

立法會
Legislative Council

LC Paper No. AS 185/11-12

(The minutes have been
seen by the Administration)

Ref : AM 12/01/19 (08-12)

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

**Minutes of meeting
held on Friday, 16 December 2011 at 5:00 pm
in Conference Room 3 of the Legislative Council Complex**

Members present : Hon Emily LAU Wai-hing, JP (Chairman)
Hon LEE Cheuk-yan
Hon CHEUNG Man-kwong
Hon WONG Ting-kwong, BBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon IP Kwok-him, GBS, JP

Members absent : Hon Abraham SHEK Lai-him, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Members attending : Hon LEE Wing-tat
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon LEUNG Kwok-hung

Public Officers attending : Miss Jennifer MAK
Director of Administration

Miss Agnes WONG
Deputy Director of Administration

Clerk in attendance : Mr Andy LAU
Principal Council Secretary (Administration)

Staff in attendance : Ms Pauline NG
Secretary General (SG)

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Mr Michael YU
Head (Research) (H(R))

Mr Joseph KWONG
Accountant

Ms Debbie YAU
Senior Council Secretary (Administration) 3

**I. Review of the Operating Expenses Reimbursement for
Legislative Council Members**
LC Paper No. AS 197/10-11

Introduction by the Administration

At the invitation of the Chairman, Director of Administration ("D of Admin") said that upon receipt of the submission from the Subcommittee on the proposed increase in Operating Expenses Reimbursement ("OER") in March 2011, 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") met with members of the Subcommittee in June 2011 to better understand their needs and the justifications for their proposals. The Independent Commission also conducted site visits to district offices of three Legislative Council ("LegCo") Members (from both the geographical and functional constituencies) in July 2011 through the arrangement of the LegCo Secretariat in order to have first-hand knowledge of the operation of Members' district offices and to listen to the views of the assistants employed by LegCo Members. As the increase in OER proposed by the Subcommittee was over 40%, which was substantial, the Independent Commission considered it essential to conduct its own research and to collect other relevant data in addition to those provided by LegCo to enable a comprehensive consideration of the issues involved before it could complete its review and make its recommendations to the Administration.

2. D of Admin also said that modeling on the timing of the last term whereby the Government sought funding approval in January 2008 for the remuneration package for Members of the Fourth term LegCo, the Administration had earlier invited comments of the

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Subcommittee on the monthly remuneration for Members of the next LegCo term. She said that the Independent Commission hoped to have the comments on the monthly remuneration by the Subcommittee as soon as possible so that it could consider the related matters according to the framework established.

3. The Chairman said that the Subcommittee had all along stressed that the proposal to enhance the level of Members' OER as from 1 October 2011 could be considered on its own and needed not be considered in the context of the total remuneration package for Members of the Fifth term LegCo which would take effect as from October 2012. As regards Members' remuneration, the Chairman said that the Subcommittee was currently conducting a review of the mechanism to determine and adjust the remuneration for LegCo Members, having regard to general parliamentary practices and would come up with its proposals based on more in-depth studies and careful analysis.

Deliberations by the Subcommittee

4. Mr LEE Cheuk-yan pointed out that the increase in OER and Members' remuneration could take effect at different times. It was the strong aspiration of both Members and their staff that following the Subcommittee's submission of the proposal in March 2011, the revised OER could take effect as from 1 October 2011. He was dissatisfied that no progress had been made so far. He requested the Administration to set out a timetable on the OER review.

5. In reply, D of Admin said that it was the established practice of the Independent Commission to begin the periodic review on both Members' OER and remuneration together about one year before the start of a new term. In this regard, the review for the Fifth term had started. The Independent Commission would also consider the Subcommittee's proposal of implementing an adjustment to OER within the current term. Nevertheless, as the Subcommittee's proposal was to increase the OER by some 40%, which was substantial, the Independent Commission would need to study the proposal in detail carefully. Mr LEE Cheuk-yan expressed concern that in the absence of a timetable, the Independent Commission would bundle the review on both OER and remuneration which would inevitably delay the implementation of any increase in OER within the current term. He also said that the proposed increase of OER by 40% was justified as the existing base was unacceptably low.

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6. D of Admin supplemented that as the Subcommittee's proposal also included the introduction of a new adjustment mechanism as well as new components for OER, the Independent Commission would need to carry out its own research apart from those prepared by the Subcommittee before it could make its recommendations. It was envisaged that the Independent Commission would hold a meeting to discuss the related matters by end of 2011.

