

立法會
Legislative Council

LC Paper No. CRM 537/18-19

Ref : AM12/01/19 (16-20)

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

**Minutes of meeting held on 7 May 2019 at 10:45 am
in Conference Room 3 of the Legislative Council Complex**

- Members Present** : Hon WONG Ting-kwong, GBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon WU Chi-wai, MH
Hon IP Kin-yuen
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHU Hoi-dick
Hon HO Kai-ming
Hon Jeremy TAM Man-ho
- Member Absent** : Hon Martin LIAO Cheung-kong, SBS, JP
- Clerk in attendance** : Ms Amy YU
Principal Council Secretary 1
- Staff in attendance** : Mr Kenneth CHEN, SBS
Secretary General
- Miss Odelia LEUNG
Deputy Secretary General
- Miss Roxanna LO
Accountant
- Ms Louisa SOO
Senior Deputy Accountant
- Mr Simon CHEUNG
Deputy Accountant 4
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I. Review of Members' Remuneration and Operating Expenses Reimbursement for Members of the Seventh Legislative Council

- (LC Paper No. CRM 432/18-19) Paper on "Review of Members' Remuneration and Operating Expenses Reimbursement for Members of the Seventh Legislative Council"
- (LC Paper No. CRM 433/18-19) Paper on "Utilization of Members' Operating Expenses Reimbursement"

The Chairman said that it was an established practice for the Subcommittee to review the remuneration package and expenses reimbursement arrangement for Legislative Council ("LegCo") Members at least one year before the start of a new LegCo term. After the review, any proposals to change the level of remuneration and operating expenses reimbursement ("OER") for Members of the new term would be put forward to the Administration for consideration by 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").

2. The Chairman further said that after consultation with all Members, the Subcommittee had agreed in June 2018 to propose to the Administration the adoption of a weighted index instead of Consumer Price Index (C) ("CPI(C)") as the basis for annual adjustment to Members' office operation expenses reimbursement ("OOER") with effect from the Seventh LegCo. To ascertain whether any other proposals to change the level of remuneration and OER for Members of the Seventh LegCo should be put forward to the Administration, the Subcommittee conducted a survey in February 2019 to collect information and seek views from all Members. The findings of the survey were set out in LC Paper No. CRM 432/18-19. To facilitate the aforesaid review, the Secretariat had also prepared information on the utilization rates of Members' OER in the Fifth LegCo and the first two reimbursement years of the current LegCo term (i.e. from October 2016 to September 2018) for members' reference, which were set out in LC Paper No. CRM 433/18-19.

3. At the invitation of the Chairman, the Clerk briefed members on the papers prepared by the Secretariat. The Clerk said that a total of 54 Members had responded to the survey. Other than the proposal on weighted index, based on findings of the survey, there was no majority view among Members on other proposals.

4. Regarding the proposal on weighted index, Mr HO Kai-ming opined that it was more appropriate to use Consumer Price Index (A) instead of Composite

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Consumer Index as the indicator for adjusting the component on other operating expenses, having regard to the nature of such expenses. However, he had no strong view on that and generally supported the proposal on weighted index.

5. The Subcommittee endorsed the submission of the proposal on weighted index to the Administration.

Deliberations on the findings of the survey

Members' monthly remuneration

6. Noting that some Members had expressed the view that the remuneration of LegCo Members should be linked to that of Government officials, Mr Jeremy TAM enquired about the basis for determining the level of Members' monthly remuneration. The Clerk responded that according to the report of the Independent Commission on review of the remuneration package for Members of the Sixth LegCo, a basket of factors including the role and functions of LegCo Members, utilization rates of the allowances, the economic situation of Hong Kong, market rates of salaries and rentals, etc. were taken into account by the Independent Commission in determining the remuneration package for Members.

7. In response to the enquiries of Mr Jeremy TAM on the basis for determining the salaries of Secretariat staff and the salary level of the Secretary General of the Secretariat, the Secretary General said that in accordance with The Legislative Council Commission Ordinance (Cap. 443), the grading, remuneration and other terms and conditions of Secretariat staff should be kept broadly in line with those applicable to civil servants. The salary level of Secretary General was pitched at D6 of the Directorate Pay Scale of the civil service.

8. Mr Jeremy TAM stressed that it was important that there should be a proper basis for determining Members' remuneration.

9. Mr HO Kai-ming said that the issue of the level of Members' remuneration had been discussed for many years. He further said that members of the public had raised queries on the effectiveness of LegCo work and he did not consider it appropriate to substantially increase Members' remuneration. In his view, the Subcommittee should focus its discussions on the level of Members' OER rather than that of Members' remuneration with a view to enhancing the resources available to Members for recruiting and retaining quality staff to assist them in discharging their duties as LegCo Members.

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10. Mr IP Kin-yuen expressed concern that the annual adjustment rate for LegCo Members' monthly remuneration, which was based on CPI(C), had persistently been lower than that of civil service pay over a long period of time. To ensure that Members receive a reasonable level of remuneration, their remuneration should be linked to an appropriate salary point of civil service pay, and civil service pay adjustment instead of CPI(C) should be used as the basis for annual adjustment of Members' remuneration. Mr IP requested the Secretariat to provide information on how the monthly remuneration of LegCo Members compared to the nearest equivalent point of the Master Pay Scale ("MPS") of the civil service in the past 10 years.

(Post-meeting note: Members' monthly remuneration was in the range of point 40 to 44 of MPS in the past 10 years. Further breakdowns by year are in the **Appendix**.)

11. Mr WU Chi-wai shared Mr Jeremy TAM's view that a proper mechanism should be in place for determining Members' monthly remuneration. He further said that there should be a substantial increase to the accountable OOER to enable Members to have sufficient resources to recruit and retain a team of quality staff to support their work.

