

香港特別行政區政府  
政務司司長辦公室轄下行政署



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30 April 2012

Secretary General  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong  
(Attn: Mr Joseph Kwong)

Dear Mr Kwong,

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

Thank you for your letter dated 24 April 2012. I set out in the ensuing paragraphs our views on the proposals therein as well as issues raised at the Subcommittee meeting held on 20 April 2012.

#### **Severance payment and long service payment**

The original intent of the Winding Up Expenses Reimbursement (WUER), as approved by the Finance Committee (FC), is to help LegCo Members wind up their business by covering severance payment and other expenses arising from the cessation of office when Members choose not to stand for election or for reasons over which they have no control. The current provision of the WUER is set at one-twelfth of the annual Office Operation Expenses Reimbursement (OOER), plus actual severance payments with no pre-set ceiling. Given the clear policy intent of WUER, any severance payment or long service payment which Members pay out under circumstances

other than those described above would be outside the ambit of WUER and hence could only be reimbursed out of OOER. With the proposed 20% increase in OOER and the proposed roll-over arrangement of OOER with effect from the Fifth term LegCo, we believe Members should have more room to plan ahead for possible usage of OOER if they foresee potential need for making severance payment or long service payment during their term of office.

You have rightly pointed out that in the "Response of the Commission on Remuneration for Members of the Legislative Council to Comments on the Report of the Former Commission" dated June 1995, the then Commission agreed, and the Administration accepted, that LegCo Members should be allowed to set aside funds from the then monthly general expenses allowance to pay for the provision of gratuity, pension and other employment benefits for LegCo Members' staff, provided that the LegCo Secretariat should work out detailed administrative arrangements for implementing the proposal. In this connection, we note that in accordance with the "A Guide for Reimbursement of Operating Expenses for Members of the Legislative Council" (the Guide) issued by the LegCo Secretariat, a LegCo Member may set aside funds from his/her OOER to pay for staff benefits such as contract bonus, double-pay or end-of agreement gratuity, which are payable at a future date. The funds set aside should be based on, and not exceed, the Member's contractual and other legal obligations toward his/her staff. The funds will be paid to the Member without supporting documents. Upon actual payment of the funds set aside and/or departure of any staff member, the LegCo Member concerned needs to report that to the LegCo Secretariat, together with any excess funds, receipts and other supporting documents.

Following the above principle and the existing arrangement, we have no objection to allow LegCo Members to set aside funds from their OOER for the purpose of payment of severance payment or long service payment, as in the case of the current arrangement for setting aside funds for other staff benefits, including contract bonus, double-pay or end-of agreement gratuity, which are payable at a future date.

### **Information Technology and Communication Equipment Expenses Reimbursement**

At present, LegCo Members may claim Information Technology and Communication Equipment Expenses Reimbursement (ITER) of up to \$100,000 per term to cover expenses for the purchase or upgrading of information technology (IT) and communication equipment. Currently, in

accordance with the Guide, only expenses incurred for the purchase or upgrading of IT and communication equipment; as well as one-off contracts (including contracts for the employment of consultants or training of staff for setting up websites and telecommunication equipment) can be claimed. The consequential operation and maintenance costs incurred are claimed under OOER.

The original intent of the ITER, as approved by FC, is to facilitate LegCo Members to maintain contact with the public through electronic means, in addition to the usual face to face meetings. The provision of reimbursement of IT and communication equipment expenses is to encourage Members to purchase/upgrade IT and communication equipment during their term of office. The relevant FC paper has not imposed restrictions to prohibit subsequent operation and maintenance expenses per se. Taking into account the spirit of the original intent for introducing the ITER, we consider it appropriate for expenses incurred for maintenance and operation of IT and communication equipment to be claimable under ITER. In other words, depending on their individual needs, Members could free up more resources under OOER, which would otherwise need to be spent on maintenance and operation expenses for IT and communication equipment, to cover other office operation expenses, including staff costs.

#### **The combined provision for the Setting Up Expenses Reimbursement and the ITER with effect from the Fifth term**

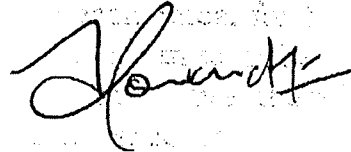
Under the Administration's proposal, the Setting Up Expenses Reimbursement (SUER) and ITER will be merged with effect from the Fifth term LegCo, but with no enhancement to the combined amount. In other words, the combined provision will become \$250,000 per term, or \$175,000 per term for those Members who have claimed any setting up expenses in the previous term. The objective of the proposed combination of the SUER and ITER with effect from the Fifth term is to provide more flexibility for Members to redeploy available resources from a less utilised area to a more heavily utilised area. However, the respective ambits applicable to the SUER and the ITER currently will continue to apply to the combined provision, namely, the Setting Up and Information Technology Expenses Reimbursement (SUITER), as a whole.

In your letter of 24 April, you further propose that Members should be allowed to claim operating and maintenance charges of fixed assets under SUITER in future. In this connection, you may wish to note that the original the

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intent of SUER, as approved by FC, is for capital expenses incurred for the setting up of offices. We appreciate that sometimes expenses for setting up offices may not be incurred on a one-off basis in day one and could take some time and related costs could be incurred in phases. In addition, given the change of times, we agree that it may be more economical for Members to use hire purchase to provide equipment in their offices than to make one-off capital purchase; or to repair rather than replace them. We therefore have no objection to your proposal for operation, maintenance or repair costs of fixed assets to be claimable under the SUITER in future. I trust the Secretariat will suitably amend the Guide to provide clarity in processing claims from Members.

Yours sincerely,



(Howard Lee)  
for Director of Administration

c.c. Hon Emily Lau, JP, Chairman of the Subcommittee  
Secretary General, Legislative Council Secretariat