

Report on the Activities of
The Provisional Legislative Council Commission
1997 ~ 1998

**Prepared for tabling in the Legislative Council
in accordance with section 13(5) of
The Legislative Council Commission Ordinance (Cap. 443)**

THE PROVISIONAL LEGISLATIVE COUNCIL COMMISSION

Hon Mrs Rita FAN, JP (Chairman)

Dr Hon LEONG Che-hung, JP (Deputy Chairman)

Hon WONG Siu-yee

Hon James TIEN Pei-chun, JP

Hon Mrs Peggy LAM, JP

Hon NGAI Shiu-kit, JP

Hon MA Fung-kwok

Hon MOK Ying-fan

Hon YEUNG Yiu-chung

Hon IP Kwok-him

Hon LAU Kong-wah

Hon Paul CHENG Ming-fun, JP

Dr Hon TANG Siu-tong, JP

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THE CHAIRMAN'S REVIEW

This report marks the conclusion of a transitional period of the Hong Kong legislature. The Provisional Legislative Council Commission witnessed an important part of the history of the legislature and made our best endeavour to work towards its smooth transition.

I am indebted to members of the Working Group on Administrative Matters who, in place of the Commission, looked after the provision of secretariat support to the Provisional Legislative Council in Shenzhen before July 1997. Led by Hon IP Kwok-him, the Working Group completed a review of The Legislative Council Commission Ordinance, consequent upon which amendments were made to the Ordinance to ensure consistency with the Basic Law and continued application after 1 July 1997. The Legislative Council Commission (Amendment) Bill 1997, passed by the Provisional Legislative Council on 7 June 1997, enabled The Provisional Legislative Council Commission to assume our duties immediately on 1 July 1997. The arrangement for members of the Working Group to become members of the Commission ensured the much needed continuity in the provision of secretariat support to the Council through the Provisional Legislative Council Secretariat. More importantly, it also ended months of speculation and uncertainty amongst Secretariat staff over their future.

The unique historical nature of the Provisional Legislative Council, unavoidably, caused some misunderstanding and misconception of the work and functions of the Council. To promote better understanding of our work amongst members of the public, the Commission stepped up our efforts in promotional activities, through more frequent briefings to the press, an open day of the Legislative Council Building and enhancement of various means of access to Council information and activities, including the Internet. I am sure that our efforts have contributed to enhancing the transparency of the Council.

Insufficient accommodation and space have always been a problem to the Council. Although the Administration had provided the Commission with additional office space within the vicinity of the Legislative Council Building, the situation was still far from ideal as Members and staff had to continue to put up with the inconvenience of having the Council facilities in three separate locations. The Commission therefore re-activated the pursuit of new purpose-built accommodation large enough to house all Council facilities and offices under one roof which, we believe, should achieve more efficient use of resources and ultimately savings in the long term. We look forward to the Administration's positive response to our request.

It has been my privilege to serve on the Commission during this important historical juncture. I wish to take this opportunity to express my heartfelt thanks to my colleagues in the Commission for their unfailing support during the past year. I would also like to direct my personal thanks to the staff of the Secretariat, in particular those who worked under extreme constraints in Shenzhen during the early days of the Provisional Legislative Council. Their dedication and excellent support to Members definitely contributed towards the smooth transition of the legislature.

Rita FAN

Chairman

The Provisional Legislative Council Commission

INTRODUCTION

This report covers the activities of The Legislative Council Commission during the financial year between 1 April 1997 and 31 March 1998. The period straddles two Councils: the former Legislative Council ended on 30 June 1997 and thereafter the Provisional Legislative Council. In accordance with The Legislative Council Commission (Amendment) Ordinance 1997 which came into operation on 1 July 1997, the Commission is named as The Provisional Legislative Council Commission after the commencement of the amending Ordinance and during the term of the Provisional Legislative Council.

From 1 April 1997 to 30 June 1997, supervision of secretariat support to the former Legislative Council was undertaken by The Legislative Council Commission, which comprised 11 members. The membership of that Commission is in **Appendix 1**. Statistics on the activities of the former Legislative Council during this period are in **Appendix 2**.

THE PROVISIONAL LEGISLATIVE COUNCIL

The Provisional Legislative Council was established by the Preparatory Committee for the Hong Kong Special Administrative Region (HKSAR) by resolution at its Second Plenary Session on 24 March 1996. The Council comprised 60 Members, who were elected on 21 December 1996 by a 400-member Selection Committee. The 400 members of the Selection Committee were elected by members of the Preparatory Committee from 5 789 candidates representing four sectional groupings within the community.

On 25 January 1997, the Provisional Legislative Council held its first meeting in Shenzhen at which Members elected the President of the Council. Before 1 July 1997, meetings of the Provisional Legislative Council and its committees were held in Shenzhen. During its operation in Shenzhen from January to June 1997, the Council and its committees held a total of 60 meetings and examined 13 bills introduced by the Chief Executive's Office. The Council also debated 17 motions, of which 14 were moved by Members.

On 1 July 1997, following the establishment of the HKSAR and the swearing in ceremony, the Provisional Legislative Council held its first meeting in Hong Kong at the Hong Kong Convention and Exhibition Centre. Thereafter, the Council normally met every Wednesday afternoon in the Chamber of the Legislative Council Building. In addition, two meetings were held where the Chief Executive answered questions from Members on specific issues. The Council's proceedings were recorded verbatim in the Official Record of Proceedings of the Provisional Legislative Council.

Members of the Council performed their duties through a system of committees. The House Committee co-ordinated the activities of the Council. The Committee on Rules of Procedure examined matters of practice and procedure relating to the Council and its committees. There were three standing committees under the Council -

- ***Finance Committee***, which scrutinized proposals for public expenditure;
- ***Public Accounts Committee***, which examined reports of the Director of Audit on the accounts of the Government and the results of value-for-money audits; and
- ***Committee on Members' Interests***, which considered matters relating to Members' declaration of interests and matters of ethics in relation to their conduct.

Bills Committees and Subcommittees were formed, by the House Committee as the need arose, to study bills and subsidiary legislation put forward by the Administration and Members. During the period under review, 60 Bills Committees and 35 Subcommittees were formed, of which 25 Bills Committees and 28 Subcommittees were set up by the Provisional Legislative Council after 1 July 1997.

