

立法會

Legislative Council

LC Paper No. FC240/16-17

(These minutes have been
seen by the Administration)

Ref : FC/1/1(4)

Finance Committee of the Legislative Council

Minutes of the 5th meeting held at Conference Room 1 of the Legislative Council Complex on Friday, 13 January 2017, at 3:15 pm

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung

Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent:

Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Frankie YICK Chi-ming, JP
Hon CHAN Han-pan, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, JP
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

Public officers attending:

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Raymond TAM Chi-yuen, GBS, JP	Secretary for Constitutional and Mainland Affairs
Miss Rosanna LAW Shuk-pui, JP	Deputy Secretary for Constitutional and Mainland Affairs
Mr D C CHEUNG	Principal Assistant Secretary for Constitutional and Mainland Affairs

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Ms Ada LAU	Senior Council Secretary(1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5

Item No. 1—FCR(2016-17)80

HEAD 21—CHIEF EXECUTIVE'S OFFICE

HEAD 143—GOVERNMENT SECRETARIAT: CIVIL SERVICE BUREAU

HEAD 152—GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

HEAD 144—GOVERNMENT SECRETARIAT: CONSTITUTIONAL AND MAINLAND AFFAIRS BUREAU

HEAD 92—DEPARTMENT OF JUSTICE

HEAD 135—GOVERNMENT SECRETARIAT: INNOVATION AND TECHNOLOGY BUREAU

HEAD 138—GOVERNMENT SECRETARIAT: DEVELOPMENT BUREAU (PLANNING AND LANDS BRANCH)

HEAD 156—GOVERNMENT SECRETARIAT: EDUCATION BUREAU

HEAD 137—GOVERNMENT SECRETARIAT: ENVIRONMENT BUREAU

HEAD 147—GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND THE TREASURY BUREAU (THE TREASURY BRANCH)

HEAD 139—GOVERNMENT SECRETARIAT: FOOD AND HEALTH BUREAU (FOOD BRANCH)

HEAD 53—GOVERNMENT SECRETARIAT: HOME AFFAIRS BUREAU

HEAD 141—GOVERNMENT SECRETARIAT: LABOUR AND WELFARE BUREAU

HEAD 142—GOVERNMENT SECRETARIAT: OFFICES OF THE CHIEF SECRETARY FOR ADMINISTRATION AND THE FINANCIAL SECRETARY

HEAD 151—GOVERNMENT SECRETARIAT: SECURITY BUREAU

HEAD 158—GOVERNMENT SECRETARIAT: TRANSPORT AND HOUSING BUREAU (TRANSPORT BRANCH)

Subhead 000—Operational Expenses

The Chairman said that this item invited the Finance Committee ("FC") to approve the proposed increase in cash remuneration for politically-appointed officials ("PAOs") according to the cumulative change in Consumer Price Index (C) ("CPI(C)") from 2012 to 2016 with effect from 1 July 2017; and the proposed annual adjustment mechanism for the cash remuneration for PAOs in accordance with the change in the average annual CPI(C) with effect from 1 July 2018. On 19 December

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2016, the Constitutional and Mainland Affairs Bureau ("CMAB") consulted the Panel on Constitutional Affairs ("CA Panel") on the relevant proposals.

2. At the invitation of the Chairman, Mr Martin LIAO, Chairman of the CA Panel, reported the gist of Panel discussion. The CA Panel noted the Administration's proposals for increasing the cash remuneration for PAOs by 12.4% with effect from 1 July 2017 and introducing an annual adjustment mechanism. According to the Administration, these two proposals were made to adjust PAO's remuneration based on the movement of CPI(C). Members had expressed mixed views on the proposals regarding the remuneration package. Some members supported the Administration's proposals on the grounds that there had not been any increase in PAOs' remuneration for 14 years since 2002. They also considered it reasonable to introduce a remuneration adjustment mechanism for PAOs similar to that for the Legislative Council ("LegCo") Members to allow an annual adjustment in line with the movement of CPI(C). Moreover, they opined that the Administration should introduce measures to attract high calibre talents to join the Government. Some other members, however, criticized the current remuneration for PAOs for being too high and the performance of some current-term PAOs for falling short of public expectations. They expressed objection to any proposals for increasing the remuneration for the next-term PAOs and suggested introducing a performance-based element to their remuneration adjustment mechanism. The CA Panel had taken a vote on whether it should support the submission of the Administration's proposals to FC but the question was not agreed by a majority of members.

