

LEGISLATIVE COUNCIL BRIEF

Remuneration Package for Members of the Sixth Legislative Council

INTRODUCTION

At the meeting of the Executive Council on 1 March 2016, the Council ADVISED and the Chief Executive ORDERED that the following recommendations 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) should be accepted -

- (a) no change to the monthly remuneration for the Legislative Council (LegCo) Members, currently at \$93,040 per month;
- (b) the monthly remuneration for the LegCo President, the President's Deputy and LegCo Members who are also serving on the Executive Council (ExCo) should continue to be fixed at 200%, 150% and two-thirds of the remuneration for their fellow LegCo Members respectively;
- (c) the end-of-service gratuity, pitched at 15% of the total remuneration that a LegCo Member receives during a LegCo term, should continue to be payable to LegCo Members at the end of the term;
- (d) maintaining the existing amount of the medical allowance, currently at \$32,400 per annum, but allowing the surplus in a year to roll over to the following year until the end of a LegCo term;
- (e) the annual Office Operation Expenses Reimbursement (OOER) be increased by 7%, from the current \$2,385,510 to \$2,552,500 per annum; and maintaining the arrangement that the surplus from a year's OOER to roll over to the following year until the end of a

LegCo term;

- (f) the existing level of the Entertainment and Travelling Expenses Reimbursement (ETER) for Members, currently at \$203,860 per annum, and the LegCo President's additional entertainment allowance, currently at \$204,060 per annum, be maintained;
- (g) the Setting Up and Information Technology Expenses Reimbursement (SUITER) be increased by 50%, from the current \$250,000 to \$375,000 per term; and from \$175,000 to \$262,500 per term for those who have claimed setting up expenses in the previous term;
- (h) maintaining the existing provision of the Winding Up Expenses Reimbursement (WUER), at one-twelfth of the annual OOER plus actual amount of severance payment;
- (i) the existing mechanism whereby items (a), (b), (d), (e) and (f) above will be adjusted in October each year in accordance with movements of Consumer Price Index (C) (CPI(C)) should continue to apply; and
- (j) implementing the above recommendations with effect from 1 October 2016 upon the commencement of the Sixth LegCo.

JUSTIFICATIONS

The Review

2. The Independent Commission is appointed by the Chief Executive to, among others, carry out periodic review and advise the Government of the remuneration package for LegCo Members. With the Sixth LegCo due to begin in October 2016, the Independent Commission started a review in May 2015. The review is now completed and a copy of the Report submitted by the Independent Commission is at **Appendix A**.

3. The LegCo Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (LegCo Subcommittee) submitted a report on 15 May 2015 to the Independent Commission for consideration. Major requests of the LegCo Subcommittee are:

- (a) flexibility should be given in using WUER for long service payment or severance payment made in the middle of a LegCo term, or alternatively a separate provision should be provided for Members to

fulfil obligations of this kind as required by the Employment Ordinance; and

- (b) the nine outstanding proposals carried forward from the Fourth LegCo should continue to be pursued with the Government (at **Appendix B**).

Approach and Basic Principles of the Independent Commission

4. In conducting its review, the Independent Commission adopted a holistic approach by examining a host of factors including the role and functions of LegCo Members; utilisation rates of the allowances currently available to Members; views of LegCo Members and their assistants; the economic situation of Hong Kong; market rates of salaries and rentals, etc. After thorough examination, the Independent Commission considers that the following basic principles should be upheld in conducting the review –

- (a) the main objective of making available a remuneration package to LegCo Members is to make it possible for a broad spectrum of quality individuals from different sectors of the community to serve the public in the capacity of LegCo Members vis-à-vis other pursuits;
- (b) LegCo Members returned from geographical constituencies and functional constituencies should be entitled to the same remuneration package on grounds that they are exercising the same constitutional powers and functions under the Basic Law;
- (c) the monthly remuneration and the various allowances/reimbursements available to Members should be considered in totality;
- (d) given the diversified mix of LegCo Members in our political set-up, each Member should be in the best position to decide on the most appropriate set-up he/she may need to discharge the core duties as a LegCo Member. This includes the number and size of offices, the number of staff required and their appropriate qualifications and pay. The objective of the review is to determine a remuneration package that is adequate for LegCo Members to discharge their core duties;
- (e) LegCo Members' monthly remuneration and the salaries of their assistants should not be pegged to those of the civil service since the job nature and responsibilities of the civil service are different from those of LegCo Members or their assistants. Besides, the civil

service pay mechanism is derived based on very unique considerations;

- (f) LegCo Members' monthly remuneration should not be pegged to that of politically appointed officials given the entirely different roles and responsibilities between the two;
- (g) the overall remuneration package should be finalised in good time so that aspiring candidates for the coming LegCo election can take this factor into account in considering whether or not to enrol for the election; and
- (h) considering that 2015-16 is the last legislative session of the current LegCo term, and given the concern to avoid creating any potential or perceived unfair advantage for incumbent LegCo Members over other aspiring candidates for the impending LegCo election in 2016, any proposed enhancement to the remuneration package should not be made within the current LegCo term unless with exceptionally strong justification.

Remuneration package for the Sixth LegCo

5. The Independent Commission's recommendations on the remuneration package for Members of the Sixth LegCo are set out in the ensuing paragraphs.

Remuneration and personal benefits

(a) Monthly remuneration

6. The monthly remuneration for LegCo Members was last increased by 10% with effect from the Fifth LegCo. With annual adjustment in October in accordance with the movements in CPI(C), the monthly remuneration for LegCo Members now stands at \$93,040. Using 2012 (the start of the current LegCo term) as the base year, a comparison of the overall rate of increase in Members' remuneration with the rates of growth in GDP per employed person and employees' monthly wage sourced from the Annual Earnings and Hours Survey is at **Appendix C**. The differences in the rate of increase of LegCo Members' remuneration between 2012 and 2014 compared with the rate of growth of GDP per employed person and the movement of the relevant selected wage statistics in the same period are within one percentage point. Moreover, LegCo Members remain the top 1% to 2% of salary earners in Hong Kong (table A of Appendix C). Based on the above analysis, the Independent Commission is generally satisfied that the monthly

remuneration for LegCo Members should be adequate to support a reasonable standard of living in Hong Kong. In fact, the LegCo Subcommittee did not request for an adjustment in Members' remuneration either. Taking the above factors into consideration, the Independent Commission does not recommend any change in Members' remuneration for the Sixth LegCo.

7. Currently, the monthly remuneration for the LegCo President, Deputy to the President (i.e. Chairman of the House Committee) and LegCo Members who are also serving on ExCo are fixed at 200%, 150% and two-thirds of the remuneration of their fellow LegCo Members respectively. Considering that this relativity remains broadly appropriate, the Independent Commission recommends maintaining this arrangement.

(b) *End-of-service gratuity*

8. A 15% end-of-service gratuity for LegCo Members was introduced with effect from 1 October 2008. Since the current level is adopted by many entities in the private sector as well as those in the public sector where an end-of-service gratuity is payable, the Independent Commission does not recommend any change for the Sixth LegCo.

(c) *Medical allowance*

9. Medical allowance, at \$32,400 per annum and subject to annual adjustment in accordance with CPI(C) movements, was introduced with effect from 1 October 2008. The average utilisation rates as provided by the LegCo Secretariat during the past three legislative sessions are 55.3% (2012-13), 56.6% (2013-14) and 38.0% (2014-15)¹ respectively. Taking into account the utilisation rates and that the LegCo Subcommittee did not request for an adjustment, the Independent Commission recommends maintaining the medical allowance at the existing level for the Sixth LegCo, but to allow the surplus in one year to roll over to the following year until the end of a LegCo term to cater for unforeseen circumstances.

Operating Expenses Reimbursement

(a) *OOER*

¹ The reimbursement year of 2014-15 covers the period from 1 October 2014 to 30 September 2015. The percentage provided is calculated based on the claims processed by the LegCo Secretariat during the period from 1 October 2014 to 7 August 2015. As such, the percentage does not represent full-year figure. LegCo Members are allowed to submit reimbursement claims within three months from the month the expenditure was incurred.

10. The OOER was last increased by 20% with effect from the Fifth LegCo. With annual adjustment in October in accordance with the movements in CPI(C), the amount of OOER now stands at \$2,385,510 per annum. Since the Fifth LegCo, any unused balance can be carried forward to the following year until the end of a LegCo term. While OOER is intended to reimburse Members' staffing and other operating expenses (such as office rent, activities relating to LegCo business and expenses on publicity items, etc.), there is no restriction on how Members apportion the amount of OOER between different expenditure items. Members have full discretion to decide on the exact number of staff to employ and their salary level, the number of district offices, the number of activities organised, etc. according to their individual needs and priorities.

11. The utilisation rates of OOER in the Fourth LegCo and Fifth LegCo as provided by the LegCo Secretariat are as follows:

Legislative session	Utilisation rate
<u>Fourth LegCo</u>	
2008-09	90.2%
2009-10	91.9%
2010-11	94.1%
2011-12	93.3%
<u>Fifth LegCo</u>	
2012-13	78.2%
2013-14	87.2%
2014-15 ²	94.5%

The LegCo Secretariat also provided a set of statistics on Members who have claimed OOER in excess of the reimbursement ceilings in the Fourth LegCo and the Fifth LegCo (the first two legislative sessions) (**Appendix D**).

12. The Independent Commission affirms that OOER should be maintained at a level which enables LegCo Members to discharge their core duties. To this end, the Independent Commission agrees to adopt a basket of working assumptions in working out an appropriate level of OOER. The basket of working assumptions includes the following -

- (a) each Member will employ seven full-time staff³, comprising one at

² The reimbursement year of 2014-15 covers the period from 1 October 2014 to 30 September 2015. The percentage provided is calculated based on Members' claims for the first six months (up to March 2015) in relation to the time-apportioned provision. LegCo Members are allowed to submit reimbursement claims within three months from the month the expenditure was incurred.

management/professional level, two degree-holders with three to five years' working experience, and four clerical support workers. Their salaries should be comparable with those of workers of similar qualifications and experience in the private sector;

- (b) a 3% increase in salary per annum (in addition to the CPI(C) annual adjustment) and a 15% end-of-service gratuity for Members' staff;
- (c) MPF contribution payable by the employer;
- (d) 7% of OOER be allocated for renting offices⁴; and
- (e) 10% of OOER be allocated for other incidental expenses⁴.

