

**Report on the Activities of
The Legislative Council Commission
1998 ~ 1999**

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

THE LEGISLATIVE COUNCIL COMMISSION

Hon Mrs Rita FAN, GBS, JP (Chairman)

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

Hon James TIEN Pei-chun, JP

Hon Edward HO Sing-tin, SBS, JP

Hon LEE Wing-tat

Hon NG Leung-sing

Hon CHAN Kwok-keung

Hon Bernard CHAN

Dr Hon YEUNG Sum

Hon YEUNG Yiu-chung

Hon Ambrose LAU Hon-chuen, JP

Hon Emily LAU Wai-hing, JP

Hon LAW Chi-kwong, JP

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THE CHAIRMAN'S REVIEW

This report marks the commencement of the first Legislative Council of the Hong Kong Special Administrative Region. I am honoured to chair The Legislative Council Commission during this important period in the history of the legislature of Hong Kong. With the support of my colleagues in the Commission and a dedicated and able Secretariat, I am pleased to say that it was a smooth start.

In response to the economic downturn of Hong Kong, the Government launched the Enhanced Productivity Programme aiming at improving productivity and efficiency, whilst achieving savings in recurrent baseline expenditure of 5% by 2002-03. The Legislative Council Secretariat also participated in the programme, and staff members responded in their usual positive manner towards measures taken to achieve the targets.

Continued efforts have been made to enhance efficiency and effectiveness in the Legislative Council Secretariat and to improve communication with the community to enhance their understanding of the activities of the Council through the use of information technology. A new Research and Library Information System is being installed and will come into use towards the end of 1999. This system will provide bilingual search and on-line access to all unclassified documents of the Council to Members, staff, and the public visiting the Library. All workstations in the Secretariat and Members' offices and servers are being updated; and there are plans to upgrade the network equipment to achieve a higher speed. Last but not least, the Secretariat has also devoted considerable effort to identify non-Y2K compliant items and took prompt actions to rectify them.

Apart from making use of information technology to enhance transparency and understanding of the Council's work, conducted tours of the Legislative Council Building and its facilities are held for community groups and schools throughout the year. The highlight of the year is the Open Day of the Legislative Council Building in April 1999. The event attracted nearly 1 800 visitors, with Members and staff of the Legislative Council serving as tour guides.

The Commission continued to press the Administration for a centrally located purpose-built Legislative Council Building to house all Members, their assistants and staff of the Secretariat under one roof. The Administration has undertaken to consider this request actively.

The design of an emblem for the Legislative Council was re-activated during the year. A motion to adopt the design as the Legislative Council emblem was passed by the Council in July 1999.

I am confident that with the support of Members and staff of the Secretariat, we can look forward to another successful year for the Commission in the 1999-2000 session, which will be the last one in the current term of the Council.

Rita FAN
Chairman
The Legislative Council Commission

INTRODUCTION

This report covers the activities of The Legislative Council Commission during the financial year between 1 April 1998 and 31 March 1999. The period straddles two Councils: the Provisional Legislative Council which ended on 30 June 1998 and thereafter the first Legislative Council of the Hong Kong Special Administrative Region (HKSAR).

From 1 April 1998 to 30 June 1998, supervision of secretariat support to the Provisional Legislative Council was undertaken by The Provisional Legislative Council Commission, which comprised 13 members. The membership of that Commission is in **Appendix 1**. Statistics on the activities of the Provisional Legislative Council during this period are in **Appendix 2**.

THE LEGISLATIVE COUNCIL

The main functions of the Legislative Council are to pass laws, control public expenditure and monitor Government policies. The first Legislative Council of the HKSAR consists of 60 Members, of whom 20 are returned by direct elections in geographical constituencies, 30 are elected from functional constituencies and 10 are elected by an Election Committee. In accordance with the Basic Law and the Legislative Council Ordinance, the term of office of Members of the first Legislative Council is two years.

The President of the Legislative Council is elected by and from amongst Members of the Council.

The Council normally meets every Wednesday afternoon in the Chamber of the Legislative Council Building. In addition, two meetings are held where the Chief Executive answers questions from Members on specific issues. The Council's proceedings are recorded verbatim in the Official Record of Proceedings of the Legislative Council.

Members of the Council perform their duties through a system of committees. The House Committee co-ordinates the activities of the Council. The Committee on Rules of Procedure examines matters of practice and procedure relating to the Council and its committees. There are three standing committees under the Council -

- ***Finance Committee***, which scrutinizes proposals for public expenditure;
- ***Public Accounts Committee***, which examines 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 considers matters relating to Members' declaration of interests and matters of ethics in relation to their conduct.

Bills Committees and Subcommittees are formed by the House Committee, as the need arises, to study bills and subsidiary legislation put forward by the Administration and Members. During the period under review, 30 Bills Committees and 13 Subcommittees were formed.

