

# 立法會 *Legislative Council*

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

**Meeting on 4 December 2012**

### **Background brief on outstanding issues relating to Members' remuneration and operating expenses reimbursement from the Fourth Legislative Council**

#### **Purpose**

This paper sets out the outstanding issues relating to Members' remuneration and operating expenses reimbursement ("OER") from the Fourth Legislative Council ("LegCo").

#### **Background**

2. A subcommittee was set up under the House Committee in the Fourth LegCo to study issues relating to Members' remuneration and OER. One of the issues studied was the level of Members' remuneration and OER. The Subcommittee of the Fourth LegCo conducted a series of surveys to assess the extent of resources required for Members to perform their functions and duties. Based on the findings of the surveys and in view of the growing complexity of issues dealt with by Members and the increased size of their constituencies, the Subcommittee put forward a package of proposals to enhance the level of Members' remuneration and OER in its report (**Appendix I**) to the House Committee meeting on 18 March 2011. Following endorsement of the Subcommittee's proposals by the House Committee at the meeting, the proposals were put forward to the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under

the Political Appointment System of the HKSAR ("the Independent Commission").

3. In March 2012, the Administration informed the Subcommittee of the Fourth LegCo that the Chief Executive-in-Council had accepted the recommendations of the Independent Commission regarding the remuneration package for Members of the Fifth LegCo. The major changes include –

- (a) the monthly remuneration of Members should be increased by 10%, from \$73,150 to \$80,470 per month;
- (b) the annual Office Operation Expenses Reimbursement ("OOER") should be increased by 20%, from \$1,719,290 to \$2,063,150 per annum;
- (c) the surplus from a year's OOER entitlement should be allowed to roll over to the following year until the end of a LegCo term to facilitate salary increments and/or payment of gratuity at the end of the four-year term;
- (d) the existing level of the Setting Up Expenses Reimbursement (at \$150,000 per term or \$75,000 per term for Members who have claimed setting up expenses in the previous term) and the Information Technology and Communication Equipment Expenses Reimbursement (at \$100,000 per term) should be maintained. However, the two allowances should be combined into one provision to allow Members more flexibility in using the two allowances; and
- (e) the recommendations above should be implemented with effect from 1 October 2012 upon the commencement of the Fifth LegCo.

4. The above proposals were approved by the Finance Committee ("FC") on 11 May 2012. The relevant paper and minutes of meeting of FC are at **Appendices II and III** respectively.

5. In proposing the 20% increase in the OOER, the Administration points out that the Independent Commission considers that it may be fair to conclude that in general, while Members may require a degree holder or an experienced staff to help handle LegCo business with policy content and to supervise the operations of the offices, there may be more flexibility regarding the qualifications of the other assistants, who mainly deal with frontline work such as handling complaints and providing miscellaneous services to the constituencies.

6. Members' remuneration and ceilings for reimbursement of medical and certain operating expenses are subject to annual adjustment in accordance with the movement of Consumer Price Index (C) ("CPI(C)"). The new remuneration and reimbursement rates effective from 1 October 2012 are set out in **Appendix IV**.

### **Outstanding issues**

7. In its summary of deliberation (**Appendix V**) presented to the FC on 11 May 2012, the Subcommittee of the Fourth LegCo has identified a number of issues, as set out in paragraphs 8 to 10 below which required follow up actions.

#### OOER level

8. The Subcommittee of the Fourth LegCo considers that the proposed 20% increase is insufficient to address the high turnover of Members' staff and to retain staff with a reasonable salary package. The Subcommittee generally opines that the Independent Commission and the Administration have not taken into account the factors and proposals set out in the Subcommittee's report in March 2011. The increase in OOER by 20% has not acknowledged the nature and complexity of Members' work today and the support required by Members to perform their constitutional functions under the Basic Law. The Subcommittee holds the view that the staffing complement adopted by the Independent Commission as the basis for computing the 20% increase in OOER is inappropriate as there is a need for Members to engage more than one staff member with university background to assist them to examine public policies and proposed legislation. Given that staff in the district offices represent Members in dealing with the requests made by constituents in geographical constituencies, these staff should have sufficient education background and experience to understand the issues concerned and communicate with the Administration direct. The assumption that the work of these staff members is clerical in nature is wrong.

#### Review of Members' remuneration package

9. The Subcommittee of the Fourth LegCo considers that there is a genuine and urgent need for a more in-depth review to be conducted by the Independent Commission shortly after the start of the Fifth LegCo, with reference to the actual needs and operational requirements of Members. Further, the Subcommittee cannot accept the Administration's argument that to avoid any real or perceived conflict of interest, any substantial change to the

package or fundamental changes to the existing framework will only take effect from the next LegCo term onwards, and that the remuneration package of LegCo Members should remain the same within the entire LegCo term, apart from the annual inflation adjustment in accordance with the CPI(C). The Subcommittee considers that any changes to the level of reimbursement should take effect during the term.

#### Objectiveness of the review conducted by the Independent Commission

10. The Subcommittee of the Fourth LegCo urges the Administration to devise an objective mechanism to review the remuneration package for LegCo Members. The Subcommittee is of the view that the review conducted by the Independent Commission is not objective enough to address the problem faced by Members in retaining a team of good quality staff. The Subcommittee notes that in overseas jurisdictions, the determination of the level of remuneration for Members is commonly regarded as a political and controversial issue. Over the years, it has become necessary for some kind of independent bodies, mostly established by statute, to be formed to decide or to advise on Members' salary, allowances and other benefits having regard to a whole package of considerations. For example, the last review of Members' remuneration in Canada is conducted on an ad hoc basis by a commission comprising two Members of the House of Commons, and the Chancellor of the University of Ottawa. In Australia and New Zealand, Members' remuneration is reviewed annually. For the United Kingdom, the review of Members' remuneration is required by law to be conducted either in the first year of each new Parliament or at any time the statutory Independent Parliamentary Standards Authority considers appropriate.

#### **Members' advice**

11. Members are invited to note the outstanding issues relating to OER from the Fourth LegCo.

**A Submission to 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**

**Review of the Operating Expenses Reimbursement  
for Legislative Council Members**

**Subcommittee on Members' Remuneration  
and Operating Expenses Reimbursement  
of the House Committee of the Legislative Council**

**March 2011**

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## Chapter 1 Introduction

1.1 This document outlines the findings of a review conducted by the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement ("the Subcommittee") of the House Committee on the operating and setting-up expenses reimbursements to assess how far the current levels of reimbursements are able to meet the needs of Members of the Legislative Council ("LegCo") to set up and operate their own offices for performing their LegCo functions and duties. It also contains a package of proposals proposed by the Subcommittee and endorsed by the House Committee of LegCo for submission to 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") for its consideration.

### Background

1.2 The Subcommittee was formed by the House Committee in October 2008 to examine issues relating to the level of remuneration and operating expenses reimbursement ("OER") for LegCo Members. The Subcommittee comprises 9 members, as shown in **Annex I**.

1.3 In November 2008, the Subcommittee decided to conduct a detailed study to review the staffing resources and office support required by LegCo Members for the performance of their functions and duties with a view to establishing -

- (a) the need for setting up district offices to help LegCo Members perform their LegCo functions and duties, and the resources required for setting up central and district offices;
- (b) the resources required for employing and retaining a team of good quality staff to support the work of LegCo Members; and
- (c) the resources required for employing staff or engaging consultancy to carry out public and social policies research to assist LegCo Members in performing their LegCo functions and duties.

1.4 In conducting this review, the Subcommittee requested the LegCo Secretariat to carry out surveys among LegCo Members to ascertain the current difficulties encountered by LegCo Members and their staff and to understand the staffing support LegCo Members would require in order to perform their duties effectively.

1.5 Between January 2009 and October 2010, the LegCo Secretariat conducted four surveys and put forward its analysis in the following areas for the Subcommittee's deliberation:

(a) Staffing requirements

- the nature of the various types of duties undertaken by LegCo Members' staff;
- the academic qualifications and experience required for undertaking the various types of duties;
- the number of staff required for undertaking the various types of duties;
- the current remuneration package offered to staff;
- the connection between the number of staff and the number of offices;
- the major difficulties encountered by LegCo Members in recruiting and retaining staff; and
- the necessary resources required by individual LegCo Members to recruit and retain a team of good quality staff to assist them in performing their LegCo functions and duties.



(b) Need for research support

- the existing arrangements for provision of research services and the resources incurred;
- the level of satisfaction towards research work undertaken by different parties, in terms of speed and quality; and
- the need for additional research support and resources required.

(c) Need for setting up central office and district offices

- operating characteristics of central office and district offices such as manning scale, opening hours, number of patronage, office accommodation expenses, office size, location, etc; and
- the need for setting up central and district offices.

(d) Requirements of office furniture and equipment

- essential items for the operation of offices, and
- resources required for setting up and procuring information technology and communication equipment.

1.6 The Subcommittee, after initial deliberation of the findings of the surveys, invited public views and consulted LegCo Members and their Personal Assistants ("PAs") on a package of proposals to enable LegCo Members to employ and retain a team of good quality staff to support the work of their offices. The proposals received strong support from LegCo Members and PAs, and after taken into account the views expressed at the consultation sessions, the Subcommittee further fine-tuned the proposals and put forward its proposals to the House Committee at its meeting on 18 March 2011. The package of proposals is now set out in this document for consideration by the Independent Commission.

## Report

1.7 The main report comprises six Chapters:

Chapter 1: an introduction to the need for the review of the OER, the scope of the review and how it was conducted;

Chapter 2: the background of the OER system and other one-off provisions;

Chapter 3: the staffing support required to carry out core and other duties to support the work of LegCo Members, and the need to set up district offices; computation of the salary portion which should be included in the OER for LegCo Members;

Chapter 4: research needs of LegCo Members and the resources required for engaging outside consultants to carry out public and social policies research;

Chapter 5: resources required for setting up and operating central and district offices for LegCo Members;

Chapter 6: summary of proposals and financial implications.

## Chapter 2 The OER system and other provisions

### The OER system

2.1 The OER system originated from arrangements put in place long before 1993 under which a general expenses allowance was payable against certified claims made by LegCo Members. In 1993, in response to the request of the then LegCo Ad Hoc Group on Review of Allowances for LegCo Members, the Administration conducted a questionnaire survey on the expenditure of LegCo Members, conducted sample visits to offices of some LegCo Members and collected supplementary information on how their offices and staff operated.

2.2 On 7 May 1993, the Administration submitted a package of remuneration arrangements for the Finance Committee's approval. Among the proposals was the enhancement of the monthly general expenses allowance to \$73,000 for each LegCo Member inclusive of two parts: \$63,000 to cover office and staff expenses; and \$10,000 in respect of entertainment and travelling. The allowance would be adjusted by reference to the movements of the appropriate Hang Seng Consumer Price Index ("CPI"). As regards the part on office and staff expenses, it was devised on the basis of three elements:

- (a) highest Housing Authority rental as a notional provision for rental, rates and management fee (18%);
- (b) the sum of the mid-point salaries of an Executive Officer I, a Personal Secretary II and a Clerical Officer II as a notional provision for staff salaries and benefits (70%); and
- (c) sundry office expenses (12%).

2.3 In its proposal to the Finance Committee in May 1993, the Administration also indicated that further reviews on LegCo Members' remuneration should be undertaken by an independent Commission to be appointed by the then Governor. In July 1993, the Independent Commission was appointed. Since then, all matters in relation to LegCo Members' remuneration and general expenses allowance (later known as the OER) were considered by the Independent Commission up to this date.

2.4 In September 1994, the Independent Commission published its first report. One major recommendation in the Commission report relating to

general expenses allowance was the recognition of the need for directly elected Members to set up an office in their respective constituencies and to be given an additional allowance of up to \$10,000 per month, claimable on a reimbursement basis. Non-directly elected Members who preferred not to use the offices provided to them at Central Government Office ("CGO"), West Wing, would be allowed to claim an additional allowance of up to \$10,000 per month to meet office rental, etc. This allowance was subsequently merged with other office and staff expenses reimbursements in 1999.

2.5 In 1995, in response to the views expressed by the then LegCo Working Group on Review of Allowances for LegCo Members, the Independent Commission suggested that the term "general expenses allowance" be changed to "operating expenses reimbursement", i.e. OER, to reflect more accurately the nature of the allowance. Changes were introduced from time to time to provide more flexibility for Members to make use of the resources available to carry out their work and at the same time to lay down guidelines to enhance accountability and transparency. For example, the monthly allowance of \$10,000 to meet expenses for entertainment and travelling, with 30% being non-accountable (i.e. not supported by receipts) was modified in 1996 to raise the non-accountable limit to 50%. In 1999, this limit was removed and Members was allowed to use up to 50% of this allowance on staff expenses, in which case reimbursements are claimed on an accountable basis so that the corresponding future severance payments can also be reimbursed.

2.6 Nevertheless, the actual amount of OER has never undergone any major reviews. In July 2001, recognizing LegCo Members' increased workload relating to Council business and the staffing support for Members appeared thin, the Independent Commission recommended that the portion on office operation expenses reimbursement ("OOER") be increased by \$25,000 per month to enable Members to employ additional and better qualified staff. The proposal was approved by the Finance Committee on 6 July 2001. In 2006, noting that the then level of OOER was inadequate for the majority of Members and did not allow them to recruit adequate or quality staff to operate local offices and to conduct policy research, the Independent Commission was sympathetic to the situation and recommended an increase of 10% in the OOER.

2.7 In the paper submitted to the Finance Committee for approval on 3 November 2006, it was stated that *"the Independent Commission notes that the need amongst LegCo Members and the cost of running a Member's office vary greatly. It is difficult, if not impossible, to devise an objective yardstick to determine the optimum number of assistants and district offices for LegCo Members, having regard to their different background and different modes of*

*operation. The Independent Commission has therefore taken a holistic approach. Having considered a basket of factors including the utilisation rates of the OER, statistics on the number of offices operated and staff employed by LegCo Members, changes in population and the number of registered electors for geographical constituency elections, and the nature of work and demands now placed on LegCo Members, the Independent Commission has come to a view that a 10% increase to the OER (i.e. OOER) would be appropriate."*

### **Setting-Up Allowance and Winding-Up Allowance**

2.8 In 1993, each LegCo Member was allocated an individual office in CGO, West Wing. This office is called the "central office" in this document. Each Member was also entitled to be reimbursed the expenses for setting up and winding up his office up to a maximum of \$100,000 and \$73,000 respectively. The setting-up allowance was only available to those who did not have any office and who did not prefer to take up offices in CGO. For Members who already had offices, 50% of the allowance (i.e. \$50,000) could be claimed for the purpose of removal or expansion of office, and the purchase of office equipment/furniture.

2.9 In a review conducted by the Independent Commission in 1993, it was recognized that directly elected Members had a genuine need to set up district office so that they could maintain a close connection with the district they represented. Apart from providing an additional monthly accountable allowance of \$10,000 as mentioned in paragraph 2.4 above, they should be automatically eligible for the \$100,000 setting-up allowance, on a one-off and reimbursement basis, to set up 1 office in their respective district. This setting-up allowance was subsequently open to all Members irrespective of whether they would give up their allocated offices in CGO and was merged with the \$50,000 for setting up the central office to make up a total of \$150,000 available to each LegCo Member for setting up offices for each LegCo term (re-elected Members may only claim up to 50%). In other words, the amount of \$150,000 was for the setting-up of the central office, and a district office for each LegCo term.

2.10 As regards the winding-up allowance, when the allowance was first approved in 1993, the original \$73,000 provision was equivalent to one month's expenses allowance at that time. A number of reviews were subsequently conducted. The current winding-up allowance comprises a fixed amount equivalent to the total monthly OER and a variable amount with no pre-set ceiling, payable on the basis of the actual severance payment given to staff employed using the OER.

## Information Technology and Communication Expenses Reimbursement

2.11 In 1999, an Information Technology and Communication Expenses Reimbursement of up to \$100,000 was made available to each LegCo Member per LegCo term. This new provision was to help LegCo Members improve communication with the public through wider use of information technology, instead of operating additional offices.

### Current levels of the OER

#### Annual provisions

Office Operation Expenses Reimbursement	\$1,654,750 per year
Entertainment and Travelling Expenses Reimbursement	\$169,690 per year

#### One-off provisions (per LegCo term)

Setting Up Expenses Reimbursement	\$150,000 or \$75,000 (LegCo Members who have claimed setting up expenses in the previous term)
Information Technology and Communication Equipment Expenses Reimbursement	\$100,000
Winding Up Expenses Reimbursement	\$137,896 plus actual severance payments

### Utilization of the OER

2.12 In considering whether the current level of the OER is adequate for LegCo Members, it is noticed that the Independent Commission has all along relied heavily on the average utilization rate of the OOER as a basis for consideration. As the needs of Members returned by geographical constituencies and functional constituencies are different, the Subcommittee considers it inappropriate to use the average utilization rate of all 60 Members as the only indicator to assess Members' needs. The analysis of Members' needs for resources contained in this submission is therefore based on Members'

actual needs rather than just utilization rates. To ascertain the needs of LegCo Members, the Subcommittee conducted its own surveys to collect objective data on the resources required to enable individual LegCo Members to employ and retain a team of good quality staff to support the performance of their LegCo functions and duties.

2.13 In order to give a general picture of how the current level of the OER is inadequate for LegCo Members to perform their LegCo functions and duties, some statistics are provided below for reference:

- (a) For 2008/2009, a total of 22 LegCo Members (16 returned by geographical constituencies and 6 returned by functional constituencies) had claimed up to 99% or above of their OOER, with 11 LegCo Members (10 returned by geographical constituencies and 1 returned by functional constituency) claiming up to 100% of their OOER;
- (b) Some Members had incurred expenses above the OOER limit. For 2008-2009, 5 LegCo Members volunteered to report on these for record. Of the 5 LegCo Members, the shortfalls paid out of pocket ranged from a few hundred dollars to \$115,000;
- (c) For Entertainment and Travelling Expenses Reimbursement ("ETER"), a total of 41 LegCo Members (26 returned by geographical constituencies and 15 returned by functional constituencies) had claimed up to 99% or above of their ETER in 2008-2009, with 33 LegCo Members (22 returned by geographical constituencies and 11 returned by functional constituencies) claiming up to 100 % of their ETER.

2.14 Details of the utilization of the OER for 2007-2008 and 2008-2009 are set out in **Annex II**.

### Chapter 3 Staffing and office support for LegCo Members

3.1 Arguments over the level of operating expenses which LegCo Members need to perform their functions and duties have persisted for almost two decades. While there is no disagreement between the Administration and Legislature that the work of LegCo Members has become much more complex and there is a greater need for LegCo Members to stay in close contact with their constituents, there was insufficient objective data in the past to substantiate a more realistic increase in the OER to enable LegCo Members to employ and retain a team of staff with the requisite knowledge and experience to assist Members in performing their functions and duties.

3.2 The survey conducted by the Administration in 1993 was the first time when the staffing and office support required by LegCo Members had been studied. It was after this survey that the Administration had decided to provide a general expenses allowance based on the mid-point salaries of 1 Executive Officer I, 1 Personal Secretary and 1 Clerical Officer II and the operating expenses for 2 offices (primarily for the office in CGO provided by the Administration and 1 district office). Since then, the level of the OER had not been realistically assessed and adjusted to suit the actual needs of LegCo Members. In the absence of more realistic yardsticks to determine the needs of LegCo Members, a lot of weight has been given to the average utilization rate of the OER which, as explained in paragraph 2.12, cannot fully reflect the actual difficulties of LegCo Members in view of the varying circumstances of Members and the varying needs of Members in the geographical constituencies and functional constituencies.

3.3 In November 2008, the Subcommittee of the Fourth LegCo noted that most LegCo Members could only offer low salaries to their staff, or engage a limited number of staff due to insufficient funding in the OER. The Subcommittee considered it necessary to conduct a sample survey among Members and their PAs to assess the extent of resources required for employing and retaining a team of good quality staff to support the work of Members. The survey was conducted in two phases:

Phase I: information on the staffing complement in Members' offices, the scope of duties of each of the positions, the qualifications and experience of the incumbents, their remuneration package; Members' difficulties in recruiting and retaining staff as well as their aspirations in the staffing complement;



Phase II: resources required for employing staff or engaging consultancy to carry out public and social policies research; the need for setting up district offices and resources required for setting up central and district offices.

### Staffing requirements

3.4 Phase I of the survey was conducted in January 2009. 25 re-elected LegCo Members, representing a mix of LegCo Members returned by geographical constituencies and functional constituencies<sup>1</sup> were invited to participate in a questionnaire survey. Sixteen LegCo Members, including 7 LegCo Members returned by functional constituencies and 9 LegCo Members returned by geographical constituencies, completed the questionnaire by the deadline in March 2009, representing a response rate of 64%. In addition, 116 PAs who were staff of these 16 LegCo Members completed the questionnaires on their job conditions.

3.5 Following a preliminary analysis of the information ascertained from the questionnaire survey in Phase I, a second-level study was conducted to examine the nature of various types of duties undertaken by Members' staff and the academic qualifications and experience required for undertaken each type of duties and the remuneration offered for undertaking such duties. This second-level study helped in determining the ranking of different job types having regard to the entry requirements and responsibilities of comparable ranks in the Civil Service.

3.6 A brief summary of the essential information collected from the survey is given in **Annex III**.

### Nature of support services

3.7 The survey findings reveal that the total time spent by LegCo Members on LegCo work vary significantly, ranging from 74 hours to 336 hours in every four weeks. On average, each LegCo Member spends 221 hours in every 4 weeks (i.e. 55.25 hours per week) in performing LegCo functions and duties. These include core LegCo duties such as attending meetings of the Council and its committees, briefing the press on issues discussed at meetings

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<sup>1</sup> Ten re-elected LegCo Members each returned by geographical constituencies and functional constituencies were invited to take part in the Survey, having regard to their utilization level of the OOER in the previous term and the current term, political affiliation, etc. Upon completion of the first stage of sampling, some selected LegCo Members had declined to take part in the Survey. Another round of sampling was conducted and 5 more re-elected LegCo Members were invited to take part in the Survey.

and handling complaints under the LegCo Redress System, and other LegCo-related duties such as meeting with the Administration, attending press interviews on public policy issues, meeting with members of the public or constituents, attending forums and participating in functions as LegCo members, etc. The information helps analyze the degree of complexity of the various types of support services provided to LegCo Members and assess the job requirements as well as the qualifications of the staff required to perform such support services.

3.8 On the basis of LegCo Members' activities in performing their LegCo functions, the nature of duties of the staff providing support to LegCo Members is broken down into the following two categories:

- (a) Core LegCo duties: providing legal and research support; organizing committee papers for meetings, preparing summaries of papers and highlighting areas of concern; preparing questions for meetings; drafting Council questions and speeches; conveying enquiries and requests from the LegCo Secretariat in relation to meetings especially if the LegCo Member is the chairman of a committee; and responding to enquiries from the Administration and the press;
- (b) Other LegCo-related duties: meeting the public/constituents on behalf of LegCo Members; handling complaints and enquiries from constituents; drafting articles for newspapers; preparing publications, newsletters, work reports and other publicity materials; and undertaking accounting matters.

3.9 There is a need to differentiate core LegCo duties and other LegCo-related duties performed by LegCo Members' staff as the level and scope of responsibilities are different, and the qualification and experience requirements for staff to undertake the two types of duties are also different.

#### Actual number of staff engaged to support Members' LegCo work

3.10 It is noted from the survey that among the staff employed by these 16 LegCo Members, only 4% perform solely core LegCo duties; 57% perform both core LegCo and other LegCo-related duties, and 39% perform solely other LegCo-related duties. This situation falls short of LegCo Members' expectation, as all 16 LegCo Members have responded that they would have wanted to engage more dedicated staff to perform solely core LegCo duties, and the number of staff required for performing solely core LegCo duties is averaged at 1.7.

3.11 On average, each LegCo Member is hiring 6.3 full-time staff and 1 part-time staff. These staff members are required to work in the central office provided by the LegCo Secretariat and also district offices. From the survey, it is noticed that there is a significant gap between the average number of staff employed by LegCo Members returned by geographical constituencies and those by functional constituencies. The average number is 9.9 for the former and 4 for the latter. However, both LegCo Members returned by geographical constituencies and functional constituencies indicate the need to hire more staff. LegCo Members returned by functional constituencies ask for 4.6 staff, while LegCo Members returned by geographical constituencies ask for 13.1 staff. This comes up to a total of 9.4 staff on average, with 19% for undertaking solely core LegCo duties, 45% for undertaking both core LegCo and other LegCo-related duties, and 36% for undertaking solely other LegCo-related duties.

3.12 The survey also reveals that the number of staff required depends very much on the number of offices to be operated by each Member. On average, LegCo Members returned by functional constituencies operate 2 offices including the central office, while LegCo Members returned by geographical constituencies operate 4 offices. The average number of offices operated by LegCo Members is 3, while the number of full-time staff to support each office is about 2.1.

#### Academic background and experience requirement

3.13 Staff performing core LegCo duties require higher academic qualifications and more substantial working experience. The survey reveals that 100% of those who undertake solely core LegCo duties possess qualifications at tertiary or professional level. 87% of those staff performing both core LegCo and other LegCo-related duties have received tertiary education or above, and 59% of them have five or more years' working experience. Even for those who perform solely other LegCo-related duties, 36% have tertiary qualifications.

3.14 The salaries paid to staff members who handle core LegCo duties are higher than those who perform solely other LegCo-related duties. On average, the monthly salary of full-time staff members who handle core LegCo duties is about \$15,500, with about 20% receiving a salary of \$20,000 or above. This salary is lower than the starting salary of an Executive Officer II ("EO II")<sup>2</sup> in the Civil Service which is \$20,950 per month. For staff members who handle

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<sup>2</sup> Entry requirement for an Executive Officer II in the Civil Service is a bachelor's degree from a Hong Kong university, or equivalent.

other LegCo-related duties, the average salary is about \$9,662, which is lower than the starting salary of \$10,250 of an Assistant Clerical Officer ("ACO")<sup>3</sup> in the Civil Service. As far as fringe benefits are concerned, the majority of the staff have medical allowance while a few also enjoy education allowance and double pay.

3.15 No part-time staff is engaged for performing solely core LegCo duties. The hourly rate of the salary of part-time staff who perform both core LegCo and other LegCo-related duties is higher than those performing solely other LegCo-related duties. 57% of those performing both core and other LegCo-related duties receive an hourly rate of \$70 or above, while 100% of those performing solely LegCo-related duties receive \$69 and below.

3.16 70% of the LegCo Members indicate that they do not have adequate resources to engage a sufficient number of staff with the necessary qualifications and experience to support their work. Staff salaries on average take up the major portion of their OOER claims, and some LegCo Members cannot seek reimbursement of other expenses including rentals of district offices because of inadequate funds in the OOER. As a result, most LegCo Members can only offer low salaries to their staff, hence making it difficult for them to recruit experienced staff.

3.17 The survey shows that staff retention is a common problem. The median length of service of LegCo Members' staff is less than 3 years, and the annual turnover rate of full-time staff is as high as 34% in the 2007/08 legislative year. The majority of the LegCo Members who have difficulties in recruiting and retaining suitable staff consider that these difficulties are mainly caused by poor career prospect, low salaries, irregular and long working hours, and inadequate fringe benefits.

3.18 On the part of the staff of LegCo Members, over 70% of them find their jobs challenging and satisfying, with a wide spectrum of experiences which would be helpful for their career development. However, around 60% of them are dissatisfied with their level of salary and the limited advancement opportunities. Their jobs also require them to work irregular and long hours. 74% of them do not consider their remuneration package attractive enough for them to stay in the LegCo Members' office for the whole term.

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<sup>3</sup> Entry requirement of an Assistant Clerical Officer in the Civil Service is Level 2/Grade E or above in five subjects including Mathematics in the Hong Kong Certificate of Education Examination, or equivalent.

3.19 In addition, LegCo Members also express the view that in order to have effective support to their work, they hope to employ mainly full-time staff with a university degree or professional qualifications.