13. Based on the aforementioned working assumptions, an example is worked out at **Appendix E**, which shows that there is a case to enhance the level of OOER for the Sixth LegCo by 6.95%. Taking all relevant factors into consideration, the Independent Commission recommends a 7% increase in OOER for the Sixth LegCo.

14. As for the proposal of the LegCo Subcommittee to adjust 70% of the OOER annually in accordance with the civil service pay adjustment instead of the movement of CPI(C), the Independent Commission recommends that this proposal be rejected since it is inappropriate to peg the salary of the assistants employed by Members to that of the civil service given the different job nature of the two and the unique mechanism of the civil service pay structure. In calculating the OOER using the assumption provided by the LegCo Subcommittee, the Independent Commission has included a 3% annual salary increase (on top of the CPI(C) annual adjustment), this should provide sufficient buffer for LegCo Members to award increments to their staff throughout the four year term. In practice, LegCo Members can apportion OOER in a variety of ways. It is beyond the purview of the Independent Commission to prescribe the number of staff to be employed by Members, or a wage floor, pay scale and level of gratuity for Members' staff. Therefore, the Independent Commission affirms that it should not assume a certain percentage of OOER as the "salary portion" and for such portion to follow the annual rate of civil service pay adjustment.

³ Based on items (1) and (2) of the nine outstanding proposals submitted by the LegCo Subcommittee (Appendix B)

⁴ With reference to the spending pattern of Members as provided by LegCo Secretariat, in 2012-13, 2013-14 and 2014-15, Members spent on average 5.9%, 6.25% and 6.71% respectively on office accommodation; and 8.26%, 9.51% and 9.90% respectively on other operating expenses. Given the spending pattern, the Independent Commission adopts the working assumptions that 7% of OOER be spent on office rental and 10% of OOER be spent on other expenses/buffer.

15. Another request from the LegCo Subcommittee is in respect of reimbursing long service payment and severance payment to staff of LegCo Members in the middle of a term. Currently, outgoing Members can claim under WUER severance payments made to staff if he/she chooses not to stand for re-election or ceases office for reasons over which they have no control (e.g. not re-elected or resign due to serious illness). Severance payments as well as long service payments made by serving Members can be claimed under OOER. The LegCo Subcommittee was of the view that as such payments are statutory payments, they should not eat into their operating expenses. Moreover, LegCo Members might have to bear the payments out of their own pockets if the provision under OOER is only sufficient to cover the day-to-day needs of Members' offices.

16. As a matter of principle, the Independent Commission considers it not appropriate to expand the scope of WUER for reimbursement of expenses not relating to winding up. As for the introduction of an additional reimbursable provision, according to the information provided by the LegCo Secretariat, only two Members have claimed long service payment totalling around \$26,530 and only three Members have claimed severance payment totalling around \$57,790 under OOER in the Fifth LegCo (as at 18 December 2015). The amount payable by individual LegCo Members was small as compared to the annual OOER (less than 1.5% of OOER). The Independent Commission considers that following a lump sum increase of OOER by 7% with effect from the Sixth LegCo, which is subject to annual adjustments in October each year in accordance with the movement of the CPI(C), there should be room for absorbing such payments. The roll-over arrangement in OOER should also provide additional flexibility for LegCo Members in allocating their use of OOER over their term of office. The Independent Commission therefore considers the introduction of a separate accountable provision with no ceiling under OOER for reimbursement of long service payment and severance payment not justified.

(b) ETER

17. The ETER, currently set at \$203,860 per annum, is adjusted annually according to CPI(C) movements. Entertainment, liaison or travelling expenses incurred by a Member or his/her staff for LegCo business can be reimbursed against claims certified by the Member without supporting documents such as receipts. Moreover, 50% of ETER can be re-deployed for staff salary. According to the LegCo Secretariat, the average utilisation rates of ETER during the past three legislative sessions are 97.6% (2012-13),

97.6% (2013-14) and 66.5% (2014-15)⁵ respectively, as compared with an average 91.5% in the Fourth LegCo. Although the utilisation rates are on the high side, the Independent Commission considers that the annual CPI(C) adjustment to the ETER should be able to maintain the purchasing power for the intended purpose. Moreover, having regard to the flexibility to fully utilise the amount (such as meeting staff expenses) and that the LegCo Subcommittee did not request for an adjustment, the Independent Commission recommends maintaining the amount of this non-accountable ETER at the existing level for the Sixth LegCo.

18. The LegCo President is entitled to an additional entertainment allowance, which is also adjusted annually in accordance with the movement of CPI(C). The President's additional entertainment allowance is now at \$204,060 per annum. As in the case of ETER, the Independent Commission recommends maintaining the President's additional entertainment allowance at the existing level for the Sixth LegCo.

(c) SUITER

19. With effect from the Fifth LegCo, the previous Setting up Expenses Reimbursement (SUER) (for setting up offices) and the Information Technology and Communication Equipment Expenses Reimbursement (ITER) (for the purchase and use of information technology and communication equipment) were combined into one provision called SUITER to provide flexibility for LegCo Members. The current provision of SUITER is \$250,000 per term; or \$175,000 per term for Members who have claimed the setting-up portion of this allowance in the previous term. The LegCo Subcommittee proposes to increase the total amount to \$482,500 per term. This represents an increase of \$232,500 per term (93% increase).

20. According to the information provided by the LegCo Secretariat, the average utilisation rate of SUITER in the current term (up to 7 August 2015) is 67.2%. As compared with the utilisation rates of 55.6% for SUER and 60.8% for ITER in the last LegCo term, this is already higher than the full-term utilisation rate. A further analysis shows that during the Fifth LegCo (up to 14 July 2015), 70% of Members used up 50% or more of SUITER (**Appendix F**). Judging from the utilisation rates, there appears to be a prima facie case to consider enhancing the level of SUITER for the Sixth LegCo. It is noted that SUER and ITER were first introduced in 1993 and

⁵ The reimbursement year of 2014-15 covers the period from 1 October 2014 to 30 September 2015. The percentage provided is calculated based on the claims processed by the LegCo Secretariat during the period from 1 October 2014 to 7 August 2015. As such, the percentage does not represent full-year figure. LegCo Members are allowed to submit reimbursement claims within three months from the month the expenditure was incurred.

1999 respectively, and no adjustment to the provisions has been made since then. Moreover, SUITER (and the previous SUER and ITER) are not subject to annual adjustment in accordance with the movements in CPI(C). Taking into account the above considerations and to encourage the use of information technology to provide more efficient services to their constituents, the Independent Commission recommends a lump sum increase of the SUITER by 50%, from \$250,000 to \$375,000 per term, with effect from the Sixth LegCo. For LegCo Member who has claimed expenses for setting up in the previous term, they will be entitled to up to \$262,500 per term.

(d) WUER

21. A LegCo Member may claim WUER when he/she ceases to be a LegCo Member, either because he/she does not seek re-election or for reasons over which he/she has no control such as death, failure to be re-elected or dissolution of LegCo. A Member who resigns or who is removed from LegCo under Article 79(6) of the Basic Law⁶ is not eligible for WUER. With the proposed increase in the annual OOER, the WUER will also be increased accordingly. This provision is considered appropriate and the Independent Commission does not recommend any adjustment for the Sixth LegCo.

(e) Research

22. One of the requests of the LegCo Subcommittee is to have a new and separate accountable allowance of \$239,096 per annum to enable individual Members to engage outside parties (including the political parties to which the Members are affiliated) to undertake research work. While the importance of research is recognised, it should be noted that research expenses are claimable under OOER within the existing mechanism. Moreover, the LegCo Secretariat provides research services to all LegCo Members upon the request of relevant panels and committees. The Research Office of the LegCo Secretariat also monitors current affairs and issues, and prepares research publications on such issues for Members' reference when necessary. According to the Controlling Officers' Report of the Secretary General of the LegCo Secretariat, the number of research publications published by LegCo in the 2012-13 and 2013-14 legislative sessions were 113 and 110 respectively. These publications, in the form of research report, information note, fact sheet, research brief and essentials, cover a diversity of issues (**Appendix G**). Since the LegCo Secretariat is also publicly funded, from the perspective of prudent use of public resources, it may be more

⁶ When a LegCo Member is convicted and sentenced to imprisonment for one month or more for a criminal offence committed within or outside Hong Kong and is relieved of his or her duties by a motion passed by two-thirds of the members of the Legislative Council present.

appropriate and cost effective to maintain the existing arrangement whereby basic research support be provided to Members by LegCo Secretariat. Should individual Member wish to conduct research on individual area of interest, he/she may claim research expenses under OOER. The Independent Commission recommends that the request for a new and separate accountable research allowance be rejected. Appreciating that research support is important to facilitate Members' deliberation and examination of policy issues, the Independent Commission considers it more appropriate in the longer run for the LegCo Secretariat to augment its research capabilities to provide better support to LegCo Members.

The Government's views

23. We are satisfied that the Independent Commission has conducted the review and examined the requests of the LegCo Subcommittee in a holistic manner. We are also satisfied that the Independent Commission's recommendations are in the right magnitude and have striven to strike the right balance between the needs and requests of LegCo Members on the one hand, and public concern on the prudent use of public resources on the other.

IMPLICATIONS OF THE PROPOSAL

24. The financial implications of the recommendations would be an additional amount of about \$0.8 million per LegCo Member per term, or, on average, an additional amount of about \$0.2 million per LegCo Member per annum. The total additional financial implications of implementing the proposals for the Sixth LegCo, save for any annual price adjustments to be made, will be about \$56 million per term. This comprises an additional recurrent funding of around \$11.7 million each year (\$11.7 million x 4 = \$46.8 million) and a non-recurrent funding of \$8.8 million for SUITER. The recommendations are in conformity with the Basic Law, including the provisions concerning human rights, and have no staffing, economic, productivity, environmental, sustainability, gender or family implications.

PUBLIC CONSULTATION

25. The Independent Commission conducted site visits to the main/district offices of five LegCo Members⁷ (from both the geographical and functional constituencies) and talked to the assistants employed by the

⁷ They were Hon Cheung Kwok-che, Hon Chung Kwok-pan, Hon Frederick Fung Kin-kee, Hon Albert Ho Chun-yan and Hon Emily Lau Wai-hing.

LegCo Members in May 2015. In July 2015, the Independent Commission held a meeting with the LegCo Subcommittee to listen to LegCo Members' views on receipt of their Report⁸. During the meeting, a group of LegCo Members' assistants named “立法會議員助理關注組” submitted a petition letter to the Independent Commission (**Appendix H**) urging the Independent Commission to accept the outstanding proposals put forward by the LegCo Subcommittee.