The Administration's response to the joint letter from 24 members

3. Mr CHAN Chi-chuen, Ms Claudia MO and Mr LEUNG Yiu-chung expressed dissatisfaction with the Administration's written response to the request for withdrawal of the item FCR(2016-17)80 made by 24 members in their joint letter to the Administration dated 12 January 2017. They pointed out that after the Administration had failed to obtain support from a majority of CA Panel members present, it did not revise its proposals and prepare for another consultation with the CA Panel. Instead, it submitted the same proposals to FC for its consideration. They considered this move as a strong disrespect for the procedures of LegCo. Besides, the Administration had not made it clear in its written response that approval had not been obtained from a majority of CA Panel members present for the relevant proposals. Mr LEUNG Yiu-chung took it as a government's attempt to mislead and confuse FC members. They were also unhappy with the Administration for saying in its written response that it had taken

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in the urgency and priority of the agenda items when arranging their order. They considered the Administration as ignoring items concerning people's livelihood.

4. Secretary for Constitutional and Mainland Affairs ("SCMA") held that the Administration had truly reflected the discussion outcomes of the CA Panel in its written response. He said that after considering the diverse views held by members at the CA Panel meeting, the Administration considered it necessary to further elaborate the proposals to members at FC meetings so as to seek FC's support. Permanent Secretary for Financial Services and the Treasury (Treasury) ("PS/FST(T)") explained that the Administration wanted to submit its remuneration adjustment proposal for the next-term PAOs to FC before the inauguration of the next HKSAR Government ("HKSARG"). Its current submission to FC was in line with the established procedure as the pay adjustment proposal for Members of the Sixth LegCo was also considered by the Fifth LegCo at the FC meeting on 28 June 2016. Upon approval of the current proposal, potential PAOs could then take into account the new remuneration rates and mechanism when considering whether to join the next-term HKSARG. As this remuneration adjustment proposal involved a change in mechanism, the Government considered that it needed to get done in the current term of the Government.

5. The Chairman said that according to Rule 22(q) of the House Rules, the relevant Panel should be consulted first before a major and/or potentially controversial legislative or financial proposal was introduced into the Council or FC. However, the discussion outcomes of the relevant Panel did not have any binding effect on other committees.

Potential conflicts of interests concerning members interested in running for the Chief Executive Election

6. Mr CHAN Chi-chuen reminded members who were interested in running for the Chief Executive ("CE") Election or joining the next-term Government as PAOs to declare their stance before speaking on this agenda item; otherwise, it might give rise to potential conflicts of interests.

Background to the Administration's submission of proposals

7. Noting that the remuneration for PAOs had never been adjusted, Mr LAM Cheuk-ting enquired about the reasons for and background to such arrangement.

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8. SCMA responded that before the introduction of the Political Appointment System ("PAS") in 2002, the Government had sought LegCo's approval for the remuneration mechanism of PAOs. At that time, the design of the proposed mechanism did not include any adjustment commensurate with the movement of CPI(C). Under the current practice, 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") would, in about one year before the start of a new term of HKSARG, review the remuneration package for PAOs and advise the Chief Executive in Council ("CE-in-Council") on its recommendations which would, upon acceptance, be submitted to LegCo for consideration. In May 2012, the then HKSARG accepted the recommendations made by the Independent Commission after reviewing the remuneration package for PAOs of the fourth-term (i.e. the current term) HKSARG and submitted the relevant proposals to LegCo for consideration. The then recommendations of the Independent Commission were similar to the current adjustment proposals, including a retrospective adjustment based on the cumulative change in CPI(C) over a specific period of time and an annual adjustment in line with the average year-on-year change in CPI(C). The Administration, after consulting the CA Panel, had submitted the proposals to FC for its consideration. However, FC, which was then occupied in the deliberation of other agenda items, was unable to consider the remuneration adjustment proposals by the end of the Fourth LegCo term. As a result, the remuneration for PAOs serving in the current-term Government remained unchanged. Given that the next HKSARG would be formed on 1 July 2017, the Independent Commission had once again made recommendations to CE in Council after conducting a review according to the established practice. Its recommendations, i.e. the current proposals, were accepted by CE in Council and submitted for LegCo's consideration by the Administration.