3.20 The shortfalls as revealed from the survey on staffing requirements are two-fold: insufficient resources to pay the staff at a level which is commensurate with those with the same qualifications performing the same level of work; and insufficient resources to hire adequate staff to perform both core LegCo and other LegCo-related duties.

### **Survey on the need of setting up district offices**

3.21 The emphasis of the survey in Phase II is on the need for setting up district offices. The survey aims to ascertain the requirement in the number of district offices, analyze the operating characteristics of district offices, assess the resources required for the operation of district offices, and understand LegCo Members' aspirations in setting up district offices to support their work. Opportunity is also taken to gauge LegCo Members' views on the central office to be provided in the new LegCo Complex at Tamar.

3.22 All 60 LegCo Members were invited on 20 October 2010 to take part in this survey. Forty-one LegCo Members, including 21 returned by functional constituencies and 20 returned by geographical constituencies, responded to the survey. A summary of the findings is set out below:

- (a) Both LegCo Members returned by functional constituencies and geographical constituencies have a strong need for setting up district offices for maintaining close contact with their constituencies and for understanding the needs of the community;
- (b) The average of the number of offices (including central offices) operated by Members returned by functional constituencies is 2, while the average for Members returned by geographical constituencies is 4. After discounting central offices, LegCo Members on average operate 2 district offices but they hope to have 3 to 4 district offices;
- (c) On the size of a district office, LegCo Members' aspiration is 62 sq m while the present average is 34 sq m;

- (d) On the location of district offices, the first choice is public housing estate, second choice is shopping arcade in public housing estate and third choice is private office buildings;
- (e) The office accommodation expenses, after deducting staff costs, at present amount to \$8,900 per month per office, while the estimated expenses after taking into account the larger size of the office would amount to \$11,798 per month;
- (f) Each district office is manned by 2 staff members; and
- (g) The 60 sq m central office will only barely meet their present needs; and Members hope to have an additional space of 23.85 sq m to accommodate their core team (which on average is about 3-4 staff members) and to meet their constituents.

Details of the survey findings are in **Annex IV**.

3.23 The Subcommittee notes that Members returned by geographical constituencies especially those with a larger constituency area would need to set up more district offices to minimize the travelling time of their constituents when seeking their assistance. Communication by electronic means, such as emails or fax, are usually not appropriate in these cases as the constituents seeking for help do not normally have access to such means and they would prefer to have face-to-face communication with Members or their staff.

## **Analysis**

### Staffing complement

3.24 Whether a LegCo Member is returned by a functional or geographical constituency, the need for staffing support to carry out the Member's core LegCo duties, such as preparation work for attendance at meetings of the Council and its committees, drafting of Council questions and speeches at motion debates, background research work, etc. is the same. The need for staff to undertake non-core LegCo duties depends on how many district offices a Member is allowed to set up. For example, Members returned by functional constituencies ask for 4.6 staff, while Members returned by geographical constituencies ask for 13.1 staff. The Subcommittee finds that the more district offices a Member sets up in his constituency, the more staff he would require, and if the OER remains unchanged, the less he can afford to offer a

salary which is commensurate with that given to employees with the same qualification and experience and undertaking the same kind of work. The Subcommittee recognises that some Members, especially those with a large constituency area, may need to set up more district offices. However, as the present exercise aims to address the high staff turnover situation and to ensure that LegCo Members are able to recruit and retain a core team of good quality staff, it decides that a separate exercise should be conducted to deal with district offices. For this exercise, the Subcommittee would adopt the present average figures.

3.25 The survey reveals that LegCo Members at present engage on average 6.3 full-time staff and 1 part-time staff to carry out the full range of duties, with 50% on core and 50% on non-core LegCo duties. For easy computation, the Subcommittee adopts the average of 7 full-time staff for each Member to operate a central office and 2 district offices for determining the ranking of these 7 posts and calculating the financial provision that should be included in the OOER for engaging these 7 staff members. Based on the findings on Members' aspiration on the deployment of staff in core and non-core LegCo duties (paragraph 3.11 refers), these 7 staff members should be deployed in the following manner:

<u>Type of LegCo duties</u>	<u>Percentage</u>	<u>No. of staff</u>
Core LegCo duties	19%	1.33
Core duties & other LegCo-related duties	45%	3.15
Other LegCo-related duties	36%	2.52

3.26 As the work of Members' staff is related to public administration and is public service in nature, the Subcommittee considers it appropriate and fair for the ranking of their PAs to be pitched at a level which is commensurate with their counterparts in the Civil Service, having regard to their job duties, qualifications and experience requirements.

3.27 Having regard to the nature of core LegCo duties, the Subcommittee considers that there should be at least one PA pitched at the level of an Executive Officer I ("EO I") to co-ordinate the core support services provided to the Member. That PA should be assisted by 2 staff members who are basically Assistant Clerical Officers ("ACOs") to provide secretarial and clerical support. This is consistent with the findings of the Administration in 1993 when the

mid-point salaries of 1 EO I, 1 Personal Secretary and 1 Clerical Officer (both equivalent to ACOs) were included in the OER.

3.28 As regards the staffing for two district offices, the Subcommittee notes that the district staff need to assist a Member in handling complaints from members of the public, conduct site visits, organize activities, prepare reports, draft press releases, etc., and they need to work long hours. It is considered that there should be two staff members working in each district office, with at least 1 staff member being a degree-holder. The Subcommittee considers it appropriate to pitch the 2 posts in each district office at EO II level and ACO level respectively.

3.29 In total, the provision included in the OER should enable each Member to engage 7 full-time staff, including 1 EO I, 2 EO IIs and 4 ACOs. Since the salary portion of the OOER has all along accounted for some 70% of the OOER (since 1993), the Subcommittee considers that this portion should be adjusted accordingly.

3.30 The Subcommittee notes that some Members are currently operating more than 3 offices and are engaging more than 7 staff members, and considers that Members should have the flexibility to engage whatever number of staff members they consider appropriate. Nevertheless, as the number of staff members will have impact on the salaries that can be offered to staff, the Subcommittee considers that this will be a matter to be included in the separate study on the setting up of district offices.

#### Financial implications

3.31 During the consultation with Members and their PAs on the proposed staffing complement, the Subcommittee noticed that there was general support for adopting 7 full-time staff for operating three offices (including the central office) as the basis for computing the salary portion of the OOER. There was also strong support for using the salary scales of the respective ranks in the Civil Service for calculating the provision required and providing incentives in the remuneration package, such as increments and end-of-contract gratuities, to retain high quality and experienced staff.

3.32 At present, Members' OOER is adjusted annually in accordance with the movement of CPI (C). Separate funding is not provided in the OOER to allow Members to grant pay increments to staff or adjust their salaries in accordance with the annual civil service pay adjustment. With resources only allowing a minimal increase in salary each year, Members are unable to retain their staff members through the provision of increments. Without any



provision for increments, as in the present situation, Members' staff often switch to other better-paid jobs after working for a few years in order to cope with their growing financial needs in supporting their families. Members, therefore, have to spend time to hire and train new staff following departure of experienced staff, resulting in their weakened capability in monitoring the performance of the Government.

3.33 The Subcommittee is aware that mid-point salaries have all along been used for calculating the salary portion of the OER and this arrangement is intended to allow for the payment of increments. However, as the OER has not been reviewed in a detailed manner in the past 18 years, the provision intended for increments no longer exists with the increase in the number of staff engaged. The Subcommittee therefore considers it appropriate to determine a salary point which would allow for the granting of increments to retain high quality staff. However, should mid-point salaries be adopted for all the 7 full-time staff in the current exercise, there would be a drastic increase as high as 67% in the OOER, which may cause concern to the general public. Since the survey has revealed that the average length of service of the current PAs does not exceed three years, the Subcommittee considers that, as an interim measure, it may be more appropriate to adopt at this stage the Secretariat's proposal of using the average salary of the first four salary points of each of the relevant ranks, as follows:

Year	EOI	EOII	ACO
Year 1	\$38,685	\$20,950	\$10,250
Year 2	\$40,515	\$22,005	\$10,910
Year 3	\$42,410	\$23,115	\$11,645
Year 4	\$44,400	\$24,255	\$12,380
<b>Average salary</b>	<b>\$41,503</b>	<b>\$22,581</b>	<b>\$11,296</b>

3.34 On the basis of the above, the salary portion of the OOER should be adjusted from the current \$1,158,325 (i.e. 70% of \$1,654,750) to \$1,582,188, as follows:

Monthly provision:

- EO I x 1	\$41,503	
- EO II x 2	\$45,162	
- ACO x 4	<u>\$45,184</u>	<b>\$131,849</b>
		<u>x 12 months</u>
<u>Annual provision in salary portion:</u>		<b>\$1,582,188</b>

3.35 To effect the change, the annual accountable component of the OOER will have to be increased by 25.6% from the current \$1,654,750 to \$2,078,613 per annum. In order that Members can retain part of the funding for the payment of increments in subsequent years of a four-year term, the Subcommittee proposes that the surplus from the funding for a Member's annual OOER entitlements each year can be rolled-over to the next year until the end of a LegCo term. Since Members' claims of OOER are processed on the basis of actual amounts of expenditure incurred with documented proof and are open to public scrutiny, there are sufficient safeguards for ensuring the proper and prudent use of public funds.

3.36 The Subcommittee notes that there is concern among Members' PAs that the present proposal may not allow staff members who have served more than four years to continue to have increments after the fourth year. To address this concern, the Subcommittee considers that if the above proposal is accepted by the Independent Commission, another review should be conducted in two to three years' time to evaluate the effectiveness of the present package of proposals in retaining quality staff. Where there is evidence that the average length of service of Members' staff has reached four years and beyond, consideration may be given to adopting the use of mid-point salaries in the long-run.

#### End-of-service gratuity

3.37 To ensure continuity of service, the Subcommittee proposes that an end-of-service gratuity should be provided to full-time staff engaged by Members, following similar arrangement in the Civil Service. Assuming a 10%-15% gratuity for the 7 full-time staff, in line with that for comparable ranks in the Civil Service, this will result in a further increase of \$17,519 per month, i.e. \$210,228 per annum, adding a 12.7% increase to the current OOER, to \$2,288,841 per annum. As this funding is aimed to improve the remuneration package of staff, the Subcommittee proposes that the funding earmarked for the payment of gratuities should be kept and maintained by the LegCo Secretariat and all gratuities are paid directly by the Secretariat to the individual staff on instructions given by Members upon completion of employment contract by staff.

#### Annual adjustment

3.38 The Subcommittee also analyses the appropriateness of adjusting the salary portion of the OOER in accordance with CPI(C). As salaries of PAs are calculated on the basis of Civil Service salaries, it may be more appropriate to adjust the salary portion according to pay adjustments in the Civil Service.

Comparing the situation in 2010 with the base year in 1999, it is noted that the cumulative changes of the pay adjustments in the Civil Service is always higher than those of the CPI(C). The cumulative difference between the two could be quite significant, ranging from 5.1% to 12.47%. In 2010, the cumulative difference stood at 6.89% when compared to the base year of 1999. A table showing the comparison of the changes in civil service adjustments and CPI (C) in the past 10 years is given in **Annex V**.

3.39 The Subcommittee considers that the salary portion of the OOER (i.e. 70% of the OOER) should be adjusted annually based on the civil service pay adjustments as the movement of CPI (C) cannot reflect the rate of salary increase in the labour market. As for the remaining 30% of the OOER, it should be adjusted in accordance with the movement of CPI(C).

## Chapter 4 Research services

4.1 Research support for Members has always been considered as an important support service to enable Members to carry out their legislative functions effectively. At present, the LegCo Secretariat only provided research service to LegCo committees or official meetings with overseas visitors. Members need to utilize their own staff or engage outside parties to carry out public and social policies research. To understand the difficulties currently encountered by Members and ascertain their research needs, the Subcommittee requested the LegCo Secretariat to conduct a separate study to ascertain the resources needed for the purpose and the options available to address the needs of Members.

### Study on the research needs of LegCo Members

4.2 On 26 October 2010, the LegCo Secretariat issued a questionnaire to all LegCo Members to collect information on the sources of research support available to them and their satisfaction level, the extent OER can meet the research needs of Members, the shortfall of resources and possible means to meet the shortfall. Thirty-three Members responded to the survey<sup>4</sup> and provided information on their research needs.

4.3 It is noted from the survey that Members obtain research service from various sources. On a simple average of the data collected, about 73% is provided by the in-house staff of Members, 18% by the Members themselves, while 9% by external consultants, affiliated political parties/think tanks and affiliated trade associations/constituency associations, as shown in the table below.

Research services are provided by	Proportion of research work done
Members themselves	18 %
Full-time assistants	54 %
Part-time assistants	4 %
Jointly employed assistants	15 %
External consultants	2 %
Affiliated political party/think tank	5 %
Affiliated trade association/constituency associations	2 %
	100 %

<sup>4</sup> 34 LegCo Members responded but one LegCo Member did not make any comment.

4.4 According to the average ratings on the performance of each type of researchers, the responding Members are more satisfied with the research work conducted by external consultants, affiliated political parties/think tanks and affiliated trade associations/constituency associations. Although the service provided by external consultants has the highest rating, only five respondents have used their service. Based on the figures provided by four respondents, an average of \$10,500 per month has been spent on hiring consultants.

4.5 Twenty-six Members have provided information on the expenditure incurred by them on research work. On average, these Members have spent about \$56,400 a month on research support, of which \$49,200 (about 87%) is reimbursed out of the OOER. This is paid through salaries, consultancy fees, etc. Separately, 29 Members have indicated that if there has not been any financial constraint, they would have conducted more researches to enable them to monitor the work of the Government in a more effective manner. On average, about 63% of research projects are abandoned due to the lack of financial resources.

4.6 Thirty-one Members have given views on the amount of resources they would like to have for conducting research work. This ranges from \$15,000 to \$200,000 a month with a mean of \$74,300 a month. Eighteen Members have also indicated that if the required resources are available, on average, 77% would be allocated for hiring assistants to conduct research, 15% for hiring external consultants and 8% for employing their affiliated political parties/think tanks.

4.7 From the study on the research needs of Members, it is revealed that Members generally consider that they do not have adequate resources to engage staff with the required background to conduct public and social policies research. In order that Members can conduct more professional research studies, the Subcommittee considers that additional financial provision should be provided to Members to enable them to engage experts to undertake ad hoc research projects as and when needed.

4.8 As regards the amount of funding required, the Subcommittee notes that 31 Members have responded to this question in the questionnaire survey and all have confirmed their need for additional funding. The funding requested ranges from \$15,000 to \$200,000 per month, with a mean of \$74,300. It is also found that on average, 77% (i.e. \$57,200) could be absorbed by the staff engaged by Members with the remaining 23% to be provided by outside parties. In monetary terms, this will amount to \$17,000 per month.

4.9 The Subcommittee notes that the outside parties which are most commonly engaged by Members to carry out public and social policies research are external consultants, such as academics, and the political parties, trade unions and constituency associations they are affiliated to. There is a general comment by Members that the current restriction that Members cannot engage their own political parties or associations to carry out research work is outdated and not conducive to the political and constitutional development in Hong Kong, and should therefore be removed.

4.10 The Subcommittee proposes that a new accountable allowance of \$204,000 (\$17,000 x 12 months) per annum should be created, to be claimed on a reimbursement basis, to enable Members to engage outside parties to conduct research. These parties should include the political parties to which they are affiliated. The additional funding should be kept as a separate fund administered by the LegCo Secretariat and be drawn for research purposes only. To ensure that the fruits of research can be shared by all other Members and also members of the public, 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.

## **Chapter 5 Reimbursements for office expenses, setting-up costs and procurement of IT and communication equipment**

5.1 This chapter analyses Members' needs for operating their offices. The data used in this analysis come from two surveys: one on Members' needs for setting up district offices and one on office furniture and equipment requirements. As the findings of the surveys relate to both the non-staff portion of the OER and the one-off provisions to LegCo Members for setting up their offices and procurement of IT and communication equipment, the Subcommittee considers it more appropriate to review the resources from the various one-off provisions in the same exercise to optimize the use of resources and avoid duplication.

### **Background**

5.2 As mentioned in Chapter 2, resources are currently available to Members for setting up and operating their offices from three sources:

- (a) the office expenses of the OOER, which is about 30% of the OOER (i.e. \$496,425 per annum or \$41,368.7 per month), to cover office accommodation expenses, consultancy service, publicity items, expenses on activities, etc;
- (b) the Setting Up Expenses Reimbursement ("SUER") of \$150,000 for each Member per LegCo term, to be claimed on an reimbursable basis, for setting up the central office and a district office; a re-elected Member may only claim up to 50% for renovation, removal or addition of district offices;
- (c) the Information Technology and Communication Equipment Expenses Reimbursement ("ITER") of \$100,000 for each Member per LegCo term, to be claimed on an reimbursable basis, to acquire the necessary IT equipment for communicating with their constituents.

**Provision for office expenses under OER**

5.3 According to the utilization rates of OOER by Members in 2007-2008 and 2008-2009 legislative sessions, the expenses claimed by Members can be broken down into the following categories and the average utilization rates are as follows:

	Oct 2007 to Sep 2008		Oct 2008 to Sep 2009	
	\$	%	\$	%
Reimbursement ceiling (per month per Member)	127,835	100	133,588	100
Average reimbursement total	113,618	88.9	120,329	90.1
Staff remuneration and expenses	88,937	69.6	95,438	71.4
Office accommodation	9,427	7.4	8,618	6.5
Equipment and furniture	379	0.3	1,693	1.3
Other operating expenses	14,875	11.6	14,580	10.9

5.4 The amount of reimbursement for staff-related expenses has been on the rise, in particular among Members returned by geographical constituencies, as shown in the tables below:

**Geographical Constituencies**

	Oct 2007 to Sep 2008		Oct 2008 to Sep 2009	
	\$	%	\$	%
Reimbursement ceiling (per month per Member)	127,835	100	133,588	100
Average reimbursement total	120,206	94.0	127,949	95.8
Staff remuneration and expenses	95,341	74.6	100,311	75.1
Office accommodation	10,529	8.2	10,651	8.0
Equipment and furniture	558	0.4	1,516	1.1
Other operating expenses	13,778	10.8	15,471	11.6



**Functional Constituencies**

	Oct 2007 to Sep 2008		Oct 2008 to Sep 2009	
	\$	%	\$	%
<b>Reimbursement ceiling (per month per Member)</b>	<b>127,835</b>	<b>100</b>	<b>133,588</b>	<b>100</b>
<b>Average reimbursement total</b>	<b>107,030</b>	<b>83.7</b>	<b>112,708</b>	<b>84.4</b>
Staff remuneration and expenses	82,532	64.6	90,564	67.8
Office accommodation	8,324	6.5	6,586	4.9
Equipment and furniture	201	0.1	1,870	1.4
Other operating expenses	15,973	12.5	13,688	10.3

5.5 According to the nature of claims, office expenses cover office accommodation (i.e rental and accommodation expenses), procurement of furniture and equipment, and other operating expenses such as publicity items, consultancy fees, and expenses on activities, etc. For the 2008-2009 legislative year, Members returned by functional and geographical constituencies respectively incur more or less the same level of expenses, i.e. \$15,558 to \$16,987 for daily operation expenses. But where rents are incurred, the difference is much greater, from \$6,586 to \$10,651. The Subcommittee recognises that the difference is due to difference in the number of district offices operated by Members. On average, Members returned by geographical constituencies operate 2 to 3 district offices, while Members returned by functional constituencies operate 1 to 2. Many of the Members returned by geographical constituencies are not claiming rentals from the OOER as their expenses for other office uses have already exceeded the ceiling or approaching the ceiling. Records show that in 2008-2009, 16 out of 30 Members returned by geographical constituencies had utilized almost 100% of OOER with 24 reaching 90% or above.

5.6 As it has been agreed among Members that for the purpose of this review, resources for Members should be calculated on the basis of 7 full-time staff and 3 offices (the central office and 2 district offices), the current office expenses portion of the OOER, which only caters for 2 offices is obviously insufficient. However, the Subcommittee considers it prudent to understand the specific needs of Members and explore other means to meet Members' needs before seeking to increase the office expenses portion of the OOER.

5.7 According to the information provided by the 41 Members (21 returned by functional constituencies and 20 by geographical constituencies) who responded to the questionnaire survey on Members' accommodation needs, Members generally consider that their district office should be larger, from the current average size of 34 sq m to 62 sq m. The expenses for renting the larger offices will be increased from the current \$8,900 per month to \$11,798 per month per office. The Subcommittee therefore considers that a provision of \$11,000 should be adopted as the basis for calculating the resources needed for Members to operate the second district office, if there is a need to do so.

### **Review of the SUER and ITER**

5.8 The Subcommittee has reviewed the utilization of SUER and ITER in the past term, i.e. the Third LegCo, from 2004 to 2008 and noticed the following:

	SUER				ITER			
	3 <sup>rd</sup> LegCo 2004-2008		4 <sup>th</sup> LegCo 2008-2009		3 <sup>rd</sup> LegCo 2004-2008		4 <sup>th</sup> LegCo 2008-2009	
	No. of Members	%	No. of Members	%	No. of Members	%	No. of Members	%
Percentage of entitlement <u>claimed</u>								
90% or more	27	44	3	5	24	39	2	3
Less than 90%	34	56	57	95	37	61	58	97
	61 <sup>(1)</sup>	100	60	100	61 <sup>(1)</sup>	100	60	100

<sup>(1)</sup> A Member passed away in August 2007 and a new Member was elected in the by-election held in December 2007.

5.9 The Subcommittee considers that despite the fact that the full amounts of SUER and ITER had not been fully utilized by Members of the Third LegCo, the same situation may not occur in the Fourth LegCo. Hence, it conducts a survey on the office furniture and equipment required by Members for setting up their central office and 2 district offices to assess if the present levels of SUER and ITER can meet their needs.

LegCo Members' needs for office furniture and equipment

5.10 A questionnaire was sent to all Members on 26 October 2010. Thirty-four of them have responded to the survey. Against a list of furniture and equipment in the questionnaire, Members are requested to indicate the quantity of each item that they consider as normally needed and they can also add other items not provided on the list. Based on the quantities indicated by the respondents, an average quantity<sup>5</sup> needed is worked out in respect of each item. The average quantity needed for each item is then either rounded down or rounded up. Items rounded to zero are not classified as "standard items" for the purpose of resource calculation. The standard items so classified are as follows:

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<sup>5</sup> The average quantity needed for each item was compiled based on valid responses provided by Members.

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**Submission on Legislative Council Members' Operating Expenses Reimbursement**

Item	Standard furniture and equipment required by:					
	District Office			Central Office		
	a full-time assistant	A Member	common area	a full-time assistant	a Member	common area
	Qty	Qty	Qty	Qty	Qty	Qty
a. Desk	1	1		1	1	
b. side return	1	1		1	1	
c. Pedestal	2	2		1	1	
d. Chair	1	1		1	1	
e. desktop personal computer with monitor, Windows 7, Office and anti-virus software	1	1	2	1	1	2
f. notebook computer with Windows 7, Office and anti-virus software					1	
g. iPad/portable digital assistant etc					1	
h. Printer	1*	1*	1	1*	1	1
i. computer table			2	1		1
j. telephone (fixed line)	1	1		1	1	
k. mobile phone	1			1	1	
l. Calculator	1	1		1	1	
m. filing cabinet	2	1		2	2	
n. partition/panel/screen	1	1	2	1	1	1
o. visitor chair			7	1	1	3
p. Camera			1			1
q. roller shutter			1			
r. Counter			1			1
s. sofa for visitors						
• 2-seater						1
• 3-seater						1
t. wall clock			1			1
u. air-conditioner						
• split-type			1			
• window unit			1			
v. electric fan			1			1
w. computer server			1			1
x. computer network (including modem and router) for						
• wired clients			1			1
• wireless clients			1			1
y. conference table			1			1
z. desk/table			3			2
aa. Bench			2			1
ab. Television			1			1
ac. DVD player/recorder or VCR			1			1
ad. MP3/cassette player/recorder			1			1
ae. Photocopier			1			1
af. Scanner			1			1
ag. fax machine			1			1
ah. filing cabinet			4			4
ai. video camera			1			1
aj. public address system (including microphones, speakers, mixer, amplifier etc)			1			1
ak. paper guillotine			1			1
al. paper shredder			1			1
am. water dispenser			1			1
an. microwave oven			1			
ao. Refrigerator			1			
ap. Kettle			1			
aq. vacuum cleaner			1			
ar. Ladder			1			1
as. Trolley			2			1
at. folding chair			2			

\* The Secretariat has used the price of a network printer for cost estimation purposes, instead of using the total price of several single-user printers.

Details of the survey results are summarized in **Annex VI**.

Estimation of resources required for procuring the standard items

5.11 On the basis of Members' returns and assuming that Members are operating 3 offices with a staffing complement of 7 full-time staff, the Supplies Office of the LegCo Secretariat has worked out the resources required for procuring the standard items for LegCo Members in the offices from the market. Estimated prices of individual standard items are in **Annex VI**. Provisions for part-time staff are excluded from the calculation.

5.12 After excluding those standard items that will be provided by the Secretariat for each LegCo Member's central office in the new LegCo Complex, the estimated costs for equipping 3 offices (i.e. 1 central office and 2 district offices) are estimated to be \$482,422. Breakdown of the cost estimates is set out below:

	<b>Estimated provision for 1 central office</b>
1 Member	\$24,124
3 x full-time staff (\$13,804)	\$41,412
Common area	\$93,042
<b>Total for 1 central office</b>	<b>\$158,578</b>

	<b>Estimated provision for 1 district office</b>
1 Member	\$16,269
2 x full-time staff (\$17,439)	\$34,878
Common area	\$110,775
<b>Total for 1 district office</b>	<b>\$161,922</b>
<b>Total for 2 district offices</b>	<b>\$323,844</b>

**Analysis**

5.13 The current level of SUER was drawn up in 1993 on the basis of one central office and one district office for a staffing complement of three staff members. The ITER was made available to each Member per LegCo term in

1999. With the adoption of three offices for 7 staff members as the standard provision, the combined provision of the SUER and the ITER of \$250,000 is no longer adequate to meet Members' needs.

5.14 Against the present \$150,000 for SUER (for a Member who has not claimed SUER in the previous term) and \$100,000 for ITER claimable in a LegCo term, the shortfall for equipping 1 central office and 2 district offices as revealed in the survey on Members' needs for office furniture and equipment is about \$232,422.

5.15 The Subcommittee proposes that the one-off provision for setting up offices and procuring IT and communication equipment should be increased by \$232,500, and that the SUER and ITER should be merged into one single allowance of \$482,500 per tem to allow flexibility.

5.16 With the increase in the combined SUER and ITER provision available for the procurement of office furniture and equipment, the Subcommittee considers that it is currently not necessary to seek for an increase in the office expenses portion of the OOER, and Members should be able to identify savings to pay for the rents of the second district office.

## Chapter 6 Summary of Proposals

6.1 The existing level of OER is no longer adequate to meet the needs of Members to set up and operate their own offices for performing their LegCo functions and duties. LegCo Members today are dealing with a much wider range of complex issues. They need the support of a team of good quality staff to assist them in their daily work and the resources to carry out research on public and social policies.

6.2 Through the review of Members' needs, the Subcommittee has found that the lack of funding in the OER has created tremendous pressure and difficulties for LegCo Members. The situation is particularly serious for those Members who need to operate 2 or more district offices. It has not been possible for Members to pay their staff at a level which is commensurate with those with the same qualifications performing comparable duties in the job market. Due to poor career prospects, irregular and long working hours, and inadequate fringe benefits, the annual turnover rate of full-time staff in Members' offices is as high as 34%. To retain experienced staff and maintain a basic service in their offices, quite a number of Members have to pay out of their own pockets to provide increments and gratuities while others who cannot afford to meet the shortfall through their own means will have to tolerate a high turnover of staff.