PUBLICITY

26. We will brief the LegCo Subcommittee of the Government's acceptance of the recommendations of the Independent Commission. A press release has been issued and a spokesman will be made available to respond to enquiries.

BACKGROUND

27. The Independent Commission is appointed by the Chief Executive to advise the Government on the remuneration package for members of the ExCo and LegCo, as well as Politically Appointed Officials. The membership and terms of reference are at **Appendix I**. The current remuneration package for LegCo Members comprises the following components –

Remuneration and personal benefits

- (a) monthly remuneration;
- (b) end-of-service gratuity (per term);
- (c) medical allowance (per annum);

Operating Expenses Reimbursement

- (d) OOER (per annum);
- (e) ETER (per annum);
- (f) SUITER (per term); and
- (g) WUER (per term).

Components (a), (c), (d) and (e) above are subject to annual adjustments in October each year in accordance with the movements of the CPI(C).

⁸ The LegCo Members attended the meeting were Hon Emily Lau Wai-hing (Chairman of the LegCo Subcommittee), Hon Lee Cheuk-yan and Hon Wong Yuk-man.

Components (b) and (g) above will also be adjusted as a consequence of any adjustment to components (a) and (d). The most recent adjustment, representing an increase of 2.5%, took effect from 1 October 2015. Details of Members' remuneration package as at 1 October 2015 are at **Appendix J**. The next round of adjustment will take effect on 1 October 2016.

ENQUIRIES

28. Enquiries on this brief should be addressed to Ms Christine Wai, Assistant Director of Administration, at 2810 3946.

Administration Wing
Chief Secretary for Administration's Office
March 2016

**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**

**Report on the Review of Remuneration Package for
Members of the Sixth Legislative Council**

January 2016

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CHAPTER 1: INTRODUCTION

1.1 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) is appointed by the Chief Executive to, inter alia, advise the Government of the remuneration packages for Members of the Executive Council (ExCo), the Legislative Council (LegCo) and political appointed officials. The terms of reference and membership of the Independent Commission are at **Annex A** and **Annex B** respectively.

1.2 It is an established practice for the Independent Commission to conduct a comprehensive review of the remuneration package for LegCo Members about 18 months before the start of a new LegCo term. With the Sixth LegCo due to begin in October 2016, the Independent Commission started a comprehensive review in May 2015 which is now completed.

Current remuneration package for LegCo Members

1.3 The current remuneration package for LegCo Members, after the latest annual price adjustment in accordance with the Consumer Price Index (C) (“CPI(C)”) ¹ with effect from 1 October 2015, is as follows -

Remuneration and Benefits

(a) Monthly remuneration	\$186,080 (LegCo President) \$139,560 (President’s Deputy) \$93,040 (Member) \$62,030 (Member also serving on ExCo)
(b) End-of-service Gratuity (per term)	15% of the total remuneration for the term
(c) Medical Allowance (per annum)	\$32,400

¹ The Consumer Price Index (CPI) measures the changes over time in the price level of consumer goods and services generally purchased by households. The year-on-year rate of change in the CPI is widely used as an indicator of the inflation affecting consumers. The CPI(C) is compiled based on the expenditure pattern of households in the relatively high expenditure range.

Operating Expenses Reimbursement

(d) Office Operation Expenses Reimbursement (OOER) (per annum)	\$2,385,510
(e) Entertainment and Travelling Expenses Reimbursement (ETER) (per annum)	\$203,860
(f) President's entertainment allowance (per annum)	\$204,060
(g) Setting Up and Information Technology Expenses Reimbursement (SUITER) (per term)	\$250,000 or \$175,000 (for Members who have claimed setting up expenses in the previous term)
(h) Winding Up Expenses Reimbursement (WUER) (per term)	One-twelfth of the annual office operation expenses reimbursement (i.e. \$198,793), plus actual severance payments

1.4 Components (a), (c), (d), (e) and (f) as listed in paragraph 1.3 above are subject to annual adjustments in October each year in accordance with movements of the CPI(C). Components (b) and (h) above will also be adjusted as a consequence of any adjustment to components (a) and (d). The most recent adjustment, representing an increase of 2.5%, took effect from 1 October 2015. The figures quoted above have already incorporated this latest price adjustment.

Requests of LegCo

1.5 The Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the LegCo Subcommittee), formed under the House Committee of LegCo, made a submission to the Independent Commission in May 2015, requesting for enhancement of various components of the

Operating Expenses Reimbursement (OER)². The requests of the LegCo Subcommittee are as follows -

- (a) flexibility should be given in using WUER for long service payment or severance payment made in the middle of a LegCo term, or alternatively a separate provision should be provided for Members to fulfil obligations of this kind as required by the Employment Ordinance; and
- (b) the nine outstanding proposals carried forward from the Fourth LegCo should continue to be pursued (Appendix IV of the Report of the LegCo Subcommittee is extracted at **Annex C**).

1.6 The above proposals of the LegCo Subcommittee would amount to a total increase in OER of about \$3.48 million per Member per term³, or a 32% increase, when compared with the current remuneration package as at 1 October 2015.

Other views received

1.7 A group of LegCo Members' assistants named “立法會議員助理關注組” submitted a petition letter to the Independent Commission in July 2015 (**Annex D**). They requested the Independent Commission to accept the outstanding proposals put forward by the LegCo Subcommittee, including (i) increasing the OOER provision; (ii) pegging the salary of Members' assistants with those of the civil service; (iii) providing a separate additional provision for paying end-of-service gratuity for full-time staff; (iv) enhancing the SUITER; and (v) introducing a new and separate accountable allowance to enable LegCo Members to engage outside parties to undertake research work.

² Report of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement on the Review of Members' Remuneration and Operating Expenses Reimbursement (Report of the LegCo Subcommittee).

³ As the WUER is set at one-twelfth of the annual OOER, any increase in the annual OOER will also result in a corresponding increase in the WUER.

CHAPTER 2: APPROACH AND BASIC PRINCIPLES

Approach

2.1 A well-established mechanism is in place in determining LegCo Members' remuneration package. In short, the Independent Commission will review all relevant factors about 18 months before the start of a new LegCo term with a view to coming up with recommendations for consideration of the Government. If the Government accepts the recommendations, then where appropriate, funding approval from LegCo's Finance Committee will be sought for implementation of the recommendations. In conducting its review, the Independent Commission adopts a holistic approach by examining a basket of factors including the role and functions of LegCo Members; utilisation rates of the allowances currently available to Members; views of LegCo Members and their assistants; the economic situation of Hong Kong and market rates of salaries and rentals, etc. In addition, the Independent Commission also notes that under the established mechanism, Members' monthly remuneration, medical allowance, OOER and ETER, as well as the President's entertainment allowance are subject to annual inflation adjustments in October each year in accordance with the movements of the CPI(C). The Independent Commission has conducted the current review in accordance with the established mechanism, and examined the requests of the LegCo Subcommittee afresh.

2.2 To better understand the operation of LegCo Members' offices, the Independent Commission conducted site visits to the main/district offices of five LegCo Members⁴ (from both the geographical and functional constituencies) in May 2015. During the visit, members of the Independent Commission also talked to LegCo Members' assistants to better understand their work and to listen to their views. The Independent Commission also held a meeting with the LegCo Subcommittee in July 2015 to discuss the recommendations in its report submitted earlier⁵.

Observations

2.3 Through the above visit and exchanges with the LegCo Subcommittee and Members' assistants, the Independent Commission has the following observations:

⁴ They were Hon Cheung Kwok-che, Hon Chung Kwok-pan, Hon Frederick Fung Kin-kee, Hon Albert Ho Chun-yan and Hon Emily Lau Wai-hing.

⁵ The LegCo Members attended the meeting were Hon Emily Lau Wai-hing (Chairman of the LegCo Subcommittee), Hon Lee Cheuk-yan and Hon Wong Yuk-man.

- (a) the diversity in the set-up of Members' offices demonstrates that LegCo Members enjoy a high degree of autonomy when deciding how to allocate the operating expenses among staff remuneration, rent and other expenses. The flexibility in OOER allows Members the freedom to determine according to their preference the number of district offices to be established, the number of staff to be employed and the amount to be spent on publicity, etc. It also allows Members to determine the qualification, pay and subsequent pay adjustment of their staff according to their assessment of the staff's performance rather than following any pay scale or pay adjustment of other employment groups; and
- (b) generally speaking, despite the diversity of their experience and background, the Members' assistants in various Members' offices seem competent and satisfied with their job. Most seem to be aware that their term of employment is linked with the term of office of LegCo Members (i.e. four years) and they plan their career accordingly. That said, a number of assistants whom the Independent Commission met have been serving their Members for a long period of time due to the Members' successful re-election. For those assistants with political aspiration, they tend to see their experience in working in a LegCo Member's office as a stepping stone to their pursuit of a career in the political arena.

Basic Principles

2.4 After thorough examination, the Independent Commission considers that the following basic principles should be upheld in conducting the review –

- (a) the main objective of making available a remuneration package to LegCo Members is to make it possible for a broad spectrum of quality individuals from different sectors of the community to serve the public in the capacity of LegCo Members vis-à-vis other pursuits;
- (b) LegCo Members returned from geographical constituencies and functional constituencies should be entitled to the same remuneration package on grounds that they are exercising the same constitutional powers and functions under the Basic Law;
- (c) the monthly remuneration and the various allowances/reimbursements available to Members should be considered in

totality;

- (d) given the diversified mix of LegCo Members in our political set-up, each Member should be in the best position to decide on the most appropriate set-up he/she may need to discharge the core duties as a LegCo Member. This includes the number and size of offices, the number of staff required and their appropriate qualifications and pay. The objective of the review is to determine a remuneration package that is adequate for LegCo Members to discharge their core duties;
- (e) LegCo Members' monthly remuneration and the salaries of their assistants should not be pegged to those of the civil service since the job nature and responsibilities of the civil service are different from that of LegCo Members or their assistants. Besides, the civil service pay mechanism is derived based on very unique considerations;
- (f) LegCo Members' monthly remuneration should not be pegged to those of politically appointed officials given the entirely different roles and responsibilities between the two;
- (g) the overall remuneration package should be finalised in good time so that aspiring candidates for the coming LegCo election can take this factor into account in considering whether or not to enrol for the election; and
- (h) considering that 2015-16 is the last legislative session of the current LegCo term, and given the concern to avoid creating any potential or perceived unfair advantage for incumbent LegCo Members over other aspiring candidates for the impending LegCo election in 2016, any proposed enhancement to the remuneration package should not be made within the current LegCo term unless with exceptionally strong justification.

