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15 June 2012

Clerk to the Panel on Constitutional Affairs
(Attn: Miss Flora Tai)
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Flora,

Panel on Constitutional Affairs

Follow-up to meeting on 21 May 2012

At the meeting of the Panel on Constitutional Affairs on 21 May 2012, the Administration was requested to advise on the financial implications of the Administration's proposals regarding the remuneration package for the politically-appointed officials (PAOs) serving in the fourth-term HKSAR Government, provide the details of the non-cash elements in the remuneration package for the PAOs and address issues relating to the provision of official residences for the three Secretaries of Departments (SoDs). The reply of the Administration is as follows:

In the light of the views of the public and the Legislative Council (LegCo), the current-term Government, with the agreement of the Office of the CE-elect, announced on 5 June 2012 that it would not pursue the proposal to increase the remuneration for the PAOs. As a result, there will be no financial implication arising from this proposal.

As for the details of the non-cash elements in the remuneration package for the PAOs, at present, in addition to cash remuneration, all PAOs are eligible for:

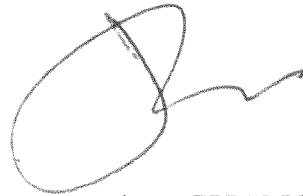
- (a) annual leave of 22 days per annum (subject to a maximum accumulation limit of 22 days during the term of their appointment and any accumulated leave will be forfeited upon leaving office);
- (b) medical and dental benefits on the same basis as those provided to civil servants during the term of their employment (estimated to be \$10,020 per annum); and
- (c) Mandatory Provident Fund contribution by the Government (\$15,000 per annum).

During the term of office, Secretaries of Departments, Directors of Bureau and Director of Chief Executive's Office are provided with the use of a car and driver in Hong Kong at his/her discretion. Departmental transport for Under Secretaries is provided by relevant bureau/offices from their internal resources. The Chief Secretary for Administration (CS), the Financial Secretary (FS) and the Secretary for Justice (SJ) are assigned their respective official residences and entitled to a non-accountable entertainment allowance (\$384,200, \$294,500 and \$192,000 per annum respectively for 2012-13).

On issues relating to the official residences for the SoDs, in introducing the Political Appointment System (PAS) in 2002, the Administration proposed that no housing allowance, no passage allowance, no children's education allowance, and no gratuity or pension benefits should be included in the remuneration package for PAOs. The CS, FS and SJ would be assigned their respective official residences and would continue to be entitled to the non-accountable entertainment allowance. The Administration proposed that no rent should be charged to the three SoDs because their official residences were often used for official purposes, such as receiving guests and holding meetings. In addition, under the PAS, the three SoDs were not civil servants; the civil service rules in respect of rental charges should not apply. The relevant proposals were endorsed by the

LegCo Finance Committee in June 2002.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small flourish.

(Ivanhoe CHANG)

for Secretary for Constitutional and Mainland Affairs