

立法會
Legislative Council

LC Paper No. AS 347/04-05

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**Paper for the House Committee Meeting
on 24 June 2005**

**Second 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 Operating Expenses Reimbursement (OER), medical and retirement benefits for Members.

The Subcommittee

2. The Subcommittee was formed at the House Committee meeting on 15 October 2004. It comprises nine members. A membership list of the Subcommittee is in **Appendix I**.

3. Under the chairmanship of Hon Patrick Lau Sau-shing, the Subcommittee has held seven meetings, including one with the Administration and two with the Independent Commission Against Corruption (ICAC).

Deliberations and recommendations of the Subcommittee

4. The Subcommittee has examined the following three main issues:

- (a) Members' OER;
- (b) Members' medical and retirement benefits; and
- (c) ICAC's recommendations on "Rules and Practices for the Reimbursement of Members' Operating Expenses".

5. Items (a) and (b) are covered in this report, while item (c) will be covered in the Subcommittee's third report, which will be submitted to the House Committee on 8 July 2005.

Enhanced level of OER

6. The great majority of Members consider the present level of OER inadequate. Compared with some years ago, current Members are serving substantially larger constituencies and dealing with a much wider range of complex issues. In Hong Kong, each geographical constituency covers more than a million citizens. Manning district offices in a large constituency requires a large number of staff. With the inadequate financial support provided by the Administration, most Members can only offer a low salary to their staff, as revealed in the statistics compiled by the Secretariat. It is difficult to recruit experienced and high-quality staff with a meagre remuneration.

7. Taking into account Members' views, the Subcommittee recommends an increase of the present level of OER by up to 20%. It stresses that Members are proposing an increase for the purpose of providing better service to the community, rather than for Members' own benefit, because OER is allocated on an accountable basis.

Same level of remuneration and OER for all Members

8. The Subcommittee has requested the LegCo Secretariat to conduct a study on whether in overseas legislatures, legislators with district offices are given additional resources for the operation of such offices. Of the seven countries included in the study (i.e. the United Kingdom (UK), Australia, New Zealand (NZ), Canada, the United States (US), Singapore and Ireland), none grants additional allowances to Members for having district offices. The systems of UK and Ireland are similar to that of Hong Kong. In Australia and Canada, Members of larger constituencies or districts are entitled to additional allowances. In NZ and Singapore, elected Members are provided with a larger budget or allowance. In US, additional allowance is calculated with reference to the distance between a Member's district and Washington as well as the rental cost of that district.

9. The great majority of Members are of the view that the present arrangement for all Members to be entitled to the same remuneration package and level of OER, irrespective of the channel through which they are elected, should be maintained. While supporting the continuation of the present arrangement, some Members returned from the geographical constituencies (GC Members) consider that, in the event of inadequate resources for all Members to be provided with the same enhanced level of OER proposed in paragraph 7 above, priority should be given to GC Members, because they have to serve a much larger number of constituents.

Timing of implementing changes to the level of OER

10. It has been a long established practice that substantial changes to the remuneration package (including the level of OER) proposed in one LegCo term should only be implemented in the following term. The Administration advises that this is to preserve the credibility of the remuneration system. Members of the previous terms had no strong views on this. The Administration is prepared to consider the timeliness issue, if current Members have come to a consensus on alternative arrangements.

11. The Subcommittee has requested the LegCo Secretariat to conduct a study on the practices in overseas legislatures. Of the seven countries included in the study (i.e. the same countries listed in paragraph 8 above), none has any practice or rule to require changes in Members' remuneration and expense allowances to be implemented in the following term. In UK, NZ and Canada, changes are usually implemented at the start of a financial year. In Australia, major changes are usually effective from the date on which the Remuneration Tribunal's determination is signed or on some other specified date. In US, adjustment of allowances normally takes effect on 3 January each year.

12. Taking into account the practices in overseas legislatures, the Subcommittee recommends, and the majority of Members agree, that any changes to Members' remuneration package (including the level of OER) should be implemented as soon as possible. Insufficient resources hinder Members' service to the public. Newly elected Members particularly suffer if major changes can only take effect in the following term, because the shortage in financial support cannot be redressed until some four years later. Moreover, as changes are determined by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (Independent Commission), there is no conflict of interest on the part of Members.

Shared employment of staff by Members

13. The majority of Members consider that the present rule disallowing Members to jointly hire a staff member should be reviewed. This rule hinders the economical use of Members' resources. They consider that as long as it is transparent and accountable, shared employment of staff, especially highly paid ones, will facilitate the efficient use of Members' resources.