7. Mr LEE Wing-tat highlighted that the reimbursement system was highly transparent, and supporting documents were required for claiming reimbursement for expenses which were also open for public scrutiny. He also commented that the current level of Members' OER was not adequate to meet the needs of Members to set up and operate their own offices for performing their LegCo functions and duties, given the huge size of geographical constituency. Due to insufficient resources, the salaries paid to staff members were not attractive. For example, most of his assistants who possessed university degrees could only be paid a monthly salary of \$10,000 to \$13,000. As a result, staff retention was a common problem. In order to help retain a team of high quality staff to support the work of Members, there was a need to increase the level of OER. He also remarked that the Administration had encouraged the development of local political talents, and the opportunity to work with Members would provide an ideal opportunity for young aspirants to acquire the necessary knowledge and experience, and develop their career in the political arena. As such, sufficient resources should be provided to Members to enable them to provide a respectable salary package to Members' assistants. This would be conducive to the development of political talents in Hong Kong.

8. Mr CHEUNG Man-kwong said that he had joined the protests with Members' assistants to express discontent on the long time taken by the Independent Commission to consider the OER submission. Citing the example that the monthly salary of his assistants who were degree-holders was only \$10,000 and only comparable to general delivery workers, he highlighted the existing salary package would be very difficult to retain good quality staff to support Members' work. He was disappointed that the Independent Commission had yet to examine the OER submission put forward by the Subcommittee in March 2011, and urged the Independent Commission to complete its work by end of the year.

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9. In response, D of Admin said that the Independent Commission and the Administration noted the request from Members and their assistants and targeted to conclude the review as soon as practicable.

10. Ms Cyd HO said that the pay of Members' staff was way below that of an Executive Officer in the Government, not to mention that of a Political Assistant to a Director of Bureau. As the job of Members' assistant could serve as a starting point for a career in the political arena, it was necessary that a reasonable salary which was sufficient to sustain their living in the long run be offered to Members' staff. The present salary package was too low to attract and retain suitable staff to work with Members. She considered it not acceptable for the Administration to restrict the development of political parties by limiting the resources provided to Members, and urged the Administration to speed up the review.

11. D of Admin said that the Independent Commission noted the views of Members' staff when it visited the district offices of Members in July 2011. On the use of the Office Operation Expenses Reimbursement ("OOER"), she said that Members had the full discretion to determine how to apportion the OOER between staffing and other operating expenses such as maintaining their offices.

12. In response to Prof Patrick LAU, D of Admin said that the Independent Commission would meet in December 2011 to deliberate on related matters. The Administration would convey Members' views to the Independent Commission. The Independent Commission would finalize its recommendations in due course and submit them to the Chief Executive.

13. Mr IP Kwok-him said that after detailed studies with the help of the Secretariat, the proposed increase of the OER to support the work of Members was fully supported by the House Committee. On behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong, he reiterated his support for the proposed increase in the OER as the existing OER level was not sufficient for Members to employ and retain a team of good experienced staff. To enable the revised OER to take retrospective effect as from 1 October 2011, the related work should be speeded up by the Administration.

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14. Mr WONG Ting-kwong remarked that sufficient resources should be provided to Members to enable them to provide a reasonable salary to Members' staff to recognize their hard work. He remarked that the OER alone would not be sufficient for the purpose. At present, he had to rely on the financial support from his affiliated trade associations in order to assist him to perform his LegCo duties. He urged the Administration to expedite the processing of the Subcommittee's submission.

15. Mr LEUNG Kwok-hung opined that the OER system devised in 1993 was already outdated, and could not meet the present-day requirement. There was a need to speed up the review so that Members could have sufficient resources to monitor the work of the Government on behalf of their electors. He sought information from the Administration on the considerations of the Independent Commission which had delayed the processing of the Subcommittee's submission, the terms of reference and mandate of the Independent Commission.

16. D of Admin said that the Independent Commission was appointed by the Chief Executive, amongst others, to carry out periodic review of the remuneration package for Members of LegCo in order to support Members to perform their LegCo duties. Apart from the annual adjustment according to CPI(C) movements, any additional adjustment had to be considered prudently as public money was involved. The Chairman remarked that Subcommittee's recommendations on OER could be implemented with retrospective effect from 1 October 2011 while the annual adjustment could be made as in the past according to the movement in CPI(C).

17. In response to Ms Cyd HO's enquiry, D of Admin replied that according to her recollection, the Independent Commission had held three meetings since March 2011. Ms HO said that while the Administration had substantial amount of resources to undertake research work, the resources available to Members were limited and this would affect Members' work to monitor the work of the Government. On research support, D of Admin said that the Secretariat had provided research service for committees and currently Members could claim their research expenses under OOER. Ms HO opined that the resources made available to the Secretariat for research service were also very limited and could not fully satisfy the needs of individual Members.

