

**立法會**  
**Legislative Council**

LC Paper No. AS73/07-08

Ref : AM 12/01/19

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

**Minutes of meeting  
held on Friday, 12 October 2007 at 10:45 am  
in Conference Room B of the Legislative Council Building**

**Members present** : Prof Hon Patrick Lau Sau-shing, SBS, JP (Chairman)  
Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP  
Hon Cheung Man-kwong  
Hon Emily Lau Wai-hing, JP  
Hon Abraham Shek Lai-him, SBS, JP  
Hon Wong Ting-kwong, BBS  
Hon Tam Heung-man

**Members absent** : Dr Hon Lui Ming-wah, SBS, JP  
Hon Howard Young, SBS, JP

**Member in attendance** : Hon Bernard Chan, GBS, JP

**By invitation** : Aon Hong Kong Limited

Mr Julian Lau  
Managing Director  
Aon Commercial Risks

Ms Kitty Chan  
Managing Director  
Aon Consulting

**Clerk in attendance** : Mrs Anna Lo  
Principal Council Secretary (Administration) (PCS(A))

**Staff in attendance** : Mr Ricky Fung, JP  
Secretary General (SG)

Mr Watson Chan  
Head (Research and Library Services Division) (H(RL))

Mr Joseph Kwong  
Accountant (ACCT)

Mr Thomas Wong  
Research Officer 4 (RO4)

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**I. Members' remuneration**

(LC Paper No. IN 01/07-08)

(LC Paper No. FS 02/07-08)

The Chairman reported that, at its meeting with the Subcommittee on 18 September 2007, the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of HKSAR (Independent Commission) requested for further views and information from Members on the following:

- (a) whether there should be any restrictions on, and requirements to declare, Members' outside employment and earnings; and
- (b) whether any objective parameters could be developed to measure LegCo Members' work and be used to determine an appropriate level of remuneration for LegCo Members.

In this connection, the Secretariat had gathered more information on these issues for members' consideration.

2. In briefing members on the research reports captioned above, H(RL) indicated that remuneration packages for Members of the following legislatures had been selected for comparison with the package for those of the Hong Kong Legislative Council (LegCo):

- House of Commons of the United Kingdom (UK) Parliament;
- House of Commons of the Parliament of Canada;
- House of Representatives of the Parliament of Australia;
- Parliament of New Zealand;
- House of Representatives of the United States (US) Congress;
- and
- Parliament of Singapore.

3. H(RL) highlighted that chairmen/deputy chairmen of committees in the parliaments of the UK, Canada, Australia and New Zealand were entitled to a higher remuneration than other Members. Only the House of Representatives in the US had some restrictions on their Members' outside employment and earnings. In Canada, New Zealand and the US, Members' remuneration could be deducted if absence from sittings exceeded a certain limit.

4. In response to SG's remark that some members of The Legislative Council Commission had expressed reservations on the existing mechanism for the adjustment of LegCo Members' remuneration, which was based on the annual change in Consumer Price Index (C), H(RL) recalled that there was a previous research paper reporting on the adjustment mechanisms in the selected legislatures listed in paragraph 2 above. Ms Emily Lau suggested that relevant past research papers should be provided for the Independent Commission, in particular the one which showed that Hong Kong government officials were amongst the highest pay ones, while Hong Kong legislators were amongst the lowest pay ones, when compared with their counterparts in other countries.

5. SG drew members' attention to the UK consultancy study conducted in 2004 for the review of parliamentary Members' salaries and allowances<sup>1</sup>. Ms Emily Lau noted that, according to the Review Body on Senior Salaries, the basic salary for the UK parliamentary Members reflected their "level of responsibility rather than workload". She further quoted from the study that "in job weight terms, a Member was comparable to, in the private sector, the director of a subsidiary company with a turnover of around GBP 100 million (HK\$1.58 billion) to GBP 500 million (HK\$7.9 billion), and, in the public sector, a head teacher of a mid-sized secondary school, a pay band one senior civil servant, a one-star officer in the armed services and [a] chief superintendent in the police services." Contrasting the approach in the UK, which weighed a Member's job in detail, with that in Hong Kong, Ms Emily Lau demanded that the Administration should stop treating a LegCo Member's job as a "voluntary public service", but equate it to some comparable posts in Hong Kong.

6. Members agreed that an appropriate level of remuneration would attract young people with high calibre to serve as legislators.

7. In reply to the Chairman, SG said that the Secretariat would check whether resources of The Legislative Council Commission could be made available for engaging a consultant to study the appropriate level of remuneration for Members. Ms Emily Lau supported the suggestion of employing a consultant by the Secretariat, as the Independent Commission had turned down the Subcommittee's request for the Independent Commission to conduct such a consultancy study. However, she doubted whether the consultancy report could be completed in time for the Independent Commission's consideration, as the latter had indicated that it would submit its recommendations to the Administration in about two months' time.