There were 18 Panels under the Council which received regular briefings from Government officials on their respective policy areas, and monitored Government policies and performance. The Panels also examined major legislative and financial proposals before they were introduced into the Council and the Finance Committee respectively.

The Council operated a redress system to receive representations from members of the public on issues relating to Government policies, decisions, practices and procedures.

THE PROVISIONAL LEGISLATIVE COUNCIL COMMISSION

Administrative support and services to the legislature are provided by a secretariat which operates under a Commission established under The Legislative Council Commission Ordinance (Cap 443). The Ordinance, which was enacted in April 1994, provides the legal framework for the Commission and the independent Secretariat to operate with managerial and financial autonomy. In accordance with Article 8 of the Basic Law which provides that the laws in force in Hong Kong before 1 July 1997 shall be maintained, the Commission continued to perform its statutory functions under the name of The Provisional Legislative Council Commission as provided by The Provisional Legislative Council Commission (Amendment) Ordinance 1997.

Working Group on Administrative Matters

During the Council's operation in Shenzhen and before the establishment of The Provisional Legislative Council Commission on 1 July 1997, a Working Group on Administrative Matters, convened by Hon IP Kwok-him and composed of 11 other Members, was set up by the Council on 22 February 1997 to supervise the operation of the Provisional Legislative Council Secretariat in Shenzhen. The terms of reference and membership of the Working Group are shown in **Appendix 3**.

Apart from overseeing the daily operation of the Shenzhen Office, the Working Group also conducted a review of The Legislative Council Commission Ordinance in order to ensure consistency with the Basic Law so that it could continue to be in force after 30 June 1997. Consequent upon the review and on the recommendations of the Working Group, amendments were made to the Ordinance through the introduction of The Legislative Council Commission (Amendment) Bill 1997 into the Provisional Legislative Council on 31 May 1997.

Amendments to The Legislative Council Commission Ordinance

The Legislative Council Commission (Amendment) Bill 1997, which was passed by the Provisional Legislative Council at its meeting on 7 June 1997 and came into operation on 1 July 1997, included the following major amendments -

- revising the definitions of “Legislative Council”, “The Legislative Council Commission” and “Legislative Council Secretariat”, so as to make clear that the amended Ordinance was applicable to the Provisional Legislative Council;

- increasing the maximum number of non-ex officio members of the Commission from eight to 10 to further enhance the representativeness of the Commission;
- providing a transitional arrangement for members of the Working Group on Administrative Matters to serve as members of the Commission before an election of members to the Commission under section 4(1)(e) of The Legislative Council Commission Ordinance; and
- providing all property acquired and contracts entered into for the operation of the Provisional Legislative Council before 1 July 1997 to be transferred to the Commission.

Upon commencement of operation of The Provisional Legislative Council Commission on 1 July 1997, the Working Group on Administrative Matters dissolved on the same date.

Members of the Commission

The Provisional Legislative Council Commission comprised 13 members, namely -

- the President of the Council, who was also the Chairman of the Commission;
- the Chairman of the House Committee of the Council, who was also the Deputy Chairman of the Commission;
- the Deputy Chairman of the House Committee; and
- members of the Working Group on Administrative Matters of the Provisional Legislative Council.

Functions of the Commission

The main functions of the Commission, as set out in section 9 of the Ordinance, are -

- providing through the Secretariat administrative support and services to the Council;
- providing office accommodation to Members of the Council and staff of the Secretariat;
- supervising the operation of the Secretariat;
- producing an official report of all proceedings in the Council and in any committee of the whole Council; and
- performing such other duties as the Council may by resolution determine.

Powers of the Commission

As provided under section 10(1) of the Ordinance, the main powers of the Commission include -

- determining the structure and functions of the Council Secretariat;
- employing staff in the Secretariat, dismissing and disciplining such staff and determining their numbers, grading, duties, remuneration and other terms and conditions of service;
- formulating and executing managerial and financial policies expedient to the performance of the Commission's functions;
- preparing the annual estimates of income and expenditure and programme of activities of the Commission; and
- receiving, expending and investing funds.

Committees of the Commission

Three committees were appointed by the Commission to carry out certain delegated functions. These committees were -

- *Committee on Personnel Matters*, which dealt with appointment and personnel matters;
- *Committee on Facilities and Services*, which looked after the provision of accommodation and facilities to the Council and the Secretariat; and
- *Committee on Members' Allowances*, which advised on the processing of reimbursement claims for Members' allowances.

The terms of reference and membership of these committees are set out in **Appendix 4**.

THE PROVISIONAL LEGISLATIVE COUNCIL SECRETARIAT

Prior to July 1997 whilst the Provisional Legislative Council transacted its business in Shenzhen, support services to the Council were provided by a Secretariat comprising a core team of 19 staff members employed by the Chief Executive's Office. These staff members were former employees of the Legislative Council Secretariat, who had, pursuant to an understanding reached between the former Legislative Council Commission and the Chief Executive's Office, resigned to provide service to the Provisional Legislative Council in Shenzhen. Following the establishment of the HKSAR on 1 July 1997, all meetings of the Council were held in Hong Kong. The Shenzhen Office was closed and its staff members then resumed their service with the Legislative Council Secretariat, which was henceforth named as the Provisional Legislative Council Secretariat.

The Secretary General was the Clerk to the Provisional Legislative Council and the chief executive of the Provisional Legislative Council Secretariat. He was responsible to the Chairman of the Commission for the administration of the Secretariat.

As at 31 March 1998, there were 310 staff members in the Secretariat. The staff establishment by number and rank is set out in **Appendix 5**. Administrative support and services were provided to the Council through the following nine divisions -

Council Business Division 1

Council Business Division 2

Council Business Division 3

Legal Service Division

Research and Library Services Division

Complaints Division

Public Information Division

Translation and Interpretation Division

Administration Division

The organization of the Secretariat is shown in **Appendix 6**.

FUNCTIONS AND SERVICES OF THE PROVISIONAL LEGISLATIVE COUNCIL SECRETARIAT

Council Business Divisions

Servicing of meetings of the Council and its committee was undertaken separately by three divisions: Council Business Divisions 1, 2 and 3. The three divisions were each headed by an Assistant Secretary General. Their respective responsibilities are described below -

Division 1

The division provided secretariat and administrative services to the Finance Committee, the Working Group/Committee on Rules of Procedure, nine Panels as well as Bills Committees on subjects which were related to the Panels, and Members' meetings with District Board/Provisional District Board members.

