

立法會
Legislative Council

LC Paper No. AS240/07-08

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

**Minutes of meeting
held on Monday, 2 June 2008 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 Howard Young, SBS, JP
Hon Emily Lau Wai-hing, JP
Hon Abraham Shek Lai-him, SBS, 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 Cheung Man-kwong
Hon Tam Heung-man

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

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

Mr Joseph Kwong
Accountant (ACCT)

I. Objective bases for Members' claims for shared operating expenses

(LC Paper No. AS211/07-08)

The Chairman stated that Members were aware that PKF, the appointed independent auditor, had presented its first compliance audit report and a management letter to The Legislative Council Commission in April 2008. The Commission had decided that one of the audit recommendations made in the management letter on "Basis of sharing of expenses" should be referred to the Subcommittee for consideration because this issue had been discussed by the Subcommittee before. The auditor observed that the sharing of operating expenses between LegCo and private business was not supported by objective basis. The sharing mainly relied on Member's estimation, and there was insufficient proof to justify the reasonableness of the basis. The auditor recommended objective ground to be applied on the basis of sharing, for example: for sharing of staff according to staff's time sheets and for sharing of office according to floor plan. LC Paper No. AS211/07-08 was a self-explanatory background paper on this issue prepared by the Secretariat.

2. Referring to the press reports in Oriental Daily News and The Sun published on the day of the meeting and tabled at the meeting (**Appendix**), Mr Abraham Shek said that it was the media's prerogative to monitor Members' use of public funds. However, they should verify the facts before running reports implicating Members in abuse of public funds. He pointed out that the said press reports on the shared use of his district office were misleading. He bore half of the office rent personally merely because he stored a few box files in the office. He actually subsidized public funds rather than the other way round.

3. Mr Wong Ting-kwong echoed similar remarks on the press reports. He said that his landlord, The Hong Kong Chinese Importers' and Exporters' Association, actually subsidized his district office. The rent he paid was all inclusive, covering furniture, equipment, air-conditioning and other office furnishings. The rental value was supported by an independent surveyor's valuation report, which was available for public inspection at the LegCo Library. He added that public funds would have to bear more if his present district office in Central were located away from the Association.

4. Both Mr Abraham Shek and Mr Wong Ting-kwong agreed to the auditor's recommendation that some verifiable records, such as time sheets and floor plans, should be kept to show that Members had not abused the use of public funds.

5. Ms Emily Lau supported the Independent Commission Against Corruption's recommendation made in 2005, namely Members should not intermingle their LegCo and non-LegCo business. However, if Members maintained that they had practical difficulties in segregating them, as recapitulated in LC Paper No. AS211/07-08, she would support the auditor's recommendation that verifiable records should be kept in the case of shared expenses.

6. Mr Howard Young noted that some Members returned from functional constituencies might have difficulties in segregating their LegCo and non-LegCo business, even though he himself had no such problems.

7. In response to Ms Emily Lau, ACCT said that it was common practice for accounting firms and legal firms to log their time spent in the form of time sheets and charge their clients accordingly. If Members' staff kept no such time sheets, an auditor would not be able to verify whether the proportion of remuneration borne by public funds was reasonable, unless the auditor observed the staff at work for some time. Ms Emily Lau remarked that lengthy observation would be very costly.

8. Mr Abraham Shek did not consider verification by observation a meaningful alternative. He supported the use of time sheets: while basically an honour system, time sheets were easy to prepare and generally accepted.

9. Mr Wong Ting-kwong held the view that complete segregation of LegCo and non-LegCo business was possible, but at the expense of public funds and Members' time. One should appreciate the support and subsidies offered by related parties in a constituency. Such support would be evidenced by the data shown on the proposed time sheets.

10. The Chairman concluded, and members supported, that before laying a proposal for the decision of the House Committee, an opinion survey should be conducted. In the survey, Members should be consulted as to whether Members' LegCo business and non-LegCo business should be segregated completely. If complete segregation was infeasible, Members should be invited to determine whether verifiable records, such as time sheets, should be kept as recommended by the auditor, or whether the existing arrangement by means of Members' own estimation would be sufficient.

(Post-meeting note: A questionnaire was issued on 5 June 2008 vide LC Paper No. AS230/07-08.)

II. Any other business

Enhanced level of Members' operating expenses reimbursement for the Fourth Legislative Council

(LC Paper No. AS219/07-08

- Letter dated 30.5.08 from the Director of Administration)

11. Referring to the Director of Administration's reply on 30 May 2008 rejecting the Subcommittee's request to further increase Members' operating expenses reimbursement for the Fourth LegCo, Ms Emily Lau stated that it was outrageous, particularly against the backdrop of the Administration's spending of tens of millions of dollars to appoint deputy directors of bureaux and political assistants. She was also upset by the fact that the Director of Administration had declined to explain the rejection before the Subcommittee.

12. Mr Abraham Shek said that if the Administration's aim was to foster political talent, Members' offices offered a better training ground. Compared with the Administration's novice political appointees, Members' personal assistants had practical election and district work experience. Some of the personal assistants were master degree holders. Without sufficient financial provisions, Members could hardly recruit and retain such high calibre assistants; hence hindering the service offered by Members' offices. He wondered if the Administration had statistics on the number of political figures, such as District Council Members, who had, for one time or another, served as assistants to LegCo Members. Mr Shek also noted that it was out of proportion that a political assistant's monthly remuneration was even higher than the monthly reimbursable amount for a Member's office operation expenses at \$127,835, which might have to be used to support two or three offices and a number of personal assistants.

Action

13. Ms Emily Lau shared Mr Shek's views. Moreover, she was concerned that if an increase were eventually approved in the Fourth LegCo, it would be implemented in the Fifth LegCo.

14. Members agreed that the Director of Administration should meet with the Subcommittee to explain the reasons for rejecting the Subcommittee's request for an enhanced level of Members' operating expenses reimbursement for the Fourth LegCo. Secretariat

15. There being no other business, the meeting ended at 11:27 am.

Legislative Council Secretariat
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