

立法會
Legislative Council

LC Paper No. AS 286/05-06

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

**Minutes of meeting
held on Friday, 2 June 2006 at 3:40 pm
in Conference Room B of the Legislative Council Building**

- Members Present** : Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP
Hon Howard Young, SBS, JP
Hon Emily Lau Wai-hing, JP
Hon Abraham Shek Lai-him, JP
Hon Wong Ting-kwong, BBS
Hon Tam Heung-man
- Members Absent** : Hon Patrick Lau Sau-shing, SBS, JP (Chairman)
Dr Hon Lui Ming-wah, SBS, JP
Hon Cheung Man-kwong
- Member in Attendance** : Hon James Tien Pei-chun, GBS, JP
- Clerk in Attendance** : Mrs Anna Lo
Principal Council Secretary (Administration) (PCS(A))
- Staff in Attendance** : Mr Ricky Fung, JP
Secretary General
- Mr Watson Chan
Head (Research and Library Services)
- Mr Joseph Kwong
Accountant (ACCT)
- Mr Thomas Wong
Research Officer 4
- Ms Betty Fong
Senior Council Secretary (Administration) 1
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I. Election of Chairman

As the Chairman was unable to attend the meeting, Mr Howard Young proposed, and the meeting agreed, that Ms Emily Lau be elected as the temporary Chairman.

II. Proposals on recommendations in the Second Report of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement

(LC Paper AS214/05-06)

2. Ms Emily Lau said that the purpose of the meeting was to consolidate proposals regarding the recommendations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the Subcommittee) in its Second Report before the meeting with the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission) on 6 June 2006. To this end, the Secretariat had prepared a paper summarizing the Subcommittee's proposals as discussed at the last meeting held on 26 May 2006 (the paper). Subject to Members' further views and consensus on these proposals, they would be forwarded to the Independent Commission for consideration.

Members' views on the proposals

Overall views

3. In general, Members of various political parties were in support of the proposals in the paper. Although Members of the Liberal Party (LP) had no objection to the proposals, they expressed reservations on the proposed level of Members' remuneration and the timing of implementing changes to Members' remuneration package. Members' views on the proposals are presented in paragraphs 4 to 24 below.

Members' remuneration

4. Ms Emily Lau supported the proposal in paragraph 10 of the paper. She noted from the fact sheet in Appendix III of the paper that of the five selected legislatures (viz the United States, the United Kingdom, Canada, New South Wales and Hong Kong) studied by the Secretariat, the annual salary for legislators in Hong Kong was among the lowest, and yet the annual remuneration for principal officers in Hong Kong was the highest of these legislatures.

5. Ms Emily Lau recalled that the then Commission on Remuneration for Members of the Legislative Council and the Independent Commission had rejected proposals on Members' remuneration in 1994 and 2000 respectively, based on the premise that LegCo membership was a form of public service, not a job. She remarked that until and unless the fundamental principle in determining Members' remuneration package was revised, she did not envisage any change in the Independent Commission's position concerning Members' remuneration.

6. Mrs Selina Chow said that Members of LP generally had no objection to a review of Members' remuneration, taking into account that LegCo membership was no longer purely a form of public service, but a job. However, they were concerned that the demand for a huge increase in Members' salary might not be acceptable to members of the public, because of their perception of the difference in role and work of LegCo Members and full-time civil servants.

7. Mr James Tien noted the Independent Commission's remarks in its review on Members' remuneration in 2003 that the level of Members' salary at that time (i.e. at \$55,220 per month) had already put them at the top 2.7% of salary earners in Hong Kong. On this basis, he shared Mrs Selina Chow's concern about the public's reaction to the big jump in Members' remuneration, resultant from its benchmarking with the pay scale of directorate staff in the civil service. He reiterated that although Members of LP in principle had no objection to the enhancement of Members' remuneration, they had reservations on its huge rise from the present level of \$54,390 to presumably the lowest directorate pay point at \$92,650 per month.

8. Mr Wong Ting-kwong supported the proposal on Members' remuneration in the paper. He remarked that a reasonable remuneration package should be conducive to Members' commitment to their work at LegCo. Moreover, the decision on the level of Members' remuneration rested with the Independent Commission.

9. Mr Abraham Shek agreed that Members should be properly remunerated in recognition of the time and effort they contributed to the legislature and supported the proposal in paragraph 10 of the paper. Ultimately it would be for the general public to decide how Members should be remunerated.

10. In supporting the proposal in paragraph 10 of the paper, Miss Tam Heung-man reiterated that a proper remuneration package was necessary for attracting and nurturing political talent.

Members' operating expenses reimbursement (OER)

11. Members of various political parties unanimously agreed that Members' OER should be enhanced by up to 20%.

Members' medical benefits

12. Ms Emily Lau drew Members' attention to the following points made in paragraphs 15 and 16 of the paper -

- (a) the low level of claims under OER for personal medical insurance cover (i.e. a total payment of \$22,705 for six Members in 2004-05) had reflected that the existing arrangement was not useful to Members;
- (b) moreover, with the already inadequate level of OER, Members did not even have sufficient funds to cover essential expenses, let alone personal medical and dental insurance;
- (c) senior staff in the LegCo Secretariat were also provided with medical benefits similar to those for senior civil servants; and
- (d) civil service medical benefits was more cost-effective and comprehensive than a corporate medical plan.

She added that a civil service medical plan should offer better protection for Members, particularly in cases of chronic illnesses where the cost of medical treatment could be substantial.