During the period from 1 July 1997 to 31 March 1998, the division serviced a total of 23 meetings and four briefings of the Finance Committee, which included six special meetings held in March 1998 to examine the draft Estimates of Expenditure for 1998-99. In respect of the two subcommittees of the Finance Committee, namely, the Establishment Subcommittee and the Public Works Subcommittee, the division serviced a total of 25 meetings.

The division was also responsible for servicing the Working Group on Rules of Procedure, and later the Committee on Rules of Procedure. A total of 10 meetings were serviced in respect of these two committees during the reporting period.

As far as support to the nine Panels and their subcommittees and working groups was concerned, the division serviced altogether 107 meetings and six visits. As regards assistance in the scrutiny of legislative proposals put forward by the Administration and Members, the division provided secretariat support to 86 meetings held by Bills Committees and subcommittees of the House Committee.

During the term of the Provisional Legislative Council, the division also organized nine meetings with Provisional District Boards and these were attended by a total of 100 Provisional District Board members.

Division 2

The division provided secretariat and administrative services to the House Committee, nine Panels as well as Bills Committees on subject matters related to these Panels. The division also serviced subcommittees formed to study subsidiary legislation as well as Members' meetings with District Board/Provisional District Board members.

During the period from 1 July 1997 to 31 March 1998, the division serviced a total of 42 meetings of the House Committee, 104 meetings and seven visits of Panels as well as 86 meetings of Bills Committees and subcommittees on subsidiary legislation.

During the term of the Provisional Legislative Council, the division also organized nine meetings with Provisional District Boards and these were attended by a total of 118 Provisional District Board members.

Division 3

The division provided secretariat and administrative support services for meetings of the Council. During the period from 1 July 1997 to 31 March 1998, the division serviced 32 meetings of the Provisional Legislative Council, including two meetings devoted to the Chief Executive's Question and Answer Session.

In addition, the division serviced two standing committees of the Council, namely, the Public Accounts Committee and the Committee on Members' Interests. The Public Accounts Committee held 19 meetings and the Committee on Members' Interests held two meetings during the reporting period.

The division serviced the Provisional Legislative Council House Committee's Parliamentary Liaison Subcommittee which was established in November 1997. In February 1998, a delegation of Members visited Singapore, during which they held meetings with a number of Singaporean ministers, parliamentarians and community leaders to discuss issues of mutual interest to Singapore and Hong Kong, and received briefings on a variety of subjects.

The division also provided support service for Members in receiving parliamentarians and dignitaries from other territories who visited Hong Kong during the period.

Legal Service Division

Headed by the Legal Adviser, the division provided legal advice and support to committees of the Council on bills and subsidiary legislation and other legal matters. In addition, the division provided in-house legal service to The Provisional Legislative Council Commission and the Provisional Legislative Council Secretariat.

The Legal Adviser was also the Counsel to the Provisional Legislative Council, advising the President and the Clerk to the Provisional Legislative Council on legal matters in respect of Council proceedings.

Research and Library Services Division

Managed by the Head of Research and Library Services, this division provided a non-partisan research service on request by the Council and its committees. The division also published, resources permitting, information papers on issues of public interest. In 1997-98, 12 research projects on various government policies and measures were completed and published.

Reference service of the Library was offered to Members, authorized personal assistants of Members and staff of the Council Secretariat. Members of the public were allowed access to records and papers of the Council and its committees, Members' claims for operating expenses reimbursement and the Register of Members' Interests at the Library. In 1997-98, over 5 700 users visited the Library, more than 5 200 enquiries were answered and about 4 000 loans, 6 750 publications and tapes were processed.

The Library had over 20 000 items of library materials, with Council documents and official publications forming the core of the collection. Reference materials included encyclopaedia, dictionaries, parliamentary handbooks, directories, CD-ROM databases, as well as audio-visual tapes of Council and committee meetings. A small but comprehensive China collection had been built up. Current affairs materials published locally and overseas, including 15 newspapers and 50 journals, were available. In addition, the Library was linked to the Internet and various external databases.

Action was undertaken to establish an electronic Research and Library Information System: a simplified feasibility study was completed in 1997 and implementation began in 1998. An electronic press cuttings reference service was available to Members and Secretariat staff.

A sub-homepage started to operate on 1 September 1997 under the Council's homepage on the Internet as a guide to the services of the division. Information on the sub-homepage included services provided by the division, research activities, hot links for research, library holdings and facilities, news clippings database, library location and opening hours, and contact information.

Complaints Division

Headed by the Chief Assistant Secretary (Complaints), the division provided support service to Members to enable them to deal with complaints and representations lodged with the redress system of the Council. The division assisted Members in processing cases to redress grievances and bring to light the need for improvement in Government policies and procedures where appropriate.

The work of the division included meeting and corresponding with complainants, examining the cases lodged and communicating with relevant organizations and Government departments, and assisting Members in determining suitable courses of action as well as scheduling interviews with complainants and servicing case conferences with Government officials.

In 1997-98, the division assisted Members in handling 987 cases, which comprised 185 group representations and 802 individual cases.

Public Information Division

Headed by the Chief Public Information Officer, the division was responsible for the development and implementation of public information and education activities to promote the corporate image of the Council. It also handled public enquiries and comments, and maintained close contact with the media on Council matters.

The division provided a daily newspaper cutting service to assist Members in gauging community opinion. It was also responsible for producing the official publications of the Council including its annual report. During the year, additional publications were produced to inform the public of the establishment of the Provisional Legislative Council, its operation since January 1997, and its functions and work. These materials were sent to secondary schools to enhance students' understanding of the Council's functions.

Other publicity events organized by the division included a Fun Day for Members and reporters, and an Open Day of the Legislative Council Building.

Translation and Interpretation Division

The division provided translation and interpretation service for the Council and its committees.

The division was responsible for the production of the Official Record of Proceedings of Council Meetings, which is the verbatim report of proceedings of the Council. The Official Record was first published in the language of speeches delivered. After the Official Record was translated, two versions, one in Chinese and the other in English, were subsequently published.

The division also translated questions, motions, papers, minutes and other Council papers. In addition, it provided Chinese word processing service to other divisions of the Secretariat, as well as verbatim reports for public hearings of the Public Accounts Committee.

