

ITEM FOR FINANCE COMMITTEE

HEAD 112 - LEGISLATIVE COUNCIL COMMISSION Subhead 366 Remuneration and reimbursements for Members of the Legislative Council

Members are invited to approve the provision of a special monthly remuneration and reimbursements package to incumbent Members of the first Legislative Council of the Hong Kong Special Administrative Region between the end of the first Legislative Council term and the beginning of the second term.

PROBLEM

In view of the interval between the end of the first term and the start of the second term of the Legislative Council (LegCo) of the Hong Kong Special Administrative Region (HKSAR), we need to consider providing outgoing LegCo Members with the option of continuing their Council-related operations with financial support from the Government, if they so wish.

PROPOSAL

2. We propose that the option to be provided to Members should -
 - (a) take the form of a special monthly package of remuneration and reimbursements, payable as from 1 July 2000 (i.e. the day after the end of the first LegCo term) up to the day before the commencement of the second LegCo term, or the day when they wind up their offices, whichever is the earlier; and
 - (b) the monthly package, to be provided on a pro-rata basis where necessary, will comprise remuneration of \$62,590 (\$125,180 in the case of the LegCo President and \$93,890 in the case of the President's Deputy) and reimbursements of up to \$101,290 for accountable expenses relating to office operation.

/JUSTIFICATION

JUSTIFICATION

3. In response to LegCo Members' request, the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region (the Independent Commission) has reviewed whether Members of the first LegCo should be remunerated after the end of their term on 30 June 2000. We accept the Independent Commission's recommendation to provide Members of the first LegCo with an option to receive a special monthly remuneration and reimbursements package during the interval between the end of the first and the commencement of the second LegCo term.

4. Under the constitutional and electoral arrangements before 1 July 1997, it was an established practice to dissolve LegCo before nominations started for an upcoming general election. Outgoing LegCo Members continued to receive remuneration and reimbursements after the dissolution of LegCo.

5. The electoral arrangements after 1 July 1997 are different. Instead of dissolution, LegCo is prorogued for the purpose of holding a general election. Except for the first term, this will take place before the end of a LegCo term and a general election will be held within the term of the outgoing LegCo. Given that a general election will be held before the end of a LegCo term and with the arrangement that LegCo Members are remunerated during their term of office, as provided for in the current remuneration for LegCo Members, outgoing LegCo Members will continue to receive remuneration and reimbursements after LegCo is prorogued for the purpose of general elections.

6. The arrangement for elections relating to the second HKSAR LegCo is however exceptional. Instead of having the first LegCo prorogued, the general election for the second LegCo will be held after the end of the first LegCo term. The Independent Commission accepts that Members of the first LegCo under such circumstances should continue to receive remuneration and reimbursements after the end of their term on grounds that in the past there was no gap between terms where LegCo Members were not remunerated and the underlying theme of the Basic Law is to maintain continuity and stability.

7. The Independent Commission also recognises that section 11 of the Legislative Council Ordinance states that former Members of LegCo are deemed to be LegCo Members for the purposes of an emergency session, in the event that such a session is convened. Members of the first LegCo therefore have the responsibility to attend such an emergency session should one be convened given their status as former Members of LegCo. To cater for such an eventuality, the Independent Commission believes that outgoing LegCo Members should be provided with financial support so that they can be properly equipped with staffing and other resources.

8. The Independent Commission also notes that among the five overseas legislatures surveyed (i.e. Australia, Canada, Singapore, the UK and the USA), except in the case of Singapore, there is no gap between terms during which legislators are not remunerated. It therefore considers it reasonable for outgoing Members of the HKSAR LegCo to be remunerated during the interval between the first and the second LegCo terms.

9. On the components of the special monthly package, the Independent Commission opines that the existing monthly remuneration and reimbursements package for LegCo Members should generally be maintained. However, since official business of the first LegCo will cease after 30 June 2000, the occasions for Members to entertain and to travel on LegCo-related business would be substantially reduced after that date and related expenses could conceivably be absorbed by other provisions in the special monthly package. Balancing the needs of Members and the need for prudent use of public funds, the Independent Commission recommends that the non-accountable allowance for “entertainment and travelling expenses” should be excluded from the special monthly remuneration and reimbursements package.

10. Provision of this special package will cease when a Member winds up his office. Under the existing remuneration arrangements, the Member will be provided with winding up expenses reimbursements.

FINANCIAL IMPLICATIONS

11. Assuming that all 59 incumbent LegCo Members claim in full the proposed special monthly remuneration and reimbursements package for three months (an estimated duration of the interval between the first and the second LegCo terms), the total cost will be \$29.28 million⁽¹⁾. In practice, the actual additional cost to public funds will be considerably smaller because the continued payment of remuneration and reimbursements to incumbent Members would obviate the need to pay those Members who succeed in re-election the necessary winding up allowances for the first term and the full setting up expenses for the second term.

12. Subject to Members’ approval, we will meet the funding requirement from Head 112 Legislative Council Commission Subhead 366 Remuneration and reimbursements for Members of the Legislative Council. There are sufficient funds under this subhead the provision for which in the 2000-01 Estimates has been prepared on a full 12-month basis.

/BACKGROUND

⁽¹⁾ This has taken into account the higher rate of monthly remuneration for the LegCo President and the President’s Deputy.

BACKGROUND INFORMATION

13. On 2 July 1999, Finance Committee considered FCR(1999-2000)32 and approved a revised remuneration and reimbursements package for LegCo Members. The package includes two broad categories of payments i.e. monthly payments and one-off reimbursements for non-recurrent expenses. Under the existing arrangement, LegCo Members receive monthly remuneration and reimbursements from the beginning of a LegCo term until the end of that term. They are eligible for one-off setting up expenses reimbursements for setting up their offices when elected. (Re-elected Members may only claim up to 50% of the reimbursements on grounds that with remuneration payable during their term, those Members seeking re-election would not need to first wind up their offices.) They are also provided with winding up expenses reimbursements to cover winding up expenses incurred when they cease to be Members of the legislature.

14. The two-year term of the first HKSAR LegCo will end on 30 June 2000. General elections for the second HKSAR LegCo will be held on 10 September 2000 and the second LegCo term will not commence until thereafter. As a result, there will be an interval between the end of the first LegCo term and the commencement of the second term during which outgoing Members of the first LegCo, under the existing arrangement, would not receive any monthly remuneration and reimbursements.

15. At its meeting on 18 February 2000, the LegCo House Committee decided to refer the issue of remuneration and reimbursements for LegCo Members after the expiry of the first LegCo term to the LegCo Subcommittee on Review of Operating Expenses for Members of the Legislative Council for consideration. The Subcommittee's views and suggestions were subsequently endorsed by the LegCo House Committee and submitted to the Administration. These views and suggestions were relayed to and considered by the Independent Commission before the special monthly remuneration and reimbursements package as currently proposed was drawn up. The current proposal, presented in a letter to the LegCo House Committee Chairman, was brought up for discussion by the LegCo House Committee under matters arising at its meeting on 31 March 2000.

Administration Wing
Chief Secretary for Administration's Office
April 2000