6.3 In considering whether the current level of the OER is adequate for LegCo Members, the Subcommittee considers it inappropriate to use the average utilization rate of all 60 Members as the only indicator to assess Members' needs. At present, some Members do not claim up to 100% of their OOER as they do not need to operate more than 1 district office. In fact, the utilization survey of OER conducted by the Secretariat also reveals that half of the 60 Members operate 1 district office or none at all. However, for those Members who have a practical need to establish more than 1 district office, the utilization rates are usually up to 100% and even exceeding 100%. The OER, which is a reimbursement upon claims for actual expenses, should cater for the actual needs of Members and should enable individual LegCo Members to employ and retain a team of good quality staff to support the performance of their LegCo functions and duties.

6.4 The Subcommittee notes that when the allowance system was devised in 1993, it was based on a staffing complement of 3 full-time staff per Member on the basis of running 1 central office and 1 district office. Since then, no review had been undertaken on the standard of staffing support that should be provided to each Member having regard to the complexity of the Member's work.

6.5 To this end, the Subcommittee has conducted its own surveys with the help of the LegCo Secretariat. The survey on staff requirements reveals that LegCo Members engage on average 6.3 full-time staff and 1 part-time staff to carry out the full range of duties, with 50% on core and 50% on non-core LegCo duties. These staff members are required to work in the central office provided by the LegCo Secretariat and also district offices. The average number of offices operated by LegCo Members is 3 including 1 central office and 2 district offices. In the survey, both Members returned by functional and geographical constituencies indicated the need to hire more staff. However, for the purpose of this submission, the Subcommittee adopts the present figures as the standard of provision for seeking a review of the OER. The Subcommittee adopts the average of 7 full-time staff for each Member to operate a central office and 2 district offices, and on the basis of the duties and responsibilities of these staff, determines the qualifications and experience required and their remuneration package having regard to those with the same qualifications and performing comparable duties in the Civil Service (paragraph 3.25).

6.6 The standard of provision adopted by the Subcommittee has the full support of all Members and Members' staff. The Subcommittee is aware that some of the Members may not need to hire up to 7 staff members and operate 2 district offices. Since Members' claims of OOER are processed on the basis of actual amounts of expenditure incurred with documented proof and are open to public scrutiny, there are sufficient safeguards for ensuring the proper and prudent use of public funds.

6.7 Having regard to the nature of core LegCo duties, the Subcommittee *proposes* that there should be at least 1 PA pitched at the level of an EOI to co-ordinate the core support services provided to the Member in the central office. That PA should be assisted by 2 staff members who are basically ACOs to provide secretarial and clerical support. As regards the staffing for 2 district offices, the Subcommittee notes that the district staff need to assist a Member in handling complaints from members of the public, conduct site visits, organize activities, prepare reports, draft press releases, etc., and they need to work long hours. The Subcommittee *proposes* that there should be 2 staff members working in each district office, with at least 1 staff member being a degree-holder. The Subcommittee considers it appropriate to pitch the 2 posts in each district office at EO II level and ACO level respectively (paragraphs 3.27 and 3.28).

6.8 To allow sufficient provisions for effecting the proposed staffing complement, the Subcommittee *proposes* that the financial provision of the proposed staffing complement 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 LegCo term of four years) and that the annual accountable allowance for OOER be revised from \$1,654,750 to \$2,078,613 (+25.6%). Members should be allowed to retain the surplus from the funding for their annual OOER entitlements for roll-over to the next year within the term (paragraph 3.35).

6.9 To ensure continuity of service as well as to attract and retain a pool of high quality staff, the Subcommittee *proposes* that an end-of-service gratuity be provided to full-time staff engaged by LegCo Members, in line with the current arrangement in the Civil Service. The provision for gratuity, which is \$210,228 per annum, may form part of the OOER (+12.7%) but will be kept and maintained by the LegCo Secretariat for the sole purpose of paying gratuities to staff members (paragraph 3.37).

6.10 The Subcommittee also *proposes* that annual adjustment of the salary portion of the OOER (i.e. 70% of the OOER) should be based on the Civil Service pay adjustments whereas the remaining 30% should be adjusted in accordance with the movement of CPI(C) (paragraph 3.39).

6.11 The Subcommittee *proposes* that a further review of the salary provision in the OOER should be conducted in two to three years' time to evaluate the effectiveness of the present package of proposals in retaining quality staff. Where there is evidence that the average length of service of Members' staff has reached four years and beyond, there will be strong grounds for adopting mid-point salaries (instead of the average of the first four salary points) in computing the salary portion of the OOER. The Subcommittee also *proposes* that similar reviews should be conducted "once every four years" (paragraph 3.36).

6.12 The Subcommittee *proposes* that in order to cater for the research needs of LegCo Members, a new separate accountable allowance of \$204,000 per annum to enable Members to engage outside parties to conduct research. These parties should include the political parties to which they are affiliated. The Subcommittee also *proposes* that the additional funding should be kept as a separate fund administered by the LegCo Secretariat and be drawn for research purposes 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).

6.13 On the non-staff portion of the OOER (i.e. about 30% of the OOER), it is mainly used to cover office accommodation expenses, consultancy service, publicity items, expenses on activities. The original sum of this 30%, together with the SUER and ITER were worked out on the basis of one central office and

one district office. Having reviewed the actual needs of Members, the Subcommittee finds that the existing provision is not adequate to cover the resources needed for the operation of the second district office. The survey on the requirement of office furniture and equipment indicates that for setting up 1 central office and 2 district offices, each Member requires a total of \$482,500 per term. The Subcommittee *proposes* that to increase flexibility, the SUER and the ITER should be merged into one single allowance, and the total amount should be increased to \$482,500 per term to enable LegCo Members to operate the 2 district offices (instead of one) if there is a need to do so (paragraph 5.15).

6.14 As regards the shortfall in the non-staff portion of OOER, the Subcommittee notes that the extra rental incurred for an office of an appropriate size as reflected by Members in a survey is about \$11,000 per month. Since a review of the number of district offices which Members may operate is yet to be conducted, there is consensus among Members that additional provision for meeting the shortfall in operating the second district office should not be sought for the time being. Members believe that the current shortfall in meeting the operating cost of the second office may be absorbed if the salary portion of the OOER is enhanced (paragraphs 3.24, 5.7 and 5.16).

6.15 Over the years, the variety and complexity of issues dealt with by Members, and the sizes of constituencies and geographic areas served by Members have increased substantially. These have rendered the present level of resources provided for Members neither sufficient for setting up a reasonable number of offices in the districts they serve nor manning them with the necessary staff with salaries commensurate with their qualification and experience.

6.16 In order to enable Members to recruit and retain a team of good quality staff, to engage external consultants to carry out public and social policies research, to set up district offices, and to procure IT and communication equipment in support of their legislative functions and duties, there is a pressing need to revise the level of the OER to suit the actual needs of Members. The Subcommittee *proposes* that the revised package of the OER as recommended in this submission be implemented as from 1 October 2011.