Administration Division

Headed by the Principal Assistant Secretary (Administration), the division provided secretariat service to the Commission and internal administrative support to other divisions of the Secretariat. The division also administered Members' remuneration and allowances, and assisted in organizing their corporate social functions. During the year, the division serviced 12 meetings of the Commission and its committees, of which 10 were held after 1 July 1997. In addition, the division assisted in organizing a total of 91 social functions for Members.

The division assisted the Secretary General in executing the administrative, financial and personnel policies of the Commission. It also provided building management and security services in Council premises, and supervised the development and application of information technology in the Secretariat to enhance efficiency of work procedures and storage and retrieval of information.

FINANCIAL ARRANGEMENTS

To enable the Commission to employ staff and finance the services and activities of the Secretariat, the Commission received funds from the Administration through a one-line vote from a single head of expenditure in the annual estimates. There were two separate subheads, one for the recurrent expenses of the Secretariat and another for the remuneration and allowances for Members.

The Commission was required to compete with government policy bureaux and departments for resources under the annual Resource Allocation Exercise. For the purposes of the Public Finance Ordinance, the Secretary General was designated as the Controlling Officer in respect of the estimates of expenditure of the Commission.

The Commission's accounts were subject to examination by the Director of Audit. The Director was empowered to conduct value-for-money audits and examinations into the economy, efficiency and effectiveness with which the Commission expended its resources in performing its functions and exercising its powers.

The approved estimate to meet the recurrent expenses of the Commission in 1997-98 amounted to \$277.66 million. Supplementary provisions of \$20.55 million were obtained during the year mainly to meet the payment of remuneration and operating expenses to Members and adjustment in salaries of Secretariat staff. In addition, through a provision to the Chief Executive's Office for the setting up of the HKSAR Government, the Council received an amount of \$18.79

million, being expenses covering the reimbursement to Provisional Legislative Council Members and operating expenses of the Secretariat's Shenzhen Office, including staff salaries and allowances, for the period up to 30 June 1997 whilst the Provisional Legislative Council transacted its business in Shenzhen.

APPOINTMENT OF STAFF

Appointment of Secretariat staff was normally on a three-year agreement. Grading, remuneration and other terms and conditions of service of staff members were broadly in line with those applicable to civil servants. Remuneration comprised a basic salary paid in accordance with the salary scale applicable to civil servants holding comparable jobs, a cash allowance in lieu of certain fringe benefits enjoyed by civil servants, and an end-of-agreement gratuity. Staff members of the Commission were required to serve the Council with complete political impartiality.

During the year, a total of 28 recruitment exercises were conducted and 32 new staff members were appointed as a result. In addition, 13 internal promotion and in-service appointment exercises were held.

TRAINING AND DEVELOPMENT

In 1997-98, arrangements were made for 248 attendances in management, language and computer courses organized by the Government's Civil Service Training and Development Institute and other training organizations. To enhance staff members' proficiency in Putonghua, 11 in-house training courses and workshops were conducted for a total of 191 participants. In addition, three in-house job-related courses were organized, which were attended by 105 staff members.

In March 1998, the Head of Research and Library Services, attended a four-week course on China studies organized by the Civil Service Bureau at the Tsinghua University in Beijing.

ACCOMMODATION

Apart from the Legislative Council Building, facilities and offices of the Council were accommodated in two other locations: third, fourth and fifth floors of Central Government Offices (West Wing) and third, fourth, fifth and sixth floors of Citibank Tower. With more office spaces provided by the Administration, the Commission was able to provide each Member with a 40M² office within Council premises. 46 Member's offices were housed in the Central Government Offices (West Wing), whereas the Citibank Tower premises accommodated the remaining 14 Member's offices and most of the staff of the Secretariat.

Although the accommodation was already an improvement to the pre-1996 situation, the Commission still considered it far from ideal, as Members and staff had to continue to put up with the inconvenience of having offices and facilities in three different locations. To enhance efficiency, the Commission urged the Administration to explore various options to resolve the accommodation problem of the Council in the long term, including the possibility of constructing a new purpose-built building for the Council. The previous proposal of building an annex at Chater Garden was also re-examined.

DEVELOPMENT OF INFORMATION TECHNOLOGY

The Council was serviced by a central computer system, the Legislative Council Business Information System (LEBIS). With about 400 workstations in the Secretariat and all Members' offices, LEBIS provided an efficient communication network within the Secretariat, and between the Secretariat and Members.

More extensive use of information technology was made to enhance office efficiency and effectiveness. With funds provided in the 1997-98 estimate, action was taken to replace the outdated Legislative Council Business System (LBS) which had been used primarily for the compilation of papers in relation to the Council meetings. The new LBS will be bilingual, designed with the Intranet technology, and achieve better integration with LEBIS and other information systems of the Council.

With the support of a feasibility study, funds were approved under the 1997 Resource Allocation Exercise to develop a Research and Library Information System which, upon implementation, will provide bilingual search and on-line access to all unclassified documents of the Council.

PROMOTIONAL ACTIVITIES

In addition to producing publicity materials for members of the public about the work of the Council, the Commission continued to make use of information technology to enhance transparency and to facilitate the public's access to information about activities of the Council. Through an interactive infofax service, members of the public and the media could get updated information via fax by direct dial in around the clock. On-line access to papers and records of meetings of the Council and its committees were also available to the public through the Council's homepage on the Internet. During the year under review, over 30,000 users visited the Council's web site.

On 7 February 1998, the Commission organized the first ever Open Day of the Legislative Council Building. The purpose of the event was to enable members of the public to understand the work of the Council through a guided tour of various facilities inside the Building, including meeting venues, Ante Chamber and Dining Hall, the President's office, Members' rooms, etc. The Open Day was well received by members of the public, and attracted a total of 2 372 visitors to the Building, including 733 students from 35 schools.

STAFF CONSULTATIVE COMMITTEE

A Staff Consultative Committee was formed to provide a channel for staff to express their views on matters affecting them and their welfare. The committee was chaired by the Secretary General and members comprised 22 elected representatives of various grades of staff of the Secretariat. The committee held four meetings during the year.

STAFF RECREATION

A Staff Recreation Club was formed to promote friendship and mutual help among staff of the Secretariat, and to organize recreational activities for them. During the period under review, the Club organized a series of recreational activities and interest classes, including outings, cooking and aerobics classes, as well as a Christmas party attended by all staff of the Secretariat.