There are 17 Panels under the Council which receive regular briefings from Government officials on their respective policy areas, and monitor Government policies and performance. The Panels also examine major legislative and financial proposals before they are introduced into the Council and the Finance Committee respectively.

The Council operates a redress system to receive representations from members of the public on issues relating to Government policies, decisions, practices and procedures. The system also covers complaints relating to non-Government bodies providing services to the general public.

THE LEGISLATIVE COUNCIL COMMISSION

Administrative support and services to the legislature are provided by a secretariat which operates under the Commission. The Commission is 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.

Members of the Commission

The Legislative Council Commission comprises 13 members, namely -

- the President of the Council, who is also the Chairman of the Commission;
- the Chairman of the House Committee of the Council, who is also the Deputy Chairman of the Commission;
- the Deputy Chairman of the House Committee; and
- Ten other members elected by and from amongst Members of the Legislative Council.

Term of Office of Commission Members

Unless otherwise determined by the Council by resolution, the term of office of members elected under section 4(1)(e) of the Ordinance shall be one year from the date of election or until the next House Committee meeting held for the election of Commission members, or until the next dissolution of the Legislative Council, whichever is the earlier.

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 have been appointed by the Commission to carry out certain delegated functions. These committees are -

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

The terms of reference and membership of these committees are set out in **Appendix 3**.

THE LEGISLATIVE COUNCIL SECRETARIAT

The mission of the Legislative Council Secretariat is to provide efficient administrative, secretariat and research support to the Council, enhance community understanding of the activities of the Council and ensure an effective avenue for redress.

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

As at 31 March 1999, there were 316 staff members in the Secretariat. The staff establishment by number and rank is set out in **Appendix 4**. Administrative support and services are 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 5**.

FUNCTIONS AND SERVICES OF THE LEGISLATIVE COUNCIL SECRETARIAT

Council Business Divisions

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

Divisions 1 & 2

The two divisions provide secretariat and administrative services to the majority of the committees of the Council.

Division 1 services the Finance Committee, Committee on Rules of Procedure, eight Panels as well as Bills Committees relating to matters within the terms of reference of these Panels. During the period from 1 July 1998 to 31 March 1999, the division serviced a total of 207 meetings (including briefings) and seven visits.

Apart from providing services to committees, Division 1 in the 1998-99 session was also involved in assisting Members in the monitoring of the implementation of Year 2000 (Y2K) compliance work and the drawing up of Council procedures to implement various provisions in the Basic Law.

Division 2 services the House Committee, nine Panels as well as Bills Committees on subjects relating to the policy areas of such Panels. During the period from 1 July 1998 to 31 March 1999, the division serviced a total of 249 meetings (including one briefing) and five visits.

In providing services to committees, the major issues dealt with by Division 2 in the 1998-99 session included the review of district organizations and the right of abode in the HKSAR of persons born in the Mainland to HK permanent residents.

To enhance productivity, the two divisions put in place a number of new initiatives to maximize the utilization of existing staffing resources on the one hand, and improve services to committees on the other. The new initiatives included the following-

- Exercising flexibility in the deployment of staff in the two divisions to cope with fluctuating demands;
- Enhancing the professional expertise of individual staff in their respective fields by providing training in specialised areas both in-house and from outside the Secretariat;
- Assigning first-level research work to committee clerks to enrich their understanding of subject areas within the scope of work of the committees they service and to facilitate the committees' further deliberation; and
- Improving the monitoring mechanism in following up the actions to be taken by the Administration after meetings.

During the session, three in-house seminars were organized to enhance staff's understanding of a number of specialized subjects - "Stock, futures and currency markets operations", "Operations of Hong Kong monetary and financial systems" and "Year 2000 compliance". As such seminars were found to be very useful, this type of in-house training was subsequently also open to the personal assistants of Members.

The two Assistant Secretaries General of the two divisions, with the support of all Senior Assistant Secretaries on a rotation basis, also provide services to Members' meetings with Provisional District Board members. Research work is undertaken by designated Senior Assistant Secretaries on each of the topics to be raised for discussion at these meetings. Matters which require follow-up actions are often referred to the Panels concerned or resolved in case conferences serviced by the Complaints Division.

Division 3

The division provides secretariat and administrative support services for meetings of the Council. During the period from 1 July 1998 to 31 March 1999, the division serviced 33 meetings of the Legislative Council, including two meetings devoted to the Chief Executive's Question and Answer Session.

In July 1998, the electronic voting system was enhanced so that voting during Council meetings could be conducted according to the different modes specified under the Basic Law. In January 1999, the system was further enhanced to enable Members to indicate their intention to speak.

