

立法會
Legislative Council

LC Paper No. AS 233/11-12

(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, 20 April 2012 at 10:45 am
in Conference Room 2B of the Legislative Council Complex**

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

Members absent : Hon LEE Cheuk-yan
Hon CHEUNG Man-kwong
Hon Abraham SHEK Lai-him, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Mrs Regina IP LAU Suk-yee, GBS, JP

Public Officers attending : **Agenda item I**

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)

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

Mr Matthew LOO
Chief Security Officer (CSO)

Mr Joseph KWONG
Accountant (ACCT)

Ms Debbie YAU
Chief Council Secretary (Administration) (CCS(A))

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I Review of the remuneration package of Legislative Council Members

LC Paper Nos. AS 148/11-12, AS 156/11-12, AS 160/11-12 (01) and AS 165/11-12 (01), File Ref CSO/ADM CR 1/1136/08

The Chairman explained that pursuant to the decision of the Subcommittee at the meeting on 10 April 2012, she had written to the Director of Administration on 12 April 2012 relaying members' views on the remuneration package of Legislative Council ("LegCo") Members (LC Paper No. AS160/11-12). Members noted that in its reply dated 16 April 2012, the Administration did not propose any change to the remuneration package for LegCo Members of the Fifth term as set out in the Legislative Council Brief issued under File Ref CSO/ADM CR 1/1136/08 on 16 March 2012. It was the intention of the Administration to forward the original proposal to the Finance Committee ("FC") for consideration at its meeting to be held on 20 April 2012. However, at the request of some members, the Administration was invited to discuss further with the Subcommittee on the way forward before FC considered the matter.

2. PCS(A) outlined the submission of Councillors' Workers Association (LC Paper No. AS 170/11-12) tabled at the meeting. In gist, they objected to the tabling of the original proposal at the FC meeting, and requested the Government and the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR ("the Independent Commission") to re-examine the proposal and make reasonable adjustment. They also called on LegCo Members to consult their staff and consider the overall and long-term benefit of the industry before casting votes at the FC meeting.

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3. At the invitation of the Chairman, the Director of Administration reiterated the Administration's position in its letter dated 16 April 2012 (LC Paper No AS165/11-12). In response to the submission of Councillors' Workers Association, she said that the points mentioned in the letter had already been carefully considered by the Independent Commission in the course of its review. The Independent Commission had completed its review and submitted its recommendations to the Administration. The Chief Executive in Council had carefully considered and accepted the recommendations of the Independent Commission on 13 March 2012. The Administration planned to seek FC's approval of the related funding proposals as soon as possible so that aspiring candidates for the coming LegCo Election in September 2012 could know the amount of resources that would be available to them if they were elected, and could take this into account when considering whether or not to participate in the coming election.

4. Mr IP Kwok-him considered that the Administration's proposal was insufficient to meet the need of Members as revealed in the Subcommittee report which was drawn up based on a thorough study with detailed survey findings. He hoped that the Administration and Independent Commission could seriously consider the report. Meanwhile, he considered that the funding proposal should be considered and approved by FC as early as practicable so that Members could request for additional resources at the next stage.

5. Mr WONG Ting-kwong also considered that the increase of Office Operation Expenses Reimbursement ("OOER") by 20% was not sufficient to meet the needs of Members. He noted that some Members' staff had sacrificed their well-being in order to serve the community. He urged the Administration to reflect Members' difficulties to the Independent Commission that the 20% increase in OOER would not even be enough to meet the soaring increase in rental expenses for district offices. Mr WONG noted that the Subcommittee had discussed the matter with the Administration for a number of times in the current term, and he did not see the light that the Administration would improve the proposal further at this stage. As such, he supported that the proposal be put to the FC for consideration.

6. The Director of Administration said that while the Independent Commission and the Administration acknowledged the important role played by Members, , she hoped Members would

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appreciate that no organization could have unlimited resources and that the lump sum increase of the OOER, together with the roll-over arrangement, would represent significant improvements over the current package. Mr WONG Ting-kwong stressed that Members were not asking for unlimited resources but the provision in OOER was not enough for Members to adjust the salary package for their staff in a reasonable manner.

7. The Chairman expressed concern that there were formal mechanisms in overseas legislatures to determine and adjust Members' remuneration packages. The appointment of a so-called independent commission for the purpose was not in line with the international practice. SG said that as revealed in the questionnaire surveys, Members faced tremendous difficulties, in particular those who were running district offices in the constituencies. She expressed concern that the observation of the Independent Commission that "Members might require a degree holder or an experienced staff to help handle LegCo business with policy content and to supervise the operations of the offices" failed to address the problem faced by Members, i.e. the high turnover rate of Members' full-time staff at 34% high. She hoped that the Independent Commission could review issues relating to staff establishment in Members' office. Members requested the Administration to give an undertaking at the relevant FC meeting that there would be a mid-term review of the OOER and any changes to the level of reimbursement should take effect during the term.