Medical benefits for Members

14. The Subcommittee observes that although Members' personal medical and dental insurance payments are reimbursable under OER, some Members who have certain illnesses may not be accepted for medical insurance cover. It therefore recommends that medical benefits should be provided for Members. This recommendation is supported by the great majority of Members.

Retirement benefits for Members

15. The Subcommittee recommends, and the majority of Members agree, that retirement benefits should be provided for Members for the following reasons:

- (a) Members note that there are no requirements for legislators in overseas countries (viz. Canada, UK, Australia, US and Singapore) to work full-time in order to be qualified for retirement benefits. Neither are there any criteria to differentiate between full-time and part-time legislators;
- (b) The Administration should change its attitude on the provision of retirement benefits for Members, because the community's demand on Members is now much higher than before;
- (c) If a Member's work is not duly recognized as a job, it would be difficult to encourage the younger generation and able people to take up such a career. In the wider public interests and to achieve universal suffrage as stated in the Basic Law, proper recognition should be given to the nature of a Member's work as a job, rather than a form of public service;
- (d) There is an increasing number of full-time LegCo Members. (14 out of 60 Members in the third LegCo declare themselves as full-time Members); and
- (e) As even part-time workers are entitled to Mandatory Provident Fund (MPF) contributions, it is unreasonable that Members, who passed the MPF Schemes Ordinance, are not protected by it.

16. The Subcommittee agrees with the Independent Commission that contributions to a Member's retirement scheme fall outside the ambit of OER. Additional resources should be provided for any retirement protection scheme for Members.

Consultation

17. Members' views on the Subcommittee's recommendations have been sought through an opinion survey (LC Papers No. AS 322, 324 and 325/04-05). 53 Members have responded. A summary of the responses is in **Appendix II**. The Subcommittee's recommendations in this report have taken into account the results of the opinion survey.

Advice sought

18. 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 present level of Members' OER should be enhanced, subject to a ceiling of 20%;
- (b) The present arrangement that all Members should receive the same level of remuneration and OER, irrespective of the channel through which they are elected, should be maintained;
- (c) Any substantial changes to Members' remuneration and OER should be implemented as soon as possible;
- (d) The present rule that Members cannot jointly enter into employment contracts with their employees should be reviewed;
- (e) Medical benefits should be provided for Members; and
- (f) Retirement benefits should be provided for Members.

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Administration Division
Legislature Council Secretariat
22 June 2005

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

劉秀成議員, SBS, JP (主席)
Hon Patrick Lau Sau-shing, SBS, JP (Chairman)

呂明華議員, JP
Dr Hon Lui Ming-wah, JP

周梁淑怡議員, GBS, JP
Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP

張文光議員
Hon Cheung Man-kwong

楊孝華議員, SBS, JP
Hon Howard Young, SBS, JP

劉慧卿議員, JP
Hon Emily Lau Wai-hing, JP

石禮謙議員, JP
Hon Abraham Shek Lai-him, JP

黃定光議員, BBS
Hon Wong Ting-kwong, BBS

譚香文議員
Hon Tam Heung-man

(合共 : 9 位委員)
(Total : 9 members)

Summary of Responses

Subcommittee on Members' Remuneration and
Operating Expenses Reimbursement

Result of Opinion Survey on the Subcommittee's Revised Recommendations on
"LegCo Members' Operating Expenses Reimbursement (OER) and Retirement Benefits"

(As at 17 June 2005)

No. of respondents : 53

No. of non-respondents : 7

	SC's Revised Recommendations	Agree	Disagree	Other Views
1.	The present level of OER is inadequate and should be increased. The level of increase should not exceed 20% of the existing level.	(50)	(1)	(2)
2.	The present arrangement that all Members should receive the same level of remuneration and OER, irrespective of the channel through which they are elected, should be maintained.	(45) (<u>Note</u> : 12 respondents agree with this recommendation with the proviso that "At present, the level of OER is highly insufficient for Members (especially for GC Members). There should be a higher level of OER for all Members. In the event of inadequate resources for all Members to get the same enhanced level, priority should be given to GC Members.")	(6) (<u>Note</u> : 4 Members are of the view that GC Members should receive a higher level of OER, but the remuneration should be the same for all Members.)	(2)

	SC's Revised Recommendations	Agree	Disagree	Other Views
3.	Any proposed substantial changes to the remuneration package should be implemented as soon as possible. (Presently, any substantial changes proposed in a LegCo term are implemented in the following term.)	(40)	(12)	(1)
4.	The present rule that Members cannot jointly enter into employment contracts with their employees should be reviewed.	(47)	(6)	(0)
5.	Medical benefits should be provided for LegCo Members.	(50)	(1)	(2)
6.	Retirement benefits should be provided for LegCo Members.	(46)	(4)	(3)

() No. of Member