CHAPTER 3: REMUNERATION AND PERSONAL BENEFITS

Monthly Remuneration

3.1 The monthly remuneration for LegCo Members was last increased by 10% with effect from the Fifth LegCo. With annual adjustment in October in accordance with the movements in CPI(C), the monthly remuneration for LegCo Members now stands at \$93,040.

3.2 In the current LegCo term, LegCo Members remain the top 1% to 2% of salary earners in Hong Kong (Table A at **Annex E**). Using 2012 (the start of the current LegCo term) as the base year, a comparison of the overall rate of increase in Members' remuneration with the rates of growth in GDP per employed person and employees' monthly wage sourced from the Annual Earnings and Hours Survey⁶ is at **Annex E** (Table B and Table C). The differences in the rate of increase of LegCo Members' remuneration between 2012 and 2014 compared with the rate of growth of GDP per employed person and the movement of the relevant selected wage statistics in the same period are within one percentage point.

3.3 In considering the level of the monthly remuneration for LegCo Members, the Independent Commission is satisfied that the current monthly remuneration for LegCo Members is adequate to support a reasonable standard of living in Hong Kong. It should also be reasonably attractive to encourage a broad spectrum of quality individuals from different sectors of the community to come forward to serve the public in the capacity of LegCo Members vis-à-vis other pursuits. The Independent Commission also notes that the LegCo Subcommittee did not request for an adjustment in Members' remuneration. The Independent Commission considers it appropriate to **maintain Members' remuneration at the existing level**, which is subject to annual adjustments in October each year in accordance with the movement of the CPI(C).

3.4 In addition, the Independent Commission considers it appropriate to maintain the existing mechanism whereby the monthly remuneration for the LegCo President, Deputy to the President (i.e. Chairman of the House

⁶ The Annual Earnings and Hours Survey (AEHS) is conducted by the Census and Statistics Department. Employees in AEHS include all employees except Government employees and live-in domestic workers. Wages in AEHS follows the definition of "wages" in the Employment Ordinance, which covers basic wage; commission and tips not of gratuitous nature; guaranteed allowances other than guaranteed year-end payment; and overtime payment. Discretionary bonuses and contract gratuity are not covered in the definition of wages in AEHS.

Committee) and LegCo Members who are also serving on ExCo is fixed at 200%, 150% and two-thirds of the remuneration of their fellow LegCo Members respectively.

End-of-service Gratuity

3.5 A 15% end-of-service gratuity for LegCo Members was introduced with effect from 1 October 2008. This is to recognise LegCo Members' public service and to assist Members to tide over a period should they decide not to seek re-election or fail to be re-elected. Since the current level is adopted by many entities in the private sector as well as those in the public sector where an end-of-service gratuity is payable, the Independent Commission considers that **this level remains appropriate and should be maintained** for Members of the Sixth LegCo.

Medical Allowance

3.6 Medical allowance, at \$32,400 per annum and subject to annual adjustment in accordance with CPI(C) movements, was introduced with effect from 1 October 2008. The average utilisation rates as provided by the LegCo Secretariat during the past three legislative sessions are 55.3% (2012-13), 56.6% (2013-14) and 38.0% (2014-15)⁷ respectively. Taking into account the utilisation rates, the Independent Commission considers it appropriate to **maintain** the medical allowance **at the existing level** for the Sixth LegCo, which is subject to annual adjustments in October each year in accordance with the movement of the CPI(C). To provide more flexibility on its utilisation, the Independent Commission considers that **the surplus in one year should be allowed to roll over to the following year until the end of a LegCo term** to cater for unforeseen circumstances.

⁷ The reimbursement year of 2014-15 covers the period from 1 October 2014 to 30 September 2015. The percentage provided is calculated based on the claims processed by the LegCo Secretariat during the period from 1 October 2014 to 7 August 2015; as such the percentage does not represent full-year figure. LegCo Members are allowed to submit reimbursement claims within three months from the month the expenditure was incurred.

CHAPTER 4: OFFICE OPERATION EXPENSES REIMBURSEMENT

Current situation

4.1 The OOER was last increased by 20% with effect from the Fifth LegCo. With annual adjustment in October in accordance with the movements in CPI(C), the amount of OOER now stands at \$2,385,510 per annum. Since the Fifth LegCo, any unused balance can be carried forward to the following year until the end of a LegCo term. While OOER is intended to reimburse Members' staffing and other operating expenses (such as office rent, activities relating to LegCo business and expenses on publicity items etc.), there is no restriction on how Members apportion the amount of OOER between different expenditure items. Members have full discretion to decide on the exact number of staff to employ and their salary level, the number of district offices, the number of activities organised, etc. according to their individual needs and priorities.

Considerations

4.2 According to information provided by the LegCo Secretariat, the utilisation rates of the OOER are as follows:

Legislative session	Utilisation rate
<u>Fourth LegCo</u>	
2008-09	90.2%
2009-10	91.9%
2010-11	94.1%
2011-12	93.3%
<u>Fifth LegCo</u>	
2012-13	78.2%
2013-14	87.2%
2014-15 ⁸	94.5%

4.3 At the Independent Commission's meeting with the LegCo Subcommittee on 24 July 2015, the LegCo Secretariat provided a set of statistics on Members who have claimed OOER in excess of the

⁸ The reimbursement year of 2014-15 covers the period from 1 October 2014 to 30 September 2015. The percentage provided is calculated based on Members' claims for the first six months (up to March 2015) in relation to the time-apportioned provision. LegCo Members are allowed to submit reimbursement claims within three months from the month the expenditure was incurred.

reimbursement ceilings in the Fourth LegCo and the Fifth LegCo (the first three legislative sessions) (**Annex F**).

4.4 Based on the information provided by the LegCo Secretariat, the Independent Commission is of the view that the average utilisation rate of OOER has generally decreased, and the number of Members who have overspent the OOER provision (4.3% of all LegCo Members in 2012-14 versus 13.3% in 2008-10) as well as the total amount of overspending have dropped considerably in the current term as compared with the last term. This seems to show that after the 20% increase introduced in October 2012, the current OOER can, by and large, cover the cost of most Members' operation.

4.5 Utilisation rates aside, the Independent Commission considers that the 20% increase in OOER since the Fifth LegCo is a substantial enhancement. The roll-over arrangement should also provide greater flexibility for LegCo Members to deploy resources to support their duties.

4.6 In the course of the current review, the Independent Commission notes that the major request of the LegCo Subcommittee and LegCo Members' assistants is a further enhancement in OOER such that LegCo Members can have more resources to recruit and retain a pool of quality and experienced staff. The Independent Commission has further examined if there is a case to increase the level of OOER.

4.7 As observed from the visit to Members' offices and exchanges with their assistants, the Independent Commission considers it fair to conclude that in general, Members may require a degree holder or an experienced staff to assist in handling LegCo business with policy content and to supervise the operations of the offices; and it will be reasonable and appropriate to draw reference from salaries of workers of similar qualifications and experience of the private sector. The Independent Commission maintains the stance that it is inappropriate to peg the salaries of Members' assistants with those of civil servants. For analytical purpose, the Independent Commission adopts in the basket of assumptions that there will be a staff at management/professional level to oversee the central office, who will be underpinned by two support workers; and two university graduates with three to five years of experience to oversee the operations of two district offices, with each of them underpinned by one support worker.

4.8 Recognising Members' need to recruit and retain quality staff for discharging their duties, the Independent Commission has factored in Mandatory Provident Fund contribution, a 3% salary increase per annum (in addition to the CPI(C) annual adjustment) and a 15% end-of-service gratuity for Members' staff in the analysis.

4.9 Apart from staff expenses, the Independent Commission notes from the reimbursement claims provided by the LegCo Secretariat (**Annex G**) that in the 2014-15 session, LegCo Members have used 6.71% and 9.99% of the existing OOER for office rental and other expenses respectively. As such, an assumption of 7% of OOER for office accommodation expenses and 10% of OOER for other incidental expenses are also included in the OOER calculation. **Annex H** summarises the assumptions above and shows that the shortfall in OOER as compared with the existing OOER level (as of 1 October 2015) would be 6.95%.

4.10 Acknowledging the importance of having a stable team of quality assistants to facilitate LegCo Members in the discharge of their duties and the need to maintain maximum flexibility for LegCo Members to utilise their OOER, the Independent Commission **recommends a lump sum increase of the OOER by 7%** from the current \$2,385,510 to \$2,552,500 per annum, with effect from the Sixth LegCo, which is subject to annual adjustments in October each year in accordance with the movement of the CPI(C).

4.11 The Independent Commission wishes to point out that any assumptions adopted in working out a proposed level of the OOER are at best working assumptions. In practice, there is no restriction on how Members apportion the amount of the OOER between staffing, operation and research expenses according to their individual needs and priorities. For instance, Members have full discretion to decide on the exact number of staff to employ, the salary level and benefits of their staff, as well as the number of district offices. They are not bound by the working assumptions adopted by the LegCo Subcommittee nor by the Independent Commission when deciding how to utilise the OOER provision.

4.12 The Independent Commission wishes to re-affirm the position that it is the prerogative of individual LegCo Member, as an employer, to determine the salary for their staff. It is beyond the remit of the Independent Commission to devise a salary scale for Members' assistants.

4.13 As for the proposal of the LegCo Subcommittee to adjust 70% of the OOER annually in accordance with the civil service pay adjustment instead of the movement of CPI(C), the Independent Commission considers it inappropriate to peg the salary of the assistants employed by Members to those of the civil service given the different job nature of the two and the unique mechanism of the civil service pay structure. In calculating the OOER using the assumptions provided by the LegCo Subcommittee, the Independent Commission has included a 3% annual salary increase (on top of the CPI(C) annual adjustment), this should provide sufficient buffer for LegCo Members

to award increments to their staff throughout the four year term. In practice, LegCo Members can apportion OOER in a variety of ways. It is beyond the purview of the Independent Commission to prescribe the number of staff to be employed by Members, or a wage floor, pay scale and level of gratuity for Members' staff. Therefore, the Independent Commission does not agree to assume a certain percentage of OOER as the "salary portion" and for such portion to follow the annual rate of civil service pay adjustment.