The division also services two standing committees of the Council, namely, the Public Accounts Committee and the Committee on Members' Interests. The Public Accounts Committee held 27 meetings and the Committee on Members' Interests held 3 meetings during the report period.

The division serviced the Select Committee which was appointed by the Legislative Council in July 1998 to inquire into the circumstances leading to the problems surrounding the commencement of the operation of the new Hong Kong International Airport at Chek Lap Kok since 6 July 1998 and related issues. The Select Committee paid one visit to the new airport, and held 31 public hearings and 61 meetings. It completed the enquiry and submitted its report to the Council in January 1999.

During the same period, the division also services the Legislative Council House Committee's Parliamentary Liaison Subcommittee which was established in July 1998. Much effort went to re-establishing the friendship groups that had been formed previously by the former Legislative Council with the legislatures of Japan, Canada, Australia and the European Parliament. In addition, a new friendship group with the parliamentarians of the Republic of Singapore was set up. At the invitation of the Subcommittee, members of the Singapore-Hong Kong Parliamentary Friendship group visited Hong Kong from 27 to 30 January 1999, during which they held meetings with the Subcommittee and some government officials.

From 23 to 27 February 1999, a delegation of Members visited Japan, during which they held meetings with members of the Japan-Hong Kong Parliamentarian League and a number of Japanese ministers to discuss issues of mutual interest. They also received briefings on a variety of subjects, including the latest economic situation in Japan and the measures to stimulate the economy.

The division also provides support service for Members in receiving visiting parliamentarians and dignitaries from other territories. A total of 107 meetings were held between Members and parliamentarians and dignitaries from other territories.

Legal Service Division

The Legal Service Division provides legal advice and support to committees and panels of the Council on bills and subsidiary legislation and other legal matters. In addition, the division provides in-house legal service to The Legislative Council Commission and the Legislative Council Secretariat. It is the division's mission to provide comprehensive and reliable legal analysis, research, and information services that are timely, objective, non-partisan, and where necessary, confidential; thereby contributing to an informed legislature.

Apart from being head of the Legal Service Division, the Legal Adviser is also the Counsel to the Legislature, advising the President and the Clerk to the Legislative Council on legal matters in respect of Council proceedings.

Research and Library Services Division

The division provides research support for the Council and its committees. During the period from 1 April 1998 to 31 March 1999, a total of 18 research studies were undertaken, and ten reports published. Four were completed from 1 April to 30 June 1998, which covered health care financing in four places overseas. The other 14 studies covered a variety of subject areas, including redress of grievances, compensation for shop operators affected by road works, and overseas child support agencies. For over five months from August 1998, research resources were concentrated to provide assistance for the Select Committee to inquire into the circumstances leading to the problems surrounding the commencement of the operation of the new Hong Kong International Airport at Chek Lap Kok since 6 July 1998 and related issues. Five background briefs and 28 research tasks were

completed. Four other research tasks were undertaken during the period on financial affairs and on disturbance in public galleries. It also produced a research report on its own initiative on "the measurement of unemployment and underemployment" in response to discussions in the community on the subject of unemployment. Research staff were sponsored to attend seminars and workshops related to their research specialties.

The Legislative Council Library provides reference support for Members, their personal assistants and Secretariat staff. Members of the public are allowed access to records and papers of the Council and its committees, Members' claims for operating expenses reimbursement and the Register of Members' Interests. The Library has a collection of over 21 000 items of reference materials, with Council documents and official publications forming the core of the collection. Other reference materials include encyclopaedia, dictionaries, parliamentary handbooks, directories, books on social and economic subjects, CD-ROM databases, as well as audio-visual tapes of Council and committee meetings. Current affairs materials include local and overseas newspapers and journals. An electronic press cuttings reference service is available to Members and Secretariat staff. In addition, the Library is linked to the Internet and various external databases.

In 1998-99, the Library received a total of 6 332 enquiries, which represented a 20% increase over the past year. Computer usage also increased by 34% to 750 times. The Library collection increased by 2 797 volumes. The number of visits made to the Library was 3 683, which represented a slight drop of 1%. The number of books borrowed decreased by 10% to 1 976 loans.

To assist Library users in searching and retrieving information relating to the Council and its committees, the Library started the development of the Research and Library Information System (RLIS) during 1998-99. RLIS will enable Members and Secretariat staff to do bilingual search and retrieval of all Council and committee documents stored in the system on their workstations without having to go to the Library. The system is expected to be commissioned towards the end of 1999.

To facilitate communication with other libraries in Hong Kong, other parliamentary libraries and Internet users, a sub-home page of the Library under the Council's homepage on the Internet <http://www.legco.gov.hk> provides a guide to the services of the division. Information provided covers services provided by the division, research activities, hot links for research, library holdings and facilities, news clippings database, library location and opening hours, and information for contact.