**Financial implications**

6.17 The financial implications of the enhanced levels of the OER for 60 LegCo Members are set out below:

	<b>Additional financial provisions for 60 LegCo Members</b>
<b>Enhanced level of OOER (per annum)</b>	
> salary portion	\$25,431,780
> gratuity payment	\$12,613,680
<b>Research Fee (per annum)</b>	\$12,240,000
<b>ITER and SUER (per LegCo term)</b>	\$13,950,000

~~~~~ **END** ~~~~~

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

**Membership list**

**Chairman** Hon Emily LAU Wai-hing, JP

**Members** Hon LEE Cheuk-yan

Hon CHEUNG Man-kwong

Hon Abraham SHEK Lai-him, SBS, JP

Hon WONG Ting-kwong, BBS, JP

Hon Ronny TONG Ka-wah, SC

Prof Hon Patrick LAU Sau-shing, SBS, JP

Hon IP Kwok-him, GBS, JP

Hon Mrs Regina IP LAU Suk-ye, GBS, JP

( Total : 9 members )

**Clerk** Mr Andy LAU

Ref: AM 12/01/19 (08-12)

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

**Information Note**

**Statistics on the utilization of  
Members' operating expenses reimbursement**

**Purpose**

This information note reports on the utilization of the financial provisions for the reimbursement of Legislative Council (LegCo) Members' operating expenses: (a) in respect of reimbursements with an annual ceiling, statistics for the two years ended on 30 September 2008 and 30 September 2009 are reported, and (b) in respect of reimbursements with a ceiling for each 4-year LegCo term, statistics for the LegCo term ended on 30 September 2008 and the year ended on 30 September 2009 are reported.

**Statistics**

Annual Financial Provisions

*Office Operation Expenses Reimbursement (OOER)*

2. The statistics on the utilization of OOER are summarized below, with further breakdowns of major expenses in **Appendix I** and an analysis on the distribution of Members according to their respective utilization rates of OOER in **Appendix II**.

**Amounts of OOER claimed**

|                                                  | Oct 2007<br>to<br>Sep 2008 |      | Oct 2008<br>to<br>Sep 2009 |      |
|--------------------------------------------------|----------------------------|------|----------------------------|------|
|                                                  | \$                         | %    | \$                         | %    |
| Average reimbursable amount per month per Member | 127,835                    | 100  | 133,588                    | 100  |
| Average reimbursement                            |                            |      |                            |      |
| Overall average                                  | 113,618                    | 88.9 | 120,329                    | 90.1 |
| FC average                                       | 107,030                    | 83.7 | 112,708                    | 84.4 |
| GC average                                       | 120,206                    | 94.0 | 127,949                    | 95.8 |

FC = Members returned by Functional Constituencies

GC = Members returned by Geographical Constituencies

**Members' utilization rates of OOER**

| Distribution of Members | Oct 2007<br>to<br>Sep 2008 |      |      | Oct 2008<br>to<br>Sep 2009 |      |      |
|-------------------------|----------------------------|------|------|----------------------------|------|------|
|                         | Overall                    | FC   | GC   | Overall                    | FC   | GC   |
| Utilization rate        | %                          | %    | %    | %                          | %    | %    |
| 99% to 100%             | 43.5                       | 36.6 | 50.1 | 36.6                       | 20.0 | 53.4 |
| 90% to < 99%            | 26.6                       | 16.7 | 36.6 | 30.1                       | 33.4 | 26.6 |
| below 90%               | 29.9                       | 46.7 | 13.3 | 33.3                       | 46.6 | 20.0 |
|                         | 100                        | 100  | 100  | 100                        | 100  | 100  |

*Entertainment and Travelling Expenses Reimbursement (ETER)*

- Utilization of ETER is summarised below, with further breakdowns of expenses in **Appendix III** and distribution of Members according to their respective utilization rates in **Appendix IV**.

**Amount of ETER claimed**

|                                                  | Oct 2007<br>to<br>Sep 2008 |      | Oct 2008<br>to<br>Sep 2009 |      |
|--------------------------------------------------|----------------------------|------|----------------------------|------|
|                                                  | \$                         | %    | \$                         | %    |
| Average reimbursable amount per month per Member | 13,109                     | 100  | 13,699                     | 100  |
| Average reimbursement                            |                            |      |                            |      |
| Overall average                                  | 11,776                     | 89.8 | 12,356                     | 90.2 |
| FC average                                       | 11,621                     | 88.6 | 11,581                     | 84.5 |
| GC average                                       | 11,932                     | 91.0 | 13,130                     | 95.8 |

**Members' utilization rates of ETER**

| Distribution of Members<br><br>Utilization rate | Oct 2007<br>to<br>Sep 2008 |         |         | Oct 2008<br>to<br>Sep 2009 |         |         |
|-------------------------------------------------|----------------------------|---------|---------|----------------------------|---------|---------|
|                                                 | Overall<br>%               | FC<br>% | GC<br>% | Overall<br>%               | FC<br>% | GC<br>% |
| 99% to 100%                                     | 71.6                       | 63.4    | 80.1    | 68.3                       | 50.1    | 86.7    |
| 90% to < 99%                                    | 6.7                        | 13.4    | —       | 16.7                       | 26.7    | 6.7     |
| below 90%                                       | 21.7                       | 23.2    | 19.9    | 15.0                       | 23.2    | 6.6     |
|                                                 | 100                        | 100     | 100     | 100                        | 100     | 100     |

*Staff*

4. The following table shows the average numbers of full-time and part-time employees hired by Members, with further details in **Appendices V and VI**:

|                                   | Average no. of employees hired |          |
|-----------------------------------|--------------------------------|----------|
|                                   | Jun 2008                       | Dec 2009 |
| <u>No. of full-time employees</u> |                                |          |
| Overall average                   | 5.4                            | 5.4      |
| FC average                        | 4.1                            | 4.1      |
| GC average                        | 6.8                            | 6.7      |

|                                   | Average no. of employees hired |          |
|-----------------------------------|--------------------------------|----------|
|                                   | Jun 2008                       | Dec 2009 |
| <u>No. of part-time employees</u> |                                |          |
| Overall average                   | 1.7                            | 1.7      |
| FC average                        | 1.4                            | 1.0      |
| GC average                        | 2.1                            | 2.5      |

5. Aggregate numbers of part-time and full-time employees hired by Members are set out in **Appendices VII and VIIa**.

6. Distribution of full-time employees according to their respective salary levels is summarized below:

|                                                  | Distribution of employees by salary range |     |          |     |
|--------------------------------------------------|-------------------------------------------|-----|----------|-----|
|                                                  | Jun 2008                                  |     | Dec 2009 |     |
|                                                  | No.                                       | %   | No.      | %   |
| <u>Full-time employees</u><br>(Salary per month) |                                           |     |          |     |
| Below \$10,000                                   | 101                                       | 31  | 73       | 23  |
| \$10,000 to < \$15,000                           | 101                                       | 31  | 124      | 38  |
| \$15,000 to < \$20,000                           | 56                                        | 17  | 54       | 17  |
| \$20,000 to < \$25,000                           | 27                                        | 8   | 26       | 8   |
| \$25,000 to < \$30,000                           | 19                                        | 6   | 14       | 4   |
| \$30,000 to < \$55,000                           | 21                                        | 7   | 32       | 10  |
|                                                  | 325                                       | 100 | 323      | 100 |

7. More detailed breakdowns of salaries offered to full-time and part-time staff of Members are set out in **Appendix VIII**.

*Offices*

8. Some Members have not claimed rental reimbursement for their district offices. One of the reasons is that the OOER is insufficient to cover the rents after other expenses have been claimed. In view of this, two sets of statistics on the number of district offices operated by Members are compiled, one on offices for which rental reimbursement was claimed (**Appendix IX**) and another on all district offices reported by Members, regardless of whether any rents were reimbursed (**Appendix X**).



9. In calculating the number of district offices funded by OOER, only the portion of a joint office for which rental reimbursement was claimed has been taken into account. The average numbers of district offices operated by Members with funding from OOER, not including the central office provided by the LegCo Secretariat, are summarized below:

|         | No. of district offices (funded by OOER) |         |          |       |
|---------|------------------------------------------|---------|----------|-------|
|         | Jun 2008                                 |         | Dec 2009 |       |
|         | Average                                  | Range   | Average  | Range |
| Overall | 1.3                                      | 0 – 4   | 1.4      | 0 – 5 |
| FC      | 0.7                                      | 0 – 1.5 | 0.5      | 0 – 2 |
| GC      | 1.8                                      | 0 – 4   | 2.3      | 0 – 5 |

10. When offices for which no rent was claimed are included, the average numbers of district offices operated by Members are as follows:

|         | No. of district offices (operated by Members) |       |          |         |
|---------|-----------------------------------------------|-------|----------|---------|
|         | Jun 2008                                      |       | Dec 2009 |         |
|         | Average                                       | Range | Average  | Range   |
| Overall | 1.8                                           | 0 – 7 | 1.9      | 0 – 6   |
| FC      | 1.0                                           | 0 – 2 | 0.9      | 0 – 2.5 |
| GC      | 2.5                                           | 0 – 7 | 2.9      | 0 – 6   |

11. More detailed analyses on the numbers of district offices, categorized according to the channel through which Members are returned, are set out in **Appendices IXa and Xa**.

#### Termly Financial Provisions

*Setting Up Expenses Reimbursement (SUER), Information Technology & Communication Equipment Expenses Reimbursement (ITER) and Winding Up Expenses Reimbursement (WUER)*

12. The following table shows the numbers and percentages of Members who had claimed 90% or more of their respective entitlements to SUER, ITER and WUER in the third LegCo term (four years) and in the year 2008-2009:

|                                             | SUER                               |     |                                    |     | ITER                               |     |                                    |     | WUER                               |     |                                    |   |
|---------------------------------------------|------------------------------------|-----|------------------------------------|-----|------------------------------------|-----|------------------------------------|-----|------------------------------------|-----|------------------------------------|---|
|                                             | 3 <sup>rd</sup> LegCo<br>2004-2008 |     | 4 <sup>th</sup> LegCo<br>2008-2009 |     | 3 <sup>rd</sup> LegCo<br>2004-2008 |     | 4 <sup>th</sup> LegCo<br>2008-2009 |     | 3 <sup>rd</sup> LegCo<br>2004-2008 |     | 4 <sup>th</sup> LegCo<br>2008-2009 |   |
|                                             | No. of<br>Members                  | %   | No. of<br>Members                  | %   | No. of<br>Members                  | %   | No. of<br>Members                  | %   | No. of<br>Members                  | %   | No. of<br>Members                  | % |
| Percentage of<br><u>entitlement claimed</u> |                                    |     |                                    |     |                                    |     |                                    |     |                                    |     |                                    |   |
| 90% or more                                 | 27                                 | 44  | 3                                  | 5   | 24                                 | 39  | 2                                  | 3   | 6                                  | 29  | -                                  | - |
| Less than 90%                               | 34                                 | 56  | 57                                 | 95  | 37                                 | 61  | 58                                 | 97  | 15                                 | 71  | -                                  | - |
|                                             | 61 <sup>(1)</sup>                  | 100 | 60                                 | 100 | 61 <sup>(1)</sup>                  | 100 | 60                                 | 100 | 21                                 | 100 | -                                  | - |

<sup>(1)</sup> A Member passed away in August 2007 and a new Member was elected in the by-election held in December 2007.

13. Further stratification of the above statistics is provided in **Appendix XI**.

**Over-ceiling Expenses**

14. Reporting of over-ceiling expenses, which have not been reimbursed, are at the discretion of Members. The following table summarizes the statistics in **Appendix XII**.

|                                         | Unclaimed expenses over the OOER ceiling (\$'000) |    |                            |     |
|-----------------------------------------|---------------------------------------------------|----|----------------------------|-----|
|                                         | Oct 2007<br>to<br>Sep 2008                        |    | Oct 2008<br>to<br>Sep 2009 |     |
|                                         | FC                                                | GC | FC                         | GC  |
| No. of Members                          | 4                                                 | 2  | —                          | 5   |
| Total over-ceiling<br>expenses reported | 482                                               | 74 | —                          | 159 |
| Average                                 | 121                                               | 37 | —                          | 32  |

15. As noted in **Appendix XII**, not all Members who have fully claimed the reimbursable amount under OOER have reported their over-ceiling expenses. In fact, the statistics on over-ceiling expenses do not fully reflect the level of resources required by Members for carrying out their duties, because of the following reasons:

- (a) lack of manpower rendered it difficult to report on expenses which would not be reimbursed;
- (b) Members might have endeavoured to work within the budget;
- (c) some Members might have refrained from claiming reimbursement for certain shared expenses for the sake of avoiding conflict of interest or saving additional expenditure in relation to the declaration/valuation requirements, such as provision of layout plans and hiring of professional firms for valuation purposes; and
- (d) some Members might not have the financial resources to subsidize their LegCo work.

\* \* \* \* \*

Utilization rates of  
Office Operation Expenses Reimbursement per month per Member

Overall

|                                                       | Oct 2007<br>to<br>Sep 2008 |      | Oct 2008<br>to<br>Sep 2009 |      |
|-------------------------------------------------------|----------------------------|------|----------------------------|------|
|                                                       | \$                         | %    | \$                         | %    |
| Average reimbursable amount<br>(per month per Member) | 127,835                    | 100  | 133,588                    | 100  |
| Average reimbursement total                           | 113,618                    | 88.9 | 120,329                    | 90.1 |
| Staff remuneration and expenses                       | 88,937                     | 69.6 | 95,438                     | 71.4 |
| Office accommodation                                  | 9,427                      | 7.4  | 8,618                      | 6.5  |
| Equipment and furniture                               | 379                        | 0.3  | 1,693                      | 1.3  |
| Other operating expenses                              | 14,875                     | 11.6 | 14,580                     | 10.9 |

Functional Constituencies

|                                                       | Oct 2007<br>to<br>Sep 2008 |      | Oct 2008<br>to<br>Sep 2009 |      |
|-------------------------------------------------------|----------------------------|------|----------------------------|------|
|                                                       | \$                         | %    | \$                         | %    |
| Average reimbursable amount<br>(per month per Member) | 127,835                    | 100  | 133,588                    | 100  |
| Average reimbursement total                           | 107,030                    | 83.7 | 112,708                    | 84.4 |
| Staff remuneration and expenses                       | 82,532                     | 64.6 | 90,564                     | 67.8 |
| Office accommodation                                  | 8,324                      | 6.5  | 6,586                      | 4.9  |
| Equipment and furniture                               | 201                        | 0.1  | 1,870                      | 1.4  |
| Other operating expenses                              | 15,973                     | 12.5 | 13,688                     | 10.3 |

Geographical Constituencies

|                                                       | Oct 2007<br>to<br>Sep 2008 |      | Oct 2008<br>to<br>Sep 2009 |      |
|-------------------------------------------------------|----------------------------|------|----------------------------|------|
|                                                       | \$                         | %    | \$                         | %    |
| Average reimbursable amount<br>(per month per Member) | 127,835                    | 100  | 133,588                    | 100  |
| Average reimbursement total                           | 120,206                    | 94.0 | 127,949                    | 95.8 |
| Staff remuneration and expenses                       | 95,341                     | 74.6 | 100,311                    | 75.1 |
| Office accommodation                                  | 10,529                     | 8.2  | 10,651                     | 8.0  |
| Equipment and furniture                               | 558                        | 0.4  | 1,516                      | 1.1  |
| Other operating expenses                              | 13,778                     | 10.8 | 15,471                     | 11.6 |

Appendix II  
to Annex II

Distribution of Members according to their respective utilization rates of  
Office Operation Expenses Reimbursement

| Utilization rate (%)        | No. of Members | 2007/08    |           |            |           |            |           | 2008/09    |           |            |           |            |   |
|-----------------------------|----------------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|---|
|                             |                | Overall    |           | FC         |           | GC         |           | Overall    |           | FC         |           | GC         |   |
|                             |                | No.        | %         | No.        | %         | No.        | %         | No.        | %         | No.        | %         | No.        | % |
| 100                         | 18             | 30.1       | 7         | 23.3       | 11        | 36.7       | 11        | 18.3       | 1         | 3.3        | 10        | 33.4       |   |
| 99 to <100                  | 8              | 13.4       | 4         | 13.3       | 4         | 13.4       | 11        | 18.3       | 5         | 16.7       | 6         | 20.0       |   |
| 90 to <99                   | 16             | 26.6       | 5         | 16.7       | 11        | 36.6       | 18        | 30.1       | 10        | 33.4       | 8         | 26.6       |   |
| 80 to <90                   | 3              | 5.0        | 2         | 6.7        | 1         | 3.3        | 10        | 16.7       | 5         | 16.7       | 5         | 16.7       |   |
| 70 to <80                   | 5              | 8.4        | 3         | 10.0       | 2         | 6.7        | 4         | 6.6        | 3         | 10.0       | 1         | 3.3        |   |
| 60 to <70                   | 6              | 9.9        | 6         | 20.0       | 0         | —          | 4         | 6.6        | 4         | 13.3       | 0         | —          |   |
| 50 to <60                   | 2              | 3.3        | 2         | 6.7        | 0         | —          | 1         | 1.7        | 1         | 3.3        | 0         | —          |   |
| 40 to <50                   | 2              | 3.3        | 1         | 3.3        | 1         | 3.3        | 0         | —          | 0         | —          | 0         | —          |   |
| 30 to <40                   | 0              | —          | 0         | —          | 0         | —          | 1         | 1.7        | 1         | 3.3        | 0         | —          |   |
| <b>Total no. of Members</b> | <b>60</b>      | <b>100</b> | <b>30</b> | <b>100</b> | <b>30</b> | <b>100</b> | <b>60</b> | <b>100</b> | <b>30</b> | <b>100</b> | <b>30</b> | <b>100</b> |   |

FC = Functional Constituencies  
GC = Geographical Constituencies

Utilization rates of  
Entertainment and Travelling Expenses Reimbursement per month per Member

Overall

|                                                       | Oct 2007<br>to<br>Sep-2008 |      | Oct 2008<br>to<br>Sep-2009 |      |
|-------------------------------------------------------|----------------------------|------|----------------------------|------|
|                                                       | \$                         | %    | \$                         | %    |
| Average reimbursable amount<br>(per month per Member) | 13,109                     | 100  | 13,699                     | 100  |
| Average reimbursement total                           | 11,776                     | 89.8 | 12,356                     | 90.2 |
| Entertainment and travelling expenses                 | 11,130                     | 84.9 | 12,036                     | 87.9 |
| Staff remuneration <sup>(1)</sup>                     | 646                        | 4.9  | 320                        | 2.3  |

Functional Constituencies

|                                                       | Oct 2007<br>to<br>Sep 2008 |      | Oct 2008<br>to<br>Sep-2009 |      |
|-------------------------------------------------------|----------------------------|------|----------------------------|------|
|                                                       | \$                         | %    | \$                         | %    |
| Average reimbursable amount<br>(per month per Member) | 13,109                     | 100  | 13,699                     | 100  |
| Average reimbursement total                           | 11,621                     | 88.6 | 11,581                     | 84.5 |
| Entertainment and travelling expenses                 | 11,119                     | 84.8 | 11,367                     | 83.0 |
| Staff remuneration <sup>(1)</sup>                     | 502                        | 3.8  | 214                        | 1.5  |

Geographical Constituencies

|                                                       | Oct 2007<br>to<br>Sep 2008 |      | Oct 2008<br>to<br>Sep-2009 |      |
|-------------------------------------------------------|----------------------------|------|----------------------------|------|
|                                                       | \$                         | %    | \$                         | %    |
| Average reimbursable amount<br>(per month per Member) | 13,109                     | 100  | 13,699                     | 100  |
| Average reimbursement total                           | 11,932                     | 91.0 | 13,130                     | 95.8 |
| Entertainment and travelling expenses                 | 11,141                     | 85.0 | 12,705                     | 92.7 |
| Staff remuneration <sup>(1)</sup>                     | 791                        | 6.0  | 425                        | 3.1  |

<sup>(1)</sup> For flexibility in the deployment of resources, 50% of the Entertainment and Travelling Expenses Reimbursement can be used for employment of staff.

Appendix IV  
to Annex II

Distribution of Members according to their respective utilization rates of  
Entertainment and Travelling Expenses Reimbursement

| Utilization rate (%)        | No. of Members | 2007/08    |           |            |           |            |           | 2008/09    |           |            |           |            |   |
|-----------------------------|----------------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|---|
|                             |                | Overall    |           | FC         |           | GC         |           | Overall    |           | FC         |           | GC         |   |
|                             |                | No.        | %         | No.        | %         | No.        | %         | No.        | %         | No.        | %         | No.        | % |
| 100                         | 39             | 64.9       | 15        | 50.0       | 24        | 80.1       | 33        | 55.0       | 11        | 36.7       | 22        | 73.3       |   |
| 99 to <100                  | 4              | 6.7        | 4         | 13.4       | 0         | —          | 8         | 13.3       | 4         | 13.4       | 4         | 13.4       |   |
| 90 to <99                   | 4              | 6.7        | 4         | 13.4       | 0         | —          | 10        | 16.7       | 8         | 26.7       | 2         | 6.7        |   |
| 80 to <90                   | 3              | 5.0        | 1         | 3.3        | 2         | 6.7        | 1         | 1.7        | 1         | 3.3        | 0         | —          |   |
| 70 to <80                   | 4              | 6.7        | 3         | 10.0       | 1         | 3.3        | 2         | 3.3        | 1         | 3.3        | 1         | 3.3        |   |
| 60 to <70                   | 1              | 1.7        | 0         | —          | 1         | 3.3        | 0         | —          | 0         | —          | 0         | —          |   |
| 50 to <60                   | 0              | —          | 0         | —          | 0         | —          | 0         | —          | 0         | —          | 0         | —          |   |
| 40 to <50                   | 1              | 1.7        | 1         | 3.3        | 0         | —          | 0         | —          | 0         | —          | 0         | —          |   |
| 30 to <40                   | 0              | —          | 0         | —          | 0         | —          | 1         | 1.7        | 1         | 3.3        | 0         | —          |   |
| 20 to <30                   | 0              | —          | 0         | —          | 0         | —          | 2         | 3.3        | 2         | 6.7        | 0         | —          |   |
| 10 to <20                   | 2              | 3.3        | 1         | 3.3        | 1         | 3.3        | 2         | 3.3        | 1         | 3.3        | 1         | 3.3        |   |
| 0 to <10                    | 2              | 3.3        | 1         | 3.3        | 1         | 3.3        | 1         | 1.7        | 1         | 3.3        | 0         | —          |   |
| <b>Total no. of Members</b> | <b>60</b>      | <b>100</b> | <b>30</b> | <b>100</b> | <b>30</b> | <b>100</b> | <b>60</b> | <b>100</b> | <b>30</b> | <b>100</b> | <b>30</b> | <b>100</b> |   |

FC = Functional Constituencies  
GC = Geographical Constituencies

**Appendix V  
to Annex II**

**Number of full-time staff hired by LegCo Members**

**(i) Functional Constituencies**

| No. of Members<br>No. of full-time employees | Jun 2008   | Dec 2009   |
|----------------------------------------------|------------|------------|
| 0                                            | 1          | 1          |
| 1                                            | 1          | 0          |
| 1.5                                          | 1          | 0          |
| 2                                            | 1          | 2          |
| 2.5                                          | 1          | 0          |
| 3                                            | 9          | 8          |
| 3.5                                          | 1          | 0          |
| 4                                            | 4          | 8          |
| 5                                            | 5          | 7          |
| 5.5                                          | 1          | 0          |
| 6                                            | 1          | 2          |
| 7                                            | 2          | 1          |
| 8                                            | 0          | 1          |
| 9                                            | 2          | 0          |
| <b>No. of Members</b>                        | <b>30</b>  | <b>30</b>  |
| <b>Total no. of staff employed</b>           | <b>122</b> | <b>122</b> |

**(ii) Geographical Constituencies**

| No. of Members<br>No. of full-time employees | Jun 2008   | Dec 2009   |
|----------------------------------------------|------------|------------|
| 3                                            | 2          | 0          |
| 4                                            | 2          | 2          |
| 4.5                                          | 1          | 1          |
| 5                                            | 7          | 7          |
| 6                                            | 5          | 3          |
| 6.5                                          | 0          | 1          |
| 7                                            | 3          | 8          |
| 8                                            | 2          | 4          |
| 9                                            | 4          | 2          |
| 10                                           | 0          | 1          |
| 11                                           | 2          | 1          |
| 12                                           | 2          | 0          |
| <b>No. of Members</b>                        | <b>30</b>  | <b>30</b>  |
| <b>Total no. of staff employed</b>           | <b>203</b> | <b>201</b> |

Staff jointly employed by Members are counted in proportion to the remuneration shared.



**Appendix VI  
to Annex II**

**Number of part-time employees hired by LegCo Members**

**(i) Functional Constituencies**

| No. of Members<br>No. of part-time employees | June 2008 | Dec 2009 |
|----------------------------------------------|-----------|----------|
| 0                                            | 17        | 19       |
| 1                                            | 4         | 7        |
| 2                                            | 5         | 3        |
| 3                                            | 2         | 0        |
| 5                                            | 1         | 0        |
| 16                                           | 1         | 1        |
| No. of Members                               | 30        | 30       |
| Total no. of employees hired                 | 41        | 29       |

**(ii) Geographical Constituencies**

| No. of Members<br>No. of part-time employees | June 2008 | Dec 2009 |
|----------------------------------------------|-----------|----------|
| 0                                            | 8         | 7        |
| 1                                            | 12        | 4        |
| 1.5                                          | 0         | 1        |
| 2                                            | 4         | 6        |
| 3                                            | 2         | 4        |
| 4                                            | 0         | 2        |
| 4.5                                          | 0         | 1        |
| 5                                            | 0         | 1        |
| 6                                            | 1         | 2        |
| 7                                            | 0         | 1        |
| 8                                            | 1         | 1        |
| 9                                            | 1         | 0        |
| 13                                           | 1         | 0        |
| No. of Members                               | 30        | 30       |
| Total no. of employees hired                 | 62        | 74       |

Appendix VII  
to Annex II

Number of employees hired by LegCo Members  
(including full-time and part-time employees)

| No. of Members<br>No. of employees hired | Jun 2008   | Dec 2009   |
|------------------------------------------|------------|------------|
| 1                                        | 1          | 0          |
| 2                                        | 0          | 1          |
| 2.5                                      | 2          | 0          |
| 3                                        | 8          | 5          |
| 3.5                                      | 1          | 0          |
| 4                                        | 3          | 9          |
| 5                                        | 9          | 12         |
| 5.5                                      | 2          | 0          |
| 6                                        | 5          | 4          |
| 7                                        | 7          | 3          |
| 8                                        | 3          | 7          |
| 9                                        | 6          | 6          |
| 10                                       | 4          | 4          |
| 11                                       | 0          | 2          |
| 12                                       | 2          | 3          |
| 13                                       | 3          | 1          |
| 14                                       | 0          | 1          |
| 15                                       | 1          | 1          |
| 16                                       | 1          | 1          |
| 17                                       | 1          | 0          |
| 18                                       | 1          | 0          |
| <b>No. of Members</b>                    | <b>60</b>  | <b>60</b>  |
| <b>Total no. of employees hired</b>      | <b>428</b> | <b>426</b> |

Staff jointly employed by Members are counted in proportion to the remuneration shared.

Appendix VIIa  
to Annex II

Number of employees hired by LegCo Members

Full-time employees

| No. of full-time employees hired \ No. of Members | Jun 2008   | Dec 2009   |
|---------------------------------------------------|------------|------------|
| 0                                                 | 1          | 1          |
| 1                                                 | 1          | 0          |
| 1.5                                               | 1          | 0          |
| 2                                                 | 1          | 2          |
| 2.5                                               | 1          | 0          |
| 3                                                 | 11         | 8          |
| 3.5                                               | 1          | 0          |
| 4                                                 | 6          | 10         |
| 4.5                                               | 1          | 1          |
| 5                                                 | 12         | 14         |
| 5.5                                               | 1          | 0          |
| 6                                                 | 6          | 5          |
| 6.5                                               | 0          | 1          |
| 7                                                 | 5          | 9          |
| 8                                                 | 2          | 5          |
| 9                                                 | 6          | 2          |
| 10                                                | 0          | 1          |
| 11                                                | 2          | 1          |
| 12                                                | 2          | 0          |
| <b>No. of Members</b>                             | <b>60</b>  | <b>60</b>  |
| <b>Total no. of full-time employees hired</b>     | <b>325</b> | <b>323</b> |

Part-time employees

| No. of part-time employees hired \ No. of Members | Jun 2008   | Dec 2009   |
|---------------------------------------------------|------------|------------|
| 0                                                 | 25         | 26         |
| 1                                                 | 16         | 11         |
| 1.5                                               | 0          | 1          |
| 2                                                 | 9          | 9          |
| 3                                                 | 4          | 4          |
| 4                                                 | 0          | 2          |
| 4.5                                               | 0          | 1          |
| 5                                                 | 1          | 1          |
| 6                                                 | 1          | 2          |
| 7                                                 | 0          | 1          |
| 8                                                 | 1          | 1          |
| 9                                                 | 1          | 0          |
| 13                                                | 1          | 0          |
| 16                                                | 1          | 1          |
| <b>No. of Members</b>                             | <b>60</b>  | <b>60</b>  |
| <b>Total no. of part-time employees hired</b>     | <b>103</b> | <b>103</b> |

Staff jointly employed by Members are counted in proportion to the remuneration shared.

**Appendix VIII  
to Annex II**

**Salary level of employees hired by LegCo Members**

**Full-time employees**

| Salary range (\$) | No. of full-time employees |            |
|-------------------|----------------------------|------------|
|                   | Jun 2008                   | Dec 2009   |
| 0 to <5,000       | 5                          | 2          |
| 5,000 to <10,000  | 96                         | 71         |
| 10,000 to <15,000 | 101                        | 124        |
| 15,000 to <20,000 | 56                         | 54         |
| 20,000 to <25,000 | 27                         | 26         |
| 25,000 to <30,000 | 19                         | 14         |
| 30,000 to <35,000 | 11                         | 19         |
| 35,000 to <40,000 | 6                          | 7          |
| 40,000 to <45,000 | 3                          | 3          |
| 45,000 to <50,000 | 0                          | 2          |
| 50,000 to <55,000 | 1                          | 1          |
| <b>Total</b>      | <b>325</b>                 | <b>323</b> |

**Part-time employees**

| Salary range (\$) | No. of part-time employees |            |
|-------------------|----------------------------|------------|
|                   | Jun 2008                   | Dec 2009   |
| 0 to <1,000       | 13                         | 11         |
| 1,000 to <2,000   | 10                         | 8          |
| 2,000 to <3,000   | 11                         | 9          |
| 3,000 to <4,000   | 18                         | 13         |
| 4,000 to <5,000   | 19                         | 13         |
| 5,000 to <6,000   | 8                          | 12         |
| 6,000 to <7,000   | 8                          | 12         |
| 7,000 to <8,000   | 4                          | 5          |
| 8,000 to <9,000   | 2                          | 2          |
| 9,000 to <10,000  | 1                          | 2          |
| 10,000 to <11,000 | 3                          | 8          |
| 11,000 to <12,000 | 0                          | 2          |
| 12,000 to <13,000 | 0                          | 0          |
| 13,000 to <14,000 | 1                          | 1          |
| 14,000 to <15,000 | 2                          | 0          |
| 15,000 to <16,000 | 0                          | 1          |
| ⋮                 | ⋮                          | ⋮          |
| 20,000 to <21,000 | 3                          | 2          |
| ⋮                 | ⋮                          | ⋮          |
| 25,000 to <26,000 | 0                          | 2          |
| <b>Total</b>      | <b>103</b>                 | <b>103</b> |

Appendix IX  
to Annex II

Number of district offices operated by LegCo Members  
(excluding district offices for which no rental reimbursement was claimed)

| No. of district offices <sup>(1) &amp; (2)</sup>                          | No. of Members |              |
|---------------------------------------------------------------------------|----------------|--------------|
|                                                                           | Jun 2008       | Dec 2009     |
| 0                                                                         | 11             | 18           |
| 0.5                                                                       | 7              | 6            |
| 1                                                                         | 20             | 13           |
| 1.5                                                                       | 2              | 2            |
| 2                                                                         | 10             | 6            |
| 2.5                                                                       | 4              | 2            |
| 3                                                                         | 4              | 7            |
| 3.5                                                                       | —              | 2            |
| 4                                                                         | 2              | 1            |
| 4.5                                                                       | —              | 2            |
| 5                                                                         | —              | 1            |
| <b>No. of Members</b>                                                     | <b>60</b>      | <b>60</b>    |
| <b>Total no. of district offices operated by 60 Members<sup>(3)</sup></b> | <b>75.40</b>   | <b>81.70</b> |

- (1) For an office shared by two or more LegCo/District Council Members, only the shared portion of the office is counted.
- (2) Only district offices for which rents have been reimbursed are counted in the statistics — the central office (40m<sup>2</sup>) provided free-of-charge by the LegCo Secretariat for each Member and district offices for which no rental reimbursement has been claimed are excluded.
- (3) The number of offices calculated from figures in the table may not add up to the total stated at the bottom because of rounding differences.

Number of district offices operated by LegCo Members  
(excluding district offices for which no rental reimbursement was claimed)

i) Functional Constituencies (FC)

| No. of district offices <sup>(1) &amp; (2)</sup>                                        | No. of Members |              |
|-----------------------------------------------------------------------------------------|----------------|--------------|
|                                                                                         | Jun 2008       | Dec 2009     |
| 0                                                                                       | 7              | 15           |
| 0.5                                                                                     | 6              | 4            |
| 1                                                                                       | 16             | 10           |
| 1.5                                                                                     | 1              | –            |
| 2                                                                                       | –              | 1            |
| <b>No. of Members</b>                                                                   | <b>30</b>      | <b>30</b>    |
| <b>Total no. of district offices operated by Members returned from FC<sup>(3)</sup></b> | <b>20.16</b>   | <b>14.12</b> |

ii) Geographical Constituencies (GC)

| No. of district offices <sup>(1) &amp; (2)</sup>                                        | No. of Members |              |
|-----------------------------------------------------------------------------------------|----------------|--------------|
|                                                                                         | Jun 2008       | Dec 2009     |
| 0                                                                                       | 4              | 3            |
| 0.5                                                                                     | 1              | 2            |
| 1                                                                                       | 4              | 3            |
| 1.5                                                                                     | 1              | 2            |
| 2                                                                                       | 10             | 5            |
| 2.5                                                                                     | 4              | 2            |
| 3                                                                                       | 4              | 7            |
| 3.5                                                                                     | –              | 2            |
| 4                                                                                       | 2              | 1            |
| 4.5                                                                                     | –              | 2            |
| 5                                                                                       | –              | 1            |
| <b>No. of Members</b>                                                                   | <b>30</b>      | <b>30</b>    |
| <b>Total no. of district offices operated by Members returned from GC<sup>(3)</sup></b> | <b>55.24</b>   | <b>67.58</b> |

- (1) For an office shared by two or more LegCo/District Council Members, only the shared portion of the office is counted.
- (2) Only district offices for which rents have been reimbursed are counted in the statistics — the central office (40m<sup>2</sup>) provided free-of-charge by the LegCo Secretariat for each Member and district offices for which no rental reimbursement has been claimed