4.14 Another request from the LegCo Subcommittee is in respect of reimbursing long service payment and severance payment to staff of LegCo Members in the middle of a term. Currently, outgoing Members can claim under WUER severance payments made to staff if he/she chooses not to stand for re-election or ceases office for reasons over which they have no control (e.g. not re-elected or resign due to serious illness). Severance payments as well as long service payments made by serving Members can be claimed under OOER. The LegCo Subcommittee was of the view that as such payments are statutory payments, they should not eat into their operating expenses. Moreover, LegCo Members might have to bear the payments out of their own pockets if the provision under OOER is only sufficient to cover the day-to-day needs of Members' offices.

4.15 As a matter of principle, the Independent Commission considers it not appropriate to expand the scope of WUER for reimbursement of expenses not related to winding up. As for the introduction of an additional reimbursable provision, according to the record from the LegCo Secretariat, the total amount of long service payment and severance payment claims made by LegCo Members under OOER in the Fifth LegCo (as at 18 December 2015) were \$26,531 and \$57,795 respectively. The amount payable by individual LegCo Members was small as compared to the annual OOER (less than 1.5% of OOER). The Independent Commission considers that following a lump sum increase of the OOER by 7% with effect from the Sixth LegCo, which is subject to annual adjustments in October each year in accordance with the movement of the CPI(C), there should be room for absorbing such payments. The roll-over arrangement in OOER should also provide additional flexibility for LegCo Members in allocating their use of OOER over their term of office. The Independent Commission therefore considers **the introduction of an additional reimbursable provision with no ceiling on top of OOER not justified.**

Research

4.16 One of the requests of the LegCo Subcommittee is to have a new and separate accountable allowance of \$239,096 per annum to enable

individual Members to engage outside parties (including the political parties to which the Members are affiliated) to undertake research work⁹. While the importance of research is recognised, the Independent Commission noted that research expenses are claimable under OOER within the existing mechanism. Moreover, the LegCo Secretariat provides research services to all LegCo Members upon the request of relevant panels and committees. The Research Office of the LegCo Secretariat also monitors current affairs and issues, and prepares research publications on such issues for Members' reference when necessary. According to the Controlling Officers' Report of the Secretary General of LegCo Secretariat, the number of research publications published by LegCo in the 2012-13 and 2013-14 legislative sessions were 113 and 110 respectively. These publications, in the form of research report, information note, fact sheet, research brief and essentials, cover a diversity of issues. Since the LegCo Secretariat is also publicly funded, from the perspective of prudent use of public resources, it should be more appropriate and cost effective to maintain the existing arrangement whereby basic research support be provided to Members by the LegCo Secretariat. Should individual Member wish to conduct research on individual area of interest, he/she may claim research expenses under OOER. The Independent Commission **does not therefore consider that a new and separate accountable research allowance is justified**. A more appropriate way forward is for the LegCo Secretariat to augment its research capabilities to provide better support to LegCo Members.

⁹ Item 7 of Annex C.

CHAPTER 5: OTHER COMPONENTS OF THE OPERATING EXPENSES REIMBURSEMENT

Setting Up and Information Technology Expenses Reimbursement (SUITER)

5.1 With effect from the Fifth LegCo, the previous Setting up Expenses Reimbursement (SUER) (for setting up offices) and the Information Technology and Communication Equipment Expenses Reimbursement (ITER) (for the purchase and use of information technology and communication equipment) were combined into one provision called SUITER to provide flexibility to LegCo Members. The current provision of SUITER is \$250,000 per term; or \$175,000 per term for Members who have claimed the setting-up portion of this allowance in the previous term. The LegCo Subcommittee proposes to increase the total amount to \$482,500 per term. This represents an increase of \$232,500 per term (93% increase).

5.2 According to the information provided by the LegCo Secretariat, the average utilisation rate of SUITER in the current term (up to 7 August 2015) is 67.2%. As compared with the utilisation rates of 55.6% for SUER and 60.8% for ITER in the last LegCo term, this is already higher than the full-term utilisation rate. A further analysis shows that during the Fifth LegCo (up to 14 July 2015), 70% of Members used up 50% or more of SUITER (**Annex I**).

5.3 The Independent Commission recognises that SUER and ITER were first introduced in 1993 and 1999 respectively, and no adjustment to the provisions has been made since then. Moreover, SUITER (and the previous SUER and ITER) are not subject to annual adjustment in accordance with the movements in CPI(C).

5.4 Taking into account the above considerations and to encourage the use of information technology to provide more efficient services to their constituents, the Independent Commission recommends **a lump sum increase of the SUITER by 50%, from \$250,000 to \$375,000 per term**, with effect from the Sixth LegCo. For LegCo Member who has claimed expenses for setting up in the previous term, they will be entitled to up to \$262,500 per term.

Entertainment and Travelling Expenses Reimbursement (ETER)

5.5 At present, a non-accountable ETER is provided to each LegCo Member. Entertainment, liaison or travelling expenses incurred by a Member or his/her staff for LegCo business can be reimbursed against claims certified by the Member without supporting documents such as receipts. Moreover, up to 50% of ETER can be deployed for meeting staff expenses, but the portion so deployed will be accountable. The President is entitled to an additional entertainment allowance. Both allowances are adjusted annually in October in accordance with the movement of CPI(C). Following the latest price adjustment with effect from 1 October 2015, the amount of the ETER is \$203,860 per annum while the President's additional entertainment allowance is \$204,060 per annum.

5.6 According to the LegCo Secretariat, the average utilisation rates of ETER during the past three legislative sessions are 97.6% (2012-13), 97.6% (2013-14) and 66.5% (2014-15)¹⁰ respectively, as compared with an average 91.5% in the Fourth LegCo.

5.7 While acknowledging that the utilisation rates are on the high side, the Independent Commission considers that the annual CPI(C) adjustment to the ETER should be able to maintain the purchasing power for the intended purpose. Moreover, having regard to the flexibility to fully utilise the amount (such as meeting staff expenses) and that the LegCo Subcommittee did not request for an adjustment, the Independent Commission recommends **maintaining** the amount of this non-accountable ETER **at the existing level** for the Sixth LegCo, which is subject to annual adjustments in October each year in accordance with the movement of the CPI(C).

5.8 The LegCo President is entitled to an additional entertainment allowance, which is also adjusted annually in accordance with the movement of CPI(C). The President's entertainment allowance is now at \$204,060 per annum. As in the case of ETER, the Independent Commission recommends **maintaining** the President's entertainment allowance **at the existing level** for the Sixth LegCo, which is subject to annual adjustment in October each year in accordance with the movement of the CPI(C).

¹⁰ The reimbursement year of 2014-15 covers the period from 1 October 2014 to 30 September 2015. The percentage provided is calculated based on the claims processed by the LegCo Secretariat during the period from 1 October 2014 to 7 August 2015; as such the percentage does not represent full-year figure. LegCo Members are allowed to submit reimbursement claims within three months from the month the expenditure was incurred.

Winding Up Expenses Reimbursement (WUER)

5.9 A LegCo Member may claim WUER when he/she ceases to be a LegCo Member, either because he/she does not seek re-election or for reasons over which he/she has no control such as death, failure to be re-elected or dissolution of LegCo. A Member who resigns or who is removed from LegCo under Article 79(6) of the Basic Law is not eligible for WUER either. With the proposed increase in the annual OOER, the WUER will also be increased accordingly. The Independent Commission considers the current provision to be appropriate and **does not propose any adjustment** for the Sixth LegCo.

CHAPTER 6: SUMMARY OF RECOMMENDATIONS

To sum up, the Independent Commission recommends –

- (a) **no change to the monthly remuneration** for LegCo Members, currently at \$93,040 per month;
- (b) the monthly remuneration for the LegCo President, the President's Deputy and LegCo Members who are also serving on ExCo should continue to be fixed at 200%, 150% and 2/3 of the remuneration of their fellow LegCo Members respectively;
- (c) **the end-of-service gratuity, pitched at 15%** of the total remuneration that a LegCo Member receives during a LegCo term, should continue to be payable to LegCo Members at the end of the term;
- (d) **maintaining the existing amount of the annual medical allowance**, currently at \$32,400 per annum, but **allowing the surplus in a year to roll over to the following year until the end of a LegCo term**;
- (e) the annual **Office Operation Expenses Reimbursement (OOER)** be **increased by 7%**, from the current \$2,385,510 to **\$2,552,500** per annum; and maintaining the arrangement that the surplus from a year's OOER to roll over to the following year until the end of a LegCo term;
- (f) the **existing level of the Entertainment and Travelling Expenses Reimbursement** for Members, currently at \$203,860 per annum, and the LegCo President's additional entertainment allowance, currently at \$204,060 per annum, **be maintained**;
- (g) **the Setting Up and Information Technology Expenses Reimbursement should be increased by 50%**, from the current \$250,000 to **\$375,000** per term; and for those who have claimed setting up expenses in the previous term would be entitled to **\$262,500** per term;
- (h) **maintaining the existing provision of the Winding Up Expenses Reimbursement**, at one-twelfth of the annual OOER plus actual amount of severance payment;
- (i) the existing mechanism whereby items (a), (b), (d), (e) and (f) above will be adjusted in October each year in accordance with movements of CPI(C) should continue to apply; and

- (j) implementing the recommendations above with effect from **1 October 2016** upon the commencement of the Sixth LegCo.

The above recommendations would entail an additional amount of about \$800,000 per LegCo Member per term, or, on average, an additional amount of about \$200,000 per Member per annum. A comparison of the existing remuneration package and the recommended package is set out at **Annex J**.

Terms of Reference of the Independent Commission

The Independent Commission -

- (a) considers the system of remuneration for Members of the Executive Council and the Legislative Council, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region (HKSAR), taking into account any factor that may affect the level of such remuneration and allowances;
- (b) carries out periodic review of the remuneration package for Members of the Legislative Council of the HKSAR, say once every three to five years and normally about a year before the start of a new Legislative Council term;
- (c) carries out periodic review of the remuneration package for Officials under the Political Appointment System, say once every five years and normally about a year before the start of a new term of the HKSAR Government;
- (d) considers the appropriate level of remuneration for those with multiple membership on the Executive Council and the Legislative Council of the HKSAR in deliberating on the above issues; and
- (e) advises the Government on any matter relating to the remuneration package for Members of the Executive Council and the Legislative Council, and Officials under the Political Appointment System of the HKSAR which the Government may refer to the Independent Commission from time to time.

Membership of the Independent Commission

Chairman

Mr Nicky Lo Kar-chun, SBS, J.P.

Members

Ms Kelly Chan Yuen-sau

Mr Andrew Fung Hau-chung, J.P.

Prof Leonard Cheng Kwok-hon, J.P.