Performance of PAOs

9. Mr LAM Cheuk-ting, Mr Andrew WAN, Mr LAU Kwok-fan, Dr Helena WONG, Mr Charles Peter MOK, Dr LAU Siu-lai, Dr CHENG Chung-tai, Mr HUI Chi-fung and Mr Nathan LAW considered the performance of certain PAOs as ineffective. Some members named and blamed the Secretary for Education for dereliction of duty as he was often absent from relevant Council meetings, had not properly addressed the shortfall in primary school places in North District in the New Territories, and so on. Mr HUI Chi-fung expressed strong dissatisfaction with the absence of PAOs from the Council meeting of 11 January 2017 at which

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the motion on "Expectations for the next Chief Executive" was discussed. He urged the Administration for explanation.

10. Noting that members had different views on the performance of individual PAOs, SCMA appealed for members' understanding if they thought any PAOs had been underperforming. He said that as LegCo Members were members of the CE Election Committee and the CE Election was approaching, they might clearly voice their expectations of PAOs' performance to CE candidates when the candidates came to them to explain their manifestoes and lobbied for votes, and continue to monitor the PAOs' performance.

11. Regarding the absence of PAOs from the Council meeting of 11 January 2017, SCMA explained that in the past, when LegCo Members held a motion debate on "Expectations for the next Chief Executive" for the upcoming CE Election, it was the practice of the Administration not to send any PAOs to the debate. This time, it was just following the same established practice. He added that the Administration Wing was the party responsible for referring to similar cases in the past and considering whether PAOs should attend a particular Council meeting. Advice would be given to the Chief Secretary for Administration accordingly. In his view, while incumbent PAOs were accountable for the performance of the current-term Government, they were not in a position to comment on the next CE. Therefore, the Administration had never sent PAOs to attend such motion debates.

12. Dr Helena WONG, Mr WU Chi-wai, Mr Nathan LAW and Mr Alvin YEUNG said that PAS was ineffective and lack of review but no PAOs had yet been removed from office. They asked whether the Administration had reviewed PAS before; if it had, how it would, under PAS, deal with underperforming PAOs serving in the current-term Government. Mr Alvin YEUNG pointed out that no PAOs had so far stepped down for being held accountable for their poor performance. He was worried about the unhealthy development of PAS.

13. SCMA responded that the Government had reviewed and expanded PAS in 2007, creating two additional layers of PAOs, namely Deputy Directors of Bureau ("DDoBs") and Political Assistants ("PAs"). The current-term Government, after its establishment, had imposed more stringent requirements on declaration of interests by PAOs. It had also adopted the recommendations of Mr Andrew LI Kwok-nang, Chairman of the Independent Review Committee for the Prevention and Handling of Potential Conflicts of Interests and the former Chief Justice of the Court of Final Appeal, that CE would take disciplinary actions, including warning,

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public reprimand, suspension or dismissal, against PAOs when necessary. In response to Mr Nathan LAW's enquiry about whether the aforesaid disciplinary actions had been taken against the current-term PAOs when they were in office, SCMA said that he did not have relevant information in hand as CE was the one who administered this sanction mechanism. He confirmed that after the introduction of PAS, there had been a number of PAOs who had resigned or made apologies to the public but no PAOs had been held accountable and removed from office so far.

14. Mr WU Chi-wai invited SCMA, who was very experienced in civil service, to give advice to the next-term PAOs. SCMA responded that the spirit of PAS required PAOs to, among others, consider the views and requests of different sectors on policy initiatives and explain policy issues to LegCo in detail so as to formulate feasible options. In his view, the next-term PAOs might spend more time on these tasks.