- (3) The number of offices calculated from figures in the table may not add up to the total stated at the bottom because of rounding differences.

**Appendix X  
to Annex II**

**Number of district offices operated by LegCo Members  
(including district offices for which no rental reimbursement was claimed)**

| No. of district offices <sup>(1) &amp; (2)</sup>                          | No. of Members |               |
|---------------------------------------------------------------------------|----------------|---------------|
|                                                                           | Jun 2008       | Dec 2009      |
| 0                                                                         | 5              | 10            |
| 0.5                                                                       | 4              | 2             |
| 1                                                                         | 21             | 18            |
| 1.5                                                                       | 4              | 2             |
| 2                                                                         | 11             | 9             |
| 2.5                                                                       | 1              | 1             |
| 3                                                                         | 6              | 7             |
| 3.5                                                                       | 3              | 2             |
| 4                                                                         | 3              | 3             |
| 4.5                                                                       | 1              | 3             |
| 5                                                                         | –              | 2             |
| 6                                                                         | –              | 1             |
| 7                                                                         | 1              | –             |
| <b>No. of Members</b>                                                     | <b>60</b>      | <b>60</b>     |
| <b>Total no. of district offices operated by 60 Members<sup>(3)</sup></b> | <b>104.90</b>  | <b>111.20</b> |

- (1) For an office shared by two or more LegCo/District Council Members, only the shared portion of the office is counted.
- (2) District offices reported by Members are counted in these statistics, regardless of whether rents were claimed. The central offices (40m<sup>2</sup> per Member) provided free-of-charge by the LegCo Secretariat for Members are excluded from the statistics.
- (3) The number of offices calculated from figures in the table may not add up to the total stated at the bottom because of rounding differences.

**Number of district offices operated by LegCo Members  
(including district offices for which no rental reimbursement was claimed)**

**i) Functional Constituencies (FC)**

| No. of district offices <sup>(1) &amp; (2)</sup>                                         | No. of Members |              |
|------------------------------------------------------------------------------------------|----------------|--------------|
|                                                                                          | Jun 2008       | Dec 2009     |
| 0                                                                                        | 3              | 9            |
| 0.5                                                                                      | 4              | —            |
| 1                                                                                        | 17             | 16           |
| 1.5                                                                                      | 4              | 1            |
| 2                                                                                        | 2              | 3            |
| 2.5                                                                                      | —              | 1            |
| <b>No. of Members</b>                                                                    | <b>30</b>      | <b>30</b>    |
| <b>Total no. of district offices operated by Members returned from FC <sup>(3)</sup></b> | <b>28.82</b>   | <b>25.62</b> |

**ii) Geographical Constituencies (GC)**

| No. of district offices <sup>(1) &amp; (2)</sup>                                         | No. of Members |              |
|------------------------------------------------------------------------------------------|----------------|--------------|
|                                                                                          | Jun 2008       | Dec 2009     |
| 0                                                                                        | 2              | 1            |
| 0.5                                                                                      | —              | 2            |
| 1                                                                                        | 4              | 2            |
| 1.5                                                                                      | —              | 1            |
| 2                                                                                        | 9              | 6            |
| 2.5                                                                                      | 1              | —            |
| 3                                                                                        | 6              | 7            |
| 3.5                                                                                      | 3              | 2            |
| 4                                                                                        | 3              | 3            |
| 4.5                                                                                      | 1              | 3            |
| 5                                                                                        | —              | 2            |
| 6                                                                                        | —              | 1            |
| 7                                                                                        | 1              | —            |
| <b>No. of Members</b>                                                                    | <b>30</b>      | <b>30</b>    |
| <b>Total no. of district offices operated by Members returned from GC <sup>(3)</sup></b> | <b>76.08</b>   | <b>85.58</b> |

- (1) For an office shared by two or more LegCo/District Council Members, only the shared portion of the office is counted.
- (2) District offices reported by Members are counted in these statistics, regardless of whether rents were claimed. The central offices (40m<sup>2</sup> per Member) provided free-of-charge by the LegCo Secretariat for Members are excluded from the statistics.
- (3) The number of offices calculated from figures in the table may not add up to the total stated at the bottom because of rounding differences.



Statistics on LegCo Members' Utilization of Termly Provisions  
[i.e. Setting Up Expenses Reimbursement (SUER), Information Technology &  
Communication Equipment Expenses Reimbursement (ITER) and Winding Up Expenses Reimbursement (WUER)]

| No. of Members<br>Utilization rate | SUER                                               |                                                    | ITER                                               |                                                    | WUER <sup>(2)</sup>                                |                                                    |
|------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
|                                    | 3 <sup>rd</sup> LegCo<br>(Oct 2004 –<br>Sept 2008) | 4 <sup>th</sup> LegCo<br>(Oct 2008 –<br>Sept 2009) | 3 <sup>rd</sup> LegCo<br>(Oct 2004 –<br>Sept 2008) | 4 <sup>th</sup> LegCo<br>(Oct 2008 –<br>Sept 2009) | 3 <sup>rd</sup> LegCo<br>(Oct 2004 –<br>Sept 2008) | 4 <sup>th</sup> LegCo<br>(Oct 2008 –<br>Sept 2009) |
| 100%                               | 8                                                  | 1                                                  | 8                                                  | 0                                                  | 3                                                  | -                                                  |
| 90% to <100%                       | 19                                                 | 2                                                  | 16                                                 | 2                                                  | 3                                                  | -                                                  |
| 80% to <90%                        | 2                                                  | 1                                                  | 2                                                  | 0                                                  | 2                                                  | -                                                  |
| 70% to <80%                        | 1                                                  | 3                                                  | 10                                                 | 2                                                  | 3                                                  | -                                                  |
| 60% to <70%                        | 6                                                  | 4                                                  | 2                                                  | 4                                                  | 0                                                  | -                                                  |
| 50% to <60%                        | 2                                                  | 6                                                  | 4                                                  | 5                                                  | 0                                                  | -                                                  |
| 40% to <50%                        | 4                                                  | 5                                                  | 2                                                  | 4                                                  | 1                                                  | -                                                  |
| 30% to <40%                        | 2                                                  | 2                                                  | 4                                                  | 10                                                 | 2                                                  | -                                                  |
| 20% to <30%                        | 2                                                  | 8                                                  | 2                                                  | 9                                                  | 0                                                  | -                                                  |
| 10% to <20%                        | 3                                                  | 3                                                  | 3                                                  | 8                                                  | 2                                                  | -                                                  |
| >0% to <10%                        | 3                                                  | 7                                                  | 0                                                  | 5                                                  | 5                                                  | -                                                  |
| 0%                                 | 9                                                  | 18                                                 | 8                                                  | 11                                                 | -                                                  | -                                                  |
| <b>TOTAL</b>                       | <b>61<sup>(1)</sup></b>                            | <b>60</b>                                          | <b>61<sup>(1)</sup></b>                            | <b>60</b>                                          | <b>21</b>                                          | <b>-</b>                                           |

(1) A Member passed away in August 2007 and a new Member was elected in the by-election held in December 2007.

(2) Only outgoing Members can claim WUER. As severance payments are reimbursed on actual basis without a ceiling, the utilization rates here reflect the reimbursement of other winding up expenses under the fixed-ceiling portion.

Appendix XII  
to Annex II

Over-ceiling expenses not reimbursed

Oct 2008 to Sep 2009

| Member                             | Expenses in excess of the ceiling for  |                                |                             |                                 |                     |                |                               |                |
|------------------------------------|----------------------------------------|--------------------------------|-----------------------------|---------------------------------|---------------------|----------------|-------------------------------|----------------|
|                                    | OOER                                   |                                |                             |                                 |                     |                | ETER                          |                |
|                                    | Staff remuneration and expenses \$'000 | Equipment and furniture \$'000 | Office accommodation \$'000 | Other operating expenses \$'000 | Annual total \$'000 | Over-ceiling % | Entertainment expenses \$'000 | Over-ceiling % |
| <b>Geographical Constituencies</b> |                                        |                                |                             |                                 |                     |                |                               |                |
| A                                  | 98                                     |                                | 9                           | 8                               | 115                 | 7.2            |                               |                |
| B                                  | 8                                      |                                | 2                           | 13                              | 23                  | 1.4            |                               |                |
| K                                  |                                        |                                | 9                           | 8                               | 17                  | 1.1            |                               |                |
| Q                                  |                                        |                                |                             | *                               |                     |                |                               |                |
| R                                  |                                        |                                | 4                           |                                 | 4                   | 0.3            |                               |                |
| <b>Total</b>                       | <b>106</b>                             | <b>0</b>                       | <b>24</b>                   | <b>29</b>                       | <b>159</b>          | <b>2.0</b>     | <b>0</b>                      | <b>0.0</b>     |

\* = \$260.62

Out of the 11 Members who fully claimed the reimbursable amount under OOER, only 5 reported their over-ceiling expenses to the Secretariat.

Oct 2007 to Sep 2008

| Member                             | Expenses in excess of the ceiling for  |                                |                             |                                 |                     |                |                               |                |
|------------------------------------|----------------------------------------|--------------------------------|-----------------------------|---------------------------------|---------------------|----------------|-------------------------------|----------------|
|                                    | OOER                                   |                                |                             |                                 |                     |                | ETER                          |                |
|                                    | Staff remuneration and expenses \$'000 | Equipment and furniture \$'000 | Office accommodation \$'000 | Other operating expenses \$'000 | Annual total \$'000 | Over-ceiling % | Entertainment expenses \$'000 | Over-ceiling % |
| <b>Functional Constituencies</b>   |                                        |                                |                             |                                 |                     |                |                               |                |
| L                                  |                                        |                                | 36                          | 17                              | 53                  | 3.5            |                               |                |
| O                                  |                                        |                                |                             | 133                             | 133                 | 8.7            |                               |                |
| P                                  | 7                                      |                                | 5                           | 59                              | 71                  | 4.6            |                               |                |
| K                                  | 130                                    |                                | 64                          | 31                              | 225                 | 14.7           |                               |                |
| <b>Sub-total</b>                   | <b>137</b>                             | <b>0</b>                       | <b>105</b>                  | <b>240</b>                      | <b>482</b>          | <b>7.9</b>     | <b>0</b>                      | <b>0.0</b>     |
| <b>Geographical Constituencies</b> |                                        |                                |                             |                                 |                     |                |                               |                |
| G                                  |                                        |                                | 22                          | 20                              | 42                  | 2.7            |                               |                |
| N                                  | 23                                     |                                | 2                           | 7                               | 32                  | 2.1            |                               |                |
| <b>Sub-total</b>                   | <b>23</b>                              | <b>0</b>                       | <b>24</b>                   | <b>27</b>                       | <b>74</b>           | <b>2.4</b>     | <b>0</b>                      | <b>0.0</b>     |
| <b>Total</b>                       | <b>160</b>                             | <b>0</b>                       | <b>129</b>                  | <b>267</b>                      | <b>556</b>          | <b>6.0</b>     | <b>0</b>                      | <b>0.0</b>     |

Out of the 18 Members who fully claimed the reimbursable amount under OOER, only 5 reported their over-ceiling expenses to the Secretariat. On the other hand, while with a small unclaimed balance under OOER, Member G has reported her unclaimed expenses to the Secretariat. In total, her expenses were over the OOER ceiling.

**Brief summary of essential information from the Survey on  
the staffing complement in Members' offices**

**Survey findings**

According to the survey data, each Member operates an average of 3 offices, including the Central Office provided by the LegCo Secretariat. The average number of staff employed by each Member is around 7, including full-time and part-time staff.

*Job duties of staff*

2. Members' staff, including both full-time staff and part-time staff, can be categorized into three groups based on their duties. The proportion of staff in different groups and the major three duties of each group are listed below:

Group A (4%): Staff who perform core LegCo duties only –

- providing research support;
- going through committee papers and providing summaries, highlighting areas of concern and preparing questions for meetings; and
- drafting of speeches and articles;

Group B (39%): Staff who perform other LegCo-related duties only –

- meeting the public/constituents and handling enquiries and complaints;
- preparing publications, newsletters, work reports, publicity materials; and
- handling accounting matters; and

Group C (57%): Staff who perform both core LegCo and other LegCo-related duties –

- meeting the public/constituents and handling enquiries and complaints;
- preparing publications, newsletters, work reports, publicity materials; and
- providing research support.

3. The average number of full-time and part-time staff employed by each Member in the three groups is as follow:

|                 | No of staff employed by each Member |         |         |       |
|-----------------|-------------------------------------|---------|---------|-------|
|                 | Group A                             | Group B | Group C | Total |
| Full-time staff | 0.3                                 | 2.3     | 3.7     | 6.3   |
| Part-time staff | -                                   | 0.6     | 0.4     | 1     |

#### *Qualifications of staff*

4. Compared to the other two groups of staff, the qualifications of staff members who handle other LegCo-related duties only (Group B) tend to be lower. Details of their qualifications are as follow<sup>6</sup>:

| Qualifications    | Group A | Group B | Group C |
|-------------------|---------|---------|---------|
| Primary or below  | -       | 10%     | -       |
| Secondary         | -       | 55%     | 12%     |
| Tertiary or above | 60%     | 36%     | 86%     |
| Professional      | 40%     | -       | 1%      |

#### *Working experience of staff*

5. Staff members who need to handle both core and other LegCo-related duties (Group C) have more relevant working experience than the other two groups of staff. The years of relevant working experience of the three groups are as follow:

| Years of relevant working experience | Group A | Group B | Group C |
|--------------------------------------|---------|---------|---------|
| Less than 1 year                     | 25%     | 24%     | 13%     |
| 1 year to less than 3 years          | 50%     | 21%     | 18%     |
| 3 years to less than 5 years         | 25%     | 10%     | 11%     |
| 5 years or above                     | -       | 46%     | 59%     |

<sup>6</sup> As a result of the rounding effect, the sum of the percentage ranges from 99% - 102% in all tables in this Annex.

*Length of service in Members' office*

6. The majority of staff members in all the three groups have been working in the current Members' office for less than three years.

| Length of service in Members' office | Group A | Group B | Group C |
|--------------------------------------|---------|---------|---------|
| Less than 3 years                    | 60%     | 56%     | 59%     |
| 3 years to less than 5 years         | 20%     | 26%     | 16%     |
| 5 years or above                     | 20%     | 17%     | 25%     |

*Salary levels of staff*

7. Full-time staff members who handle both core and other LegCo-related duties (Group C) have the highest salary level amongst the three groups. The ranges of salary and the average salaries of the three groups are as follow:

| Monthly salary         | Group A  | Group B | Group C  |
|------------------------|----------|---------|----------|
| \$5,000 - \$9,999      | -        | 62%     | 19%      |
| \$10,000 - \$14,999    | 60%      | 35%     | 30%      |
| \$15,000 - \$19,999    | 20%      | -       | 25%      |
| \$20,000 or above      | 20%      | 3%      | 28%      |
| Average monthly salary | \$15,500 | \$9,662 | \$16,797 |

8. The hourly rate of part-time staff of Group C tends to be higher than the other two groups. Details as follow:

| Hourly rate   | Group A | Group B | Group C |
|---------------|---------|---------|---------|
| \$40 - \$49   | -       | 50%     | 14%     |
| \$50 - \$59   | -       | -       | 29%     |
| \$60 - \$69   | -       | 50%     | -       |
| \$70 or above | -       | -       | 57%     |

*Fringe benefits*

9. On top of the basic salary, all staff members enjoy MPF benefit and more than half of the staff members enjoy medical allowance. A small proportion of staff have dental, education and double-pay benefits.

| Benefits   | Group A | Group B | Group C |
|------------|---------|---------|---------|
| MPF        | 100%    | 100%    | 100%    |
| Medical    | 60%     | 62%     | 80%     |
| Dental     | 40%     | 19%     | 20%     |
| Education  | -       | 14%     | 17%     |
| Double-pay | -       | -       | 7%      |

Members' aspirations for a team of good quality staff

10. To effectively support their work, Members have expressed the view that they would like to have an average of 9.4 staff members to assist them in carrying out the work of the Council. In addition, Members expect to employ mainly full-time staff with relevant qualifications to support their work. The following tables illustrate the distribution of full-time and part-time staff in the three groups and their qualification requirements according to Members' aspirations:

|                 | No of staff required by Members |         |         |       |
|-----------------|---------------------------------|---------|---------|-------|
|                 | Group A                         | Group B | Group C | Total |
| Full-time staff | 1.7                             | 3.2     | 4.1     | 9.0   |
| Part-time staff | 0.1                             | 0.2     | 0.1     | 0.4   |

|              | Qualifications required by Members |         |         |
|--------------|------------------------------------|---------|---------|
|              | Group A                            | Group B | Group C |
| Secondary    | -                                  | 42%     | 4%      |
| Tertiary     | 73%                                | 55%     | 82%     |
| Professional | 27%                                | 4%      | 13%     |

11. In addition to inadequate manpower, the turnover rate of Members' staff is high. Over 60% of Members claim that their staff turnover rate is over 25%. The average turnover rate of full-time staff is 34%. The majority of Members encounter difficulties in recruiting and retaining staff to support their core LegCo work and district business. Over half of Members think that a lack of career prospect (92%), low salary level (75%), irregular/long working hours (74%) and inadequate fringe benefits (66%) contribute to their difficulties in recruiting and retaining staff.

12. On the other hand, 62% of Members' staff are dissatisfied with their level of salary. 74% of staff tend to disagree that their current remuneration package is attractive enough for them to stay in the same Members' office for the whole term.

**Survey on LegCo Members' needs for setting up district offices**

LegCo Members were invited on 20 October 2010 to participate in a survey conducted by the LegCo Secretariat on LegCo Members' needs for setting up district offices to service their constituents. The survey is part of the study conducted by the LegCo Secretariat on the necessary resources required by individual LegCo Members to carry out their LegCo duties. The survey aims to further ascertain the requirement in the number of district offices, analyze the operating characteristics of district offices, assess the resources required for the operation of district offices, and understand LegCo Members' aspirations in setting up district offices to discharge their work. Opportunity is also taken to gauge LegCo Members' views on the central office to be provided in the new LegCo Complex at Tamar.

**The survey**

2. Forty-one LegCo Members, including 21 returned by functional constituencies and 20 returned by geographical constituencies, responded to the survey. The information presented below is prepared on the basis of the valid responses from LegCo Members.



District offices

*Purposes of maintaining a district office*

3. The responding LegCo Members largely agree that the setting up of a district office can enable them to stay in easy contact with their constituents, keep in touch with local affairs, and provide a working place for their staff.

| Purposes<br>Average rating                           | To stay in easy contact with the public/ constituents | To keep in touch with local affairs | To provide a working place for staff | Others            |
|------------------------------------------------------|-------------------------------------------------------|-------------------------------------|--------------------------------------|-------------------|
| From "1" (strongly disagree) to "6" (strongly agree) |                                                       |                                     |                                      |                   |
| Functional Constituencies<br>(13 respondents)        | 5.08                                                  | 4.38                                | 5.00                                 | 0.46 <sup>1</sup> |
| Geographical Constituencies<br>(19 respondents)      | 5.84                                                  | 5.68                                | 4.89                                 | 0.63 <sup>2</sup> |
| Weighted average                                     | 5.53                                                  | 5.16                                | 4.94                                 | 0.56              |

Remarks:

- 1 to maintain a district office to organize gatherings and activities (1 respondent)
- 2 to maintain a district office to liaise with local government offices and organizations; to maintain relationship with volunteer workers; and to provide services to citizens (2 respondents)

*Existing accommodation and manning expenses per district office*

4. The survey reveals that on average, the recurrent expense for running a district office is about \$45,000 per month, which includes office operating expenses (\$8,900) such as rent, management fee, rates, government rent, utility charges, communication charges, etc., and staff remuneration (\$34,900). The average accommodation and staff expenses per district office as revealed in the survey are as follows:

|                             | Accommodation expenses*<br>\$ | Staff remuneration<br>\$ | Total per office<br>\$              |
|-----------------------------|-------------------------------|--------------------------|-------------------------------------|
| Functional Constituencies   | 15,400<br>(10 offices)        | 55,400<br>(15 offices)   | 87,100<br>(9 offices) <sup>#</sup>  |
| Geographical Constituencies | 7,500<br>(48 offices)         | 28,200<br>(46 offices)   | 36,500<br>(44 offices) <sup>#</sup> |
| Average                     | 8,900<br>(58 offices)         | 34,900<br>(61 offices)   | 45,000<br>(53 offices)              |

\* inclusive of rent, management fee, rates, government rent, water, electricity, telephone lines, fax lines and broadband service

<sup>#</sup> based on those offices for which both figures for rent and staff remuneration are provided

*Utilization of district offices*

5. On average, district offices are opened **5.39 days** a week. The average manpower required to run a district office is 190.56 man-hour in a month. This is equivalent to about having **3.16 staff members** (including full-time and part-time staff and volunteers) stationed in each office during the operating hours.

|                                             | No. of days operated in a normal week | Average no. of hours operated in a normal month | Average no. of assistants stationed in the office during operating hours |
|---------------------------------------------|---------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------|
| Functional Constituencies<br>(16 offices)   | 5.66                                  | 207.81                                          | 3                                                                        |
| Geographical Constituencies<br>(50 offices) | 5.31                                  | 185.04                                          | 3.21                                                                     |
| Weighted average                            | 5.39                                  | 190.56                                          | 3.16                                                                     |

6. District offices can serve as information dissemination centres. They also enable LegCo Members to have face-to-face contact with their constituents. The survey reveals that on average, the number of visits paid by constituents to a district office amounts to some 250 per month:

|                                             | Number of visits by members of the public in a month (per office) |
|---------------------------------------------|-------------------------------------------------------------------|
| Functional Constituencies<br>(9 offices)    | 141                                                               |
| Geographical Constituencies<br>(42 offices) | 275                                                               |
| Weighted average                            | 251                                                               |

7. It is noted from the survey that through district offices, the following LegCo-related services can be provided to members of the public:

- receive residents/complaints
- collect public views
- provide legal consultation
- organize activities
- provide public information
- conduct research
- provide job information
- handle council and committee meetings related businesses
- liaise with local government offices and other organizations

*Optimum number of district offices*

8. On average, the optimum number of district offices suggested by the responding LegCo Members is **3.84 offices**, whereas the present average number of district offices operated by them is **2.2 offices**:

|                             | Average optimum number of district office as suggested by respondents | Actual number of district offices operated by respondents |
|-----------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------|
| Functional Constituencies   | 2.31<br>(13 respondents)                                              | 1.33<br>(12 respondents)                                  |
| Geographical Constituencies | 4.89<br>(19 respondents)                                              | 2.78<br>(18 respondents)                                  |
| Overall                     | 3.84<br>(32 respondents)                                              | 2.20<br>(30 respondents)                                  |

*Preferred size of a district office*

9. The survey reveals that on average, the preferred size of a district office indicated by respondents is **62 sq m** whereas the present average is only **34 sq m**:

|                                              | Preferred size of a district office (sq m) |     |                       |         | Actual size of district office (sq m) |
|----------------------------------------------|--------------------------------------------|-----|-----------------------|---------|---------------------------------------|
|                                              | Range                                      |     | Median (middle value) | Average | Average                               |
|                                              | Max                                        | Min |                       |         |                                       |
| Functional Constituencies (13 respondents)   | 250                                        | 30  | 50                    | 70      | 39<br>(12 respondents)                |
| Geographical Constituencies (19 respondents) | 200                                        | 40  | 50                    | 57      | 33<br>(18 respondents)                |
| Weighted average (32 respondents)            | 250                                        | 30  | 50                    | 62      | 34<br>(30 respondents)                |

*Preferred locations (by property type) of district offices*

10. The most preferred location of a district office indicated by the responding LegCo Members is in a **public housing estate (39%)**, followed by **shopping arcades** in public housing areas (16%) or in private properties (12%). Breakdown of the 32 respondents' preferences in the distribution of their district offices is as follows:

|                                              | Office building  | Shopping arcade  |                  | Private residential area | Public housing estate | Tenement building | Respondent's suggestions |                            |
|----------------------------------------------|------------------|------------------|------------------|--------------------------|-----------------------|-------------------|--------------------------|----------------------------|
|                                              | (private sector) | (private sector) | (public housing) |                          |                       |                   | Village house            | Premises provided by Gov't |
| Functional Constituencies (13 respondents)   | 33%              | 10%              | 13%              | 3%                       | 38%                   | —                 | —                        | 3%                         |
| Geographical Constituencies (19 respondents) | 8%               | 13%              | 17%              | 14%                      | 40%                   | 6%                | 2%                       | —                          |
| Weighted average                             | 14%              | 12%              | 16%              | 11%                      | 39%                   | 5%                | 2%                       | 1%                         |

*Estimated rental expenses per district office under the optimum situation*

11. LegCo Members were also invited to estimate the rental expenses for maintaining the optimum number of district offices they wish to operate. On average, the estimated rental expenses for each district office amounts to some **\$11,798 per month**:

|                             |          |
|-----------------------------|----------|
| Functional Constituencies   | \$13,541 |
| Geographical Constituencies | \$11,248 |
| Weighted average            | \$11,798 |

\* inclusive of rent, management fee, rates and government rent

*Manning scale*

12. Based on the responses from 32 responding LegCo Members, **2 staff members** are required to man a district office.

*Alternative means of achieving the purposes of a district office*

13. LegCo Members were also invited to indicate whether other alternatives are available instead of setting up district offices to receive their constituents and to perform other LegCo duties. The respondents' ratings for these alternatives are as follows:

| Alternative means                            | Via telecommunication systems such as telephone, fax, video conferencing and Internet | Through newsletters | Shared use of out-stations to be set up by the LegCo Secretariat in response to Members' requests | Use of government offices/District Council offices to meet constituents/residents |
|----------------------------------------------|---------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Average rating                               | From "1" (strongly disagree) to "6" (strongly agree)                                  |                     |                                                                                                   |                                                                                   |
| Functional Constituencies (13 respondents)   | 3.38                                                                                  | 3.15                | 3.08                                                                                              | 3.08                                                                              |
| Geographical Constituencies (19 respondents) | 3.84                                                                                  | 3.37                | 3.11                                                                                              | 2.95                                                                              |
| Weighted average                             | 3.66                                                                                  | 3.28                | 3.09                                                                                              | 3.00                                                                              |

14. The reasons behind the ratings shown in the preceding paragraph were also rated by the responding Members:

| Reasons                                      | An office within walking distance is the only feasible option for maintaining contact with the residents in view of their age, economic condition | Constituents/residents prefer face-to-face personal contact at times convenient to them | Trust could be more easily built up through immersing in the local community | More out-reaching work has to be done through a base close to the constituents/residents | Other means of communication could only take a supplementary role | Others            |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------|
| Average rating                               | From "1" (strongly disagree) to "6" (strongly agree)                                                                                              |                                                                                         |                                                                              |                                                                                          |                                                                   |                   |
| Functional Constituencies (13 respondents)   | 2.85                                                                                                                                              | 3.46                                                                                    | 3.31                                                                         | 3.46                                                                                     | 3.23                                                              | 0.46 <sup>1</sup> |
| Geographical Constituencies (19 respondents) | 4.11                                                                                                                                              | 4.42                                                                                    | 4.53                                                                         | 4.95                                                                                     | 4.47                                                              | 0.32 <sup>2</sup> |
| Weighted average                             | 3.59                                                                                                                                              | 4.03                                                                                    | 4.03                                                                         | 4.34                                                                                     | 3.97                                                              | 0.38              |

Remarks:

- 1 to liaise with constituents (1 respondent)
- 2 to strengthen the understanding of the needs of the local people (1 respondent)

## Central office

### *Major functions of the central office*

15. Members were invited to rate the major functions of the central office, which will be located at the new LegCo Complex. The results, based on returns from 39 responding LegCo Members, are set out below:

|                                              | Working place for the Member and his/her core support team | Meeting with constituents/ the public | Research centre | Repository for LegCo documents | Planning and coordination centre for district offices |
|----------------------------------------------|------------------------------------------------------------|---------------------------------------|-----------------|--------------------------------|-------------------------------------------------------|
| Functional Constituencies (19 respondents)   | 5.37                                                       | 4.47                                  | 5.21            | 4.95                           | 3.32                                                  |
| Geographical Constituencies (20 respondents) | 5.55                                                       | 4.60                                  | 5.15            | 5.05                           | 3.90                                                  |
| Weighted average                             | 5.46                                                       | 4.54                                  | 5.18            | 5.00                           | 3.62                                                  |

### *No. of staff to be stationed in the central office*

16. To fulfil the functions of the central office, **60%** of the responding LegCo Members indicate that they would need to station **three to four staff members** in the central office:

|                                              | No. of staff members |     |     |     |
|----------------------------------------------|----------------------|-----|-----|-----|
|                                              | 0                    | 1-2 | 3-4 | 5-6 |
| Functional Constituencies (19 respondents)   | —                    | 17% | 66% | 17% |
| Geographical Constituencies (20 respondents) | 5%                   | 10% | 55% | 30% |
| Weighted average                             | 3%                   | 13% | 60% | 24% |

*Insufficient office space*

17. In view of the number of staff to be housed in the central office and the other functions to be carried out in the office, the 60 sq m central office only barely meets the respondents' space requirement:

|                                                 | Adequate in size                                        |
|-------------------------------------------------|---------------------------------------------------------|
|                                                 | From "1" (strongly disagree)<br>to "6" (strongly agree) |
| Functional Constituencies<br>(19 respondents)   | 2.89                                                    |
| Geographical Constituencies<br>(20 respondents) | 3.25                                                    |
| Weighted average                                | 3.00                                                    |

*Additional space for the central office*

18. The responding LegCo Members also indicate that they would need, on average, an additional space of **23.85 sq m**:

