official concerned leaves the Government. During their appointments in the Government, they will be subject to the civil service regulations and requirements on conduct and avoidance of conflict of interest.

12. We will not seek additional funds for the administrative support staff referred to in paragraph 11 above. Instead we will redeploy existing resources.

Constitutional Affairs Bureau  
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