

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

**Minutes of meeting
held on Thursday, 10 January 2008 at 4:45 pm
in Conference Room B of the Legislative Council Building**

- Members present** : Prof Hon Patrick Lau Sau-shing, SBS, JP (Chairman)
Hon Cheung Man-kwong
Hon Howard Young, SBS, JP
Hon Emily Lau Wai-hing, JP
Hon Wong Ting-kwong, BBS
- Members absent** : Dr Hon Lui Ming-wah, SBS, JP
Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP
Hon Abraham Shek Lai-him, SBS, JP
Hon Tam Heung-man
- Public officers attending** : Miss Jennifer Mak, JP
Director of Administration (D of Adm)
- Miss Shirley Yuen
Deputy Director of Administration (DD of Adm)
- Mr K C Yau
Assistant Director of Administration (AD of Adm)
- Clerk in attendance** : Mrs Anna Lo
Principal Council Secretary (Administration) (PCS(A))
- Staff in attendance** : Mr Ricky C C Fung, JP
Secretary General (SG)
- Ms Gladys LEE
Accountant (Atg) (ACCT) (Atg)
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I. Report on the Review of Remuneration Package for Members of the Fourth-Term Legislative Council by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR

The Chairman welcomed DD of Adm and AD of Adm to the meeting to brief members on the Report on the Review of Remuneration Package for Members of the Fourth-Term Legislative Council (the Review Report) issued by The Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission).

2. DD of Adm stated that in arriving at its recommendations, the Independent Commission had taken into account Members' time and effort in handling LegCo business. It envisaged that the enhanced remuneration package would be attractive enough for able candidates to come forward to serve the community in the capacity of LegCo Members and, in the long term, for nurturing political talent. The Administration considered the recommendations in the Review Report reasonable and well-balanced. The major recommendations were:

- (a) increasing the monthly remuneration for LegCo Members by 15%, on top of the price adjustment to be made in October 2008;
- (b) providing a gratuity pitched at 15% of the total remuneration that Members received during a LegCo term, which was payable upon the end of their service with LegCo for that whole term, subject to some exceptional circumstances set out in paragraph 4.6 of the Review Report;
- (c) making available an annual accountable medical allowance of \$25,000 to serving LegCo Members, which could be used either to pay for the premium of their personal medical and/or dental insurance covers, or actual medical and dental expenses, or both; and
- (d) applying to the proposed medical allowance the current price adjustment mechanism applicable to the relevant components of the remuneration package.

3. Ms Emily Lau remarked that the Independent Commission was in fact not “independent”. Moreover, none of its members had been a directly elected Member. With regard to the Independent Commission's recommendations, she was disappointed that there was no increase to the existing level of the Operating Expenses Reimbursement (OER) for Members of the Fourth LegCo. She criticised the Administration for adopting different standards in the use of public funds for the recently introduced political appointment system (PAS) and Members' OER system. For example, Members had to recruit their staff through open recruitment whereas the appointment of officials under PAS was decided by the Chief Executive behind closed doors. While most Members could only afford to offer a salary of around \$10,000 a month to their staff, the salary of officials appointed under PAS ranged from \$100,000 to \$220,000 a month. Members' OER claims were subject to stringent guidelines, according to which all expenditure must be strictly related to LegCo business. While Members could not claim OER for undertaking political work, officials appointed under PAS could take up political liaison work. She was frustrated that the Administration refused to consider her request to expand the scope of Members' reimbursable activities to include political work, similar to that undertaken by officials under PAS.

4. DD of Adm stressed that the Administration had to be prudent in the use of public funds. The scope of Members' reimbursable activities had been reviewed from time to time. Funds were provided for Members in the form of OER to discharge their LegCo duties. Such resources could not be used for other purposes. Likewise, officials under PAS were subject to the provisions in the "Code for Officials under the Political Appointment System". They could not undertake non-government work, including that relating to any political party. DD of Adm went on to say that, following a comprehensive review in 2006, OER had been increased by 10% with effect from 1 October 2006. More statistics on the utilization of OER since the last increase was necessary to justify another review.

5. Ms Emily Lau argued that the last 10% increase in OER was in response to the Subcommittee's request for a 20% increase for the Third LegCo. She further pointed out that a research conducted by the LegCo Secretariat revealed that members of overseas legislatures determined revisions to their remuneration package themselves. The revisions were generally implemented in the following financial year or other specified dates, not necessarily in the next term.

(D of Adm joined the meeting at this juncture.)