|                                                 | Preferred increase in size<br>(sq m) |
|-------------------------------------------------|--------------------------------------|
| Functional Constituencies<br>(19 respondents)   | 24.74                                |
| Geographical Constituencies<br>(20 respondents) | 23.00                                |
| Weighted average                                | 23.85                                |



### Comparison of Civil Service Pay Adjustment (Middle Salary Band) and Consumer Price Index (C)

| Year                               |               | 2000    | 2001    | 2002    | 2003    | 2004   | 2005   | 2006   | 2007   | 2008    | 2009    | 2010    |
|------------------------------------|---------------|---------|---------|---------|---------|--------|--------|--------|--------|---------|---------|---------|
| <b>Middle Salary Band</b>          | Effective mth | Apr     | Apr     | Oct     | Apr     | Jan    | Jan    | Apr    | Apr    | Apr     | Apr     | Apr     |
| - (MPS11 to 33)                    | (1)           | 0%      | 2.38%   | -1.64%  | 0%      | -3.07% | -3.17% | 0%     | 4.62%  | 5.29%   | 0%      | 0.56%   |
| Compared with base year 1999       | (2)           | 100.00% | 102.38% | 100.70% | 100.70% | 97.61% | 94.52% | 94.52% | 98.88% | 104.11% | 104.11% | 104.70% |
| <b>Consumer Price Index (C)</b>    |               |         |         |         |         |        |        |        |        |         |         |         |
| With effect from October each year | (3)           | -5.10%  | -2.00%  | -2.30%  | -2.90%  | -1.90% | 0.40%  | 1.90%  | 2.40%  | 4.50%   | 1.80%   | 1.40%   |
| Compared with base year 1999       | (4)           | 94.90%  | 93.00%  | 90.86%  | 88.23%  | 86.55% | 86.90% | 88.55% | 90.67% | 94.75%  | 96.46%  | 97.81%  |
| Difference                         | (5)=(1)-(3)   | 5.10%   | 4.38%   | 0.66%   | 2.90%   | -1.17% | -3.57% | -1.90% | 2.22%  | 0.79%   | -1.80%  | -0.84%  |
| Cumulative difference              | (6)=(2)-(4)   | 5.10%   | 9.38%   | 9.84%   | 12.47%  | 11.06% | 7.62%  | 5.97%  | 8.21%  | 9.36%   | 7.65%   | 6.89%   |

## Central Office

## (A) office furniture and equipment for a full-time assistant

| Item                                                                                  | Unit price | No. of respondents requesting the item | Requested by respondents |           |                                      |                       |
|---------------------------------------------------------------------------------------|------------|----------------------------------------|--------------------------|-----------|--------------------------------------|-----------------------|
|                                                                                       |            |                                        | On average               |           | In round figures                     |                       |
|                                                                                       |            |                                        | Average quantity         | Amount \$ | Quantity rounded to the nearest unit | Amount \$             |
| <i>Items on the questionnaire</i>                                                     |            |                                        |                          |           |                                      |                       |
| (a) desk                                                                              | 410.00     | 34                                     | 1.00                     | 410.00    | 1                                    | 410.00 <sup>△</sup>   |
| (b) side return                                                                       | 350.00     | 33                                     | 0.97                     | 339.50    | 1                                    | 350.00 <sup>△</sup>   |
| (c) pedestal                                                                          | 430.00     | 34                                     | 1.29                     | 554.70    | 1                                    | 430.00 <sup>△</sup>   |
| (d) chair                                                                             | 580.00     | 34                                     | 1.00                     | 580.00    | 1                                    | 580.00 <sup>△</sup>   |
| (e) desktop personal computer with monitor, Windows 7, Office and anti-virus software | 10,954.00  | 34                                     | 1.00                     | 10,954.00 | 1                                    | 10,954.00             |
| (f) notebook computer with Windows 7, Office and anti-virus software                  | 12,236.00  | 15                                     | 0.43                     | 5,261.48  | 0                                    | 0.00                  |
| (g) netbook computer with Windows 7, Office and anti-virus software                   | 10,236.00  | 13                                     | 0.38                     | 3,889.68  | 0                                    | 0.00                  |
| (h) iPad/portable digital assistant etc                                               | 4,688.00   | 16                                     | 0.47                     | 2,203.36  | 0                                    | 0.00                  |
| (i) printer                                                                           | 2,400.00   | 29                                     | 0.85                     | 2,040.00  | 0                                    | 0.00 <sup>θ</sup>     |
| (j) computer table                                                                    | 450.00     | 17                                     | 0.50                     | 225.00    | 1                                    | 450.00                |
| (k) telephone (fixed line)                                                            | 85.00      | 32                                     | 0.94                     | 79.90     | 1                                    | 85.00 <sup>△</sup>    |
| (l) mobile phone                                                                      | 2,000.00   | 21                                     | 0.62                     | 1,240.00  | 1                                    | 2,000.00              |
| (m) calculator                                                                        | 50.00      | 32                                     | 0.94                     | 47.00     | 1                                    | 50.00                 |
| (n) filing cabinet                                                                    | 900.00     | 31                                     | 1.90                     | 1,710.00  | 2                                    | 1,800.00 <sup>△</sup> |
| (o) partition/panel/screen                                                            | 350.00     | 29                                     | 1.15                     | 402.50    | 1                                    | 350.00                |
| (p) visitor chair                                                                     | 230.00     | 15                                     | 0.66                     | 151.80    | 1                                    | 230.00 <sup>△</sup>   |
| 34 respondents to this question                                                       |            |                                        | Subtotal                 | 30,088.92 | Subtotal                             | 17,689.00             |
|                                                                                       |            |                                        |                          |           |                                      | 3,885.00              |
|                                                                                       |            |                                        |                          |           |                                      | 13,804.00             |

Less: items provided by the Secretariat <sup>△</sup><sup>θ</sup> to share a network printer

## (B) office furniture and equipment for a part-time assistant

| Item                                                                                  | Unit price | No. of respondents requesting the item | Requested by respondents |           |                                      |                        |
|---------------------------------------------------------------------------------------|------------|----------------------------------------|--------------------------|-----------|--------------------------------------|------------------------|
|                                                                                       |            |                                        | On average               |           | In round figures                     |                        |
|                                                                                       |            |                                        | Average quantity         | Amount \$ | Quantity rounded to the nearest unit | Amount \$              |
| <i>Items on the questionnaire</i>                                                     |            |                                        |                          |           |                                      |                        |
| (a) desk                                                                              | 410.00     | 19                                     | 0.95                     | 389.50    | 1                                    | 410.00 <sup>△</sup>    |
| (b) side return                                                                       | 350.00     | 17                                     | 0.85                     | 297.50    | 1                                    | 350.00 <sup>△</sup>    |
| (c) pedestal                                                                          | 430.00     | 19                                     | 1.10                     | 473.00    | 1                                    | 430.00 <sup>△</sup>    |
| (d) chair                                                                             | 580.00     | 20                                     | 1.00                     | 580.00    | 1                                    | 580.00 <sup>△</sup>    |
| (e) desktop personal computer with monitor, Windows 7, Office and anti-virus software | 10,954.00  | 17                                     | 0.85                     | 9,310.90  | 1                                    | 10,954.00              |
| (f) notebook computer with Windows 7, Office and anti-virus software                  | 12,236.00  | 7                                      | 0.35                     | 4,282.60  | 0                                    | 0.00                   |
| (g) netbook computer with Windows 7, Office and anti-virus software                   | 10,236.00  | 3                                      | 0.15                     | 1,535.40  | 0                                    | 0.00                   |
| (h) iPad/portable digital assistant etc                                               | 4,688.00   | 3                                      | 0.15                     | 703.20    | 0                                    | 0.00                   |
| (i) printer                                                                           | 2,400.00   | 5                                      | 0.23                     | 552.00    | 0                                    | 0.00                   |
| (j) computer table                                                                    | 450.00     | 8                                      | 0.40                     | 180.00    | 0                                    | 0.00                   |
| (k) telephone (fixed line)                                                            | 85.00      | 15                                     | 0.73                     | 62.05     | 1                                    | 85.00                  |
| (l) mobile phone                                                                      | 2,000.00   | 2                                      | 0.10                     | 200.00    | 0                                    | 0.00                   |
| (m) calculator                                                                        | 50.00      | 12                                     | 0.58                     | 29.00     | 1                                    | 50.00                  |
| (n) filing cabinet                                                                    | 900.00     | 17                                     | 1.10                     | 990.00    | 1                                    | 900.00                 |
| (o) partition/panel/screen                                                            | 350.00     | 15                                     | 0.80                     | 280.00    | 1                                    | 350.00                 |
| (p) visitor chair                                                                     | 230.00     | 5                                      | 0.40                     | 92.00     | 0                                    | 0.00                   |
| 20 respondents to this question                                                       |            |                                        | Subtotal                 | 19,957.15 | Subtotal                             | 14,109.00              |
|                                                                                       |            |                                        |                          |           |                                      | 1,770.00               |
|                                                                                       |            |                                        |                          |           |                                      | 12,339.00 <sup>Ω</sup> |

Less: items provided by the Secretariat <sup>△</sup>

<sup>Ω</sup> On the assumption that only standard items for three full-time assistants would be provided for each central office, the estimated resources for equipping/furnishing a central office have not included those for a part-time assistant. The estimate here will be used for future reference.

## (C) office furniture and equipment for a Member

| Item                                                                                  | Unit price | No. of respondents requesting the item | Requested by respondents |                                                      |                                      |                        |           |
|---------------------------------------------------------------------------------------|------------|----------------------------------------|--------------------------|------------------------------------------------------|--------------------------------------|------------------------|-----------|
|                                                                                       |            |                                        | On average               |                                                      | In round figures                     |                        |           |
|                                                                                       |            |                                        | Average quantity         | Amount \$                                            | Quantity rounded to the nearest unit | Amount \$              |           |
| <i>Items on the questionnaire</i>                                                     |            |                                        |                          |                                                      |                                      |                        |           |
| (a) desk                                                                              | 1,750.00   | 31                                     | 1.00                     | 1,750.00                                             | 1                                    | 1,750.00 <sup>△</sup>  |           |
| (b) side return                                                                       | 740.00     | 28                                     | 0.90                     | 666.00                                               | 1                                    | 740.00 <sup>△</sup>    |           |
| (c) pedestal                                                                          | 430.00     | 30                                     | 1.29                     | 554.70                                               | 1                                    | 430.00 <sup>△</sup>    |           |
| (d) chair                                                                             | 580.00     | 31                                     | 1.00                     | 580.00                                               | 1                                    | 580.00 <sup>△</sup>    |           |
| (e) desktop personal computer with monitor, Windows 7, Office and anti-virus software | 10,954.00  | 24                                     | 0.77                     | 8,434.58                                             | 1                                    | 10,954.00 <sup>△</sup> |           |
| (f) notebook computer with Windows 7, Office and anti-virus software                  | 12,236.00  | 26                                     | 0.84                     | 10,278.24                                            | 1                                    | 12,236.00              |           |
| (g) netbook computer with Windows 7, Office and anti-virus software                   | 10,236.00  | 8                                      | 0.26                     | 2,661.36                                             | 0                                    | 0.00                   |           |
| (h) iPad/portable digital assistant etc                                               | 4,688.00   | 21                                     | 0.68                     | 3,187.84                                             | 1                                    | 4,688.00               |           |
| (i) printer                                                                           | 2,400.00   | 21                                     | 0.68                     | 1,632.00                                             | 1                                    | 2,400.00 <sup>△</sup>  |           |
| (j) computer table                                                                    | 450.00     | 13                                     | 0.42                     | 189.00                                               | 0                                    | 0.00                   |           |
| (k) telephone (fixed line)                                                            | 85.00      | 31                                     | 1.03                     | 87.55                                                | 1                                    | 85.00 <sup>△</sup>     |           |
| (l) mobile phone                                                                      | 5,000.00   | 21                                     | 0.68                     | 3,400.00                                             | 1                                    | 5,000.00               |           |
| (m) calculator                                                                        | 50.00      | 24                                     | 0.77                     | 38.50                                                | 1                                    | 50.00                  |           |
| (n) filing cabinet                                                                    | 900.00     | 27                                     | 1.63                     | 1,467.00                                             | 2                                    | 1,800.00               |           |
| (o) partition/panel/screen                                                            | 350.00     | 18                                     | 0.61                     | 213.50                                               | 1                                    | 350.00                 |           |
| (p) visitor chair                                                                     | 230.00     | 21                                     | 1.35                     | 310.50                                               | 1                                    | 230.00 <sup>△</sup>    |           |
| <i>Item(s) suggested by respondents</i>                                               |            |                                        |                          |                                                      |                                      |                        |           |
| (a) wardrobe                                                                          | 1,200.00   | 4                                      | 0.13                     | 156.00                                               | 0                                    | 0.00                   |           |
| 31 respondents to this question                                                       |            |                                        |                          | Subtotal                                             | 35,606.77                            | Subtotal               | 41,293.00 |
|                                                                                       |            |                                        |                          | Less: items provided by the Secretariat <sup>△</sup> |                                      |                        | 17,169.00 |
|                                                                                       |            |                                        |                          |                                                      |                                      |                        | 24,124.00 |

## (D) office furniture and equipment for common area

| Item                                                                                  | Unit price | No. of respondents requesting the item | Requested by respondents |                                         |                                      |           |           |
|---------------------------------------------------------------------------------------|------------|----------------------------------------|--------------------------|-----------------------------------------|--------------------------------------|-----------|-----------|
|                                                                                       |            |                                        | On average               |                                         | In round figures                     |           |           |
|                                                                                       |            |                                        | Average quantity         | Amount \$                               | Quantity rounded to the nearest unit | Amount \$ |           |
| <i>Items on the questionnaire</i>                                                     |            |                                        |                          |                                         |                                      |           |           |
| (a) counter                                                                           | 2,000.00   | 19                                     | 0.73                     | 1,460.00                                | 1                                    | 2,000.00  |           |
| (b) sofa for visitors                                                                 |            |                                        |                          |                                         |                                      |           |           |
| • 1-seater                                                                            | 2,100.00   | 11                                     | 0.47                     | 987.00                                  | 0                                    | 0.00      |           |
| • 2-seater                                                                            | 2,800.00   | 20                                     | 0.78                     | 2,184.00                                | 1                                    | 2,800.00  |           |
| • 3-seater                                                                            | 3,400.00   | 17                                     | 0.69                     | 2,346.00                                | 1                                    | 3,400.00  |           |
| (c) visitor chairs                                                                    | 230.00     | 22                                     | 3.36                     | 772.80                                  | 3                                    | 690.00    |           |
| (d) wall clock                                                                        | 100.00     | 25                                     | 0.88                     | 88.00                                   | 1                                    | 100.00    |           |
| (e) electric fan                                                                      | 598.00     | 24                                     | 1.16                     | 693.68                                  | 1                                    | 598.00    |           |
| (f) computer server                                                                   | 3,070.00   | 23                                     | 0.72                     | 2,210.40                                | 1                                    | 3,070.00  |           |
| (g) computer network (including modem and router) for                                 |            |                                        |                          |                                         |                                      |           |           |
| • wired clients                                                                       | 1,190.00   | 22                                     | 0.69                     | 821.10                                  | 1                                    | 1,190.00  |           |
| • wireless clients                                                                    | 1,190.00   | 23                                     | 0.72                     | 856.80                                  | 1                                    | 1,190.00  |           |
| (h) desktop personal computer with monitor, Windows 7, Office and anti-virus software | 10,954.00  | 24                                     | 1.89                     | 20,703.06                               | 2                                    | 21,908.00 |           |
| (i) computer table                                                                    | 450.00     | 18                                     | 1.09                     | 490.50                                  | 1                                    | 450.00    |           |
| (j) conference table                                                                  | 2,500.00   | 28                                     | 1.03                     | 2,575.00                                | 1                                    | 2,500.00  |           |
| (k) desk/table                                                                        | 410.00     | 21                                     | 1.89                     | 774.90                                  | 2                                    | 820.00    |           |
| (l) bench                                                                             | 950.00     | 14                                     | 1.31                     | 1,244.50                                | 1                                    | 950.00    |           |
| (m) television                                                                        | 1,900.00   | 29                                     | 0.94                     | 1,786.00                                | 1                                    | 1,900.00  |           |
| (n) DVD player/recorder or VCR                                                        | 2,300.00   | 23                                     | 0.72                     | 1,656.00                                | 1                                    | 2,300.00  |           |
| (o) MP3/cassette player/recorder                                                      | 260.00     | 25                                     | 0.78                     | 202.80                                  | 1                                    | 260.00    |           |
| (p) photocopier                                                                       | 10,800.00  | 29                                     | 0.94                     | 10,152.00                               | 1                                    | 10,800.00 |           |
| (q) printer                                                                           | 4,288.00   | 26                                     | 0.84                     | 3,601.92                                | 1                                    | 4,288.00  |           |
| (r) scanner                                                                           | 2,620.00   | 28                                     | 0.91                     | 2,384.20                                | 1                                    | 2,620.00  |           |
| (s) fax machine                                                                       | 1,000.00   | 29                                     | 0.91                     | 910.00                                  | 1                                    | 1,000.00  |           |
| (t) filing cabinet                                                                    | 900.00     | 29                                     | 4.45                     | 4,005.00                                | 4                                    | 3,600.00  |           |
| (u) partition/panel/screen                                                            | 350.00     | 15                                     | 1.44                     | 504.00                                  | 1                                    | 350.00    |           |
| (v) camera                                                                            | 2,580.00   | 26                                     | 1.06                     | 2,734.80                                | 1                                    | 2,580.00  |           |
| (w) video camera                                                                      | 9,980.00   | 21                                     | 0.66                     | 6,586.80                                | 1                                    | 9,980.00  |           |
| (x) public address system (including microphones, speakers, mixer, amplifier etc)     | 7,000.00   | 24                                     | 0.91                     | 6,370.00                                | 1                                    | 7,000.00  |           |
| (y) overhead projector                                                                | 4,485.00   | 9                                      | 0.28                     | 1,255.80                                | 0                                    | 0.00      |           |
| (z) projector screen                                                                  | 900.00     | 10                                     | 0.31                     | 279.00                                  | 0                                    | 0.00      |           |
| (aa) paper guillotine                                                                 | 2,200.00   | 20                                     | 0.63                     | 1,386.00                                | 1                                    | 2,200.00  |           |
| (ab) paper shredder                                                                   | 2,080.00   | 30                                     | 0.94                     | 1,955.20                                | 1                                    | 2,080.00  |           |
| (ac) water dispenser                                                                  | 2,500.00   | 28                                     | 0.88                     | 2,200.00                                | 1                                    | 2,500.00  |           |
| (ad) ladder                                                                           | 338.00     | 22                                     | 0.75                     | 253.50                                  | 1                                    | 338.00    |           |
| (ae) trolley                                                                          | 380.00     | 25                                     | 0.97                     | 368.60                                  | 1                                    | 380.00    |           |
| <i>Item(s) suggested by respondents</i>                                               |            |                                        |                          |                                         |                                      |           |           |
| (a) white board                                                                       | 290.00     | 5                                      | 0.19                     | 55.10                                   | 0                                    | 0.00      |           |
| (b) coffee table                                                                      | 1,030.00   | 4                                      | 0.13                     | 133.90                                  | 0                                    | 0.00      |           |
| (c) speed printing machine                                                            | 32,800.00  | 1                                      | 0.03                     | 984.00                                  | 0                                    | 0.00      |           |
| (d) loudhailer                                                                        | 1,995.00   | 1                                      | 0.25                     | 498.75                                  | 0                                    | 0.00      |           |
| (e) first aid kit                                                                     | 71.00      | 1                                      | 0.03                     | 2.13                                    | 0                                    | 0.00      |           |
| (f) fire extinguisher                                                                 | 100.00     | 1                                      | (Note)                   | 0.00                                    | 0                                    | 0.00      |           |
| (g) keyboard drawer                                                                   | 400.00     | 1                                      | 0.03                     | 12.00                                   | 0                                    | 0.00      |           |
| 32 respondents to this question                                                       |            |                                        |                          | Subtotal                                | 88,485.24                            | Subtotal  | 95,842.00 |
|                                                                                       |            |                                        |                          | Less: items provided by the Secretariat |                                      |           | 2,800.00  |
|                                                                                       |            |                                        |                          |                                         |                                      |           | 93,042.00 |

(Note) as required by law

## District Office

## (A) office furniture and equipment for a full-time assistant

| Item                                                                                  | Unit price | No. of respondents requesting the item | Requested by respondents |           |                                      |           |
|---------------------------------------------------------------------------------------|------------|----------------------------------------|--------------------------|-----------|--------------------------------------|-----------|
|                                                                                       |            |                                        | On average               |           | In round figures                     |           |
|                                                                                       |            |                                        | Average quantity         | Amount \$ | Quantity rounded to the nearest unit | Amount \$ |
| <i>Items on the questionnaire</i>                                                     |            |                                        |                          |           |                                      |           |
| (a) desk                                                                              | 410.00     | 27                                     | 1.04                     | 426.40    | 1                                    | 410.00    |
| (b) side return                                                                       | 350.00     | 22                                     | 0.81                     | 283.50    | 1                                    | 350.00    |
| (c) pedestal                                                                          | 430.00     | 27                                     | 1.52                     | 653.60    | 2                                    | 860.00    |
| (d) chair                                                                             | 580.00     | 27                                     | 1.04                     | 603.20    | 1                                    | 580.00    |
| (e) desktop personal computer with monitor, Windows 7, Office and anti-virus software | 10,954.00  | 27                                     | 1.04                     | 11,392.16 | 1                                    | 10,954.00 |
| (f) notebook computer with Windows 7, Office and anti-virus software                  | 12,236.00  | 12                                     | 0.43                     | 5,261.48  | 0                                    | 0.00      |
| (g) netbook computer with Windows 7, Office and anti-virus software                   | 10,236.00  | 7                                      | 0.26                     | 2,661.36  | 0                                    | 0.00      |
| (h) iPad/portable digital assistant etc                                               | 4,688.00   | 8                                      | 0.30                     | 1,406.40  | 0                                    | 0.00      |
| (i) printer                                                                           | 2,400.00   | 20                                     | 0.73                     | 1,752.00  | 1                                    | -         |
| (j) computer table                                                                    | 450.00     | 13                                     | 0.48                     | 216.00    | 0                                    | 0.00      |
| (k) telephone (fixed line)                                                            | 85.00      | 27                                     | 1.04                     | 88.40     | 1                                    | 85.00     |
| (l) mobile phone                                                                      | 2,000.00   | 15                                     | 0.56                     | 1,120.00  | 1                                    | 2,000.00  |
| (m) calculator                                                                        | 50.00      | 26                                     | 1.00                     | 50.00     | 1                                    | 50.00     |
| (n) filing cabinet                                                                    | 900.00     | 26                                     | 1.85                     | 1,665.00  | 2                                    | 1,800.00  |
| (o) partition/panel/screen                                                            | 350.00     | 21                                     | 0.93                     | 325.50    | 1                                    | 350.00    |
| <i>Item(s) suggested by respondents</i>                                               |            |                                        |                          |           |                                      |           |
| (a) camera                                                                            | 2,580.00   | 1                                      | 0.04                     | 103.20    | 0                                    | 0.00      |
| 27 respondents to this question                                                       |            |                                        | Subtotal                 | 28,008.20 | Subtotal                             | 17,439.00 |

0 to share a network printer

## (B) office furniture and equipment for a part-time assistant

| Item                                                                                  | Unit price | No. of respondents requesting the item | Requested by respondents |           |                                      |           |
|---------------------------------------------------------------------------------------|------------|----------------------------------------|--------------------------|-----------|--------------------------------------|-----------|
|                                                                                       |            |                                        | On average               |           | In round figures                     |           |
|                                                                                       |            |                                        | Average quantity         | Amount \$ | Quantity rounded to the nearest unit | Amount \$ |
| <i>Items on the questionnaire</i>                                                     |            |                                        |                          |           |                                      |           |
| (a) desk                                                                              | 410.00     | 22                                     | 0.81                     | 332.10    | 1                                    | 410.00    |
| (b) side return                                                                       | 350.00     | 15                                     | 0.56                     | 196.00    | 1                                    | 350.00    |
| (c) pedestal                                                                          | 430.00     | 21                                     | 0.96                     | 412.80    | 1                                    | 430.00    |
| (d) chair                                                                             | 580.00     | 22                                     | 0.81                     | 469.80    | 1                                    | 580.00    |
| (e) desktop personal computer with monitor, Windows 7, Office and anti-virus software | 10,954.00  | 19                                     | 0.70                     | 7,667.80  | 1                                    | 10,954.00 |
| (f) notebook computer with Windows 7, Office and anti-virus software                  | 12,236.00  | 6                                      | 0.22                     | 2,691.92  | 0                                    | 0.00      |
| (g) netbook computer with Windows 7, Office and anti-virus software                   | 10,236.00  | 3                                      | 0.11                     | 1,125.96  | 0                                    | 0.00      |
| (h) iPad/portable digital assistant etc                                               | 4,688.00   | 3                                      | 0.11                     | 515.68    | 0                                    | 0.00      |
| (i) printer                                                                           | 2,400.00   | 5                                      | 0.16                     | 384.00    | 0                                    | 0.00      |
| (j) computer table                                                                    | 450.00     | 10                                     | 0.37                     | 166.50    | 0                                    | 0.00      |
| (k) telephone (fixed line)                                                            | 85.00      | 12                                     | 0.43                     | 36.55     | 0                                    | 0.00      |
| (l) mobile phone                                                                      | 2,000.00   | 5                                      | 0.19                     | 380.00    | 0                                    | 0.00      |
| (m) calculator                                                                        | 50.00      | 14                                     | 0.52                     | 26.00     | 1                                    | 50.00     |
| (n) filing cabinet                                                                    | 900.00     | 19                                     | 0.78                     | 702.00    | 1                                    | 900.00    |
| (o) partition/panel/screen                                                            | 350.00     | 15                                     | 0.67                     | 234.50    | 1                                    | 350.00    |
| 27 respondents to this question                                                       |            |                                        | Subtotal                 | 15,341.61 | Subtotal                             | 14,024.00 |

Ω On the assumption that only standard items for two full-time assistants would be provided for each district office, the estimated resources for equipping/furnishing a district office have not included those for a part-time assistant. The estimate here will be used for future reference.

## (C) office furniture and equipment for a Member

| Item                                                                                  | Unit price | No. of respondents requesting the item | Requested by respondents |           |                                      |           |
|---------------------------------------------------------------------------------------|------------|----------------------------------------|--------------------------|-----------|--------------------------------------|-----------|
|                                                                                       |            |                                        | On average               |           | In round figures                     |           |
|                                                                                       |            |                                        | Average quantity         | Amount \$ | Quantity rounded to the nearest unit | Amount \$ |
| <i>Items on the questionnaire</i>                                                     |            |                                        |                          |           |                                      |           |
| (a) desk                                                                              | 1,750.00   | 27                                     | 1.04                     | 1,820.00  | 1                                    | 1,750.00  |