Ms Lau Ka-shi, BBS

Ms Elaine Lo Yuen-man

**Nine outstanding proposals carried forward from
the Fourth Legislative Council**

- (1) There should be at least one Personal Assistant ("PA") pitched at Executive Officer ("EO") I¹ level to co-ordinate the core support services provided to the Member in the central office. This PA should be assisted by two staff members who are at Assistant Clerical Officer¹ ("ACO") level to provide secretarial and clerical support (*paragraph 3.27 of the previous Review Report*²).
- (2) There should be two staff members working in each district office, with at least one staff member being a degree-holder. The two posts in each district office should be pitched at EO II¹ level and ACO level respectively (*paragraph 3.28 of the previous Review Report*).
- (3) The financial provision of the proposed staffing complement in proposals (1) and (2) above should be calculated on the average of the first four salary points of the comparable ranks in the Civil Service (i.e. to cover a Legislative Council ("LegCo") term of four years) and that the annual accountable allowance for Office Operation Expenses Reimbursement ("OOER") be revised from \$2,327,330³ to \$2,632,611⁴ (+13.1%) for effecting the proposed staffing complement (*paragraph 3.35 of the previous Review Report*).
- (4) A further review of the salary provision in OOER should be conducted in two to three years' time to evaluate its effectiveness in retaining quality staff. Where there is evidence that the average length of service of Members' staff reaches four years and beyond, mid-point salaries (instead of the average of the first four salary points) should be adopted for computing the salary portion of OOER. Similar reviews should be conducted once every four years (*paragraph 3.36 of the previous Review Report*).
- (5) An end-of-service gratuity should be provided to full-time staff engaged by Members to ensure continuity of service as well as to attract and retain a pool of high quality staff. The provision for gratuity, which is

¹ Salaries of Executive Officer I, Executive Officer II and Assistant Clerical Officer are pitched at Master Pay Scale Point 28 to 33 (\$47,280 to \$59,485), 15 to 27 (\$25,600 to \$45,150) and 3 to 15 (\$12,540 to \$25,600) respectively.

² Report of the "Review of the Operating Expenses Reimbursement for Legislative Council Members" conducted in the Fourth LegCo – March 2011.

³ This is the current rate applicable in 2014-2015.

⁴ Figures have been adjusted to reflect the pay level in 2014-2015.

- \$256,994⁴ per annum, may form part of the OOER (+11.0%) but will be kept and maintained by the LegCo Secretariat for the sole purpose of paying gratuities to Members' staff (*paragraph 3.37 of the previous Review Report*).
- (6) Annual adjustment of the salary portion of OOER (i.e. 70% of the OOER) should be based on Civil Service pay adjustments whereas the remaining 30% should be adjusted in accordance with the movement of the Consumer Price Index (C) (*paragraph 3.39 of the previous Review Report*).
 - (7) There should be a new and separate accountable allowance of \$239,096⁵ per annum to enable Members to engage outside parties (including the political parties to which the Members are affiliated) to undertake research work. The additional funding should also be kept as a separate fund administered by the LegCo Secretariat and be drawn for research purpose only. All research studies conducted with this funding should be made public on the Members' websites as and when feasible and no later than the end of the relevant LegCo term (*paragraphs 4.9 and 4.10 of the previous Review Report*).
 - (8) The total amount of the Setting Up Expenses Reimbursement ("SUER") and the Information Technology and Communication Equipment Expenses Reimbursement ("ITER") should be increased to \$482,500⁶ per term to enable Members to operate two district offices (instead of one) if there is a need to do so (*paragraph 6.13 of the previous Review Report*).
 - (9) The Operating Expenses Reimbursement level should be revised to suit the actual needs of Members and changes should take effect during a term (*paragraph 6.16 of the previous Review Report*).

⁵ This amount has been adjusted to take into account the movements of Consumer Price Index (C) in the 4 years from 2011-2012 to 2014-2015 which took effect after the publication of the previous Review Report.

⁶ This is the original amount in the previous Review Report. This amount has not been adjusted having regard to the fact that the provisions for SUER and ITER were not subject to adjustments in accordance with the movements of CPI(C). As from the Fifth LegCo, SUER and ITER have been combined into one single provision. The total amount of provision is \$250,000.

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 羅家駿主席

羅主席：

爭取增撥資源 加強議員助理職業保障

2011 年 3 月，立法會的內務委員會通過立法會議員酬金及工作開支償還款額小組委員會就「立法會議員工作開支償還款額的檢討」提交的報告。該報告期後轉交政府考慮，但政府未有採納全部建議。

我們認為，議員兼顧議政、政策研究和社區服務的工作，現時的實報實銷款額不足，令議員工作捉襟見肘，更有議員需要自行補貼。現時的制度，對議員助理的職業保障嚴重不足，令議員助理的流失率極高，直接影響議員的議政工作。

我們要求政府考慮落實上述小組委員會提出而又未被採納的建議，當中包括：

1. 增加全年實報實銷開支；
2. 將部分議員辦事處職員的薪酬和公務員掛鈎；
3. 額外撥款為全職職員提供約滿酬金；
4. 提高開設辦事處開支償還款額和資訊科技及通訊設備開支償還款額的總額；
5. 提供一項額外的實報實銷津貼讓議員聘請坊間機構、人士進行政策研究；

佇候示覆，敬祈應允。順祝
 公祺

立法會議員助理關注組

李志榮 林兆彬 盧浩元 王卓基
 黃潔慧 陳小萍 吳仲達 李嘉豪
 黃嘉琪 陳之湄 曾繁俊 黃浩銘
 劉文琪 強國偉 趙恩來 夏希樂
 王漢明 鄧惠強 李庭豐 李穎妍
 陳紹銘 司徒振銘 易汶健 林羚
 嚴碧芬 阮子敏 黃詠妍 梁仲偉
 鄭司律 方約恆 林惠賢 曾國輝
 麥德正 譚駿賢 馮小燕 程堯君
 吳銘偉 陳倩瑩 熊百祥 韓健琳
 區慧嫻 陳穎妍 岑紫綸 林淑君 廖皓良
 楊皓量 陳愷健 陳寶瑩 黃永志 葉榮
 2015 年 7 月 24 日

**Comparison of LegCo Members' monthly remuneration
with relevant indices**

Table A: 98th and 99th percentiles of monthly wage of all employees¹

	98 th percentile	99 th percentile
	\$	\$
2012 ²	71,000	95,000
2013	73,000	97,900
2014	75,000	95,800

Table B: Rate of increase in LegCo Members' monthly remuneration and GDP per employed person (nominal) ³

	LegCo Members' monthly remuneration		GDP per employed person(nominal)	
	\$	Index	\$	Index
2012 ²	84,490	100	556,467	100
2013	87,450	103.5	573,675	103.1
2014	90,770	107.4	601,631	108.1

Table C: Relevant wage trends in Hong Kong ¹

	Average monthly wage of full-time managers, administrators, professionals and associate professionals		Average monthly wage of all full-time employees	
	\$	Index	\$	Index
2012 ²	30,200	100	19,700	100
2013	31,700	105.3	20,600	105.0
2014	32,200	106.8	21,300	108.2

¹ Source: Annual Earnings and Hours Survey, Census and Statistics Department

² Start of the current LegCo term and when the last adjustment was made

³ GDP-related figures are provided by the Census and Statistics Department.

Statistics on Office Operation Expenses paid by
Members of the Legislative Council in excess of the Reimbursement Ceilings
2008 - 2012 (Fourth Term) & 2012 - 2014 (Fifth Term)

	<u>2008 - 2009</u>	<u>2009 - 2010</u>	<u>2010 - 2011</u>	<u>2011 - 2012</u>	<u>2012 - 2013</u>	<u>2013 - 2014</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Member 1	260.62	2,117.61	599.35	1,180.50	4,892.91	31,695.20
Member 2	4,295.10	3,683.14	3,101.35	43,624.51	88,505.90	99,928.04
Member 3	6,437.05	5,963.31	6,700.00	51,304.17	132,214.02	163,878.33
Member 4	20,956.36	7,734.50	9,127.75	70,299.80		
Member 5	44,422.08	26,875.88	24,232.79	278,085.30		
Member 6	116,799.58	188,177.35	118,177.40	594,944.17		
Member 7	167,921.85	270,823.77	131,147.06			
Member 8	172,207.28	422,167.72	147,301.44			
Member 9			149,022.91			
Member 10			150,726.52			
Member 11			316,246.76			
Total	<u>533,299.92</u>	<u>927,543.28</u>	<u>1,056,383.33</u>	<u>1,039,438.45</u>	<u>225,612.83</u>	<u>295,501.57</u>

Annex G

Average utilisation rate of Office Operation Expenses Reimbursement by Category

	Overall utilisation rate	Staff expenses	Office Accommodation expenses	Equipment and furniture	Other Operating expenses
	(%)	(%)	(%)	(%)	(%)
2012-2013 session	78.2	63.4	5.9	0.64	8.26
2013-2014 session	87.19	70.87	6.25	0.56	9.51
2014-2015 session¹	94.45	77.13	6.71	0.62	9.99

Source: LegCo Secretariat

¹ Calculated based on Members' claims for the first six months (up to March 2015) in relation to the time-apportioned provision

**Calculations on the amount of
Office Operation Expenses Reimbursement (OOER) required
(applying assumptions used by the LegCo Subcommittee)**

	Per annum	Per term
A1. Staff salary (using market rate and assuming a 3% salary increment per year) <ul style="list-style-type: none"> • 1 management/professional (\$46,000 per month) • 2 university graduates with 3-5 years' experience (\$21,200 each per month) • 4 clerical support workers (\$13,700 each per month) 	\$1,797,286 on average	\$7,189,145
A2. MPF contribution	\$78,997 on average	\$315,989
B. 15% end-of-service gratuity for staff	\$269,593 on average (payable at term end)	\$1,078,372
C. Office rental (7% of existing OOER)	\$166,986	\$667,944
D. Other expenses / Buffer (10% of existing OOER)	\$238,551	\$954,204
Total amount required for items A-D	\$2,551,413	\$10,205,654
Total OOER as at 1 Oct 2015	\$2,385,510	\$9,542,040
Surplus / (shortfall)	(\$165,903)	(\$663,614)
% of surplus / (shortfall) against total OOER as at 1 Oct 2015	(6.95%)	

Working assumptions:

Salary and wage statistics collected in surveys conducted by the Census & Statistics Department (C&SD)

Occupation	Monthly Salary/Wage	Source
Management / professional (average salary of Administration Manager/Company Secretary/Office Manager and Accountant)	\$46,000 ¹	2014 Survey of Salaries and Employee Benefits Statistics – Managerial and Professional Employees (Excluding Top Management) (2014 SSEB)
University Graduates with 3-5 years' experience	\$21,200 ²	2014 Annual Earnings and Hours Survey (2014 AEHS)
Clerical Support Workers	\$13,700 ³	2014 Annual Earnings and Hours Survey (2014 AEHS)

¹ Figure refers to the average monthly salary rate of full-time employees who worked as administration managers, company secretaries, office managers and accountants in selected industry sections covered by SSEB. Salary rate in SSEB includes basic salary, cost-of-living allowance, guaranteed year-end bonus/payment, commission, and other regular and guaranteed bonuses and allowances.