8. The Director of Administration referred to the examples in Annex H to File Ref: CSO/ADM CR 1/1136/08 to explain how Members could utilize the amount of OOER according to their own needs. She stressed that Members had full discretion in apportioning the OOER. As regards mid-term review, the Administration would forward any proposal submitted by the Subcommittee during a LegCo term to the Independent Commission for its review and consideration. She reiterated that the decision not to increase the OOER within the current term was to avoid any real or perceived conflict of interest.

9. SG said that according to the examples, it was estimated that the monthly salary of about \$15,000 should be able to recruit university graduates in the market as Members' assistants. She considered that the Independent Commission had failed to address the problem faced by Members in retaining a team of good quality staff. The Deputy Director of Administration responded that the examples were drawn up for illustration purpose only, making reference to

market rates of salaries and allowing for salary increments per year and an end-of-service gratuity for staff.

Severance payment

10. SG said that although a Member might claim Winding Up Expenses Reimbursement ("WUER"), which covered actual severance payments, when he/she ceased to be a LegCo Member. However, if a Member's staff left in the middle of a term, the Member would have to pay for the severance payment themselves in accordance with the Employment Ordinance (Cap. 57). The Subcommittee Chairman had requested the Administration to provide separate funding for severance payment for staff leaving the service in the middle of a term. Mr WONG Ting-kwong said that Members serving two consecutive terms might have to pay long service payment for staff leaving in the middle of the second term. Currently, separate funding for long service payment was not provided for in the OOER.

11. The Chairman called on Members to provide information on severance payment or long service payment which they had paid out of their pockets.

12. The Director of Administration said that WUER would be granted only when a Member did not seek re-election or for reasons over which he/she had no control. Any surplus of a Member's OOER entitlement each year could be rolled over to the following year until the end of a LegCo term. This would enable Members to retain part of the OOER funding for salary increments and other staff benefits such as severance payment.

13. Mr WONG Ting-kwong noted that any unspent amount of OOER would have to be returned to the Government. He enquired whether a Member might set aside funds from his/her OOER, which was a reimbursable account, to pay for staff benefits, such as double-pay, end-of-agreement gratuity and long service payment. The Deputy Director of Administration said that under the new roll-over arrangement, Members could carry forward any surplus of his/her OOER entitlement each year to the following year until the end of a LegCo term, which was tantamount to setting aside funds for various staff benefits. The new mechanism provided Members with maximum flexibility in deploying the funds in OOER. The Director of Administration undertook to provide further information on the

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arrangement in writing. In reply to SG and Mr WONG Ting-kwong, she said that the funds in OOER could not be transferred across terms and long service payment paid to the staff leaving in the middle of term could not be reimbursed under the WUER.

(post-meeting note: The Administration's response to members' views raised at the meeting has been issued to all members on 8 May 2012 vide LC Paper No. AS179/11-12.)

Setting Up Expenses Reimbursement ("SUER") and Information Technology and Communication Equipment Expenses Reimbursement ("ITER")

14. SG pointed out that while fixed assets and one-off setting up expenses could be charged to SUER and ITER as appropriate, the related operating and maintenance charges (such as repair and maintenance of fixed assets, meter charges for leasing photocopiers, toner for fax machines, subscriptions to anti-virus protection service, and fees for website hosting and maintenance) could only be reimbursed under the OOER. In order to allow greater flexibility for Members to utilize the combined SUER and ITER, the Subcommittee had requested the Administration to consider allowing Members to claim the said operating and maintenance charges under the combined SUER and ITER. The Director of Administration agreed to look into the matter and revert.

Conclusion

15. Summing up, the Chairman asked the Secretariat to prepare a paper recapping the Subcommittee's following concerns for the information of the Finance Committee:

- (a) the proposed 20% increase in OOER could not provide sufficient resources for Members to retain their staff;
- (b) the Administration should give an undertaking at the relevant FC meeting to conduct a mid-term review of the OOER with a view to effecting the new package during the mid of the Fifth LegCo;

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- (c) the need to draw up an objective mechanism for the determination of the remuneration package for LegCo Members with reference to overseas practices;
- (d) the need to provide separate funding in the OOER for severance payment and long service payment; and
- (e) the need to provide flexibility for allowing Members to claim maintenance and operating-related expenses out of the SUER and ITER.

II. Any other business

16. There being no other business, the meeting ended at 11:57 am.

Administration Division
Legislative Council Secretariat
September 2012