| (b) side return                                                                       | 740.00     | 23                                     | 0.89                     | 658.60    | 1                                    | 740.00    |
| (c) pedestal                                                                          | 430.00     | 26                                     | 1.67                     | 718.10    | 2                                    | 860.00    |
| (d) chair                                                                             | 580.00     | 27                                     | 1.04                     | 603.20    | 1                                    | 580.00    |
| (e) desktop personal computer with monitor, Windows 7, Office and anti-virus software | 10,954.00  | 24                                     | 0.89                     | 9,749.06  | 1                                    | 10,954.00 |
| (f) notebook computer with Windows 7, Office and anti-virus software                  | 12,236.00  | 21                                     | 0.78                     | -         | 1                                    | -         |
| (g) netbook computer with Windows 7, Office and anti-virus software                   | 10,236.00  | 10                                     | 0.37                     | -         | 0                                    | -         |
| (h) iPad/portable digital assistant etc                                               | 4,688.00   | 20                                     | 0.74                     | -         | 1                                    | -         |
| (i) printer                                                                           | 2,400.00   | 16                                     | 0.56                     | 1,344.00  | 1                                    | -         |
| (j) computer table                                                                    | 450.00     | 12                                     | 0.44                     | 198.00    | 0                                    | 0.00      |
| (k) telephone (fixed line)                                                            | 85.00      | 23                                     | 0.89                     | 75.65     | 1                                    | 85.00     |
| (l) mobile phone                                                                      | 5,000.00   | 24                                     | 0.93                     | -         | 1                                    | -         |
| (m) calculator                                                                        | 50.00      | 21                                     | 0.81                     | 40.50     | 1                                    | 50.00     |
| (n) filing cabinet                                                                    | 900.00     | 23                                     | 1.33                     | 1,197.00  | 1                                    | 900.00    |
| (o) partition/panel/screen                                                            | 350.00     | 17                                     | 0.78                     | 273.00    | 1                                    | 350.00    |
| <i>Item(s) suggested by respondents</i>                                               |            |                                        |                          |           |                                      |           |
| (a) camera                                                                            | 2,580.00   | 1                                      | 0.04                     | 103.20    | 0                                    | 0.00      |
| 27 respondents to this question                                                       |            |                                        | Subtotal                 | 16,780.31 | Subtotal                             | 16,269.00 |

# mobile items included on the Central Office's list of office furniture and equipment for a Member  
 0 to share a network printer

## (D) office furniture and equipment for common area

| Item                                                                                  | Unit price | No. of respondents requesting the item | Requested by respondents |                                         |                                      |           |           |
|---------------------------------------------------------------------------------------|------------|----------------------------------------|--------------------------|-----------------------------------------|--------------------------------------|-----------|-----------|
|                                                                                       |            |                                        | On average               |                                         | In round figures                     |           |           |
|                                                                                       |            |                                        | Average quantity         | Amount \$                               | Quantity rounded to the nearest unit | Amount \$ |           |
| <i>Items on the questionnaire</i>                                                     |            |                                        |                          |                                         |                                      |           |           |
| (a) counter                                                                           | 2,000.00   | 19                                     | 0.73                     | 1,460.00                                | 1                                    | 2,000.00  |           |
| (b) sofa for visitors                                                                 |            |                                        |                          |                                         |                                      |           |           |
| • 1-seater                                                                            | 2,100.00   | 11                                     | 0.47                     | 987.00                                  | 0                                    | 0.00      |           |
| • 2-seater                                                                            | 2,800.00   | 20                                     | 0.78                     | 2,184.00                                | 1                                    | 2,800.00  |           |
| • 3-seater                                                                            | 3,400.00   | 17                                     | 0.69                     | 2,346.00                                | 1                                    | 3,400.00  |           |
| (c) visitor chairs                                                                    | 230.00     | 22                                     | 3.36                     | 772.80                                  | 3                                    | 690.00    |           |
| (d) wall clock                                                                        | 100.00     | 25                                     | 0.88                     | 88.00                                   | 1                                    | 100.00    |           |
| (e) electric fan                                                                      | 598.00     | 24                                     | 1.16                     | 693.68                                  | 1                                    | 598.00    |           |
| (f) computer server                                                                   | 3,070.00   | 23                                     | 0.72                     | 2,210.40                                | 1                                    | 3,070.00  |           |
| (g) computer network (including modem and router) for                                 |            |                                        |                          |                                         |                                      |           |           |
| • wired clients                                                                       | 1,190.00   | 22                                     | 0.69                     | 821.10                                  | 1                                    | 1,190.00  |           |
| • wireless clients                                                                    | 1,190.00   | 23                                     | 0.72                     | 856.80                                  | 1                                    | 1,190.00  |           |
| (h) desktop personal computer with monitor, Windows 7, Office and anti-virus software | 10,954.00  | 24                                     | 1.89                     | 20,703.06                               | 2                                    | 21,908.00 |           |
| (i) computer table                                                                    | 450.00     | 18                                     | 1.09                     | 490.50                                  | 1                                    | 450.00    |           |
| (j) conference table                                                                  | 2,500.00   | 28                                     | 1.03                     | 2,575.00                                | 1                                    | 2,500.00  |           |
| (k) desk/table                                                                        | 410.00     | 21                                     | 1.89                     | 774.90                                  | 2                                    | 820.00    |           |
| (l) bench                                                                             | 950.00     | 14                                     | 1.31                     | 1,244.50                                | 1                                    | 950.00    |           |
| (m) television                                                                        | 1,900.00   | 29                                     | 0.94                     | 1,786.00                                | 1                                    | 1,900.00  |           |
| (n) DVD player/recorder or VCR                                                        | 2,300.00   | 23                                     | 0.72                     | 1,656.00                                | 1                                    | 2,300.00  |           |
| (o) MP3/cassette player/recorder                                                      | 260.00     | 25                                     | 0.78                     | 202.80                                  | 1                                    | 260.00    |           |
| (p) photocopier                                                                       | 10,800.00  | 29                                     | 0.94                     | 10,152.00                               | 1                                    | 10,800.00 |           |
| (q) printer                                                                           | 4,288.00   | 26                                     | 0.84                     | 3,601.92                                | 1                                    | 4,288.00  |           |
| (r) scanner                                                                           | 2,620.00   | 28                                     | 0.91                     | 2,384.20                                | 1                                    | 2,620.00  |           |
| (s) fax machine                                                                       | 1,000.00   | 29                                     | 0.91                     | 910.00                                  | 1                                    | 1,000.00  |           |
| (t) filing cabinet                                                                    | 900.00     | 29                                     | 4.45                     | 4,005.00                                | 4                                    | 3,600.00  |           |
| (u) partition/panel/screen                                                            | 350.00     | 15                                     | 1.44                     | 504.00                                  | 1                                    | 350.00    |           |
| (v) camera                                                                            | 2,580.00   | 26                                     | 1.06                     | 2,734.80                                | 1                                    | 2,580.00  |           |
| (w) video camera                                                                      | 9,980.00   | 21                                     | 0.66                     | 6,586.80                                | 1                                    | 9,980.00  |           |
| (x) public address system (including microphones, speakers, mixer, amplifier etc)     | 7,000.00   | 24                                     | 0.91                     | 6,370.00                                | 1                                    | 7,000.00  |           |
| (y) overhead projector                                                                | 4,485.00   | 9                                      | 0.28                     | 1,255.80                                | 0                                    | 0.00      |           |
| (z) projector screen                                                                  | 900.00     | 10                                     | 0.31                     | 279.00                                  | 0                                    | 0.00      |           |
| (aa) paper guillotine                                                                 | 2,200.00   | 20                                     | 0.63                     | 1,386.00                                | 1                                    | 2,200.00  |           |
| (ab) paper shredder                                                                   | 2,080.00   | 30                                     | 0.94                     | 1,955.20                                | 1                                    | 2,080.00  |           |
| (ac) water dispenser                                                                  | 2,500.00   | 28                                     | 0.88                     | 2,200.00                                | 1                                    | 2,500.00  |           |
| (ad) ladder                                                                           | 338.00     | 22                                     | 0.75                     | 253.50                                  | 1                                    | 338.00    |           |
| (ae) trolley                                                                          | 380.00     | 25                                     | 0.97                     | 368.60                                  | 1                                    | 380.00    |           |
| <i>Item(s) suggested by respondents</i>                                               |            |                                        |                          |                                         |                                      |           |           |
| (a) white board                                                                       | 290.00     | 5                                      | 0.19                     | 55.10                                   | 0                                    | 0.00      |           |
| (b) coffee table                                                                      | 1,030.00   | 4                                      | 0.13                     | 133.90                                  | 0                                    | 0.00      |           |
| (c) speed printing machine                                                            | 32,800.00  | 1                                      | 0.03                     | 984.00                                  | 0                                    | 0.00      |           |
| (d) loudhailer                                                                        | 1,995.00   | 1                                      | 0.25                     | 498.75                                  | 0                                    | 0.00      |           |
| (e) first aid kit                                                                     | 71.00      | 1                                      | 0.03                     | 2.13                                    | 0                                    | 0.00      |           |
| (f) fire extinguisher                                                                 | 100.00     | 1                                      | (Note)                   | 0.00                                    | 0                                    | 0.00      |           |
| (g) keyboard drawer                                                                   | 400.00     | 1                                      | 0.03                     | 12.00                                   | 0                                    | 0.00      |           |
| 32 respondents to this question                                                       |            |                                        |                          | Subtotal                                | 88,485.24                            | Subtotal  | 95,842.00 |
|                                                                                       |            |                                        |                          | Less: items provided by the Secretariat |                                      |           | 2,800.00  |
|                                                                                       |            |                                        |                          |                                         |                                      |           | 93,042.00 |

(Note) as required by law

For discussion  
on 11 May 2012

FCR(2012-13)25

## ITEM FOR FINANCE COMMITTEE

### HEAD 112 – LEGISLATIVE COUNCIL COMMISSION

Subhead 366 Remuneration and reimbursements for Members of the  
Legislative Council

Subhead 872 Non-recurrent expenses reimbursements for Members of the  
Legislative Council

Members are invited to –

- (a) approve enhancements to the remuneration package for Members of the Legislative Council with effect from the Fifth Term of the Legislative Council due to begin in October 2012;
- (b) approve supplementary provision of \$29.181 million under Head 112 Legislative Council Commission Subhead 366 Remuneration and reimbursements for Members of the Legislative Council to meet additional expenditure in 2012-13 arising from the above enhancements and the addition of ten Members in the Fifth Term; and
- (c) approve the creation of a capital account commitment of \$17.500 million under Head 112 Legislative Council Commission Subhead 872 Non-recurrent expenses reimbursements for Members of the Legislative Council for the combined provision for the Setting Up Expenses Reimbursement and the Information Technology and Communication Equipment Expenses Reimbursement for the Fifth Term.

/PROBLEM .....



**PROBLEM**

The remuneration package for Members of the Fifth Term Legislative Council (LegCo) requires appropriate enhancements. Additional provision is required to implement these enhancements, as well as to meet the cost of the remuneration package for the ten additional Members of the Fifth Term LegCo. We also need to create a capital account commitment to merge the Setting Up Expenses Reimbursement (SUER) and the Information Technology and Communication Equipment Expenses Reimbursement (ITER) into a single provision.

**PROPOSAL****Proposed enhancements to Members' remuneration package in the Fifth Term**

2. As recommended by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region (the Independent Commission) and approved by the Chief Executive in Council (CE-in-Council), we propose, for implementation with effect from 1 October 2012 upon the commencement of the Fifth Term LegCo, to –

- (a) increase the monthly remuneration for LegCo Members by 10%, from \$73,150 to \$80,470 per month, on top of the annual price adjustment to be made in October 2012;
- (b) increase the annual Office Operation Expenses Reimbursement (OOER) by 20%, from \$1,719,290 to \$2,063,150 per annum, on top of the annual price adjustment to be made in October 2012;
- (c) allow the surplus from a year's OOER entitlement to roll over to the following year until the end of a LegCo term; and
- (d) combine the SUER and the ITER into one provision, but with no enhancement to the combined amount.

**Supplementary provision required for 2012-13**

3. We propose to provide supplementary provision of \$29.181 million under Head 112 Legislative Council Commission Subhead 366 Remuneration and reimbursements for Members of the Legislative Council to meet additional expenditure in 2012-13 arising from –

/(a) .....

- (a) the proposed enhancements in paragraph 2(a) and (b)<sup>1</sup> for 60 LegCo Members in the Fifth Term (\$13.015 million); and
- (b) the remuneration package payable to the ten additional Members in the Fifth Term incorporating the proposed enhancements in paragraph 2(a) and (b) above (\$16.166 million<sup>2</sup>).

### **Merging of SUER and ITER**

4. To take forward the proposal in paragraph 2(d) above, we propose to create a capital account commitment of \$17.500 million under Head 112 Legislative Council Commission Subhead 872 Non-recurrent expenses reimbursements for Members of the Legislative Council. The \$17.500 million covers the maximum combined provision for the SUER and ITER claimable by the 70 Members of the Fifth Term LegCo during their four-year tenure starting from October 2012.

### **JUSTIFICATION**

#### **Comprehensive review**

5. The Independent Commission<sup>3</sup> is appointed by the Chief Executive to, among others, advise the Administration on the remuneration package for LegCo Members. It is an established practice for the Independent Commission to conduct a comprehensive review of the remuneration package for LegCo Members about one year before the start of a new LegCo term. With the Fifth Term LegCo due to begin in October 2012, the Independent Commission started the review in May 2011 which is now completed.

6. In conducting its comprehensive review, the Independent Commission has adopted a holistic approach, taking into account a basket of factors. It has also considered the requests of and justifications provided by the LegCo Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (LegCo Subcommittee) in its submissions in March 2011 and February 2012 respectively.

/Monthly .....

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<sup>1</sup> The proposed enhancements in paragraph 2(c) and (d) seek to increase Members' flexibility in using the relevant allowances and do not entail additional expenditure.

<sup>2</sup> The \$16.166 million comprises four elements payable to the ten additional Members in 2012-13, viz. remuneration, OOER, medical allowance, and Entertainment and Travelling Expenses Reimbursement (ETER). The remuneration and OOER entitlement of the ten Members will be \$80,470 per month and \$2,063,150 per annum as per paragraphs 2(a) and (b) respectively, while the medical allowance and ETER will remain at the existing level of \$28,020 per annum and \$176,310 per annum respectively.

<sup>3</sup> The Independent Commission is chaired by Mr Vincent Cheng. Other members are Mr Nicky Lo, Mr Chow Chung-kong, Mrs Betty Yuen, Professor Chan Yuk-shee and Ms Kelly Chan.

### Monthly remuneration

7. The Independent Commission considers that given the very unique nature of LegCo membership, determination of the appropriate level of Members' monthly remuneration is a complex issue involving a host of factors. It is not appropriate or indeed possible to derive a simple or mechanical formula to determine LegCo Members' monthly remuneration. By the same token, it is also not appropriate to compare the remuneration of LegCo Members directly with that of other sectors or to peg it to that of the civil service or politically appointed officials. Besides, while the Independent Commission considers that the monthly remuneration should be set at a level which is sufficient to attract talents and can enable those who regard LegCo membership as their main occupation to have a reasonable standard of living, it maintains that remuneration should not be the single most important factor for those who aspire to be a LegCo Member. The vision and the desire to serve the community, the interest in pursuing a career in politics, and the high social status enjoyed by LegCo Members are also very important considerations. The benchmark remains to be that the monthly remuneration should be reasonably attractive to encourage 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.

8. The Independent Commission acknowledges that there has been growing demand and public expectation on LegCo Members in recent years in terms of time and efforts to be spent on LegCo business, as seen from the increase in the number of meetings; longer hours of meetings; and the complex and controversial nature of issues put to LegCo for examination. The Independent Commission considers that this factor should be taken into account in considering the monthly remuneration for LegCo Members.

9. LegCo Members' monthly remuneration was last enhanced in 2008 where it was adjusted upwards for 15% (in addition to the annual adjustment in accordance with the Consumer Price Index (C) (CPI(C))). The Independent Commission notes that, for the period from 2008 to 2011, the overall rate of increase of Members' remuneration marginally lags behind the rate of growth in nominal Gross Domestic Product (GDP) per employed person by 1.45%; and lags behind the rate of growth in per capita GDP by 2.3%. In addition, comparing the rate of increase in remuneration of LegCo Members with that of the top 25% of salary earners working as managers and administrators (the median monthly salary of this group is roughly comparable to the remuneration of LegCo Members), the rate of increase of LegCo Member's remuneration from 2008 to 2011 lags behind this group by about 7.57% over the same period.

10. Taking into account the above considerations, as well as other factors including the constitutional role and functions of LegCo Members; the increase in workload and the public expectation on LegCo Members in recent years; the objective to enable a wide spectrum of quality individuals from different sectors of the community to serve as LegCo Members for the long-term constitutional development of Hong Kong; and to cater for expectation of future economic growth, the Independent Commission recommends to increase the monthly remuneration for Members of the Fifth Term LegCo by 10%, on top of the annual price adjustment due in October 2012. Based on the existing rate of \$73,150 at the 2011 price level, the proposed 10% increase will bring the monthly remuneration to \$80,470 (rounded to the nearest ten). The Independent Commission further recommends that the monthly remuneration for the LegCo President, the President's Deputy and the LegCo Members who are also serving on ExCo should continue to be fixed at 200%, 150% and two-thirds respectively of the remuneration for their fellow LegCo Members after the proposed 10% increase.

#### OOER

11. The OOER is a major component of the Operating Expenses Reimbursement (OER) and is intended to reimburse LegCo Members' staffing and other operating expenses (e.g. maintaining their offices or for conducting research, etc) for conduct of LegCo business. It was last increased by 10% in 2006, on top of the annual CPI(C) adjustment.

12. In its submission to the Independent Commission in March 2011, the LegCo Subcommittee proposes to increase the OOER by \$634,091 per annum, among which \$423,863 is intended to cater for expenses for engaging staff and for maintaining Members' offices; and the remaining \$210,228 is a new amount proposed to be separately kept and maintained by the LegCo Secretariat for the sole purpose of paying end-of-service gratuity to full-time staff engaged by LegCo Members. Based on past expenditure pattern that about 70% of the OOER is spent on staff salary, the LegCo Subcommittee proposes that 70% of the OOER should be adjusted annually in accordance with the civil service pay adjustment. The remaining 30% should continue to be adjusted in accordance with CPI(C). In addition, the LegCo Subcommittee proposes to provide a new, separate allowance of \$204,000 per annum to enable Members to engage outside parties to conduct research and to lift the current restriction so that the political parties to which Members are affiliated can also be engaged to conduct such researches. The LegCo Subcommittee also proposes to implement these enhancements within the current term, with effect from 1 October 2011.

13. The Independent Commission notes that the utilisation rate of the OOER has been consistently high in recent years, at more than 90%. Besides, the rental expenses for private offices have been soaring in Hong Kong in recent years. Specifically, the percentage increase in office rental of Grade C office from 2006 to 2011 ranges from 38% to 62%. As for staffing support, the Independent Commission notes that 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. All in all, the Independent Commission agrees that the level of the OOER should be enhanced to make available more resources to Members to better perform their constitutional role and to better serve the community.

14. However, the Independent Commission considers that given the uniqueness of the civil service pay mechanism, it is inappropriate to use civil service pay, as proposed by the LegCo Subcommittee, as the basis to work out the amount required to cover salary expenses to be incurred by Members for employment of their staff<sup>4</sup>. The proposed new and separate allowance for research should also be critically examined, considering the fact that currently expenses for research is claimable under OOER, which actually provides more flexibility to cater for different needs of Members. The related proposal of the LegCo Subcommittee to lift the current restriction so that a LegCo Member can engage his/her own political party to conduct research is also not supported given the real or perceived conflict of interest.

15. Taking into account the above considerations and the need to maintain maximum flexibility for Members to utilise their OOER, the Independent Commission recommends a lump sum increase of the OOER by 20%, from the current \$1,719,290 to \$2,063,150 (rounded to the nearest ten) per annum. The amount should continue to be adjusted annually in accordance with CPI(C). Since the proposed 20% increase in OOER is a substantial enhancement and considering that 2011-12 is the last session of the current LegCo term, to preserve the integrity of the remuneration regime and in order to avoid any real or potential conflict of interest, the Independent Commission recommends that notwithstanding the request of LegCo to increase the OOER with effect from 1 October 2011, the proposed 20% increase should only take effect from the commencement of Fifth Term LegCo (i.e. with effect from 1 October 2012).

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<sup>4</sup> Based on the findings of a survey among LegCo Members, the LegCo Subcommittee adopts the assumptions that each Member will employ seven full-time staff, pitched at the average salary of the first four salary points of "comparable" ranks in the civil service (i.e. one Executive Officer I, two Executive Officers II and four Assistant Clerical Officers); and that each Member will operate one central office and two district offices, as the basis to work out its requested increase in OOER.

16. To address the need of LegCo Members to retain experienced staff, the Independent Commission agrees with the LegCo Subcommittee that it would be reasonable to allow any surplus of a Member's OOER entitlement each year to roll over to the following year until the end of a LegCo term. This would facilitate LegCo Members to retain part of the OOER funding for salary increments and/or payment of gratuity at the end of the four-year term, if they choose to, with a view to retaining experienced staff.

#### **SUER and ITER**

17. At present, a newly-elected LegCo Member is entitled to SUER of up to \$150,000 per term to cover expenses for fitting out, purchase of furniture, equipment, software, etc. A re-elected Member may claim up to \$75,000 if he/she has claimed any SUER in the previous term. Separately, a LegCo Member may claim ITER of up to \$100,000 per term to cover expenses for the purchase or upgrading of information technology and communication equipment. The LegCo Subcommittee proposes to combine the SUER and the ITER into one single provision and to increase the total amount from the existing \$250,000 per term to \$482,500 per term.

18. The Independent Commission notes that for the Third Term LegCo, 38% of Members used less than 50% of the SUER while 31% of Members used less than 50% of the ITER. For the Fourth Term LegCo (up to September 2010), 65% of Members used less than 50% of the SUER while 69% of Members used less than 50% of the ITER. Judging from these utilisation rates, the Independent Commission does not consider the proposal to increase the amount of the two allowances justifiable. However, to enable more flexibility to Members, the Independent Commission recommends to merge the SUER and the ITER with effect from the Fifth Term LegCo, but with no enhancement to the combined amount. In other words, with effect from the Fifth Term LegCo, Members can claim up to \$250,000 to cover their setting up and IT communication equipment expenses during their four-year tenure, or up to \$175,000 if the re-elected Member had claimed any setting up expenses in the previous term.

19. Separately, taking into account the original intent of introducing the ITER, we consider it appropriate for expenses incurred for maintenance and operation of IT and communication equipment to be claimable under ITER or the future SUITER. In other words, depending on their individual needs, Members could free up more resources under OOER, which would otherwise need to be spent on maintenance and operation expenses for IT and communication equipment, to cover other office operation expenses, including staff costs. Moreover, the original intent of SUER, as approved by the Finance Committee, is for capital expenses incurred for the setting up of offices. However, we appreciate that sometimes expenses for setting up offices may not be incurred in one go, but would have to be

/incurred ....

incurred in phases. In addition, given the changing times, it may be more economical for Members to use hire purchase or leasing arrangements etc. to provide equipment in their offices than to make one-off capital purchase; or to repair rather than replace them. We therefore consider it appropriate for the operation, maintenance or repair costs of fixed assets to be claimable under the SUITER in future.

20. The proposed remuneration package for LegCo Members, effective as from the Fifth Term LegCo, together with the existing package, is at the Enclosure.

Encl.

### **Need for additional funding for ten additional new Members in the Fifth Term LegCo**

21. In March 2011, LegCo passed the local legislation regarding the method for the formation of the Fifth Term LegCo. Pursuant to the legislation, the number of LegCo seats will be increased by ten from 60 to 70 in the Fifth Term. There is a need to provide additional funding to meet the cost of the remuneration package for the ten Members in 2012-13 incorporating the proposed enhancements to the remuneration and OOER in paragraph 2(a) and (b) above respectively.

### **FINANCIAL IMPLICATIONS**

22. The proposed enhancements in paragraphs 2(a) and (b) above will entail additional expenditure for the remuneration and OOER for the 70 Members of the Fifth Term LegCo. They will also lead to consequential increase in expenditure for end-of-service gratuity and Winding Up Expenses Reimbursement, the payment of both being linked to the remuneration and OOER respectively<sup>5</sup>. Taking into account the direct and consequential increases in expenditure, we estimate that the total additional financial implications of implementing the proposed enhancements for the Fifth Term LegCo, save for any annual price adjustments to be made, will be about \$127.2 million per term<sup>6</sup>. This translates into, on average, an additional \$1.8 million per LegCo Member per term or an additional \$454,000 per LegCo Member per annum.

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<sup>5</sup> The end-of-service gratuity payable at the end of a LegCo term is pitched at 15% of the total remuneration received during the term, while WUER is equivalent to 1/12 of the annual OOER plus actual severance payment.

<sup>6</sup> The total additional financial implications of \$127.2 million comprises to \$2.212 million for the President per term; \$2.010 million for the President's Deputy per term; and \$1.808 million per LegCo Member per term x 68 Members (the total number of LegCo Members will be increased from 60 to 70 for the Fifth Term LegCo).

23. As proposed in paragraph 3, we need to provide supplementary provision of \$29.181 million under Head 112 Legislative Council Commission Subhead 366 Remuneration and reimbursements for Members of the Legislative Council to meet additional expenditure in 2012-13, broken down as follows –

- (a) \$13.015 million for the proposed enhancements to the remuneration and OOER for 60 LegCo Members of the Fifth Term; and
- (b) \$16.166 million for the enhanced remuneration package (comprising remuneration, OOER, medical allowance and ETER) for the ten additional Members of the Fifth Term.

We will include sufficient provisions in the annual draft Estimates for 2013-14 and beyond.

24. The proposed capital account commitment of \$17.500 million under Head 112 Legislative Council Commission Subhead 872 Non-recurrent expenses reimbursements for Members of the Legislative Council represents the maximum combined SUER and ITER provisions, namely the new SUITER, claimable by the 70 Members of the Fifth Term LegCo during their four-year tenure<sup>7</sup>. We estimate that the expenditure will spread over between 2012-13 and 2016-17, as follows –

| Year    | Estimated cash flow requirement<br>(\$million) |
|---------|------------------------------------------------|
| 2012-13 | 4.813                                          |
| 2013-14 | 4.358                                          |
| 2014-15 | 5.057                                          |
| 2015-16 | 1.837                                          |
| 2016-17 | 1.435                                          |
| Total   | 17.500                                         |

Following the existing rule for SUER entitlement, any re-elected Members who had claimed any setting up expenses in the previous term can only claim up to \$175,000 for the combined SUER and ITER provision during their four-year tenure of the current term.

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<sup>7</sup> The maximum combined SUER and ITER provision claimable by a Member is \$250,000 per term if he/she has not claimed any setting up expenses reimbursement in the previous term. Multiplying this figure by 70 Members produces a commitment of \$17.500 million.



**PUBLIC CONSULTATION**

25. The Independent Commission met with the LegCo Subcommittee in June 2011 and exchanged views with LegCo Members upon receipt of the latter's proposals to enhance various components of the OER. It also conducted site visits to district offices of LegCo Members in July 2011 and listened to views of the assistants employed by LegCo Members. Upon invitation of the LegCo Subcommittee, the Administration Wing attended meeting of the LegCo Subcommittee in December 2011 to listen to Members' further views.

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Administration Wing  
Chief Secretary for Administration's Office  
May 2012

Existing and Proposed remuneration package for LegCo Members

| Existing Package                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Proposed Package<br>with effect from the Fifth Term LegCo<br>(before any effect of price adjustments)                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>Remuneration and Benefits</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p><b>1. Monthly Remuneration *</b></p> <p>\$146,300 for the LegCo President<br/>           \$109,730 for the President's Deputy<br/>           \$73,150 for other Members<br/>           \$48,770 for Members also serving on ExCo</p> <p><b>2. End-of-service gratuity</b><br/>           (payable at the end of a term)<br/>           15% of the total remuneration received during the term</p> <p><b>3. Medical Allowance *</b><br/>           (per annum)<br/>           \$28,020</p> | <p><b>1. Monthly Remuneration *</b></p> <p>\$160,940 for the LegCo President<br/>           \$120,710 for the President's Deputy<br/>           \$80,470 for other Members<br/>           \$53,650 for Members also serving on ExCo</p> <p><b>2. End-of-service gratuity</b><br/>           (payable at the end of a term)<br/>           15% of the total remuneration received during the term</p> <p><b>3. Medical Allowance *</b><br/>           (per annum)<br/>           \$28,020</p> |
| <b><u>Operating Expenses Reimbursement</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p><b>4. Office Operation Expenses Reimbursement (OOER) *</b><br/>           (per annum) \$1,719,290</p> <p><b>5. Entertainment and Travelling Expenses Reimbursement *</b><br/>           (per annum) \$176,310</p>                                                                                                                                                                                                                                                                         | <p><b>4. Office Operation Expenses Reimbursement (OOER) *</b><br/>           (per annum) \$2,063,150</p> <p><b>5. Entertainment and Travelling Expenses Reimbursement *</b><br/>           (per annum) \$176,310</p>                                                                                                                                                                                                                                                                         |

| Existing Package |                                                                                                                                                | Proposed Package<br>with effect from the Fifth Term LegCo<br>(before any effect of price adjustments) |                                                                                                                                                                                                                                                                                                                                          |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.               | <b>President's Entertainment *</b><br>(per annum) \$176,480                                                                                    | 6.                                                                                                    | <b>President's Entertainment *</b><br>(per annum) \$176,480                                                                                                                                                                                                                                                                              |
| 7.               | <b>Setting Up Expenses Reimbursement</b><br>(per term) \$150,000 or \$75,000<br>(for Members who have claimed Setting Up in the previous term) | 7.                                                                                                    | <b>Setting Up and Information Technology Expenses Reimbursement</b><br>(i.e. the combined provision for Setting Up Expenses Reimbursement and Information Technology and Communication Equipment Expenses Reimbursement)<br>(per term) \$250,000 or \$175,000<br>(for Members who have claimed setting up expenses in the previous term) |
| 8.               | <b>Information Technology and Communication Equipment Expenses Reimbursement</b><br>(per term) \$100,000                                       | 8.                                                                                                    | <b>Winding Up Expenses Reimbursement *</b><br>(per term) 1/12 of the annual OOER (i.e. \$171,929) plus actual severance payment                                                                                                                                                                                                          |
| 9.               | <b>Winding Up Expenses Reimbursement *</b><br>(per term) 1/12 of the annual OOER (i.e. \$143,274), plus actual severance payment               |                                                                                                       |                                                                                                                                                                                                                                                                                                                                          |

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

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**Supplementary Information on**  
**FCR(2012-13)25 : Head 112 – LEGISLATIVE COUNCIL COMMISSION**  
**for the FC Meeting on 11 May 2012**

As requested by the FC Chairman at the pre-meeting briefing with the Administration on 9 May 2012, supplementary information on the above FCai is appended below.

2. In the submission of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement of the Legislative Council to the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR, the annual turnover rate of full-time staff of Legislative Council (LegCo) Members of one legislative year (i.e. the 2007-08 legislative year, the last legislative year of the Third term LegCo) was provided. The relevant figure was 34%. As regards the wastage rate of the Civil Service<sup>1</sup>, according to the latest figure, the wastage rate (including resignation and retirement) in 2010-11 was 2.9%. We would however like to point out that a direct comparison between the wastage rate of civil servants and that of full-time staff of LegCo Members is not too meaningful given the vast difference between the two in various fronts including job nature, career path, etc.

4. As with all organisations, staff turnover could be attributable to many reasons; salary may just be one of the reasons. As employers of their staff, LegCo Members have full discretion to decide how to apportion their Office Operation Expenses Reimbursement (OOER) between staffing and other operational expenses to suit their own needs. With the proposed 20% increase in OOER and the proposed roll-over arrangement for the OOER, LegCo Members would have more resources and more flexibility to plan ahead if they consider it appropriate to enhance the remuneration of their staff.

**Administrative Wing,  
Chief Secretary for Administration's Office  
10 May 2012**

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<sup>1</sup> Does not include judges and judicial officers, locally-engaged staff in Mainland and overseas Economics and Trade Offices and offices in the Independent Commission Against Corruption.

Extract from minutes of the 14<sup>th</sup> meeting of  
Finance Committee of the Legislative Council on 11 May 2012

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Item No. 6 - FCR(2012-13)25

HEAD 112 – LEGISLATIVE COUNCIL COMMISSION

Subhead 366 Remuneration and reimbursements for Members of the  