² Figure refers to the average monthly wage of full-time employees who were aged 29 or below, had attained tertiary education and had worked in the same company for 3-5 years at the time of the survey.

³ Figure refers to the average monthly wage of full-time employees who worked as clerical support workers.

Annex I

Utilisation rate of Setting Up Expenses Reimbursement (SUER) and Information Technology and Communication Equipment Expenses Reimbursement (ITER)

No. of Members Utilisation Rate(%)	SUER				ITER				SUITER	
	4 th Term (Oct 2008 – Sept 2012) (see Note 2)		5 th Term (Oct 2012 – Sept 2016) (see Note 3)		4 th Term (Oct 2008 – Sept 2012) (see Note 2)		5 th Term (Oct 2012 – Sept 2016) (see Note 3)		5 th Term (Oct 2012 – Sept 2016) (see Note 3)	
	No.	%	No.	%	No.	%	No.	%	No.	%
>100%	-	-	17	24.1	-	-	19	27.3	-	-
100%	2	3.1	0	0	1	1.5	0	0	2	2.9
90% to <100%	4	6.2	3	4.3	3	4.6	5	7.1	21	30
80% to <90%	0	-	6	8.6	0	-	5	7.1	11	15.7
70% to <80%	4	6.2	2	2.9	5	7.7	4	5.7	6	8.6
60% to <70%	9	13.8	7	10	8	12.3	7	10	4	5.7
50% to <60%	4	6.2	6	8.6	3	4.6	2	2.9	5	7.1
Sub-total	23	35.5	41	58.5	20	30.7	42	60.1	49	70
40% to <50%	6	9.2	6	8.6	9	13.8	5	7.1	4	5.7
30% to <40%	2	3.1	6	8.6	10	15.4	4	5.7	4	5.7
20% to <30%	7	10.7	7	10	5	7.7	7	10	6	8.6
10% to <20%	2	3.1	3	4.3	6	9.3	5	7.1	4	5.7
0% to <10%	25	38.4	7	10	15	23.1	7	10	3	4.3
Total	65 (see Note 4)	100	70	100	65 (see Note 4)	100	70	100	70	100

Note

(1) Source : LegCo Secretariat

(2) The statistics for the 4th Term only reflected Members' expenditure up to September 2010 (24 months).

(3) The statistics for the 5th Term reflected Members' expenditure up to 14 July 2015 (around 34 months).

(4) Five Members resigned en masse in January 2010 and were re-elected in the by-election in May 2010. They are entitled to the full amount of SUER and ITER (on a reimbursement basis) again upon re-election.

Annex J

**Comparison of the current and the proposed
remuneration package for LegCo Members**

		Current Remuneration package w.e.f. 1 October 2015	Proposed Remuneration package for the next LegCo term w.e.f. 1 October 2016
		(\$)	(\$)
Remuneration and personal benefits			
Monthly remuneration*	LegCo President	186,080	186,080
	President's Deputy	139,560	139,560
	Other Members	93,040	93,040
	Members also serving on ExCo	62,030	62,030
End-of-service gratuity (payable at term end)		15% of total remuneration received during the term	15% of total remuneration received during the term
Medical Allowance* (per annum)		32,400	32,400 #
Operating Expenses Reimbursement			
Office Operation Expenses Reimbursement (OOER)*		2,385,510 # (per annum)	2,552,500 # (per annum)
Entertainment and Travelling Expenses Reimbursement*		203,860 (per annum)	203,860 (per annum)
Setting Up and Information Technology Expenses Reimbursement		250,000 (per term) (or 175,000 for Members who have claimed setting up expenses in the previous term)	375,000 (per term) (or 262,500 for Members who have claimed setting up expenses in the previous term)
Winding Up Expenses Reimbursement*		One-twelfth of the annual OOER (i.e. \$198,793) (per term) plus actual severance payment	One-twelfth of the annual OOER (i.e. \$212,708) (per term) plus actual severance payment

* Subject to annual adjustments in October each year in accordance with movements of CPI(C)

Surplus from a year's entitlement be allowed to roll over to the following year until the end of a LegCo term

**Nine outstanding proposals carried forward from
the Fourth Legislative Council**

- (1) There should be at least one Personal Assistant ("PA") pitched at Executive Officer ("EO") I¹ level to co-ordinate the core support services provided to the Member in the central office. This PA should be assisted by two staff members who are at Assistant Clerical Officer¹ ("ACO") level to provide secretarial and clerical support (*paragraph 3.27 of the previous Review Report*²).
- (2) There should be two staff members working in each district office, with at least one staff member being a degree-holder. The two posts in each district office should be pitched at EO II¹ level and ACO level respectively (*paragraph 3.28 of the previous Review Report*).
- (3) The financial provision of the proposed staffing complement in proposals (1) and (2) above should be calculated on the average of the first four salary points of the comparable ranks in the Civil Service (i.e. to cover a Legislative Council ("LegCo") term of four years) and that the annual accountable allowance for Office Operation Expenses Reimbursement ("OOER") be revised from \$2,327,330³ to \$2,632,611⁴ (+13.1%) for effecting the proposed staffing complement (*paragraph 3.35 of the previous Review Report*).
- (4) A further review of the salary provision in OOER should be conducted in two to three years' time to evaluate its effectiveness in retaining quality staff. Where there is evidence that the average length of service of Members' staff reaches four years and beyond, mid-point salaries (instead of the average of the first four salary points) should be adopted for computing the salary portion of OOER. Similar reviews should be conducted once every four years (*paragraph 3.36 of the previous Review Report*).
- (5) An end-of-service gratuity should be provided to full-time staff engaged by Members to ensure continuity of service as well as to attract and retain a pool of high quality staff. The provision for gratuity, which is

¹ Salaries of Executive Officer I, Executive Officer II and Assistant Clerical Officer are pitched at Master Pay Scale Point 28 to 33 (\$47,280 to \$59,485), 15 to 27 (\$25,600 to \$45,150) and 3 to 15 (\$12,540 to \$25,600) respectively.

² Report of the "Review of the Operating Expenses Reimbursement for Legislative Council Members" conducted in the Fourth LegCo – March 2011.

³ This is the current rate applicable in 2014-2015.

⁴ Figures have been adjusted to reflect the pay level in 2014-2015.

- \$256,994⁴ per annum, may form part of the OOER (+11.0%) but will be kept and maintained by the LegCo Secretariat for the sole purpose of paying gratuities to Members' staff (*paragraph 3.37 of the previous Review Report*).
- (6) Annual adjustment of the salary portion of OOER (i.e. 70% of the OOER) should be based on Civil Service pay adjustments whereas the remaining 30% should be adjusted in accordance with the movement of the Consumer Price Index (C) (*paragraph 3.39 of the previous Review Report*).
 - (7) There should be a new and separate accountable allowance of \$239,096⁵ per annum to enable Members to engage outside parties (including the political parties to which the Members are affiliated) to undertake research work. The additional funding should also be kept as a separate fund administered by the LegCo Secretariat and be drawn for research purpose only. All research studies conducted with this funding should be made public on the Members' websites as and when feasible and no later than the end of the relevant LegCo term (*paragraphs 4.9 and 4.10 of the previous Review Report*).
 - (8) The total amount of the Setting Up Expenses Reimbursement ("SUER") and the Information Technology and Communication Equipment Expenses Reimbursement ("ITER") should be increased to \$482,500⁶ per term to enable Members to operate two district offices (instead of one) if there is a need to do so (*paragraph 6.13 of the previous Review Report*).
 - (9) The Operating Expenses Reimbursement level should be revised to suit the actual needs of Members and changes should take effect during a term (*paragraph 6.16 of the previous Review Report*).

⁵ This amount has been adjusted to take into account the movements of Consumer Price Index (C) in the 4 years from 2011-2012 to 2014-2015 which took effect after the publication of the previous Review Report.

⁶ This is the original amount in the previous Review Report. This amount has not been adjusted having regard to the fact that the provisions for SUER and ITER were not subject to adjustments in accordance with the movements of CPI(C). As from the Fifth LegCo, SUER and ITER have been combined into one single provision. The total amount of provision is \$250,000.

Appendix C

Comparison of LegCo Members' monthly remuneration with relevant indices

Table A: 98th and 99th percentiles of monthly wage of all employees¹

	98th percentile	99th percentile
	\$	\$
2012 ²	71,000	95,000
2013	73,000	97,900
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	Average monthly wage of full-time managers, administrators, professionals and associate professionals		Average monthly wage of all full-time employees	
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2013	31,700	105.3	20,600	105.0
2014	32,200	106.8	21,300	108.2

¹ Source: Annual Earnings and Hours Survey, Census and Statistics Department

² Start of the current LegCo term and when the last adjustment was made

³ GDP-related figures are provided by the Census and Statistics Department.