REPORT OF THE DIRECTOR OF AUDIT TO THE PROVISIONAL LEGISLATIVE COUNCIL COMMISSION

I have audited the financial statements on pages ? to ? which have been prepared under the accounting policies set out in note 2 to the accounts.

Respective responsibilities of The Provisional Legislative Council Commission and the Director of Audit

Under the provisions of section 13(3)(a) of The Legislative Council Commission Ordinance (Cap. 443), The Provisional Legislative Council Commission is responsible for the preparation of financial statements. In preparing the financial statements, The Provisional Legislative Council Commission has to select appropriate accounting policies and to apply them consistently.

It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I have audited the financial statements referred to above in accordance with the provisions of sections 13(3)(b) and 13(4) of The Legislative Council Commission Ordinance, section 15(1)(a) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by The Provisional Legislative Council Commission in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of The Provisional Legislative Council Commission, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion the financial statements give a true and fair view, in all material respects, of the state of affairs of The Provisional Legislative Council Commission as at 31 March 1998 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the provisions of section 13(3)(a) of The Legislative Council Commission Ordinance.

Audit Commission
Hong Kong
June 1998

(Dominic Y T Chan)
Director of Audit

The Provisional Legislative Council Commission
Balance Sheet
as at 31 March 1998

	Note	31.3.1998 HK\$'000	31.3.1997 HK\$'000
Fixed assets	2D, 4	12,785	11,818
Current assets			
Prepayments and accounts receivable	5	1,526	2,126
Cash at bank and in hand		43,376	77,788
		44,902	79,914
		44,902	79,914
Current liabilities			
Accounts payable and accrued charges	6	20,219	17,150
Gratuity payments accrued	2C, 14	12,056	36,939
		32,275	54,089
		32,275	54,089
Net current assets		12,627	25,825
Net assets		25,412	37,643
<i>Financed by :</i>			
Capital Assets Subvention Reserve	2F, 7	12,785	11,818
Operating Reserve	8	5,162	5,162
Staff Gratuities Reserve	2C, 10	2,672	16,580
Income and Expenditure Account		4,793	4,083
		25,412	37,643
		25,412	37,643

Approved by The Provisional Legislative Council Commission on 29 June 1998

Hon Mrs Rita Fan, JP
Chairman

Mr Ricky C C Fung, JP
Secretary General

The Provisional Legislative Council Commission
Income and Expenditure Account
for the Year Ended 31 March 1998

	Note	1.4.1997 - 31.3.1998 HK\$'000	1.4.1996 - 31.3.1997 HK\$'000
Income			
Subventions from Government		308,383	347,571
Less : Members' remunerations returned to Government	3	(371)	-
Interest earned		5,162	3,602
Other income		277	183
Gain on sale of fixed assets		577	-
		<u>314,028</u>	<u>351,356</u>
Non-capitalized expenditure			
<i>Recurrent</i>			
Members' remunerations and operating expenses reimbursements			
Provisional Legislative Council	3	86,447	-
Former Legislative Council	3	36,383	108,145
Staff emoluments		166,761	177,188
General expenses		22,140	21,599
<i>Non-recurrent</i>			
Electronic Display System for Legislative Council Building		1	-
Authentication of Chinese texts of existing legislation		2,791	8,537
Hosting a Commonwealth Parliamentary Seminar in 1996		-	905
Hansard production computer system		20	2
Computer linkage between Members and the Secretariat		-	3
Acquisition of publications and equipment		222	308
Production of public education materials		434	462
Replacement of furniture and equipment of Dining Hall and Antechamber of the Legislative Council Building		459	141
Operation of London Office		1,245	2,660
Feasibility study on Research and Library Information System		380	130
Reprovisioning and refurbishment of LegCo Secretariat		164	313
Purchase of a motor van		11	11
Replacement of the Legislative Council Business System		5	-
Purchase of a saloon car		1	-
Implementation of the Research and Library Information System		5	-
Setting up and winding up allowances for Members			
Provisional Legislative Council		962	-
Former Legislative Council		4,842	2,514
LegCo Business Information System		3	73
Pilot imaging system		-	35
		<u>323,276</u>	<u>323,026</u>
Operating (shortfall)/surplus	2C	(9,248)	28,330
Surplus brought forward		4,083	2,073
Transfer to Capital Assets Subvention Reserve	2F, 7	(3,950)	(6,554)
Transfer from/(to) Staff Gratuities Reserve	2C, 10	13,908	(16,580)
Transfer to Operating Reserve	8	-	(3,186)
Surplus carried forward		<u>4,793</u>	<u>4,083</u>

The Provisional Legislative Council Commission
Cash Flow Statement
for the Year Ended 31 March 1998

	Note	1.4.1997 - 31.3.1998 HK\$'000	1.4.1996 - 31.3.1997 HK\$'000
Operating activities			
Net subventions received from Government		308,012	347,571
Other income		277	183
Payments to and on behalf of Members		(127,952)	(111,368)
Payments to staff		(189,332)	(151,890)
Payment of operating expenses		<u>(27,190)</u>	<u>(24,610)</u>
Net cash (outflow)/inflow from operating activities	9	(36,185)	59,886
Returns on investments			
Interest received		5,262	3,063
Investing activities			
Purchase of fixed assets		(4,066)	(6,588)
Receipts from sales of fixed assets		<u>577</u>	<u>-</u>
(Decrease)/Increase in cash and cash equivalents		(34,412)	56,361
Cash and cash equivalents at 1 April 1997		<u>77,788</u>	<u>21,427</u>
Cash and cash equivalents at 31 March 1998		<u><u>43,376</u></u>	<u><u>77,788</u></u>
Analysis of the balances of cash and cash equivalents			
Cash at bank and in hand		376	388
Bank deposits		<u>43,000</u>	<u>77,400</u>
		<u><u>43,376</u></u>	<u><u>77,788</u></u>

Notes to the Accounts

1. THE PROVISIONAL LEGISLATIVE COUNCIL COMMISSION

Administrative support and services to the legislature are provided by a Secretariat which operates under a Commission established by The Legislative Council Commission Ordinance (Cap. 443). By virtue of The Legislative Council Commission (Amendment) Ordinance 1997 enacted on 1 July 1997, the Commission shall be known as The Provisional Legislative Council Commission and the Secretariat shall be known as the Provisional Legislative Council Secretariat, after the commencement of the Ordinance and during the existence of the Provisional Legislative Council.