Legislative Council

Subhead 872 Non-recurrent expenses reimbursements for Members of  
the Legislative Council

35. The Chairman advised that the item sought the Committee's approval for the enhancement to the remuneration package for Members of the Legislative Council (LegCo) with effect from the Fifth Term of LegCo due to begin in October 2012. Approval was also sought for supplementary provision to implement these enhancements as well as to meet the cost of the remuneration package for the 10 additional Members of the Fifth Term.

36. As Chairman of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement ("the Subcommittee"), the Chairman reported on the deliberations of the Subcommittee that, upon the Administration's announcement of the revised remuneration package in March 2012, the Subcommittee had held two meetings with the Administration to discuss the related matters. The Subcommittee also received views from members of the public at one of the meetings in which seven deputations and individuals were present. Many of the attendees were Members' Personal Assistants (PAs) who were not satisfied with the Administration's proposals and they urged Members to object to the funding proposal.

37. The Chairman reported that the Subcommittee generally considered that the Administration and 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") had not taken into account the factors and proposals set out in the Subcommittee's report issued in March 2011. The Subcommittee had no strong views on the Administration's proposal to increase the monthly remuneration of LegCo Members by 10%. Subcommittee members were mainly concerned about whether the provisions under the Office Operation Expenses Reimbursement (OOER) were sufficient for Members to discharge their constitutional duties and to serve the community. The Subcommittee did not subscribe to the Administration's views that Members might require one degree holder or one experienced staff to help handle LegCo business with policy contents and to supervise the operations of Members' offices. In fact, many Members engaged more than one staff member with university qualifications to assist them to examine public policies and proposed legislation, as well as to handle heavy caseloads in districts. The turnover rate of Members' staff was as high as 34%, as compared with 2.9% among civil servants in 2010-11 (including those who resigned or retired). The Subcommittee considered that the proposed 20% increase in OOER was therefore insufficient for Members to retain a team of good quality staff to support their work.

38. The Chairman said that the Subcommittee was of the view that the review conducted by the Independent Commission was not objective enough. Having regard to the practices in overseas legislatures and taking into account the needs of Members, the Subcommittee urged the Administration to devise an objective mechanism to review the remuneration package for Members. As the proposed remuneration package could not address the problems faced by Members, the Subcommittee considered that there was a genuine and urgent need for a more in-depth review to be conducted by the Independent Commission shortly after the start of the next LegCo term, with reference to the actual needs and operational requirements of Members. Such a review of OOER and any changes to the level of reimbursement should take effect during the term.

39. The Chairman said that the Administration had responded to the other suggestions from the Subcommittee, including those on the Information Technology and Communication Equipment Expenses Reimbursement (ITER), severance pay and long service payment. The Administration agreed that operating expenses and maintenance of information technology and communications equipment could be reimbursed under the combined Setting up Expenses Reimbursement and ITER. The Administration also agreed that Members could set aside funds from their OOER for payment of severance pay and long term service payment.

The cycle of determining Members' remuneration

40. Mr CHEUNG Man-kwong asked if the Administration would accede to Members' request to date back the enhancement proposals to October 2011. Director of Administration (D of Admin) advised that the proposed remuneration package, including the enhancement to OOER, was recommended by the Independent Commission after careful consideration of various relevant factors, including views of LegCo Members. The Independent Commission considered that the established practice that LegCo would only approve the remuneration package of LegCo Members of the following term in order to avoid possible conflict of interest should be followed unless there were exceptional justifications. She added that given that the proposed increase in OOER was substantial and that the LegCo election would take place later this year, it would not be advisable to increase OOER of current term LegCo Members as it might give rise to potential or perceived conflict of interest

41. Mr CHEUNG Man-kwong argued that the question of conflict of interest did not arise because Members were not asking for their own personal pecuniary benefit when they recommended enhancements to OOER to improve remuneration of their staff within their term. He asked if the Administration would reconsider Members' suggestion of effecting adjustment to OOER within the current term.

42. Mr CHAN Kam-lam said that it was appropriate to maintain the current established practice whereby LegCo Members' remuneration and OOER were reviewed by the Independent Commission before the beginning of a new term.

43. The Chairman added that at present, winding up expenses reimbursement was provided when a Member ceased to be a Member of LegCo, either because he/she chose not to stand for re-election or for reasons over which he/she had no control such as death, serious injury, defeat in an election or the dissolution of LegCo. However, if a Member's staff left in the middle of a term, the Member would usually have to bear the severance payment or long service payment out of their own pockets. She considered the arrangement unreasonable. The Chairman asked D of Admin to take on board Mr CHEUNG Man-kwong's views to commence a more in-depth review of Members' remuneration package and OOER shortly after the start of the next LegCo term. She commented that it was not necessary to stick to the current practice that the current term LegCo could only approve the remuneration package and reimbursable expenses for the ensuing term. Many overseas legislatures were not as restrictive.

44. Mr Paul TSE said that if it was not a statutory requirement that LegCo could only approve adjustments to Members' remuneration and OOER for the ensuing term, the Committee could pass a motion urging the Administration to change the practice. The Chairman said that Members had expressed this view clearly, but the Administration had not agreed; otherwise, Members' staff would already have received salary adjustment and gratuity as early as October 2011.

45. Mr CHEUNG Man-kwong referred to the submission from the Councillors' Workers Association tabled at the meeting (LC Paper No. FC102/11-12(04)), and noted that the Association did not consider the Administration's proposals acceptable, arguing that if the current term Government could expand the political appointment system in the middle of its term, there was no reason why LegCo should only be allowed to approve changes to Members' remuneration and OOER of the ensuing term. Mr CHEUNG Man-kwong criticized the Administration for adopting double standards on these two issues.

46. D of Admin replied that that expansion of the political appointment system and the adjustment of Members' remuneration package and OOER were separate issues. The Independent Commission had taken note of Members' comments in recommending the proposed enhancements to Members' remuneration and OOER.

#### Proposed level of Members' remuneration and OOER

47. Mr LEE Cheuk-yan said that Members belonging to the Labour Party did not support the proposal, and would abstain from voting. He criticized that it was unfair for the Administration to try to expand the Government Secretariat and the number of politically appointed officials while putting forward meagre enhancement to OOER for Members.

48. Dr PAN Pey-chyou said that the Independent Commission should reconsider the views of the Councillors' Workers Association carefully. While the Administration's proposal to allow a Member to roll over any surplus of his or her OOER entitlement from one year to the next until the end of a LegCo term was an improvement, the proposed adjusted provision under OOER was insufficient to offer attractive remuneration for PAs. He remarked that many PAs were working long hours and had dim promotion prospects.

49. Ms Cyd HO said that the current provision of OOER was not sufficient to enable Members to recruit and retain high calibre assistants.



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Besides, it required considerable time and effort for a Member to train up capable assistants. The level of remuneration that could be offered to Members' PAs within OOER was disproportionate to their ability and commitment. Even though Members' PAs were willing to serve out of a sense of mission, one could not expect the PAs to sustain their enthusiasm on low income and poor career prospects for too long. In fact, most of Members' staff would leave within three to four years of service, and some of her staff managed to become civil servants and enjoyed a jump in salary and improvements in conditions of service.

50. Mr WONG Yuk-man said that OOER should be adjusted to allow reasonable improvement to the salaries of Members' staff. Comparing the salaries and capability of Political Assistants in the Government and Members' PAs, there was much scope for improving PAs' remuneration package.

51. Mr LEE Cheuk-yan said that the salary of one single Political Assistant in the Government was comparable to the total amount of OOER a Member was allowed to use to cover office expenditure and the salaries of any number of staff he or she employed. The current high turnover rate among Members' staff reflected the difficulties of Members in retaining experienced staff. Members had to recruit new staff every three years. Mr LEE opined that the level of PAs' salaries should be linked to the civil service pay scale. He asked how the Administration would address the high turnover rate of Members' staff.

52. D of Admin responded that in reviewing Members' remuneration package and OOER, the Administration and the Independent Commission had listened to views of Members and their PAs during their meeting with Members and site visits to Members' district offices. The Subcommittee had also reflected Members' PAs' comments and suggestions to the Independent Commission. The Independent Commission was aware of the PAs' high turnover rates and their existing conditions of service. She added that the Independent Commission had made reference to the remuneration and conditions of services of university graduates in the employment market, and the actual operating expenses and organization of Members' offices. D of Admin said that subject to the provision of OOER, Members had full discretion to determine the number of staff they employed and the level of salaries for their staff.

53. Referring to the supplementary information note provided by the Administration (LC Paper No. FC102/11-12(03)), the Chairman pointed out that the annual turnover rate of full-time staff of LegCo Members, based on a survey conducted by the Secretariat, was as high as 34%, while the wastage rate of the

civil service (including resignation and retirement) in 2010-11 was only 2.9%. The Administration had maintained that a direct comparison between the wastage rate of civil servants and Members' staff was not meaningful given their vast difference in job nature, career path, etc.

54. Mr LEE Cheuk-yan found the Independent Commission's conclusion that a Members might require one degree holder or an experienced staff to help handle LegCo business with policy content and to supervise the operation of the offices, the most unacceptable. He queried the Independent Commission's basis in reaching such conclusion. Ms Audrey EU and Ms Cyd HO expressed similar views as they considered that Members required more than one staff with university background to assist them in conducting policy research and in dealing with public enquiries and requests for assistance within their constituencies.

55. D of Admin responded that the Independent Commission had met with LegCo Members, visited Members' offices and discussed with relevant stakeholders before drawing up its recommendations. She clarified that the Independent Commission did not conclude that there should only be one degree holder to assist a Member. The Independent Commission only observed that there might be flexibility regarding the qualifications of the other supporting staff who mainly dealt with frontline work such as handling complaints and providing miscellaneous services to the constituencies. In assessing the appropriate level of OOER, the Independent Commission had made reference to the market salaries of university graduates, experienced managers/professionals and service workers etc., and the information about Members' manpower needs as provided by the LegCo Secretariat. She also supplemented that the Independent Commission recognized that different Members had different needs and it would not be appropriate for the Independent Commission to decide on the number and the qualification of assistants to be employed by Members.

56. Dr PAN Pey-chyou said that Hong Kong needed political talents. Apart from joining the Administration as politically appointed officials, being a LegCo Member's PA could also be a way leading towards a political career. Mr Abraham SHEK concurred with this view.

57. D of Admin supplemented that both the Administration and the Independent Commission accepted the view that Member's office provided a useful training environment for cultivating political talents. This factor had been taken into account in evaluating the level of OOER.

58. Mr WONG Yuk-man said that the appeal from the Councillors' Workers Association to vote against the funding proposal had put him in a dilemma. He commented that supporting the proposal would perpetuate the problems faced by Members, but opposing it would risk losing the opportunity to improve the conditions of service of staff members. With 10 full-time and two part-time staff, Mr WONG said he had a difficult choice of whether he should apply the additional resources on improving staff remuneration or to offset increase in office expenses due to inflation.
59. Mr WONG Yuk-man criticized the Administration for downplaying the role of LegCo by thinning out resources for Members. Mr LEE Cheuk-yan commented that the Administration did not value the monitoring role LegCo played and the current proposals reflected the Administration's motive to restraint the resources available to Members so that they would not be able to monitor the Administration effectively.
60. Mr WONG Yuk-man queried whether members of the Independent Commission, most of whom came from top management level of major commercial organizations, could fully understand Member's resource needs, or whether they were misled by the Administration's information.
61. Mr LEUNG Kwok-hung said that he was disappointed with the performance of the Chairman of the Independent Commission as the review steered by him was unfair. He also pointed out that as other members of the Independent Commission were drawn from commercial organizations against which Members often criticized severely, they might not be willing to increase the level of support to Members. Mr LEUNG also observed that the Independent Commission was also responsible for reviewing the remuneration package of ExCo members and politically-appointed officials. He queried the basis under which the Independent Commission would adopt in comparing the nature of work and remuneration of these different groups to ensure equity. He said that the proposals of the Independent Commission was so unsatisfactory that the Councillors' Workers Association would rather forfeit the opportunity of salary adjustment and urged members to reject the Administration's proposal.
62. Mr WONG Yuk-man commented that the proposed remuneration and OOER did not reflect Members' work and functions in the prevailing political environment. For example, five Members would be returned from the District Council (Second) functional constituency in the coming LegCo. These Members needed more resources to serve a territory-wide constituency than their counterparts who served a smaller sized functional constituency. It was unreasonable that these Members should be remunerated on the same basis, and there was no mechanism by which unspent amount of OOER of any Member

could be ploughed back for re-allocation among other Members with actual need for additional resources.

63. Speaking from his own experience, Mr WONG Yuk-man said that he had to close down one office to save cost, and had to seek sponsorship for community activities or pay for them from his own pocket. He commented that the Administration's proposal would cause more difficulties to Members of smaller political parties because they were unable to achieve economy of scale. Mr WONG also criticized that the Independent Commission was insensitive to Members' practical needs, and had not given due attention to the views submitted by the Subcommittee.

64. D of Admin said that the Independent Commission had considered the views submitted by the Subcommittee as well as the comments of the Councillors' Workers Association. After the Independent Commission had made its recommendation on the remuneration package for Members of the Fifth term LegCo, the recommendations were submitted to the Administration and subsequently the Executive Council (ExCo) for endorsement. She said that the whole review process had been conducted in a transparent manner and LegCo was also presented with the report of the Independent Commission which set out the factors considered by the Independent Commission.

65. Mr WONG Yuk-man said that the scope the Independent Commission, as its name implied, covered the review of remuneration of not just LegCo Members, but also members of ExCo as well as politically-appointed officials. He criticized the Independent Commission for being partial against LegCo Members. He said that he would apply the Independent Commission's yardstick on evaluating LegCo Members' remuneration package when deliberating on the upcoming Administration's proposals and the remuneration package of politically-appointed officials under the Government re-organization proposal. Mr WONG appealed to other FC members not to support the funding proposal if they cared to protect the interest of their staff.

66. The Chairman queried whether the review process was as transparent as D of Admin claimed. She said that while members of the Independent Commission had visited Mr LEUNG Yiu-chung's office and had received a petition letter from Mr LEUNG's staff, the Administration declined the Subcommittee's invitation for members of the Independent Commission to attend its meetings where Members' PAs were present to express their views. The Administration had explained that the Independent Commission had already concluded the review and it was now the Administration's responsibility to seek LegCo's approval of the proposal. She queried whether the

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Independent Commission could have thoroughly understood and appreciated the practice and requirements of LegCo Members; the only person in the Independent Commission who had distant connection with LegCo's work was its Chairman who was an appointed LegCo Member back in 1991. Mr LEE Cheuk-yan also queried the transparency of the review process as the Independent Commission was not willing to discuss their proposals with Members.

67. Mr LEE Cheuk-yan suggested that Members' remuneration should be linked to politically appointed officials. However, he did not mean that Members' salaries should be substantially increased. On the contrary, he suggested that the level of remuneration of politically appointed officials should be adjusted downward to match that of LegCo Members. The Chairman said that questions related to remuneration of politically appointed officials should be dealt with by the relevant Panel.

68. Mr IP Kwok-him said that Members belonging to DAB would support the funding proposal as a starting point to seek further improvement in future. He said that the Secretariat had provided quite detailed background information about Members' deliberation on remuneration and OOER requirements, and he suggested that the Independent Commission should study Members' views carefully. Mr IP considered that Members' offices provided an environment for cultivating political talents, and he was not satisfied with the Independent Commission's recommendations. He commented that the proposed adjustment was not sufficient, and was not able to remunerate Members for their contribution. As Members had expressed their views, FC should now take a decision whether or not to approve the funding proposal. He requested the Administration to continue to listen to Members' views and to reflect them to the Independent Commission for future review. D of Admin agreed.

69. Mr CHAN Kam-lam said that he would support the proposal. Although the level of OOER, after adjustment, was still scant to cover operating expenses and offer better remuneration to staff, staff of DAB members were willingly working hard and in high spirit as they had a sense of mission. He said that D of Admin should reflect members' concerns to the Independent Commission. Mr CHAN commented that Members who considered their remuneration too low should bear in mind the fact that quite a number of people in the community had expressed concern about the behaviour of individual LegCo Members which did not warrant an increment. He suggested that Members should first try to improve their own performance before seeking higher pay.

Independent study on remuneration of Members' staff

70. Dr PAN Pey-chyou said that there had been suggestion that a grade structure setting out a clear career path for PAs should be established so as to attract more young people interested in pursuing a career in politics to becoming Members' PAs. Mr WONG Yuk-man concurred. Mr LEE Cheuk-yan said that Members' staff were not willing to stay in their job as they would immediately enjoy a clear pay scale and better career prospect with annual incremental points if they switched to the civil service. Ms Audrey EU agreed that a grade structure with clear pay scale should be implemented for Members' PAs. She said that some of her PAs had reflected to her their concern about the limited promotion prospects and narrow career path in their job.

71. Mr Abraham SHEK said that he would support the funding proposal. Although the proposal might not meet the expectation of every Member, it would be a starting point to seek further improvement. He considered that the Administration should take the opportunity of improving Members' remuneration and OOER to mend relationship with LegCo. He said that graduates who chose to join the civil service or work for Members should be paid on comparable terms, and the efforts of Members' staff to serve the community should be duly recognized. Mr SHEK suggested that an independent consultant could be engaged to look into the salary structure of Members' staff.

72. The Chairman suggested that the Secretariat might consider inviting Sir Malcolm JACK, the retired Clerk to the UK House of Commons, to carry out the review as suggested by Mr SHEK. D of Admin said that the LegCo Secretariat had arranged a meeting for her to meet with Sir Malcom JACK to discuss some of the pertinent issues.

73. Ms Audrey EU said that Members belonging to the Civic Party did not support the proposal, and would abstain from voting. She agreed with Mr SHEK that an independent study should be conducted, which should also compare the work and remuneration of Members' staff and civil servants. She commented that the scope and volume of work undertaken by a Member's PA might be even wider and heavier than many civil servants as a Member's PA was often involved in a wide spectrum of policy issues at the same time, and they had a lot more exposure of interacting with the public than many civil servant counterparts.

74. The Chairman requested the Administration to provide extra resources if the LegCo Commission decided to conduct an independent study on the remuneration structure of Members' staff. D of Admin advised that it

would be up to the LegCo Commission to decide whether and how to conduct the study within the level of resources provided.

75. Mr LEE Cheuk-yan appealed to members to abstain from voting, but one member could vote in support of the funding application. He said that if the funding proposal were approved with only one vote, it would send a strong message to the Administration about members' dissatisfaction about the proposed arrangements, while ensuring that Members' staff would still have the opportunity of salary adjustment. Mr IP Kwok-him appealed to members to apply the adjustment of OOER on improving staff remuneration.

76. Mr LEUNG Kwok-hung suggested that the Administration should ask the Independent Commission to conduct review again if the funding proposal was rejected by FC.

77. In response, D of Admin said that the current funding proposal had been endorsed by the Executive Council, which suggested that it should be submitted to FC for consideration early. She added that by securing early approval of FC for Members' remuneration package before the commencement of the Fifth term, candidates running for election would have a clearer idea on the amount of resources they would be entitled to in future.

78. The Chairman put the item to vote. At the request of Mr LEE Cheuk-yan, the Chairman ordered a division. A total of 22 members voted, and 10 members voted for the item and three voted against it. Eight members abstained from voting. The voting results of individual members were as follows:

*For :*

Mr CHAN Kam-lam  
Mr LAU Kong-wah  
Mr TAM Yiu-chung  
Ms Starry LEE Wai-king  
Mr CHAN Kin-por  
(10 members)

Dr Philip WONG Yu-hong  
Ms Miriam LAU Kin-yee  
Mr Abraham SHEK Lai-him  
Mr CHAN Hak-kan  
Mr IP Kwok-him

*Against :*

Mr Paul CHAN Mo-po  
Mr LEUNG Kwok-hung  
(3 members)

Dr Samson TAM Wai-ho

*Abstained from voting:*

Mr LEE Cheuk-yan  
Ms Audrey EU Yuet-mee  
Ms Cyd HO Sau-lan  
Mr Paul TSE Wai-chun  
(8 members)

Mr CHEUNG Man-kwong  
Dr Joseph LEE Kok-long  
Mr CHEUNG Kwok-che  
Miss Tanya CHAN

79. The Chairman put the item to vote. The Committee approved the funding proposal.

80. The meeting was adjourned at 7:46 pm.

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**New Rates for Members' Remuneration, Medical Allowance  
and Operating Expenses Reimbursement**

Members' remuneration and ceilings for reimbursement of medical allowance and certain operating expenses are subject to annual adjustment in accordance with the movement of Consumer Price Index (C). According to the increases approved by the Finance Committee on 11 May 2012 and the CPI(C) adjustments, the Administration has announced the following new rates:

| <i>Remuneration</i>                                                                       | <i>Old Rate<br/>(1/10/2011 -<br/>30/9/2012)</i> | <i>New Rate<br/>(1/10/2012 -<br/>30/9/2013)</i> |
|-------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| <u>Remuneration</u><br>(increased by 10% plus CPI(C) adjustment)                          | <u>Per month</u>                                | <u>Per month</u>                                |
| ✧ President                                                                               | \$146,300                                       | \$168,980                                       |
| ✧ President's Deputy cum House Committee<br>Chairman                                      | \$109,730                                       | \$126,740                                       |
| ✧ a Member who does not serve on the<br>Executive Council                                 | \$73,150                                        | \$84,490                                        |
| ✧ a Member who serves on the Executive<br>Council                                         | 2/3 of \$73,150<br>i.e. \$48,770                | 2/3 of \$84,490<br>i.e. \$56,330                |
| <u>Medical Allowance</u>                                                                  | <u>Per year</u>                                 | <u>Per year</u>                                 |
| ✧ Each Member                                                                             | \$28,020                                        | \$29,420                                        |
| <i>Reimbursement</i>                                                                      | <i>Old Rate<br/>(1/10/2011 -<br/>30/9/2012)</i> | <i>New Rate<br/>(1/10/2012 -<br/>30/9/2013)</i> |
| <u>Operating Expenses Reimbursement</u>                                                   | <u>Per year</u>                                 | <u>Per year</u>                                 |
| ✧ accountable component for office operation<br>(increased by 20% plus CPI(C) adjustment) | not exceeding<br>\$1,719,290                    | not exceeding<br>\$2,166,310                    |
| ✧ non-accountable component for entertainment<br>and travelling                           | not exceeding<br>\$176,310                      | not exceeding<br>\$185,130                      |
| (amount which may be used for employing<br>staff)                                         | (\$88,155)                                      | (\$92,565)                                      |
| <u>President's Entertainment Reimbursement</u>                                            | <u>Per year</u>                                 | <u>Per year</u>                                 |
| (amount which may be claimed without<br>supporting documents)                             | \$176,480<br>(\$52,940)                         | \$185,300<br>(\$55,590)                         |

立法會  
*Legislative Council*

LC Paper No. AS 180/11-12

Ref. AM12/01/19(08-12)

**Information Note for the Finance Committee**

**Summary of deliberation  
of the Subcommittee on Members' Remuneration  
and Operating Expenses Reimbursement  
on the proposed remuneration package  
for Members of the Fifth LegCo**

**Purpose**

This paper provides a summary of the deliberation of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement ("the Subcommittee") on the proposed remuneration package for Members of the Fifth Legislative Council ("LegCo"). The proposed package was endorsed by the Chief Executive-in-Council on 13 March 2012 having regard to the 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 Administration Region ("the Independent Commission").

**Background**

2. In March 2011, the Subcommittee after a detailed study on the staffing resources and office support required by LegCo Members for the performance of their duties, and with the full support of the House Committee, put forward a package of proposals to the Independent Commission to enhance the level of the operating expenses reimbursements ("OER") to enable Members to employ and retain a team of good quality staff and to have the necessary support as well as the furniture and equipment to support the work of their offices. Major proposals of the Subcommittee are at **Appendix I**.

3. In February 2012, following consultation with Members on the monthly remuneration, the Subcommittee decided that it would not put forward any specific proposal for the monthly remuneration of Members of the Fifth LegCo. However, it reiterated that a long-term mechanism for determining LegCo Members' remuneration should be in place to avoid unnecessary arguments over the subject between the Administration and LegCo once every four years. The remuneration so determined should be able to reflect the important role of the Legislature and the constitutional status of LegCo Members under the Basic Law.

4. In March 2012, the Administration informed the Subcommittee that the Chief Executive-in-Council had accepted the recommendations of the Independent Commission regarding the remuneration package for Members of the Fifth LegCo. The major changes to the existing remuneration package for Members include the following:

- (a) the monthly remuneration of LegCo Members should be increased by 10%, from \$73,150 to \$80,470 per month;
- (b) the annual Office Operation Expenses Reimbursement ("OOER") should be increased by 20%, from \$1,719,290 to \$2,063,150 per annum;
- (c) surplus from a year's OOER entitlement should be allowed to roll over to the following year until the end of a LegCo term;
- (d) the existing level of the Setting Up Expenses Reimbursement ("SUER"), currently at \$150,000 per term (or \$75,000 per term for Members who have claimed setting up expenses in the previous term), and the Information Technology and Communication Equipment Expenses Reimbursement ("ITER"), currently at \$100,000 per term, should be maintained. However, the two allowances should be combined into one provision to allow LegCo Members more flexibility in using the two allowances; and
- (e) the recommendations above should be implemented with effect from 1 October 2012 upon the commencement of the Fifth LegCo.

5. In proposing the 20% increase in the OOER, the Administration points out that as observed from site visits to Members' district offices in July 2011, the Independent Commission considers that it may be fair to conclude that in general, Members may require a degree holder or an experienced staff to help

handle LegCo business with policy content and to supervise the operations of the offices. There may be more flexibility regarding the qualifications of the other assistants, who mainly deal with frontline work such as handling complaints and providing miscellaneous services to the constituencies.

6. To address the need of LegCo Members to retain experienced staff, the Independent Commission agrees that it would be reasonable to allow any surplus of a Member's OOER entitlement each year to roll over to the following year until the end of a LegCo term. This would facilitate LegCo Members to retain part of the OOER funding for salary increments and/or payment of gratuity at the end of the four-year term, if they choose to, with a view to retaining experienced staff.

### **Views of the Subcommittee and the Administration's response**

7. Upon the announcement of the revised remuneration package in March 2012, the Subcommittee held two meetings to discuss the related matters with the Administration. It also received views from members of the public at one of the meetings, and seven deputations/individuals attended the meeting.

### OOER and the need for a mid-term review

8. The Subcommittee generally opines that the Independent Commission and the Administration have not taken into account the factors and proposals set out in the Subcommittee report in March 2011. The Subcommittee considers that the proposed increase in OOER by 20% has not acknowledged the nature and complexity of Members' work today and the support required by Members to perform their constitutional functions under the Basic Law.

9. The Subcommittee holds the view that the staffing complement adopted by the Independent Commission as the basis for computing the 20% increase in OOER is inappropriate as there is a need for Members to engage more than one staff member with university background to assist them to examine public policies and proposed legislation. Given that staff in the district offices represent Members in dealing with the requests made by constituents in geographical constituencies, these staff should have sufficient education background and experience to understand the issues concerned and communicate with the Administration direct. The assumption that the work of these staff members is clerical in nature is wrong. The proposed 20% increase in OOER is therefore insufficient to address the high turnover of Members' staff and to retain staff with a reasonable salary package.

10. The Subcommittee is of the view that the review conducted by the Independent Commission is not objective enough. It fails to address the problem faced by Members in retaining a team of good quality staff. The resources available are not sufficient for Members to offer a reasonable salary to their staff. The Subcommittee notes that in overseas jurisdictions, while each of the legislatures may have its own historical background leading to the remuneration package available to its Members today, the determination of the level of remuneration for Members is commonly regarded as a political and controversial issue. Over the years, it has become necessary for some kind of independent bodies, mostly established by statute, to be formed to decide or to advise on Members' salary, allowances and other benefits having regard to a whole package of considerations.

11. In respect of the above, the Subcommittee notes that the last review of Members' remuneration in Canada was conducted on an ad hoc basis by a commission comprising two Members of the House of Commons, and the Chancellor of the University of Ottawa. In Australia and New Zealand, Members' remuneration is reviewed annually. For the UK, the review of Members' remuneration is required by law to be conducted either in the first year of each new Parliament or at any time the statutory Independent Parliamentary Standards Authority<sup>1</sup> considers appropriate. Having regard to the practices in overseas legislature and taking into account the needs of LegCo Members, the Subcommittee urges the Administration to devise an objective mechanism to review the remuneration package for LegCo Members, having regard to overseas experiences and the views expressed by Members and Members' Personal Assistants.

12. The Subcommittee notes that the Administration has argued that the remuneration package of LegCo Members should remain the same within the entire LegCo term, apart from the annual inflation adjustment in accordance with the CPI(C). Any substantial change to the package or fundamental changes to the existing framework will only take effect from the next LegCo term onwards to avoid any real or perceived conflict of interest. The Subcommittee cannot accept this argument. It considers that as the proposed remuneration package cannot address the problems faced by Members, there is a genuine and urgent need for a more in-depth review to be conducted by the Independent Commission shortly after the start of the next LegCo term, with reference to the actual needs and operational requirements of Members. To

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<sup>1</sup> In 2009, following the outbreak of the expenses scandal relating to some Members, the Independent Parliamentary Standards Authority was set up under the *Parliamentary Standards Act* as an external regulator to restore public confidence in the way Members claim taxpayers' money. The Authority consists of five members appointed by the Queen on the advice of the House of Commons. Its membership is stipulated to include a former member of the House of Commons, a former judge and an auditor.

this end, the Subcommittee has requested the Administration to give an undertaking at the relevant Finance Committee meeting that there will be such a review of the OOER and any changes to the level of reimbursement should take effect during the term.

### Severance payment and long service payment

13. At present, a LegCo Member may claim Winding Up Expenses Reimbursement ("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 (e.g. death, defeat in re-election or dissolution of LegCo). The current provision of the WUER is set at one-twelfth of the annual OOER (currently at \$143,274), plus actual severance payments with no pre-set ceiling.

14. However, if a Member's staff leaves in the middle of a term, the Member will have to pay for the severance payment or long service payment themselves in accordance with the Employment Ordinance (Cap 57). As the financial provision under OOER is normally insufficient to cover the day-to-day needs of Members' offices, Members usually have to bear such payments out of their own pockets. If the service of the staff is long and the amounts available<sup>2</sup> for offsetting are small, the amount of severance or long service payment could be quite substantial.

15. To ease the financial burden of Members, two reimbursement methods are proposed by the Subcommittee:

(a) *Reimbursement under WUER*

As severance pay is reimbursable under WUER, the Administration could allow the claiming of such payments as well as long service payments under WUER in advance of the Member's departure.

(b) *Funds set aside under OOER*

At present, a Member may set aside funds from his/her OOER to pay for staff benefits such as contract bonus, double-pay or end-of-agreement gratuity, which are payable at a future date. The funds set aside should be based on, and not exceed, the Member's

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<sup>2</sup> Under sections 31I and 31Y of the Employment Ordinance, if an employer has paid to an employee a severance payment or long service payment in accordance with the Employment Ordinance and accrued benefits are held in a relevant mandatory provident fund ("MPF") scheme in respect of the employee, the employer may offset the severance payment and long service payment by the accrued benefits attributable to the employer's contribution made to the employee in the MPF scheme. Under the same sections, gratuities that are based on the employee's length of service may also be used to offset severance payments and long service payments.

contractual and other legal obligations towards his/her staff.

In the case of severance payment or long service payment, the Subcommittee is of the view that reference could be made to the setting aside of funds for contract double-pay or end-of-agreement gratuity. Under the set aside of fund arrangement (which was recommended by the Independent Commission in 1995 and agreed by the Administration), Members can submit claims to cover staff-related benefits before they are actually paid. Funds set aside at the end of each reimbursement month/year can be carried forward to the subsequent month/year until they are paid. In other words, funds set aside in a current term for double-pay can be carried forward to the next term until payment is due (which is usually before the Chinese New Year in the following year), if the Member is re-elected for the next term. If the Member has to leave office after election, he/she can settle the relevant contractual liabilities (namely gratuity, pension and other employment benefits) with the funds set aside. The same principle can apply to severance payment and long service payment.

16. In response to the Subcommittee's proposal, the Administration has confirmed in its reply dated 30 April 2012 (**Appendix II**) that WUER is to help Members wind up their business by covering severance payment and other expenses arising from the cessation of offices when Members choose not to stand for election or for reasons over which they have no control. Any severance payment or long service payment which Members pay out under circumstances other than those described above would be outside the ambit of WUER, and hence could only be reimbursed out of OOER. However, the Administration has no objection to allowing LegCo Members to set aside funds from their OOER for the purpose of payment of severance payment or long service payment, as in the case of the current arrangement for setting aside funds for other staff benefits, including contract bonus, double-pay or end-of-agreement gratuity, which are payable at a future date.

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

17. At present, while fixed assets and one-off setting up expenses could be charged to SUER and ITER as appropriate, the related operating and maintenance charges (such as repair and maintenance of fixed assets, meter charges for leasing photocopiers, toner for fax machines, subscriptions to anti-virus protection service, and fees for website hosting and maintenance) can only be reimbursed under the OOER. In order to allow greater flexibility for

Members to utilize the combined SUER and ITER, the Subcommittee has requested the Administration to consider allowing Members to claim the said operating and maintenance charges under the combined SUER and ITER.

18. In its reply to the Subcommittee (**Appendix II**), the Administration has also confirmed that it is appropriate for expenses incurred for maintenance and operation of information technology ("IT") and communication equipment to be claimable under ITER. Furthermore, operation, maintenance or repair costs of fixed assets will be claimable under the combined SUER and ITER in future.

**Advice sought**

19. Members are invited to note the contents of the paper.

Administration Division  
Legislative Council Secretariat  
May 2012



**Major requests of the LegCo Subcommittee to increase various components of the Operating Expenses Reimbursement**

The Subcommittee submitted its proposal in March 2011 to increase various components of the Operating Expenses Reimbursement. The major ones include the following -

- (a) to increase the Office Operation Expenses Reimbursement (“OOER”) by \$634,091 per annum, among which \$423,863 is to cater for expenses for engaging staff and for maintaining Members' offices; and the remaining \$210,228 is a new amount proposed to be separately kept and maintained by the LegCo Secretariat for the sole purpose of paying end-of-service gratuity to full-time staff engaged by LegCo Members;
- (b) based on past expenditure pattern that about 70% of the OOER is spent on staff salary, the LegCo Subcommittee proposes that 70% of the OOER should be adjusted annually in accordance with the civil service pay adjustment. The remaining 30% should continue to be adjusted in accordance with CPI(C);
- (c) to provide a new, separate allowance of \$204,000 per annum to enable Members to engage outside parties to conduct research and to lift the current restriction so that the political parties to which Members are affiliated can also be engaged to conduct such researches;
- (d) to merge the existing Setting Up Expenses Reimbursement (currently at \$150,000 per term or \$75,000 per term for those who have claimed the allowance in the previous term) and the Information Technology and Communication Equipment Expenses Reimbursement (currently at \$100,000 per term) into one single allowance and to increase the total amount to \$482,500 per term; and
- (e) to implement the above proposals within the current term, with effect from 1 October 2011.

香港特別行政區政府  
政務司司長辦公室轄下行政署



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30 April 2012

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

Dear Mr Kwong,

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

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

**Severance payment and long service payment**

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

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

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

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

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

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

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

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

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

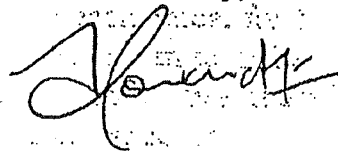
Under the Administration's proposal, the Setting Up Expenses Reimbursement (SUER) and ITER will be merged with effect from the Fifth term LegCo, but with no enhancement to the combined amount. In other words, the combined provision will become \$250,000 per term, or \$175,000 per term for those Members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

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

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

Yours sincerely,



(Howard Lee)  
for Director of Administration

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