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<sup>1</sup> Footnote 2 under paragraph 2.1 of IN01/07-08

8. Mrs Selina Chow opined that, in view of the existence of functional constituencies, continuing with the argument of whether Members' work should be regarded as a full-time job or part-time service would lead to nowhere. While Members should not be divided into tiers, their remuneration could be adjusted according to the proportion of time that was devoted to LegCo work. The proportion could be self-declared on a voluntary basis. This would obviate the need to disclose Members' income from other sources. Such disclosure might deter people from coming forward to serve as Members, if they had to respect the wish of their employers or clients, who might regard such emolument figures as commercial secrets. Mrs Chow also pointed out that Members' remuneration should be considered en bloc in a package - singling out one aspect or another for discussion would be a fruitless attempt.

9. The Chairman supported Mrs Chow's suggestion of adjusting individual Members' remuneration according to their own declaration of time spent on LegCo business. He said that teaching staff at universities were allowed to use their professional expertise for outside practice, which had to be reported under an honour system. Alternatively, teaching staff could be on "fractional appointment" terms, under which they would not need to report their outside employment. Either way, the effective remuneration would be reduced in accordance with some pre-determined formula.

10. Ms Emily Lau believed that declaration of time spent on LegCo work would be a good step forward. This would, to some extent, address the Independent Commission's concern over press reports that some Members were not performing their duties.

11. Mr Wong Ting-kwong agreed that classification of Members into different tiers would be divisive and undesirable. It was highly probable that Members returned from functional constituencies had their remuneration from their own employment reduced because of time diverted to LegCo work. On the suggestion of voluntary scaling down of remuneration, he pointed out the following practical difficulties: Should only Members having no other sources of salary be regarded as "full-time" Members? Should dividend and rental income be taken into account and disclosed? When Members had to shuttle around several simultaneously conducted committee meetings or meet with members of the public while such meetings were in progress, how would their attendance or time for LegCo work be counted? Would Members' work outside normal office hours be regarded as overtime work?

12. Mrs Selina Chow agreed that Members' work did not have a regular pattern. To serve the community, Members might have to work at any time during a 24-hour day. She suggested that such declarations or remuneration claims be operated under an honour system, whereby Members should not be required to substantiate their declaration with evidence. She held the view that Members' performance was subject to public monitoring. The electorate's votes would reflect their opinion on individual Members.

13. Referring to the meeting between the Subcommittee and the Independent Commission on 18 September 2007, Ms Emily Lau complained that the minutes of meeting prepared by the Administration Wing were incomplete - her request that the work of LegCo Members, and that of District Council Members, be recognized as a job was not recorded. She stressed that recognition of Members' work as a job was important, because it had implications on Members' remuneration level as well as their medical and retirement benefits.

14. Mr Cheung Man-kwong said that he doubted the credibility of the Independent Commission, because it applied double-standards. While it took only two or three months' time to draw up a retirement package for the former Chief Executive Mr Tung Chee-hwa without any value-for-money justifications, the Independent Commission had all along in the past years picking on LegCo Members' remuneration package. Treating Members as hourly-rated workers was an act stripping LegCo and its Members of their dignity. He expressed the view that, whether a Member sat through all the meetings or not, he or she was constantly assessed by his or her constituents. How good the Member had performed would be reflected in the electorate's choice at the time of his/her re-election. Mr Cheung was not in favour of requesting the LegCo Secretariat to engage a consultant to study and recommend on Members' remuneration package. If such a study was necessary, it should be the job of the Independent Commission.

15. Ms Emily Lau said that the remuneration package being discussed was for implementation in the Fourth LegCo. In order to attract brilliant minds with 10 to 20 years' working experience, and who were successful in their own career, the remuneration for future LegCo Members should at least be comparable to those being proposed for Deputy Directors of Bureaux and Political Assistants. She said that one should not request LegCo Members to sacrifice themselves, as did by the Chairman of the Independent Commission, who questioned at the last meeting with the Subcommittee why Members could not continue with their sacrifice by treating their LegCo work as a service to the community.

16. Ms Mandy Tam agreed with Mr Cheung Man-kwong and Ms Emily Lau. She said that the present remuneration package would have difficulty in attracting the younger generation to serve as legislators.

17. Mrs Selina Chow said that she appreciated Mr Cheung Man-kwong's concern over the dignity of LegCo Members. As public funds were involved, voluntary declaration by Members and allowing members of the public to judge such declarations was nonetheless a method to address the issue of accountability.

18. In conclusion, the Chairman proposed, and members agreed that, members' views expressed at the meeting, together with the Secretariat's research reports on other legislatures' remuneration packages should be forwarded to the Independent Commission for their consideration. Its attention should be drawn in particular to the fact that the selected legislatures had little statutory restrictions on legislators taking up outside employment, and that clear reference points had been used in the UK consultancy report for setting the remuneration for Members of the House of Commons.