The accounts for the financial year ended 31 March 1998 cover both the expenditure of The Legislative Council Commission for the period from 1 April 1997 to 30 June 1997 and the expenditure of The Provisional Legislative Council Commission for the period from 1 July 1997 to 31 March 1998.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Commission are prepared on an accrual basis. The more significant accounting policies are set out below :

A. Income Recognition

Income accounted for in the accounts includes Government subventions received, allocation warrants utilized, and interest earned on a time proportion basis.

B. Accrual of Expenses

Members' remunerations, staff's emoluments and the Secretariat's operating expenses are accounted for as they are incurred, except for staff gratuities as disclosed in Note 2C below. Members' reimbursable expenses are accounted for as they are claimed.

C. Gratuity Payments

All staff employed by the Commission are on fixed agreement terms, mainly for three years, with a gratuity payable at the end of each term. As agreed with the Administration, 15% of the gratuity payable to all staff is provided in each year's subvention, while the balance 85% will be provided at the end of each 3-year cycle. In view of the timing difference in the provision of funds and the payment of gratuities, only staff gratuities incurred and payable in the immediate following year are fully accrued in the accounts; and funds received for gratuities to be incurred in the following years or payable in years further ahead are placed in the Staff Gratuities Reserve until they are utilized.

In accordance with the above mentioned arrangement, \$16,580,000 was received in advance in the year ended 31 March 1997 and set aside in the Staff Gratuities Reserve for gratuities chargeable in subsequent years; and \$13,907,671 should be released from the Reserve to meet the shortfall in funding for the year ended 31 March 1998.

D. Capitalization of Fixed Assets

Assets costing \$1,000 or more with estimated useful lives longer than one year are capitalized.

E. Depreciation

Depreciation is calculated on a straight-line basis to write off the historical cost of assets less any estimated residual value over their estimated useful lives.

The principal depreciation rates used are:

Furniture and fixtures	10% p.a.
Motor vehicles, computers and software, and office equipment	20% p.a.

For assets acquired in the second six months of a financial year, half-year's depreciation is charged.

F. Capital Assets Subvention Reserve

Assets transferred from Government are capitalized as fixed assets and a corresponding amount credited to the Capital Assets Subvention Reserve. For assets acquired with government subventions, an equivalent amount is transferred to the Reserve from the Income and Expenditure Account. Depreciation on fixed assets is charged to the Reserve.

G. Office Supplies

Office supplies are charged as expenses in the year they are acquired.

3. MEMBERS' REMUNERATIONS AND OPERATING EXPENSES REIMBURSEMENTS

Rates for Members' remuneration and reimbursement of operating expenses are revised by the Government yearly in October according to the movement of the Hang Seng Consumer Price Index.

In view of the economic difficulties faced by the community, 52 Members on the Provisional Legislative Council voluntarily reduced their remuneration to their pre-October 1997 level since early 1998. \$371,000 was saved and returned to the Government.

Included in the remunerations paid to Members of the Provisional Legislative Council was \$4,366,667 for their service during the period from 25 January 1997 to 30 June 1997, which was approved by the Finance Committee in July 1997 on the recommendation of an Independent Commission (Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region) and the proposal of the Government.

4. FIXED ASSETS

	Motor Vehicles HK\$'000	Computers and Software HK\$'000	Office Equipment HK\$'000	Furniture and Fixtures HK\$'000	Work in Progress HK\$'000	Total HK\$'000
Cost or valuation						
At 1 April 1997	591	11,484	1,905	4,600	-	18,580
Additions	741	2,055	924	1,599	176	5,495
Disposals	(241)	(390)	(227)	(326)	-	(1,184)
At 31 March 1998	<u>1,091</u>	<u>13,149</u>	<u>2,602</u>	<u>5,873</u>	<u>176</u>	<u>22,891</u>
Aggregate depreciation						
At 1 April 1997	276	4,371	884	1,231	-	6,762
Charge for the year	144	2,456	420	730	-	3,750
Disposals	(241)	(4)	(21)	(140)	-	(406)
At 31 March 1998	<u>179</u>	<u>6,823</u>	<u>1,283</u>	<u>1,821</u>	<u>-</u>	<u>10,106</u>
Net book value						
At 31 March 1998 (note 7)	<u>912</u>	<u>6,326</u>	<u>1,319</u>	<u>4,052</u>	<u>176</u>	<u>12,785</u>
At 31 March 1997	<u>315</u>	<u>7,113</u>	<u>1,021</u>	<u>3,369</u>	<u>-</u>	<u>11,818</u>

5. PREPAYMENTS AND ACCOUNTS RECEIVABLE

	31.3.1998 HK\$'000	31.3.1997 HK\$'000
Prepayments	348	431
Deposits	6	4
Receivable from		
Government	76	583
Members	2	14
Staff	631	532
Others	463	562
	<u>1,526</u>	<u>2,126</u>

6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	31.3.1998 HK\$'000	31.3.1997 HK\$'000
Payable to		
Government	1,319	983
Members	1,748	1,079
Staff - accrued emoluments and reimbursements	114	212
- accrued leave pay	15,713	13,206
Others	1,325	1,670
	<u>20,219</u>	<u>17,150</u>

7. CAPITAL ASSETS SUBVENTION RESERVE

	1.4.1997- 31.3.1998 HK\$'000	1.4.1996 - 31.3.1997 HK\$'000
Balance at 1 April 1997	11,818	9,109
Transfer from Income and Expenditure Account for additions to fixed assets funded by		
- recurrent subvention	1,137	789
- non-recurrent subventions for		
Electronic Display System for Legislative Council Building	253	96
Hansard production computer system	9	118
computer linkage between Members and the Secretariat	-	16
acquisition of publications and equipment	44	27
replacement of CCTV System for the Legislative Council Building	203	644
replacement of furniture and equipment of Dining Hall and Antechamber of the Legislative Council Building	242	18
development of new database on redress system	143	3
reprovisioning and refurbishment of LegCo Secretariat	178	1,561
purchase of a motor van	-	350
purchase of a saloon car	170	-
LegCo Business Information System	356	707
pilot imaging system	-	798
electronic voting system	160	-
	1,758	4,338
- government departments under their votes in the form of allocation warrants	1,055	1,427
	3,950	6,554
Fixed assets acquired with funds from Chief Executive's Office while the Provisional Legislative Council operated in Shenzhen	656	-
Fixed assets returned from outgoing Members	889	-
	17,313	15,663
Less : Depreciation charge for the year	(3,750)	(3,241)
Write-off of fixed assets at net book value	(778)	(604)
	12,785	11,818

8. OPERATING RESERVE

Surpluses from recurrent government subventions for staff emoluments and general expenses are credited to the Operating Reserve at the discretion of the Provisional Legislative Council Commission.