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18. Mr LEUNG Kwok-hung expressed dissatisfaction that the Administration and the Independent Commission did not attach importance to the views of Members, Members' staff and the Secretariat. He pointed out that the matter had dragged on for too long as the submission was sent to the Independent Commission in March 2011 and asked when the Independent Commission would conclude its study. Mr LEUNG and Mr LEE Cheuk-yan also sought the Administration's view on the Subcommittee's submission. Mr LEE said that if the Administration also considered the 40% increase in OER too high, the Subcommittee might need to consider providing further evidence to convince the Administration.

19. D of Admin said that the Independent Commission was studying the proposals of the Subcommittee and would need to consider the issue carefully as a significant amount of public money was involved. In response to the Chairman and Mr LEE Cheuk-yan's enquiry on the additional information provided to the Independent Commission by the Administration, D of Admin said that the Secretariat to the Independent Commission had provided other information, such as statistics on civil service pay adjustment, economic indicators and market rates of salaries and rentals to the Independent Commission for reference to facilitate their deliberations. Mr LEE expressed concern that inappropriate market rates of salaries might have been sent to the Independent Commission given the unique job nature of Members' staff.

20. At the Chairman's invitation, H(R) reported that the Research Division of the Secretariat had studied the practices of some overseas parliaments in respect of their mechanism to set and adjust their legislators' remuneration. He mentioned that the remuneration for legislators in these jurisdictions was linked either to the salary of cabinet minister/senior government officials or some other objective scales. SG added that at the instruction of the Subcommittee, the Secretariat had started looking into the practices of overseas legislatures. For these legislatures, OER and remuneration were reviewed separately. While the Secretariat had finished the study and research on OER, the survey on remuneration was still in progress. In response to the Chairman's enquiry on the progress of the study on remuneration, SG advised that the Secretariat had conducted preliminary study on the practices of overseas legislatures. Sir Malcolm JACK, former Clerk to the House of Commons of the United Kingdom, had been engaged to advise the Secretariat on the study of a mechanism to set Members' remuneration in the coming months. Questionnaires would be sent to

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Members to collate information on their daily work, responsibilities, working hours and workload.

21. D of Admin reiterated that the Independent Commission had started the comprehensive review on the remuneration package for Members of the Fifth term LegCo, which covers, inter alia, OER. The remuneration package for the Fifth term should be finalized in good time so that those who were contemplating to run for the LegCo election in September 2012 could take this into account before making their decisions. SG said that the review of the Independent Commission was different from the study by the Secretariat as the Secretariat was aiming at formulating a mechanism to determine Members' remuneration in the long term as a number of factors had to be considered. The Secretariat's study should not affect the review of the Independent Commission on Members' remuneration for the Fifth term. The Chairman pointed out that the Subcommittee would shortly provide submission to the Independent Committee on Members' remuneration for the next term.

Conclusion

22. SG said that the Independent Commission had been requested to consider OER and remuneration separately. In order to be accountable to the public on the prudent use of public money, the Subcommittee would conduct a survey through the Secretariat, and study the determination and adjustment mechanism for Members' remuneration. In view of the nature of the two matters which were fundamentally different and the time required for further studies on issues relating to Members' remuneration, she considered that the Independent Commission should deal with the Subcommittee's submission on the increase in OER first so that the proposal could take retrospective effect on 1 October 2011.

23. The Chairman pointed out that there were instances in the past that OER and remuneration were reviewed separately. Indeed, the Subcommittee had all along requested the Administration and Independent Commission to consider the OER submission and monthly remuneration separately. D of Admin said that it was an established practice to conduct a comprehensive review covering monthly remuneration and OER before the start of a term. While the Independent Commission was conducting review on both OER and remuneration, adjustment to the OER could be implemented with retrospective effect should the Independent Commission consider it

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appropriate. After the Independent Commission had considered all relevant factors, it would submit a report to the Chief Executive and the Administration would seek approval from the Chief Executive in Council. The Subcommittee would be informed once a decision was made.

24. Members were generally not satisfied with the Administration's reply and considered that there was an urgent need for the Independent Commission and the Administration to speed up the review. The Chairman proposed and the Subcommittee agreed that a letter should be sent to the Independent Commission expressing Members' concerns highlighted at the meeting. The draft letter would be circulated to Subcommittee members for comments.

(Post-meeting note: The draft letter was circulated to members vide LC Paper AS57/11-12 on 19 December 2011. The letter was subsequently issued to the Independent Commission on 21 December 2011)

25. In concluding, the Chairman urged the Administration to report the results of the OER review to the Subcommittee as soon as possible. As regards Members' remuneration in the Fifth term, she asked the Secretariat to conclude the study and the survey for submission to the Independent Commission as soon as practicable. D of Admin requested that any view on Members' remuneration should be submitted to the Independent Commission by end of 2011.

II. Any other business

26. There being no other business, the meeting ended at 6:35 pm.

Administration Division
Legislative Council Secretariat
May 2012