Secretariat

## **II. Members' medical benefits**

(LC Paper No. AS 19/07-08)

(LC Paper No. AS 20/07-08)

19. In welcoming Mr Julian Lau and Ms Kitty Chan of Aon Hong Kong Ltd to the meeting for presenting their proposed medical insurance plan, the Chairman stated that the Independent Commission had requested the Subcommittee to consider taking out a group insurance plan for LegCo Members.

20. Mr Julian Lau said that in searching for a suitable plan for Members, reference had been made to the medical benefits provided for senior civil servants. As Members were not subject to any age limit, the proposed plan had no age restrictions. In addition to the basic cover for hospitalization, Members had the option to include coverage for out-patient treatment, additional medicine & appliances, medical evacuation, rehabilitation & nursing, and dental & optical care. In selecting the basic hospitalization plan and the said optional coverage, Members could also decide whether coverage should be extended to disregard pre-existing conditions and include medical treatment in Canada and the United States. Mr Lau also said that renewal of insurance would not be refused because of claims lodged by the insured. Neither would the renewal premium be adjusted according to the insured's claim history, because, being a worldwide pool, the plan's premium would be set in the light of its global

performance. The maximum claim per person per policy year would be US\$1,800,000, without sub-limits for individual items or claims. Ms Kitty Chan further explained the benefits provided by the optional coverage.

21. In reply to Ms Emily Lau, Mr Julian Lau said that the plan was mainly designed for senior executives of multinational companies. Retired Members could also stay with the plan, even the plan for LegCo Members was discontinued.

22. Mr Bernard Chan pointed out that the proposed plan was the most comprehensive one in Hong Kong. He believed that local companies in general would not offer medical benefits up to such a level. While coverage for hospitalization and out-patient treatment would most likely be required, he advised members to consider the necessity for taking up the other options, including the option of seeking treatment in Canada and the United States.

23. Mr Julian Lau advised that the premium for extending geographical coverage to Canada and the United States would be about 40% higher than the basic plan, which already provided worldwide coverage excluding these two countries. Agreeing that pre-existing conditions should be covered, Members noted that the hospitalization plus out-patient option would cost about HK\$57,437 per person per year if treatment in Canada and the United States was excluded, or HK\$80,771 per person per year if treatment in these two countries was included.

24. Ms Emily Lau considered that the dental option should be included in the insurance plan.

25. In response to Mr Wong Ting-kwong, Mr Julian Lau said that no medical check was required before joining the insurance plan. Only declaration of pre-existing conditions was required. If the "medical history disregard" option was chosen, serving Members' pre-existing conditions would be covered. However, when Members retired, those pre-existing conditions that were declared when they first joined would cease to be covered in the renewal policy. In other words, an illness which was only known after joining the plan would still be covered after a Member's retirement, provided there was no break in the payment of renewal premium.

26. The Chairman said that annual medical check-up would offer ease of mind to LegCo Members and attract people to serve as legislators. Ms Emily Lau supported the inclusion of annual medical check-up in the plan.

27. Considering that civil servants would only be sent overseas for treatment that was not available in Hong Kong, members opted for the exclusion of treatment in Canada and the United States. As civil servants enjoyed comprehensive medical coverage without a ceiling, members agreed that all the optional coverage be included in the proposal to be submitted to the Independent Commission. This proposal would amount to a premium of HK\$73,030 per person per year. Members also agreed that annual medical check-up should be included in the insurance plan. Mr Julian Lau agreed to provide the additional cost for this item after the meeting.

Aon

*(Post-meeting note: The medical examination fee was estimated at HK\$9,360 per person per year.)*

28. Mr Bernard Chan remarked that the proposed benefits would be better than those generally enjoyed by civil servants. Mr Wong Ting-kowng said that the Independent Commission could opt for offering the medical benefits being enjoyed by civil servants to LegCo Members.

*(Mr Julian Lau and Ms Kitty Chan left the meeting at this point.)*

29. Ms Emily Lau requested the Secretariat to forward to the Independent Commission the research report setting out the medical benefits offered to the legislators of the selected legislatures.

Secretariat

### **III. Members' retirement benefits**

30. Members agreed that in line with the gratuity offered to contract staff in the civil service, a 15% gratuity, calculated on Members' total remuneration, should be paid to Members at the end of each LegCo term.

### **IV. Members' Operating Expenses Reimbursement (OER)** (LC Paper No. AS 21/07-08)

31. Members agreed that the paper containing statistics on OER be forwarded to the Independent Commission for information.

Secretariat

32. Ms Emily Lau also proposed that Members should be provided with sufficient funds to operate a district office in each of the Districts in a Geographical Constituency (e.g. In a Geographical Constituency straddling areas covered by four District Councils, the number of LegCo district offices would be four).



33. The Chairman instructed that a paper summarizing the Subcommittee's further views be drafted and circulated for members' comment. A meeting would be scheduled on 18 October 2007 for discussion of the draft. Secretariat

*(Post-meeting note: LC Paper No. AS 28/07-08 summarizing the Subcommittee's views was issued on 16 October 2007.)*

34. The meeting ended at 12:16 pm.

Legislative Council Secretariat  
December 2007