	1.4.1997- 31.3.1998 HK\$'000	1.4.1996 - 31.3.1997 HK\$'000
Balance at 1 April 1997	5,162	1,976
Transfer from Income and Expenditure Account	-	3,186
Balance at 31 March 1998	<u>5,162</u>	<u>5,162</u>

9. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1.4.1997- 31.3.1998 HK\$'000	1.4.1996 - 31.3.1997 HK\$'000
Operating (shortfall)/surplus	(9,248)	28,330
Interest income	(5,162)	(3,602)
Gain on sale of fixed assets	(577)	-
Decrease in prepayments, deposits and accounts receivable	69	189
Increase in accounts payable	3,616	9,779
(Decrease)/Increase in gratuities accrued	(24,883)	25,190
Net cash (outflow)/inflow from operating activities	<u>(36,185)</u>	<u>59,886</u>

10. STAFF GRATUITIES RESERVE

	1.4.1997- 31.3.1998 HK\$'000	1.4.1996 - 31.3.1997 HK\$'000
Balance at 1 April 1997	16,580	-
Transfer (to)/from Income and Expenditure Account	(13,908)	16,580
Balance at 31 March 1998	<u>2,672</u>	<u>16,580</u>

11. MAJOR NON-CASH TRANSACTIONS

Offices and certain government-operated services used by the Secretariat are either provided by Government free of charge or funded by the respective government departments. Expenses of the Provisional Legislative Council and the Provisional Legislative Council Secretariat before 1 July 1997 were funded by the Chief Executive's Office. They are not accounted for in these accounts except to the extent that fixed assets transferred to the Commission are reflected in the Capital Assets Subvention Reserve and form part of the fixed assets of the Commission.

12. TAXATION

The Provisional Legislative Council Commission is exempt from Hong Kong taxation.

13. CAPITAL COMMITMENTS

Outstanding capital commitments at 31 March 1998 not provided for in the accounts were as follows :

	31.3.1998 HK\$'000	31.3.1997 HK\$'000
Authorized but not yet contracted for	13,470	3,884
Authorized and contracted for	1,400	1,696
	<u>14,870</u>	<u>5,580</u>

14. CONTINGENT LIABILITIES

As explained in Note 2C above, contingent liabilities at 31 March 1998 in respect of gratuities payable to staff upon the satisfactory completion of their agreements amounted to \$14,347,152 (1997 : \$6,866,356). These have not been provided for in the accounts.

**Membership of the former Legislative Council Commission
(Up to 30 June 1997)**

Hon Andrew WONG Wang-fat, JP (Chairman)

Dr Hon LEONG Che-hung, JP (Deputy Chairman)

Hon Edward HO Sing-tin, JP

Hon Ronald Arculli, JP

Hon Emily LAU Wai-hing, JP

Hon LEE Wing-tat

Hon Paul CHENG Ming-fun, JP

Hon IP Kwok-him

Hon LAW Chi-kwong

Hon LEUNG Yiu-chung

Hon MOK Ying-fan

**Activities of the former Legislative Council
during the period from 1 April 1997 to 30 June 1997**

1. Council and committee meetings

• Number of Council meetings held	14
• Number of committee meetings held -	
- House	14
Committee	
- Finance Committee and its subcommittees	12
- Bills Committees and subcommittees on subsidiary legislation	143
- Public Accounts Committee	20
- Panels	137
- Select Committee to Inquire into the Circumstances Surrounding the Departure of Mr Leung Ming-yin, former Director of Immigration	15

2. Other Council activities

• Number of meetings with district board members	4
• Number of complaint cases handled	214

3. Parliamentary liaison

- Until 30 June 1997, the former Legislative Council was a member of the Commonwealth Parliamentary Association and participated in its activities.
- In April 1997, at the invitation of the American National Committee on United States-China Relations, a delegation of Legislative Council Members visited the United States Congress and the state legislature of California.

Working Group on Administrative Matters

Terms of Reference

The Working Group on Administrative Matters should be responsible to the Provisional Legislative Council (the Council) regarding the following matters :

- (1) to provide administrative support and services through a secretariat to the Council, including staffing support, terms of employment, office accommodation and other administrative arrangements pertaining to the smooth functioning of the Council and its committees/working groups;
- (2) to supervise the operation of the secretariat;
- (3) to oversee the domestic arrangements for meetings of the Council and its committees/working groups;
- (4) to deliberate on matters relating to honorarium and allowances for Members, and other services and administrative arrangements to facilitate the work of Members, and to make recommendations to the Council on such matters; and
- (5) to perform such other duties as the Council may by resolution determine.

The Working Group on Administrative Matters should conduct reviews at appropriate times and report periodically to the Council.

Membership

Hon IP Kwok-him (Convenor)

Hon Mrs Peggy LAM, JP (Deputy Convenor)

Hon WONG Siu-yee

Hon James TIEN Pei-chun, JP

Hon NGAI Shiu-kit, JP

Hon MA Fung-kwok

Dr Hon LEONG Che-hung, JP

Hon MOK Ying-fan

Hon YEUNG Yiu-chung

Hon LAU Kong-wah

Hon Paul CHENG Ming-fun, JP

Dr Hon TANG Siu-tong, JP

Committees of The Provisional Legislative Council Commission

Committee on Personnel Matters

Terms of Reference

- (1) To consider personnel matters including staffing resources, appointment, promotion, dismissal, grading, duties, remuneration and other terms and conditions of service of staff of the Secretariat which require the attention of the Commission;
- (2) To approve appointments including acting appointments with a view to promotion of officers at Chief Assistant Secretary level and above; and
- (3) To monitor progress of appointment and personnel matters delegated to the Secretary General.