13. The proposal on Members' medical benefits was unanimously supported by Members.

Members' retirement benefits

(a) Prevailing policy on retirement benefits for civil servants

14. PCS(A) briefed the meeting about the retirement benefits for senior civil servants appointed on or after 1 June 2000 (i.e. since the implementation of the new entry system in the civil service), as follows -

- (i) For contract officers, whose terms and conditions of employment were similar to those of Secretariat staff, they would be entitled to a contract gratuity at a rate not higher than 15% of their total basic salary drawn during the period of their agreement. The gratuity had included the Government's contribution to a Mandatory Provident Fund

(MPF) Scheme which, in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance (MPFSO), was equivalent to 5% of the officers' relevant income, subject to a maximum level of relevant income of \$20,000 per month.

- (ii) For permanent officers, they would be entitled to the same benefits for contract staff as stated in paragraph 14 (i) above during the first three years of their service when they were appointed on contract terms. Afterwards, they would be appointed on permanent terms and eligible for retirement benefits under the Civil Service Provident Fund Scheme. The Government's contributions to the Scheme, including mandatory and voluntary contributions, followed a progressive rates schedule from 5% to 25% of the officers' basic salary, depending on the officers' years of continuous service since their appointment on civil service terms.

(b) Members' views

15. Mr James Tien said that although the retirement plan in the civil service was more comprehensive than that in the private sector, Members of LP were more inclined to support a plan modelled on the practice in the private sector. They also considered it more appropriate for retirement benefits to be granted in a lump sum when Members ceased their LegCo membership.

16. Ms Emily Lau considered that the contribution rate for an MPF Scheme, currently set at 5% of Members' relevant income and subject to a maximum level of relevant income of \$20,000 per month, was too low and unacceptable for Members' retirement benefits. Miss Tam Heung-man shared Ms Lau's view, pointing out that the statutory contribution rate for Members' retirement plan in all the selected overseas legislatures studied by the Secretariat was set not lower than 7% of Members' salary.

17. Mrs Selina Chow shared Mr Tien's view that retirement benefits should be granted to Members on a lump sum basis upon cessation of their LegCo membership. She had no strong view on the provision for Members' retirement benefits in the form of a gratuity as in the case of civil servants on contract terms. Noting the consensus reached at the Subcommittee's last meeting on 26 May 2006 that Members' retirement benefits should follow the prevailing practice in the civil service, she further proposed, and the meeting agreed, that retirement benefits should be provided to Members upon cessation of their LegCo membership in the form of a gratuity at a rate equivalent to 15% of the total salary that they had received during their tenure of office.

(c) *Other views*

18. In response to Mr James Tien's enquiry about retirement benefits, such as the provision of a contract gratuity, for Members' Personal Assistants (PAs), PCS(A) said that while contribution to an MPF scheme was mandatory, payment of gratuity was voluntary, depending on the contractual terms between Members and their PAs. ACCT supplemented that as far as he knew, contract gratuity was included in the remuneration package of a few PAs only.

19. Referring to Members' discussion on the relationship between severance payment/long service payment and MPF benefits, ACCT advised that if an employee became entitled to severance payment or long service payment and accrued benefits (excluding any part attributable to the employee's contribution) was being held in an MPF scheme in respect of the employee, the severance payment/long service payment was to be reduced by the accrued benefits to the extent that they related to the employees' years of service for which the severance payment/long service payment was payable.

Timing of implementing changes to Members' remuneration package

20. Mr James Tien said that although Members of LP had no objection to the proposal that changes to Members' remuneration package should be implemented as soon as possible, they were of the view that, to be consistent with their stance on the review of remuneration for District Council Members, the proposed changes should be implemented in the following term. Moreover, he considered that the present practice would ensure Members' impartiality in making recommendation on changes relating to their own remuneration package. Mrs Selina Chow shared the concern about the possible conflict of interest for Members to recommend on changes which would take effect in the current term.

21. Mr Wong Ting-kwong did not see the need for deferring the proposed changes to the following term, taking into account that the recommendations were made not for Members' self benefits, but in the interest of Hong Kong's political development, and that deliberations on these proposals were open and transparent.

22. Miss Tam Heung-man shared Mr Wong's view, adding that the proposed changes should be implemented in October 2006 at the commencement of the new LegCo session.

23. Mr Abraham Shek had no strong view on the timing of implementing changes to Members' remuneration. However, he did not see any reason for delaying the implementation, if the changes were justified.

24. Ms Emily Lau said that the timing of implementing changes to Members' remuneration was recommended, having regard to the practices in some overseas legislatures. She also disagreed that there was conflict of interest in Members making such a recommendation, as the acceptance of the recommendation rested with the Independent Commission. Mr James Tien remarked that consistency of stance, rather than overseas experience, was LP's major consideration in the issue.

Conclusion

25. The meeting agreed that the following arrangements should be made before the meeting with the Independent Commission-

Secretariat

- (a) LP's views on proposals relating to Members' remuneration and timing of implementing changes to Members' remuneration package, as well as Members' further views on the proposal regarding their retirement benefits as agreed at the meeting should be reflected in the final paper to be submitted to the Independent Commission; and
- (b) As Members of the Democratic Party (DP) were absent from the meeting, their views should be sought on the proposals in the paper.

(Post-meeting note: Mr Cheung Man-kwong confirmed Members of DP's agreement with the proposals in the paper to the Independent Commission.)

III. Any other business

26. There being no other business, the meeting ended at 4:13 pm.