

立法會
Legislative Council

LC Paper No. AS 119/04-05(01)

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**Meeting of Subcommittee on Members' Remuneration
and Operating Expenses Reimbursement
on 6 December 2004**

Background Brief prepared by Legislative Council Secretariat

Office Operation Expenses Reimbursement for LegCo Members

Purpose

This paper presents issues concerning the office operation expenses reimbursement (OOER) for Members of the Legislative Council (LegCo) previously raised by Members.

Background

2. Since 1993, the remuneration package and the level of OOER for LegCo Members have been reviewed and adjusted on the recommendation of the Independent Commission on Remuneration for the Members of the Executive Council and the Legislature of the HKSAR (Independent Commission¹). The Independent Commission is appointed by the Chief Executive. Its recommendations are endorsed by the Executive Council and, where financial implications are involved, approved by the Finance Committee of LegCo before they are implemented. The Independent Commission's terms of reference and its current membership are shown in its Report on the Review of Remuneration Package for LegCo Members in the Third Term, a copy of which is in the Appendix to LC Paper No. AS 119/04-05(02).

¹ The Independent Commission was known as The Commission on Remuneration for Members of the Legislative Council in 1993.

3. As stated by the Administration, “to preserve the credibility of the remuneration system, it is an established practice that any substantial changes to the remuneration package proposed in one LegCo term should only be implemented in the following term”.

Issues

4. Issues concerning OOER for LegCo Members previously raised by Members are set out in **Appendix I** for the information of the Subcommittee. History on the level of the remuneration and reimbursement package for LegCo Members since 1995 is in **Appendix II**.

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Legislative Council Secretariat
December 2004

Subcommittee on Members' Remuneration and Operating Expenses Reimbursement

**Issues previously raised by Members concerning
Office Operation Expenses Reimbursement (OOER)**

Dates	Changes Requested by Members	Views of Members	Approved Changes in the Reimbursement Package	Views of the Administration/ Independent Commission
1994	<ul style="list-style-type: none"> - There should not be any distinction in remuneration or allowances for directly elected or appointed members. - Separate adjustment mechanisms for staff and office costs and for other expenses. 	<ul style="list-style-type: none"> - The level of the component for office and staff costs should be determined by making reference to the scope of duties of a LegCo Member so that necessary supporting staff could be employed and adequate office expenses could be provided to assist Members in performing their duties effectively. 	<p>Since 13 April 1996, provision of the central offices and the types and amounts of expenses reimbursements have been uniformly applied to all Members, save for the additional Entertainment Reimbursement entitled by the President.</p>	
1998-99	<p>Level of OOER should be reviewed</p>	<ul style="list-style-type: none"> - Area and population were enlarged in some constituencies. 	<p>W.e.f. July 1999</p> <ul style="list-style-type: none"> - An allowance of \$100,000 was approved for Information Technology and Communication Equipment Expenses. <p>A modified OOER package was approved:</p> <ul style="list-style-type: none"> - the former components for staff and office expenses reimbursement and district office expenses reimbursement were merged. - provision of supporting documents for claiming entertainment and travelling expenses reimbursement was no longer required. Members might use half of the amount for employing staff on an accountable basis. The related future severance pay may also be reimbursed out of the OOER or winding up expenses reimbursement. 	<ul style="list-style-type: none"> - Members could communicate with their constituents through modern technology. - Members could have more flexibility with the modified package.

Dates	Changes Requested by Members	Views of Members	Approved Changes in the Reimbursement Package	Views of the Administration/ Independent Commission
			<ul style="list-style-type: none"> - the reimbursements for setting up Members' district offices and the Secretariat-provided central office are merged. 	<ul style="list-style-type: none"> -
<p>November/ December 2000</p>	<ul style="list-style-type: none"> - Members' OOER provision was inadequate having regard to the number of offices required by Members and with reference to the 1994 manning scale (an EOI, PSII and COII) for such offices. 	<ul style="list-style-type: none"> -The consensus was that there should not be a difference in the level of OOER for Members, irrespective of their being elected from different constituencies or from the Election Committee. - The provision was insufficient for the much enlarged constituencies compared to 1994. - The situation would be further aggravated with the implementation of MPF payments w.e.f. December 2000 for Members' personal assistants and arrangements should be made for this additional expense. - Additional funding should be provided by the Adm for long service payments to Members' staff as in the case of severance payments. - The existing OOER was inadequate for maintaining day-to-day operation, let alone setting aside an amount for payment of staff benefits. 		<ul style="list-style-type: none"> - The Adm had previously advised that a pension element for Members' staff had already been included in the existing system of Members' OOER and that Members could set aside funds from OOER for payment of future staff benefits. - The Adm would not reduce the severance payments for staff of Members because of the MPF contributions made by Members.