Membership

Hon Mrs Rita FAN, JP (Chairman)

Hon WONG Siu-yee

Hon Mrs Peggy LAM, JP

Dr Hon LEONG Che-hung, JP

Hon IP Kwok-him

Hon Paul CHENG Ming-fun, JP

Committee on Facilities and Services

Terms of Reference

- (1) To consider the accommodation requirements of the Council and the Secretariat;
- (2) To assess the needs of the Council and of individual Members for services and facilities for the performance of Council business;
- (3) To formulate solutions for meeting needs identified at (1) and (2);
- (4) To consider financial matters relating to (1) to (3) above; and
- (5) To monitor the progress and developments relating to the above items.

Membership

Hon Mrs Rita FAN, JP (Chairman)

Hon James TIEN Pei-chun, JP

Hon NGAI Shiu-kit, JP

Hon MOK Ying-fan

Hon YEUNG Yiu-chung

Dr Hon TANG Siu-tong, JP

Committee on Members' Allowances

Terms of Reference

- (1) To formulate policies on administering the processing of claims for allowances submitted by Members; and
- (2) To advise on related practices and procedures for processing Members' claims for allowances.

Membership

Hon Mrs Rita FAN, JP (Chairman)

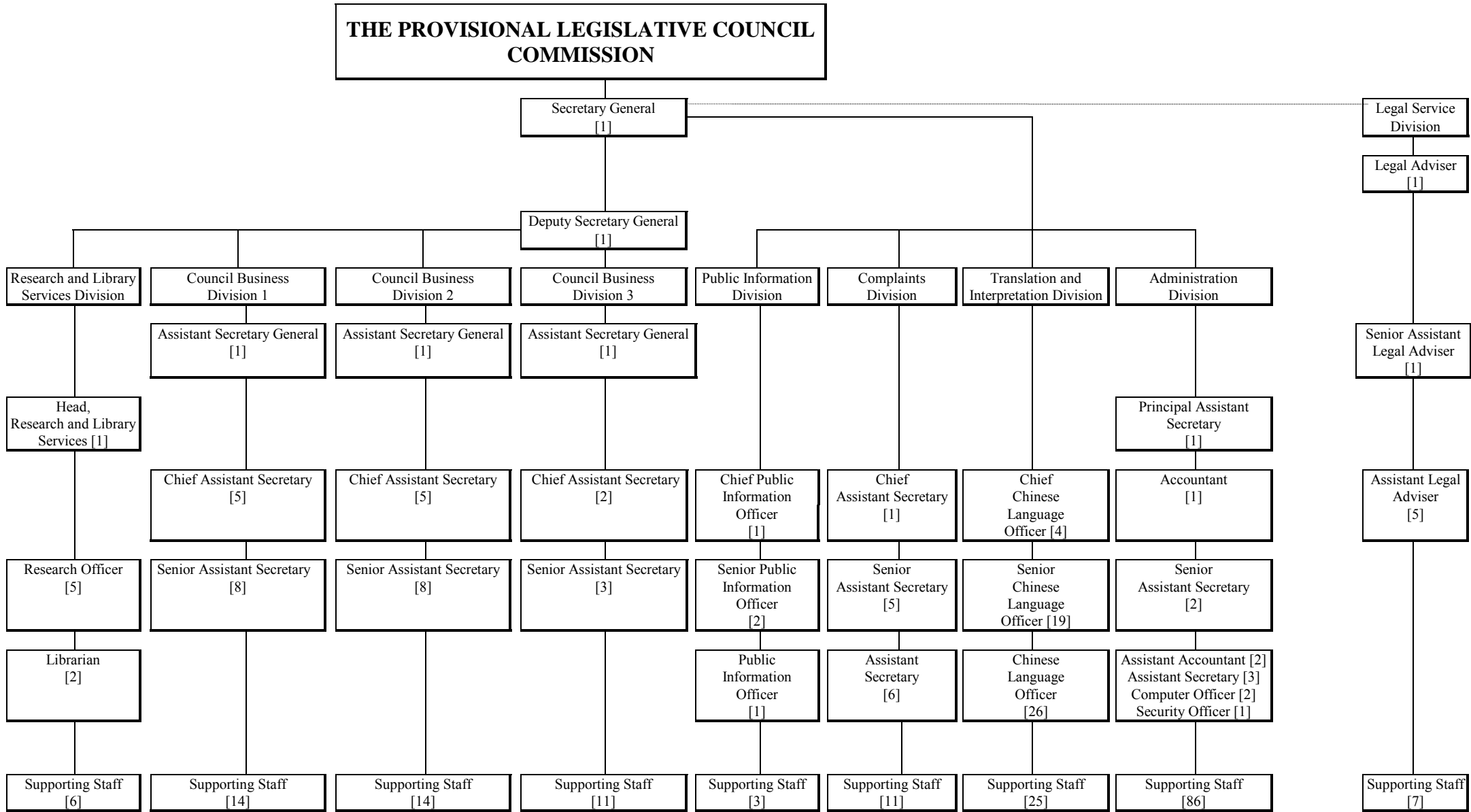
Dr Hon LEONG Che-hung, JP

Hon IP Kwok-him

**Staff Establishment of the
Provisional Legislative Council Secretariat**

Post	Staffing Position as at 31.3.98
Secretary General	1
Legal Adviser	1
Deputy Secretary General	1
Senior Assistant Legal Adviser	1
Assistant Secretary General	3
Head, Research and Library Services	1
Principal Assistant Secretary	1
Accountant	1
Assistant Legal Adviser	5
Chief Assistant Secretary	13
Chief Chinese Language Officer	4
Chief Public Information Officer	1
Assistant Accountant	2
Assistant Secretary	9
Chinese Language Officer	26
Computer Officer	2
Librarian	2
Public Information Officer	1
Research Officer	5
Security Officer	1
Senior Assistant Secretary	26
Senior Chinese Language Officer	19
Senior Public Information Officer	2

Post	Staffing Position as at 31.3.98
Senior Security Assistant	2
Accounting Clerk	4
Assistant Computer Officer	3
Clerical Officer I	15
Personal Secretary I	6
Senior Chinese Word Processing Operator	4
Senior Clerical Officer	2
Senior Personal Secretary	3
Social Functions Assistant	1
Personal Chauffeur	1
Chauffeur	1
Chinese Word Processing Operator	8
Clerical Assistant	11
Clerical Officer II	33
Motor Driver	1
Office Assistant	18
Personal Secretary II	22
Security Assistant	19
Senior Typist	1
Steward	5
Typist	18
Workman I	2
Workman II	2
Total	310



Figures in square brackets denote staffing position as at 31.3.98