12. The Chairman said that the Independent Commission had long held the principle that LegCo membership was a form of public service rather than a job. The Subcommittees formed in previous LegCo terms had discussed the basis for determining Members' remuneration; it had also been proposed that Members' remuneration should be pegged to that of Government officials, but the proposal had not been accepted by the Independent Commission. The Chairman added that the views expressed by individual members at the meeting would be reflected in the report to be submitted to the Independent Commission.

Medical allowance

13. Noting that some Members had suggested that group medical insurance should be arranged for Members, the Chairman enquired about the premium of a group medical insurance plan for Members.

14. The Clerk said that the proposal of providing group medical insurance to LegCo Members had been explored in the past and the premium quoted by an insurance company then was on the high side. The Independent Commission considered it more appropriate that medical benefits be made available to Members by way of an annual accountable medical allowance.

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End-of-service gratuity

15. The Chairman invited members' views on the suggestion that end-of-service gratuity for Members, which was for Members' retirement protection, should be non-taxable.

16. Mr HO Kai-ming said that given that gratuities received by employees in Hong Kong were taxable, he saw no strong justification for treating Members' gratuity in a different manner.

Entertainment and Travelling Expenses Reimbursement

17. The Chairman sought members' views on the survey findings on the level of Entertainment and Travelling Expenses Reimbursement. Members did not raise any views.

Office Operation Expenses Reimbursement

18. At the invitation of the Chairman, the Clerk briefed members on the ceiling of OOER in the current reimbursement year and the arrangement that Members' unused entitlement of OOER in one year could be rolled to the following year(s) until the end of a LegCo term.

19. In response to Mr HO Kai-ming's enquiry about the arrangement of reimbursing actual severance payment paid to Members' staff when a Member ceased office, the Clerk said that under the existing reimbursement arrangement, Members were provided with a Winding-up Expenses Reimbursement which comprised two components, i.e. a fixed amount equivalent to one-twelfth of Members' annual OOER entitlement, and an amount with no pre-set ceiling to cover the actual severance payments made to Members' staff.

20. Mr CHU Hoi-dick highlighted the following findings in the survey:

- (a) As shown in Appendix III of LC Paper No. CRM 432/18-19, the turnover rates of staff employed by Members returned from Functional Constituencies ("FC Members") (excluding District Council (second) FC)) were generally lower than those of Members returned from Geographical Constituencies ("GC Members"). This might be attributable to the fact that FC Members generally employed fewer staff than GC Members and hence could afford to pay higher salaries to their staff. As a matter of fact, the findings of the survey indicated that the lack of

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a competitive remuneration package and good career prospects were the major reasons for staff turnover in Members' offices.

- (b) According to the findings on optimal staffing complement in Members' offices in Appendix VII of LC Paper No. CRM 432/18-19, the majority of the responding Members considered the current financial provision for staff expenses (70% of OOER, i.e. \$157,698 per month) insufficient to meet the expenses required for maintaining an optimal staffing complement. Based on the returns of these Members, an average of about \$232,000 per month was required for maintaining an optimal staffing complement.
- (c) As shown in Appendix VIII of LC Paper No. CRM 432/18-19, nine responding FC Members did not operate any district offices; among these nine FC Members, six did not specify the optimal number of district offices required by them. The Appendix also indicated that the actual number of district offices operated by the responding FC Members as well as the optimal number of district offices required by them were generally lower than those of the responding GC Members. Having regard to the greater need and aspiration of GC Members in operating district offices than FC Members, Mr CHU considered that additional resources should be provided to GC Members for meeting expenses in operating district offices.

21. The Chairman said that the issue of whether FC Members and GC Members should be provided with different levels of resources had been discussed in previous LegCo terms and Members' views were divided. The issue had also been considered by the Independent Commission, which held the view that Members returned from GC and FC should be entitled to the same level of resources on the grounds that they were exercising the same powers and functions of a LegCo Member. Nevertheless, the survey findings highlighted and views expressed by Mr CHU Hoi-dick would be reflected in the report of the Subcommittee to be submitted to the Independent Commission

Submission of report to the House Committee

22. Concluding the discussions, the Chairman said that the Subcommittee would submit a report to the House Committee on the proposal to adopt a weighted index as the basis for annual adjustment of Members' OOER. Information obtained in the survey and individual members' views would also be included in the report for the consideration of the Administration. Subject to

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the endorsement of the House Committee, the report would be forwarded to the Administration for consideration by the Independent Commission. Members agreed.

II. Any other business

23. There being no other business, the meeting ended at 11:50 am.

Complaints and Resources Management Division
Legislative Council Secretariat
June 2019

Appendix

Summary of Members' remuneration and nearest points on the Master Pay Scale of the Civil Service from 2009-2010 to 2018-2019

Legislative year	Members' monthly remuneration	Nearest points on Master Pay Scale ("MPS")	With effect from 1 October		With effect from 1 April	
			MPS point	Amount	MPS point	Amount
	\$			\$		\$
2009-2010	69,430	41 - 42	41	68,915	42	69,105
2010-2011	70,400	41 - 42	42	69,105	41	71,050
2011-2012	73,150	40 - 42	42	74,110	40	71,695
2012-2013	84,490	43 - 44	44	84,290	43	83,435
2013-2014	87,450	43 - 44	44	86,440	43	88,410
2014-2015	90,770	43 - 44	44	91,590	43	91,910
2015-2016	93,040	42 - 43	43	91,910	42	91,815
2016-2017	95,180	42 - 43	43	95,760	42	93,540
2017-2018	96,610	42 - 43	43	97,560	42	97,340
2018-2019	98,540	42	42	97,340		