Dates	Changes Requested by Members	Views of Members	Approved Changes in the Reimbursement Package	Views of the Administration/ Independent Commission
	<ul style="list-style-type: none"> - The annual adjustment mechanism for Members' remuneration and OOER on 1 October each year according to CPI(CI) should be reviewed: (a) The interpretation that Members' remuneration and OOER should be adjusted downwards according to CPI(C) at times of deflation might not be correct and should be rectified urgently. (b) Expenses on staff salaries and office accommodation should more appropriately be subject to new annual adjustment mechanism(s) while other expenses should continue to be subject to the movement of CPI(C). 	<ul style="list-style-type: none"> - CPI(C) did not have a separate weighting for wages and salaries. - Quality of service to the community would be affected with further downward adjustment due to deflation. - Office rental, being bound by contract, could not be revised downward at the same pace as CPI(C). 		<ul style="list-style-type: none"> - The adjustment according to CPI(C) was to ensure that Members' remuneration and allowances would not be eroded by inflation.

Dates	Changes Requested by Members	Views of Members	Approved Changes in the Reimbursement Package	Views of the Administration/ Independent Commission
June 2001	In view of the stated preference of 33 Members, the former Subcommittee on Members' Remuneration and Operating Expenses Reimbursement recommended that the existing annual adjustment mechanism of Members' remuneration and OOER in accordance with the CPI(C) be continued.			The Independent Commission noted the majority Members' views that the existing adjustment mechanism should continue.
October 2001			<p>W.e.f. October 2001</p> <ul style="list-style-type: none"> - OOER of LegCo Members increased by \$25,000 from \$96,120 to \$121,120 per month, having regard to their increased workload relating to Council business; this should go towards meeting the operational need of the majority of LegCo Members, enabling them to employ additional and better qualified staff. - The monthly provisions of OOER be merged as annual provisions. Similarly, the monthly Entertainment and Travelling Expenses Reimbursement should be merged to form annual provisions. 	<ul style="list-style-type: none"> - No change be made to the accountable allowance for the Information Technology and Communication Equipment Expenses. - No additional funding be provided for long service payments and MPF payments to staff of LegCo Members. - To allow for more flexibility in deploying Members' resources since expenditure could vary from month to month. - Consideration be given to providing additional resources, where justified, to the LegCo Secretariat so that enhanced support could be provided to LegCo Members.

Dates	Changes Requested by Members	Views of Members	Approved Changes in the Reimbursement Package	Views of the Administration/ Independent Commission
June 2003	Meeting with Independent Commission: - Some Members considered OOER inadequate to enable them to fully discharge their LegCo duties.			
October 2003				<ul style="list-style-type: none"> - The Independent Commission considered that CPI(C), which reflects price movements in the higher expenditure range (approx. 10% of total households in HK), remained an easily measurable and objective index for the purpose as an adjustment mechanism and should continue to be adopted in the third LegCo term. <p>Justification for maintaining the existing level of OOER:</p> <ul style="list-style-type: none"> - the level of OOER provision was last increased in October 2001 by \$300,000 per annum (or about 26%). The overall utilization rate dropped after the enhancement and in the full year from 10/01 to 9/02, only 25 out of 60 Members had used up their OOER. - difficult to set objective yardstick on the optimum number of assistants and district offices for LegCo Members, having regard to their different background and modes of operation.

Dates	Changes Requested by Members	Views of Members	Approved Changes in the Reimbursement Package	Views of the Administration/ Independent Commission
				- \$11.5 million of additional recurrent provision from 2002-03 financial year onwards was approved for LCC for creating 14 posts to enhance the support for Members.