Pay differential between Directors of Bureaux and Permanent Secretaries

15. Mr LAU Kwok-fan opined that the remuneration for PAOs should be commensurate with their positions and responsibilities, instead of being determined by their respective performance. Dr CHIANG Lai-wan agreed with this principle. However, Mr LAU Kwok-fan considered that as there was no clear demarcation of roles and responsibilities between Directors of Bureaux ("DoBs") and Permanent Secretaries ("PSs") in respect of policy implementation, the public might not accept PAOs at the rank of DoB to receive higher pay than PSs.

16. SCMA explained that DoBs being heads of bureaux, were responsible for formulating policies, briefing LegCo on policy issues and answering Members' questions accordingly. They were accountable for the effectiveness of policy implementation and were the only parties who could exercise statutory powers in the implementation of policies. PSs, being heads of civil servants serving in the relevant bureaux, were responsible for executing policies under the direction of DoBs. Hence, their duties were to deploy human and financial resources and serve as the controlling officers of their departments. As DoBs were the ultimate persons who had to shoulder political responsibility for affairs under their policy purview, the Administration held that DoBs should receive higher remuneration than PSs who played a supporting role.

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17. Mr CHAN Hak-kan enquired about the pay differential between PSs and DoBs at the moment. SCMA explained that when PAS was introduced in 2002, the remuneration for PAOs at the rank of DoB was considerably higher than that for PSs. However, as inflation had been factored in for the pay adjustment for civil servants but was excluded under the remuneration system of PAOs, after years of pay adjustment, the prevailing monthly cash remuneration for a PS was only slightly lower than that for a DoB, with the pay differential being \$10,000 or so. He advised that if the current remuneration adjustment proposal was not approved, the cash remuneration for PSs were expected to be higher than that for DoBs in 2020.

Remuneration adjustment mechanism

18. Mr Andrew WAN, Dr Helena WONG, Mr Charles Peter MOK, Dr LAU Siu-lai, Mr Nathan LAW and Dr CHENG Chung-tai pointed out that under the current remuneration system of PAOs, the performance of individual PAOs was not a factor of consideration, neither did the Administration conduct any performance evaluation for PAOs. They were concerned about whether the factor of "value-for-money" would be introduced to the said remuneration system by the next-term Government. Mr LAU Kwok-fan also asked the Administration if it would implement the pay rise proposal in phases, given that the performance of certain PAOs was barely satisfactory. Dr CHENG Chung-tai doubted whether the general public would consider the proposed rate of adjustment acceptable. Dr CHENG said that in view of the corruption scandals of the former and incumbent CEs, he did not consider a high salary as an effective means of promoting integrity within the Government. He therefore objected to the proposed adjustment.

19. SCMA advised that under the current remuneration mechanism of PAOs, the remuneration for DoBs was determined on the basis of responsibilities of DoBs instead of individual performance. Under this principle, all DoBs were paid the same remuneration. When the posts of DDoBs and PAs were created in 2008, the Administration had taken into account the experience and qualifications of individual DDoBs and PAs, and set three and five entry points for the ranks of DDoB and PA respectively. According to the terms of appointment of the current-term PAOs, CE might consider making further adjustment to their pay points based on the circumstances after they had taken office. He said that none of the current-term PAOs had their pay points being adjusted downward after taking office. Under the current mechanism, should there be any PAOs indulging in dereliction of duty, CE might take the four aforesaid

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disciplinary actions recommended by Mr Andrew LI Kwok-nang, Chairman of Independent Review Committee for the Prevention and Handling of Potential Conflicts of Interests, against them. He supplemented that at present, the Administration must act in accordance with the prevailing remuneration mechanism approved by FC. As for whether the remuneration mechanism of the next-term PAOs should be revised, it would be for the next CE to decide.