6. The Chairman welcomed D of Adm to the meeting.
7. Mr Wong Ting-kwong stated that the 10% increase in 2006 was only an interim measure. This level of OER would not be sufficient for Members of the Fourth LegCo. With about \$127,000 a month for the operation of four offices, the operating cost for one office was only about \$31,000. He asked the Administration for the facts and figures in support of its view that the 10% increase in 2006 would be sufficient for Members of the Fourth LegCo.
8. D of Adm replied that in conducting a comprehensive review on the level of OER in 2006, the Independent Commission took into account a basket of factors, including the utilisation rate of OER, statistics on the number of offices operated and staff employed by LegCo Members, changes in population and the number of registered electors for geographical constituency elections, and the nature of work and demand on LegCo Members, etc. It concluded that a 10% increase in OER was adequate. In the 2007 review, the Independent Commission noted that the average utilization rate of OER in the first few months after the last increase was slightly on the decline. It was therefore not convinced that OER should be further increased at this stage. However, it would keep in view the position and, if deemed appropriate, revisit the level of OER some time during the course of the Fourth LegCo.
9. The Chairman disagreed and pointed out that the overall utilization level of OER in absolute amount had increased to \$108,072 per month after the 10% increase in October 2006. As the utilization level of OER varied among Members, the overall utilization rate could hardly reflect the full picture. Analysis should take into account the utilization level of Members with high utilization rate. In reply to the Chairman's enquiry on the up-to-date information on the utilization level of OER, ACCT (Atg) stated that in the 2006-2007 legislative session, nine Members had claimed 100% and another 28 Members over 90%.
10. Ms Emily Lau criticized the Administration for merely focusing on the decline in the overall utilization rate, but neglecting the need of those Members who had spent more than their OER entitlement. Some Members, like herself, subsidized their LegCo work from their own pockets year after year. It was inappropriate to expect such Members to continue to "sacrifice", as suggested by the Chairman of the Independent Commission. She requested the Independent Commission to review the level of OER again.
11. Mr Wong Ting-kwong cited the Chinese metaphor "the man sated with food would not understand the suffering of the starveling" to illustrate the present situation. The reality was that Members had to endeavour to work within their budget. Not every Member could afford to

subsidize his LegCo work out of his own pocket. Members' service to the public could be improved if they were provided with sufficient resources to employ higher quality staff and maintain staff stability. Besides, OER was paid on an accountable and reimbursement basis. It was also subject to compliance audit and public scrutiny.

12. Mr Cheung Man-kwong commented that Members of the Democratic Party did not have strong views on Members' remuneration level. However, he strongly urged the Administration to reconsider Members' request in 2006 for a 20% increase in the level of OER. As the level of OER was only increased by 10% in 2006, it was justified to enhance OER by another 10% in 2008. Directly elected Members were most likely the ones who had spent more than their OER entitlement. The meagre 10% increase was just enough to raise their assistants' salary to a more reasonable level and improve the service provided by their existing offices. It would not be sufficient for them to open more district offices or expand their services. As the constitutional development of Hong Kong was heading towards direct election and universal suffrage, more resources should be given to directly elected Members to enhance their community network. Members returned from Geographical Constituencies (GC Members) had to serve a large population. The inadequate OER level would hamper their effectiveness because they lacked the resources to take on and retain quality staff. He felt obliged to fight for more reasonable pay and career prospects for Members' assistants, and more resources for GC Members to enhance their services. He himself would accept a lower rate of OER for Members returned from Functional Constituencies (FC Members) than GC Members. However, he envisaged that a consensus could probably not be reached on this arrangement in LegCo. The Administration should seriously consider Members' proposal to increase the existing OER level.

13. Mr Howard Young took the view that the Review Report had responded positively to Members' requests raised in the past years, particularly on medical and retirement benefits. He appreciated the difficulties in acceding to Members' proposal for a higher remuneration. On the one hand, the level of remuneration should be good enough to attract high calibre persons to stand for election as legislators. On the other hand, Members' increased monthly remuneration to \$65,263 a month might further reinforce the general public opinion that Members were "the royal wage earners in Hong Kong". Regarding OER, he recognized that GC Members had a genuine need to operate more district offices and therefore required more financial support. Nonetheless, Members of the Liberty Party held the view that equal treatment should be given to all Members, irrespective of the channels through which they were elected. On balance, he suggested that OER could be restructured to include two elements: the basic OER provision plus an adjustable supplementary provision. The same basic OER provision was payable to all Members

while the supplementary provision was adjustable according to the number of district offices operated by individual Members. In this way, the pressing need of GC Members to open more district offices was addressed without jeopardizing the principle of equal treatment for all Members.

