

For information on
30 July 2007

**Legislative Council Subcommittee on Members' Remuneration and
Operating Expenses Reimbursement (the Subcommittee)**

**Comprehensive Review of the Remuneration Package for
Members of the Fourth-term Legislative Council**

Introduction

This note provides an update on the comprehensive review being undertaken by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region ("the Independent Commission") of the remuneration package for Members of the fourth-term Legislative Council ("LegCo").

Comprehensive Review

2. The Independent Commission is conducting a comprehensive review of the remuneration package for Members of the fourth-term LegCo, covering the Subcommittee's outstanding requests concerning Members' monthly remuneration, medical benefits and retirement benefits, and the issue of the nature of LegCo membership. The target is to complete the review before the end of 2007.

3. The Independent Commission is amenable to meeting with Members of the Subcommittee and paying a visit to Members' district offices as previously suggested by the Subcommittee. We propose that this meeting-cum-visit be arranged in September 2007 so that the Independent Commission can take into account Members' views fully before formulating its recommendations.

Background

4. In June 2006, the Subcommittee put forth the following requests regarding LegCo Members' remuneration package :

- (a) as top priority, that the **Operating Expenditure Reimbursement** ("OER") should be increased by up to 20%;
- (b) as second priority, that civil service **medical benefits** should be made available to LegCo Members, both during and after their service with LegCo, and that **retirement benefits** in the form of a gratuity at 15% of the total remuneration received should be given;
- (c) as third priority, that LegCo Members' **remuneration** should be pegged to a certain percentage of the salary range of the directorate officers in the civil service. Alternatively, an independent remuneration scale may be set for LegCo Members;
- (d) that the Independent Commission should **critically review** the underlying principle governing Members' remuneration that "LegCo membership is not a job, but a form of **public service**";
- (e) that the restriction against **shared employment of staff** should be relaxed; and
- (f) that the Independent Commission should consider engaging an **independent consultant** to evaluate the work of LegCo Members with a view to drawing up an appropriate remuneration package for them.

5. The Independent Commission met Members of the Subcommittee twice on 6 June and 2 August 2006 to exchange views with the Subcommittee on the above requests.

6. In August 2006, the Independent Commission made the following recommendations on the Subcommittee's requests:

- (a) the request to increase the **OER** should be acceded to, by 10%, and to be given effect within the current LegCo term;
- (b) the request to relax the restriction against **shared employment of staff** by LegCo Members should be acceded to;
- (c) the requests to adjust other **personal benefits** for LegCo Members, i.e. monthly remuneration, medical benefits and retirement benefits, and to critically review **whether LegCo membership should be recognized as a job vs. public service**, should be set aside for the comprehensive review for the remuneration package for the fourth-term LegCo; and
- (d) the request to engage an **independent consultant** to consider the remuneration package for LegCo Members should be rejected.

7. The Chief Executive in Council accepted the above recommendations at its meeting on 17 October 2006. A LegCo Brief on the matter and the Independent Commission's Report were issued to LegCo Members on 19 October 2006.

8. The Administration then consulted the LegCo Finance Committee on 3 November 2006 on the proposal to increase the OER by 10% with retrospective effect from 1 October 2006. The Finance Committee endorsed the proposal. The proposal to relax the restriction against shared employment of staff by LegCo Members was also put into effect administratively from November 2006.

Administration Wing
Chief Secretary for Administration's Office
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