

香港特別行政區政府
政務司司長辦公室轄下行政署



The Government of
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16 April 2012

The Hon Emily Lau, JP
Chairman
Subcommittee on Members' Remuneration
and Operating Expenses Reimbursement
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Chairman,

**Review of the remuneration package
of Legislative Council Members**

Thank you for your letter dated 12 April 2012.

Pursuant to our meeting with the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the Subcommittee) on 10 April, we have deferred our relevant funding proposal, originally scheduled for discussion at the Finance Committee (FC) meeting on 13 April. At the same time, we have duly conveyed views expressed at the Subcommittee meeting to members of 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) and have also consulted internally. Our response is set out in the ensuing paragraphs.

First, we would like to reiterate that all the points mentioned at the Subcommittee meeting held on 10 April have indeed been carefully considered by the Independent Commission in the course of its review. Specifically, you will recall that upon receipt of the Subcommittee's submission in March 2011, the Independent Commission has taken the first opportunity to exchange views with the Subcommittee, in June 2011, in order to better understand the needs of LegCo Members and the justifications of the proposals stated in the Subcommittee's submission. At the request of the Independent Commission, the Legislative Council (LegCo) Secretariat has kindly made arrangement for the Independent Commission to visit the district offices of three LegCo Members (from both the geographical and functional constituencies, and with offices situated in both the urban district and in the New Territories) in July 2011 so that members of the Independent Commission can have first-hand knowledge of how the district offices operate on the ground, and can directly exchange views with the assistants employed by Members. In the Subcommittee's subsequent letter dated 1 February 2012 to the Independent Commission, you have also attached a copy of the views said to be signed off by about 100 assistants. As such, in conducting its review of the remuneration package for the Fifth term LegCo, the Independent Commission has the benefit of having the full picture of views of both LegCo Members and their assistants.

However, you will appreciate that apart from the views of LegCo Members and their assistants, the Independent Commission also needs to take into account other relevant factors into consideration, such as the prudent use of public money, the objective of making available a remuneration package to LegCo Members, the aim to provide maximum flexibility to LegCo Members to utilize their Office Operation Expenses Reimbursement (OOER), to name just a few. The full range of factors examined and considerations taken into account by the Independent Commission are detailed in the report of the Independent Commission and are not repeated here.

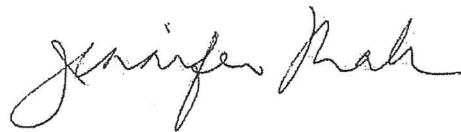
Second, the Independent Commission considers, and the Administration agrees, that maximum flexibility should be accorded to LegCo Members to utilize their allowances in accordance with their different needs and priorities. Members have the full discretion to apportion the OOER between staffing and other operational expenses. As the employer of the assistants, Members also have full discretion to decide on the number of staff, the qualifications required, and the level of salary and benefits for each of the staff they employ. The examples provided in the report of the Independent Commission are mere illustrations of how the OOER could be utilized, borrowing the basic assumptions adopted in the Subcommittee's own submission but applying market rates. The Independent Commission has absolutely no intention to decide on behalf of Members on how the OOER should be utilized, the number of assistants to engage, their qualifications and their salary levels. As you will appreciate, no organization, whether public or private, could have unlimited resources. It would be up to Members to plan ahead and to decide on the appropriate apportionment of available resources in accordance with their individual needs and priorities.

Third, we would like to point out that the proposed increase of 10% in the monthly remuneration (representing an increase of \$7,320 per Member per month) and the proposed increase of 20% in the OOER (representing an increase of \$343,860 per Member per annum), on top of the annual CPI(C) adjustment due in October 2012, is a substantial increase. The proposed "roll-over" arrangement for the OOER and the proposed merger of the Setting Up Expenses Reimbursement and the Information Technology and Communication Equipment Expenses Reimbursement would also enable Members more flexibility in utilizing their resources. Our calculation indicates that the total additional financial implications for implementing the proposed enhancements for 70 LegCo Members in the Fifth term LegCo will be about \$127.2 million per term (excluding any annual price adjustment to be made). This is a significant amount of public money.

Fourth, as explained earlier, the role of the Independent Commission is an advisory one. The Independent Commission has completed its review and submitted its recommendations to the Administration. The Chief Executive in Council (CE-in-Council) has carefully considered and accepted the recommendations of the Independent Commission on 13 March 2012. Hence, it is now a matter for the Administration to take the next step forward. Accordingly, we have followed the established practice to brief the Subcommittee of the decision of the CE-in-Council on 10 April. Our latest plan is to seek the approval of the Finance Committee of the related funding proposals on 20 April, so that aspiring candidates for the coming LegCo Election in September could know the exact amount of resources that will be available to them if they are elected, and can take this into account when considering whether or not to participate in the coming election

We appeal to Members to support our funding proposals.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Jennifer Mak'.

(Miss Jennifer Mak)
Director of Administration

c.c. All Hon Members of the Legislative Council
All members of the Independent Commission