14. Mr Cheung Man-kwong stated that two options were open to the Administration. An easy option was to accede to Members' request for another 10% increase. Alternatively, additional financial support should be given to those Members operating more than one district office. With regard to Mr Howard Young's proposal in the preceding paragraph, he suggested that the financial support for each additional office might be provided on a sliding scale according to the number of district offices operated by a Member. For illustration, a Member with a central office and a district office, as in the case of most FC Members, would be entitled to the basic OER only. If a Member operated a second district office, he/she would be entitled to a supplementary provision on top of the basic OER. If the Member operated a third district office, the supplementary provision for that office would be scaled down to a certain percentage of the supplementary provision for the second office. A financial ceiling on the supplementary provision was necessary. Otherwise, it would be unfair to FC Members. In deciding the basic office operation cost for a district office, reference could be drawn from the experience of District Councillors who normally operated a single office.

15. To supplement his proposal in paragraph 13 above, Mr Howard Young proposed a simplified system for claiming OER as follows:

<u>No. of offices</u>	<u>Monthly OER provision</u>
1 - 2	\$120,000 (the basic rate)
3	\$130,000
4 or more	\$140,000

16. Ms Emily Lau and Mr Cheung Man-kwong requested that the Independent Commission should conduct another review on Members' proposals regarding OER discussed at the meeting before the end of this LegCo term. They were concerned that if the review was deferred until the Fourth LegCo, any revision(s) would be implemented in the Fifth LegCo.

17. D of Adm reiterated that the OER level had been last enhanced by 10% in October 2006. A further increase could be reviewed in the course of the Fourth LegCo when sufficient empirical data were available. DD of Adm further pointed out that in the past decade the OER level had been increased on four occasions to the current level at \$1,534,020 per annum, including a 26% increase in 2001 and a 10% increase in 2006. Due to the time lag in submission of reimbursement claims, statistics for the full reimbursement year ending September 2007

were not yet available. The Administration considered it prudent to invite the Independent Commission to review the OER level again when sufficient empirical data were available. The Independent Commission would not accept any proposed increase without supporting statistics.

18. Ms Emily Lau remarked that the existing data already indicated the inadequacy of the OER level as statistics showed that nine Members claimed 100% in the 2006-2007 legislative session. The Secretariat could provide all the relevant data required by the Administration, including over-ceiling expenses reported by Members. She emphasized that the Administration should not defer the review until all 60 Members spent more than their OER entitlement. This situation would never happen because many Members did not have the financial ability to spend more than their entitlement. They could only endeavour to work within budget.

19. In sharing the views of Mr Cheung, Mr Wong and Ms Lau, the Chairman requested the Administration to consider a 10% increase in the level of OER in October 2008.

20. As the 10% increase in question was related to the Fourth LegCo, Mr Howard Young considered it acceptable for the Administration to consider Members' proposal later when more data were available. He suggested that, in the analysis of the OER utilization level, attention should be paid to those Members with exceptionally low utilization as the under-spending figures might have pulled down the overall utilization rate.

21. D of Adm noted Members' request and agreed to examine the issue when the data were available. The Administration would ask the Secretariat for relevant statistics to substantiate the Subcommittee's request. However, she could not commit on the timing of the review on behalf of the Independent Commission.

Adm

22. Ms Emily Lau proposed the Administration to withdraw the FC Paper (FCR(2007-08)49) to be discussed on 11 January 2008 and defer it until the Independent Commission's decision on Members' proposal for an enhanced level of OER before the end of the current LegCo term. Mr Cheung Man-kwong did not agree to withdraw the FC Paper.

23. The Chairman concluded:

- (a) the Subcommittee accepted the recommendations in FCR(2007-08)49. However, it was disappointed in the Independent Commission's recommendation that there would be no change to the current OER level;

- (b) the Independent Commission would be requested, through the Administration, to reconsider the Subcommittee's proposal made in 2006 to increase the OER level by 20%. As the OER level had been increased by 10% in October 2006, the Subcommittee's current proposal was for an increase of 10%. The Independent Commission's recommendation should be available before the end of the current LegCo term for implementation at the commencement of the Fourth LegCo; and Adm

- (c) the Secretariat would provide statistics as required by the Administration for its consideration of Members' proposal. Adm
Sect

Any other business

24. There being no other business, the meeting ended at 5:53 pm.

Legislative Council Secretariat
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