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 Members of the Legislative Council in excess of the Reimbursement Ceilings
 2008 - 2012 (Fourth Term) & 2012 - 2014 (Fifth Term)

	<u>2008 - 2009</u>	<u>2009 - 2010</u>	<u>2010 - 2011</u>	<u>2011 - 2012</u>	<u>2012 - 2013</u>	<u>2013 - 2014</u>
	\$	\$	\$	\$	\$	\$
Member 1	260.62	2,117.61	599.35	1,180.50	4,892.91	31,695.20
Member 2	4,295.10	3,683.14	3,101.35	43,624.51	88,505.90	99,928.04
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Member 4	20,956.36	7,734.50	9,127.75	70,299.80		
Member 5	44,422.08	26,875.88	24,232.79	278,085.30		
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Total	<u>533,299.92</u>	<u>927,543.28</u>	<u>1,056,383.33</u>	<u>1,039,438.45</u>	<u>225,612.83</u>	<u>295,501.57</u>

Appendix E

Calculations on the amount of Office Operation Expenses Reimbursement (OOER) required (applying assumptions used by the LegCo Subcommittee)

	Per annum	Per term
A1. Staff salary (using market rate and assuming a 3% salary increment per year) <ul style="list-style-type: none"> • 1 management/professional (\$46,000 per month) • 2 university graduates with 3-5 years' experience (\$21,200 each per month) • 4 clerical support workers (\$13,700 each per month) 	\$1,797,286 on average	\$7,189,145
A2. MPF contribution	\$78,997 on average	\$315,989
B. 15% end-of-service gratuity for staff	\$269,593 on average (payable at term end)	\$1,078,372
C. Office rental (7% of existing OOER)	\$166,986	\$667,944
D. Other expenses / Buffer (10% of existing OOER)	\$238,551	\$954,204
Total amount required for items A-D	\$2,551,413	\$10,205,654
Total OOER as at 1 Oct 2015	\$2,385,510	\$9,542,040
Surplus / (shortfall)	(\$165,903)	(\$663,614)
% of surplus / (shortfall) against total OOER as at 1 Oct 2015	(6.95%)	

Working assumptions:

Salary and wage statistics collected in surveys conducted by the Census & Statistics Department (C&SD)

Occupation	Monthly Salary/Wage	Source
Management / professional (average salary of Administration Manager/Company Secretary/Office Manager and Accountant)	\$46,000 ¹	2014 Survey of Salaries and Employee Benefits Statistics – Managerial and Professional Employees (Excluding Top Management) (2014 SSEB)
University Graduates with 3-5 years' experience	\$21,200 ²	2014 Annual Earnings and Hours Survey (2014 AEHS)
Clerical Support Workers	\$13,700 ³	2014 Annual Earnings and Hours Survey (2014 AEHS)

¹ Figure refers to the average monthly salary rate of full-time employees who worked as administration managers, company secretaries, office managers and accountants in selected industry sections covered by SSEB. Salary rate in SSEB includes basic salary, cost-of-living allowance, guaranteed year-end bonus/payment, commission, and other regular and guaranteed bonuses and allowances.

² Figure refers to the average monthly wage of full-time employees who were aged 29 or below, had attained tertiary education and had worked in the same company for 3-5 years at the time of the survey.

³ Figure refers to the average monthly wage of full-time employees who worked as clerical support workers.

Appendix F

Utilisation rate of Setting Up Expenses Reimbursement (SUER) and Information Technology and Communication Equipment Expenses Reimbursement (ITER)

No. of Members Utilisation Rate(%)	SUER				ITER				SUITER	
	4 th Term (Oct 2008 – Sept 2012) (see <u>Note 2</u>)		5 th Term (Oct 2012 – Sept 2016) (see <u>Note 3</u>)		4 th Term (Oct 2008 – Sept 2012) (see <u>Note 2</u>)		5 th Term (Oct 2012 – Sept 2016) (see <u>Note 3</u>)		5 th Term (Oct 2012 – Sept 2016) (see <u>Note 3</u>)	
	No.	%	No.	%	No.	%	No.	%	No.	%
>100%	-	-	17	24.1	-	-	19	27.3	-	-
100%	2	3.1	0	0	1	1.5	0	0	2	2.9
90% to <100%	4	6.2	3	4.3	3	4.6	5	7.1	21	30
80% to <90%	0	-	6	8.6	0	-	5	7.1	11	15.7
70% to <80%	4	6.2	2	2.9	5	7.7	4	5.7	6	8.6
60% to <70%	9	13.8	7	10	8	12.3	7	10	4	5.7
50% to <60%	4	6.2	6	8.6	3	4.6	2	2.9	5	7.1
Sub-total	23	35.5	41	58.5	20	30.7	42	60.1	49	70
40% to <50%	6	9.2	6	8.6	9	13.8	5	7.1	4	5.7
30% to <40%	2	3.1	6	8.6	10	15.4	4	5.7	4	5.7
20% to <30%	7	10.7	7	10	5	7.7	7	10	6	8.6
10% to <20%	2	3.1	3	4.3	6	9.3	5	7.1	4	5.7
0% to <10%	25	38.4	7	10	15	23.1	7	10	3	4.3
Total	65 (see <u>Note</u> <u>4</u>)	100	70	100	65 (see <u>Note</u> <u>4</u>)	100	70	100	70	100

Note

- (1) Source : LegCo Secretariat
- (2) The statistics for the 4th Term only reflected Members' expenditure up to September 2010 (24 months).
- (3) The statistics for the 5th Term reflected Members' expenditure up to 14 July 2015 (34 months).
- (4) Five Members resigned en masse in January 2010 and were re-elected in the by-election in May 2010. They are entitled to the full amount of SUER and ITER (on a reimbursement basis) again upon re-election.

Appendix G

Examples of research papers published by Research Office of Legislative Council in 2012-13, 2013-14 and 2014-15 legislative sessions

	Examples
Research Report	<ul style="list-style-type: none"> ● Regulation of aesthetic practices in selected places ● Olympic committees, sports federations and sports development in selected places ● Nomination and voting procedures governing presidential elections in selected places ● Liquor licensing system in selected places
Information Note	<ul style="list-style-type: none"> ● Poverty alleviation strategies in Japan and Taiwan ● Public housing in Singapore ● Electricity markets in selected places ● Severance and long service payments in selected places ● Rail network systems in Singapore, Kuala Lumpur and Sydney
Fact Sheet	<ul style="list-style-type: none"> ● School bus service in Singapore ● Major economic indicators of selected economies ● Working Holiday Scheme ● Guangdong's regulation of food exports to Hong Kong ● Regulation of crematorium for animals
Research Brief	<ul style="list-style-type: none"> ● Social mobility in Hong Kong ● Water resources in Hong Kong ● Competitiveness of the port of Hong Kong ● Offshore Renminbi Centre ● Support for students of different learning abilities
Essentials	<ul style="list-style-type: none"> ● Tree management ● What is a "Smart City"? ● Brownfield development

	Examples
	<ul style="list-style-type: none">● One Belt One Road● Asian Infrastructure Investment Bank

Source: LegCo Website

香港添馬添美道 2 號

政府總部

政務司司長辦公室行政署

香港特別行政區行政會議成員、立法會議員及政治委任制度官員薪津獨立委員會

羅家駿主席

羅主席：

爭取增撥資源 加強議員助理職業保障

2011 年 3 月，立法會的內務委員會通過立法會議員酬金及工作開支償還款額小組委員會就「立法會議員工作開支償還款額的檢討」提交的報告。該報告期後轉交政府考慮，但政府未有採納全部建議。

我們認為，議員兼顧議政、政策研究和社區服務的工作，現時的實報實銷款額不足，令議員工作捉襟見肘，更有議員需要自行補貼。現時的制度，對議員助理的職業保障嚴重不足，令議員助理的流失率極高，直接影響議員的議政工作。

我們要求政府考慮落實上述小組委員會提出而又未被採納的建議，當中包括：

1. 增加全年實報實銷開支；
2. 將部分議員辦事處職員的薪酬和公務員掛鈎；
3. 額外撥款為全職職員提供約滿酬金；
4. 提高開設辦事處開支償還款額和資訊科技及通訊設備開支償還款額的總額；
5. 提供一項額外的實報實銷津貼讓議員聘請坊間機構、人士進行政策研究；

佇候示覆，敬祈應允。順祝
公祺

立法會議員助理關注組

李志榮 林兆彬 盧浩元 王卓基

黃潔慧 陳小萍 吳仲達 李嘉豪

黃嘉琪 陳之湄 曾繁俊 黃浩銘

劉文琪 強國偉 趙恩來 夏希樂

王漢明 鄧惠強 李庭豐 李穎妍

陳紹銘 司徒振銘 易汶健 林羚

嚴碧芬 阮子敏 黃詠妍 梁仲偉

鄭司律 方約恆 林惠賢 曾國輝

麥德正 譚駿賢 馮小燕 程堯君

吳銘偉 陳倩瑩 熊百祥 韓健琳

區慧嫻 陳穎妍 岑紫綸 林淑君 廖皓良

楊皓量 陳愷健 陳寶瑩 黃永志 葉榮

2015 年 7 月 24 日

Appendix I

Membership of the Independent Commission

Chairman

Mr Nicky Lo Kar-chun, SBS, J.P.

Members

Ms Kelly Chan Yuen-sau

Mr Andrew Fung Hau-chung, J.P.

Prof Leonard Cheng Kwok-hon, J.P.

Ms Lau Ka-shi, BBS

Ms Elaine Lo Yuen-man

Terms of Reference of the Independent Commission

The Independent Commission -

- (a) considers the system of remuneration for Members of the Executive Council and the Legislative Council, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region (HKSAR), taking into account any factor that may affect the level of such remuneration and allowances;
- (b) carries out periodic review of the remuneration package for Members of the Legislative Council of the HKSAR, say once every three to five years and normally about a year before the start of a new Legislative Council term;
- (c) carries out periodic review of the remuneration package for Officials under the Political Appointment System, say once every five years and normally about a year before the start of a new term of the HKSAR Government;
- (d) considers the appropriate level of remuneration for those with multiple membership on the Executive Council and the Legislative Council of the HKSAR in deliberating on the above issues; and
- (e) advises the Government on any matter relating to the remuneration package for Members of the Executive Council and the Legislative Council, and Officials under the Political Appointment System of the HKSAR which the Government may refer to the Independent Commission from time to time.

Appendix J

Current remuneration package for LegCo Members

		Remuneration package w.e.f. 1 October 2015 (\$)
<u>Remuneration and personal benefits</u>		
Monthly remuneration*	LegCo President	186,080
	President's Deputy	139,560
	Other Members	93,040
	Members also serving on ExCo	62,030
End-of-service gratuity <i>(payable at term end)</i>		15% of total remuneration received during the term
Medical Allowance* <i>(per annum)</i>		32,400
<u>Operating Expenses Reimbursement</u>		
Office Operation Expenses Reimbursement* <i>(per annum)</i>		2,385,510
Entertainment and Travelling Expenses Reimbursement* <i>(per annum)</i>		203,860
President's Entertainment* <i>(per annum)</i>		204,060
Setting Up and Information Technology and Communication Equipment Expenses Reimbursement <i>(per term)</i>		250,000 (or 175,000 for Members who have claimed setting up expenses in the previous term)
Winding Up Expenses Reimbursement* <i>(per term)</i>		One-twelfth of the annual office operation expenses reimbursement (i.e. \$198,793) plus actual severance payment

* Subject to annual adjustments in October each year in accordance with movements of CPI(C)