Abbreviations:

Adm	The Administration
Independent Commission	Independent Commission on Remuneration for the Members of the Executive Council and the Legislature of the HKSAR
LCC	The Legislative Council Commission
OOER	Office Operation Expenses Reimbursement
CPI(C)	Consumer Price Index (C)

History on the Level of the Remuneration and Reimbursement Package for Members of the Legislative Council

Appendix II

Remuneration/Reimbursement for Members of the Legislative Council		10/95 to 9/96		10/96 to 9/97		10/97 to 9/98	10/98 to 9/99		10/99 to 9/00	10/00 to 9/01	10/01 to 9/02	10/02 to 9/03	10/03 to 9/04	10/04 to 9/05
		up to 12.4.96	w.e.f. 13.4.96	up to 9.1.97	w.e.f. 10.1.97		up to 30.6.99	w.e.f. 1.7.99						
Remuneration	Remuneration	Per month		Per month		Per month	Per month		Per month	Per month	Per month	Per month	Per month	Per month
	President	106,760		114,660		121,650	127,730		125,180	118,800	116,420	113,740	110,440	108,340
	President's Deputy	80,070		86,000		91,250	95,810		93,890	89,100	87,320	85,310	82,840	81,270
	Member	53,380		57,330		60,830	63,870		62,590	59,400	58,210	56,870	55,220	54,170
	Member who also serves on the Executive Council (2/3 of the amount payable to those who do not serve on the ExCo)	35,590		38,220		40,550	42,580		41,730	39,600	38,810	37,910	36,810	36,110
	% increase/decrease over previous year (approximate)	+ 10%		+ 7.4%		+ 6.1%	+ 5%		- 2%	- 5.1%	- 2%	-2.3%	-2.9%	-1.9%
Expenses Reimbursement	Operating Expenses Reimbursement	Per month		Per month		Per month	Per month		Per month	Per month	Per year	Per year	Per year	Per year
	Accountable component for office operation, made up of	86,390		92,780		98,440	103,360	103,360	101,290	96,120	1,430,370	1,397,470	1,356,940	1,331,160
	• Operating Expenses Reimbursement	(74,050)		(79,530)		(84,380)	(88,600)							
	• District Office Reimbursement	(12,340)		(13,250)		(14,060)	(14,760)							
	Entertainment and travelling, made up of	12,340	12,340	13,250	14,060	14,760	14,760 ^{*1}	14,460 ^{*1}	13,720 ^{*1}	161,350 ^{*1}	157,640 ^{*1}	153,070 ^{*1}	150,160 ^{*1}	
	• Non-accountable component	(3,702)	(6,170)	(6,625)	(7,030)	(7,380)	(14,760)	(14,460)	(13,720)	(161,350)	(157,640)	(153,070)	(150,160)	
	• Accountable component	(8,638)	(6,170)	(6,625)	(7,030)	(7,380)								
	Total	98,730		106,030		112,500	118,120	115,750	109,840	1,591,720	1,555,110	1,510,010	1,481,320	
	President's Entertainment Reimbursement, made up of	Per year		Per year		Per year	Per year		Per year	Per year	Per year	Per year	Per year	Per year
	• Non-accountable component	148,100		159,060		168,760	177,200	173,660	164,800	161,500	157,790	153,210	150,300	
• Accountable component	(44,430)		(47,718)		(50,628)	(53,160)	(52,100)	(49,440)	(48,450)	(47,340)	(45,960)	(45,090)		
• Accountable component	(103,670)		(111,342)		(118,132)	(124,040)	(121,560)	(115,360)	(113,050)	(110,450)	(107,250)	(105,210)		
Other Financial Assistance to LegCo Members per LegCo term	Per term / one-off		Per term / one-off		Per term / one-off	Per term / one-off		Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	
Setting Up Expenses Reimbursement ^{*2} , made up of	150,000		150,000		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
• Secretariat-provided office	(50,000)		(50,000)		(50,000)	(50,000)								
• District office	(100,000)		(100,000)		(100,000)	(100,000)								
Winding Up Expenses Reimbursement, made up of	180,000		180,000	92,780	98,440	103,360	101,290	96,120	119,198	116,456	113,078	110,930		
• Fixed amount; plus				actual	actual	actual	actual	actual	actual	actual	actual	actual		
• No preset ceiling for severance pay														
Information Technology and Communication Equipment Expenses Reimbursement						100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Cashflow Assistance	Operating Fund (i.e. loan from LegCo Secretariat)													
	• OOER (running balance no more than two months' reimbursable amount)					225,000	236,240	231,500	219,680	265,287	259,185	251,668	246,887	
	• Setting up (no more than unclaimed balance)					150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
	• Information Technology (no more than unclaimed balance)						100,000	100,000	100,000	100,000	100,000	100,000	100,000	

*1 50 % of the amount may be used for employing staff on an accountable basis

*2 A re-elected member who has claimed any setting up expenses reimbursement in the previous term may only be eligible to claim up to 50% of the reimbursement ceiling. Nevertheless, a Member may claim up to 100% of the reimbursement ceiling in certain circumstances such as change of constituency or expiry of tenancy agreement.