20. SCMA said that the proposed adjustment recommended by the Independent Commission, which was equivalent to the cumulative change in CPI(C) from 2012 to 2016, was meant to allow the remuneration for PAOs to keep pace with the inflation in the past few years. As a matter of fact, given that the remuneration for PAOs had not been adjusted for more than a decade, if the proposed increase in remuneration based on the cumulative inflation rate between 2012 and 2016 was to be averaged over the period from 2002 to 2016, the increase rate would only be 1% per year. The Administration therefore considered the rate of adjustment as reasonable and moderate, and that the public should find it acceptable. Consequently, it accepted the advice of the Independent Commission. He said that as the proposed adjustment would take effect on 1 July 2017, even if FC approved this agenda item, the PAOs serving in the current-term HKSARG would not be benefited.

Remuneration for the three Secretaries of Department

21. Ms Claudia MO asked the Administration to explain why the remuneration rates for the three Secretaries of Department were different and why HKSARG, which emphasized the importance of the rule of law, offered the Secretary for Justice the lowest pay among the three Secretaries. SCMA explained that before the reunification of Hong Kong with China, the remuneration rates for the Chief Secretary, the Financial Secretary and the Attorney General of the British Hong Kong Government were already different. Among them, the Chief Secretary received the highest pay while the Attorney General the lowest. HKSARG maintained this practice after the reunification. Under Article 53 of the Basic Law, if CE was not able to discharge his or her duties for a short period or the office of CE became vacant, such duties should be assumed by the Chief Secretary for Administration, Financial Secretary or Secretary for Justice in this order of precedence. It showed that the three Secretaries of Department did serve different functions in the governance structure and their remuneration rates reflected such differences.

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22. Pointing out that potential PAOs of the next-term Government would come to light one by one after the election of the next CE in March 2017, Mr LAM Cheuk-ting, Mr Andrew WAN and Mr CHAN Chi-chuen said that it might be a better timing to deal with the remuneration adjustment proposal by that time when the calibre of the next-term PAOs was known to the public. These members enquired whether the discussion of pay adjustment could be resumed after the next CE Election. SCMA responded that in the view of the Administration, in order to avoid conflicts of interests, the remuneration adjustment proposal for PAOs should be finalized before the next CE Election to allow the revised remuneration mechanism to take effect on 1 July 2017. He stressed that making adjustments to the remuneration rates and mechanism would facilitate the formation of PAO team by the next-term Government.

Attracting talents

23. Mr Charles Peter MOK and Mr Alvin YEUNG expressed doubt as to whether the proposed adjustments were conducive to attracting talents. Mr MOK asked the Administration whether the rate of remuneration had ever been a reason for it to have failed to recruit its favoured candidate for a PAO post. Mr YEUNG did not think pay rate would be the determining factor in attracting civil service aspirants.

24. In response, SCMA recalled that when he previously served as the Director of the CE's Office, part of his job was to deal with the appointment of a number of PAOs. At that time, some senior civil servants who were relatively young had relayed to him that as the job security of PAOs was lower than that of civil servants, many serving senior civil servants felt uneasy when they had to decide whether to take up political appointments. However, he had no longer participated in such appointment exercises since his appointment as SCMA by the current-term Government. He therefore had no idea about whether the current-term Government had come across any difficulty in identifying PAOs. He agreed with the view of Mr Alvin YEUNG but emphasized it was also important to implement the proposed adjustments so as to maintain the purchasing power of PAO's remuneration and sustain the development of PAS. SCMA added that as the potential PAOs favoured by the Government were often qualified for the director positions of other public organizations, the Government must offer them with a competitive remuneration package.

Compensation for the erosion of purchasing power caused by inflation

25. Dr LAU Siu-lai considered the remuneration adjustment proposal as unreasonable because PAOs of HKSARG, even though poorly performed, were receiving a remuneration of which the nominal value ranked second in the world and was higher than that of the President of the United States. Mr CHU Hoi-dick shared the view that the remuneration for PAOs was very high in nominal terms. Mr CHU pointed out that the monthly remuneration for a substantive civil servant at the rank of DoB was \$190,100 in 2001. After the introduction of PAS in 2002, the monthly remuneration for a PAO at the rank of DoB was set at the level of \$298,115, representing an increase of 56%. In view of this, Mr CHU did not consider it justifiable for the Administration to adjust PAOs' remuneration on the grounds of compensating the erosion of purchasing power.

