

政府總部
香港下亞厘畢道



LC Paper No. AS219/07-08

GOVERNMENT SECRETARIAT
LOWER ALBERT ROAD
HONG KONG

本函檔號 Our Ref.: CSO/ADM CR 1/1136/97(03)
來函檔號 Your Ref.: AM 12/01/19

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30 May 2008

Clerk to Subcommittee on Members'
Remuneration and Operating Expenses
Reimbursement
Legislative Council Building
8 Jackson Road, Central
Hong Kong

(Attn : Mrs Anna Lo)

Mrs Anna Lo

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

I refer to your letter dated 20 March 2008 enclosing an information note on the statistics on the utilization of Members' recurrent operating expenses reimbursement. We have invited the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region ("the Independent Commission") to examine the statistics provided and consider again Members' request for further increasing the level of the Operating Expenses Reimbursement ("OER").

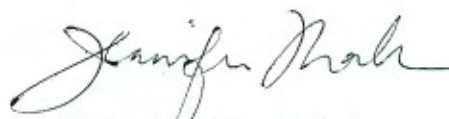
The Independent Commission recognizes the increasing complexity of issues handled by LegCo Members and the time commitment required of them. It further notes that the OER was increased by 10% with effect from 1 October 2006, after a careful review conducted in late 2005/early 2006. The review took into account a whole basket of factors, including the OER utilization rate, statistics on

the number of offices operated and staff members employed by LegCo Members, population changes, the number of electors registered for geographical constituency elections, and the complexity of issues handled by LegCo Members and public expectations. The Independent Commission notes that the statistics now supplied by the Subcommittee show that the utilization rate of the OER has slightly dropped after the 10%-increase effective from 1 October 2006.

In the overall review of the remuneration package for the fourth-term Legislative Council conducted in 2007, the Independent Commission has thoroughly examined all the components of the remuneration package from a holistic perspective. The recommendations of this review, viz. increasing the monthly remuneration and providing an end-of-service gratuity and an additional medical allowance, but keeping others (including the level of the OER) unchanged, represent reasonable enhancements to the remuneration package as a whole.

In the light of the latest statistics and the above considerations, the Independent Commission re-affirms its view that the OER should be maintained at its current level at this stage (subject to the annual inflation adjustments), and that LegCo Members' request to further increase the OER should be rejected. The Independent Commission will keep in view the position and revisit the level of OER some time during the course of the fourth-term LegCo if deemed appropriate.

Yours sincerely,



(Miss Jennifer Mak)

Director of Administration

cc Prof Hon Patrick Lau Sau-shing, SBS, JP (Chairman of the Subcommittee)