26. Mr LAU Kwok-fan, Dr CHIANG Lai-wan and Mr CHAN Hak-kan said that they did not see it objectionable to allow a moderate adjustment to PAOs' remuneration after it had remained unchanged at the present level for more than a decade. Mr CHAN Hak-kan pointed out that the proposed rate of adjustment was recommended by the Independent Commission based on the movement of CPI(C) and hence should be accepted. Dr CHIANG Lai-wan and Mr CHAN Hak-kan expressed support to the proposal.

Independent Commission

27. Mr CHU Hoi-dick noted that members of the Independent Commission were all appointed by the head of HKSAR without any public consultation, and none of them represented the general public or the labour sector. Moreover, as all of them were from the upper class with high income, they might have conflicts of interests when making recommendations on PAOs' remuneration. SCMA responded that members of the Independent Commission were mainly practitioners in the field of human resources management who were independent of government departments. Their advice to the Government was based on their respective professional experience and objective information. Therefore, he did not think there would be any conflicts of interests. It should be noted that the Independent Commission was also responsible for conducting regular reviews and making recommendations on the remuneration adjustment for the LegCo Members. He said that as CMAB had not participated in the formation of the Independent Commission, he was not in a position to comment on this issue.

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Benchmark for determining the level of remuneration

28. Mr Jeremy TAM noted that before the introduction of PAS in 2002, the Administration had commissioned a consultant to make recommendations on the remuneration package for PAOs. At that time, the consultant surveyed 56 Chief Executive Officers ("CEOs") in Hong Kong about their rates of remuneration and took them as reference. Mr TAM enquired about the names and past profit/loss information of the 56 organizations whose CEOs were included in the survey conducted by the consultant. Given the poor performance of the Administration, he doubted whether the selected organizations had reference value in this situation.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC29/16-17(01) on 23 January 2017.]

The Chairman reminding members not to repeat their points or digress from the subject

29. During the meeting, the Chairman reminded members that issues like the performance of the current-term PAOs had already been mentioned for a few times and members might consider not to repeat them in their speeches. The Chairman also reminded members that their speeches should be directly related to the agenda item without digressing from the subject.

Motion for the adjournment of further proceedings of FC

30. At 4:52 pm, Mr CHU Hoi-dick moved without notice that further proceedings of FC be then adjourned pursuant to paragraph 39 of the Finance Committee Procedure ("FCP").

31. The Chairman thereupon proposed the question on the motion to adjourn ("the adjournment motion"). He directed that a member, when speaking on the question, might speak once for not more than three minutes.

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32. Mr CHU Hoi-dick spoke on his motion. In view of the public sentiment towards the performance of the current-term Government, he did not think it was appropriate to propose remuneration adjustment for PAOs at the moment. Moreover, as the remuneration for PAOs was already very high in nominal terms, the Administration, by proposing remuneration adjustment for PAOs on the grounds of maintaining purchasing power, was actually ignoring people's will. Some of the members had raised questions once and again to bring out how unreasonable this agenda item was. If the proceedings were to be continued, FC would then be unable to deal with items concerning people's livelihood. Mr CHU proposed that further proceedings be then adjourned so that the Administration could consider withdrawing the proposals.

33. Mr Alvin YEUNG, Mr LEUNG Kwok-hung, Mr Nathan LAW, Mr Jeremy TAM, Ms Claudia MO and Dr Fernando CHEUNG spoke in support of the adjournment motion. In their view, the Administration had disregarded the established practice of LegCo as it insisted on submitting the relevant proposals for FC's consideration after failing to secure a majority support for this item at the CA Panel. They also expressed strong dissatisfaction with the Administration as it had placed the pay rise proposal for PAOs above items concerning people's livelihood. They held that the effect of inflation was negligible and unimportant to the nominal value of PAOs' remuneration. Mr Nathan LAW criticized the Independent Commission for failing to consider the issue in its entirety.

34. Dr Junius HO spoke against the adjournment motion. He considered the remuneration adjustment proposal for PAOs as reasonable and did not think there was anything wrong for the relevant recommendations to be made by the Independent Commission.

35. The meeting was adjourned at 5:17 pm.

Legislative Council Secretariat
20 July 2017