Complaints Division

The Complaints Division provides support service for Members to enable them to deal with complaints and representations lodged with the redress system of the Council. The division assists 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 includes meeting and corresponding with complainants, examining the cases lodged and communicating with relevant organizations and Government departments, assisting Members in determining suitable courses of action, as well as scheduling interviews with complainants and servicing case conferences with Government officials.

Between the commencement of the first session of the Legislative Council on 1 July 1998 and 31 March 1999, the division assisted Members in handling 909 cases, which comprised 186 group representations and 723 individual cases. This represented an increase of 17.6% over cases serviced during the same period in 1997-98. The more topical issues dealt with included the resumption of land for construction of the West Rail, the quality of Sandwich Class Housing Scheme developments, and applications for right of abode in Hong Kong.

Subsequent to a review by Members, the scope of the redress system was expanded to cover not only complaints and representations about the decisions and actions of Government bureaux and departments, but also complaints relating to non-Government bodies providing services to the general public. In order to cope with the increased workload, the division took the following measures to maximize staff resources-

- encouraging participation of staff in training workshops to improve their general knowledge and skills in the handling of cases and clients;
- assigning cases of a similar nature to subject officers to build up their expertise to expedite the complaint handling process; and
- simplifying procedures for reporting progress of cases to Members.

Public Information Division

Headed by the Chief Public Information Officer, the Public Information Division is responsible for the development and implementation of public information and education activities to promote the work of the Council. It also handles public enquiries and comments, and maintains close contact with the media on Council matters.

During the year, additional publications were produced to inform the public of how the first Legislative Council was established, its composition, functions and work. An education kit, comprising a video on the Legislative Council, bookmarks, a wall chart on the legislative process and Legislative Council fact sheets and pamphlets, were sent to schools and public libraries to enhance students' understanding of the Council's functions.

With increased awareness of the work of the Council, the number of enquiries from the press and public has been on the increase. During the year, the monthly average number of telephone enquiries handled by the division was 1 461. Moreover, as the Legislative Council homepage on the Internet provides easy access to Legislative Council information, it has encouraged Internet users to send in comments or further enquiries about the work of the Council. During the year under review, over 100 000 visits were made to the Council's website. The division handled 192 enquiries via E-mail.

In addition, the number of requests to visit the Legislative Council Building rose sharply over the year. The division conducted 90 group tours during the period under review. Members also assisted in conducting tours of the Building for community organizations and schools.

The division provides a daily newspaper cutting service to assist Members in gauging community opinion. There is an InfoFax service to better serve the public and the press who can obtain information pertaining to meetings of the Legislative Council and its committees through facsimile 24 hours a day.

Other events organized by the Division included an annual Fun Day for Members and Legislative Council beat reporters, and the Legislative Council Building Open Day.

Preparation work was in progress for the production of a series of Legislative Council souvenirs, as it was anticipated that the new Legislative Council emblem would be adopted.

Translation and Interpretation Division

The division provides translation, interpretation and transcription service for the Council and its committees, as well as Chinese word processing service for other divisions of the Secretariat.

The division is responsible for the production of the Official Record of Proceedings of the Legislative Council, also known as the Hansard, which is the verbatim report of proceedings of the Council. It is published, in the first instance, in the language of the speeches delivered on the floor, and then translated into two versions, one in Chinese and the other in English. Both the verbatim and translated versions of the Official Record can be retrieved from the Internet. During the period from 1 July 1998 to 31 March 1999, 33 Council meetings were held and the division produced 5 239 pages of the floor version of the Official Record, which was rendered into 6 844 pages of English text and 4 763 pages of Chinese text.

The division also translates questions, motions, committee papers, minutes of meetings and other Council papers. During the period under review, it yielded a total translation output of 7 801 250 words, which represented an increase of 9.9% over the same period in the previous year.

In a bid to enhance productivity, the Hansard Production Unit was reorganized in order to streamline operational procedures and maximize flexibility in deployment of staff resources.

To tap information technology profitably for service improvement, the division put in place an on-line glossary search and retrieval system, which proved to be effective in boosting the efficiency of the division. During the report period, three in-house workshops on translation and language skills were conducted to further enhance staff's professional expertise and proficiency.

Administration Division

Headed by the Principal Assistant Secretary (Administration), the division provides secretariat service to the Commission and internal administrative support to other divisions of the Secretariat. The division also administers Members' remuneration and operating expenses reimbursements, and assisted in organizing their corporate social functions. During the year, the division serviced nine meetings of the Commission and its committees, of which eight were held after 1 July 1998. In addition, the division assisted in organizing a total of 71 social functions for Members.

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

FINANCIAL ARRANGEMENTS

Through a separate head of expenditure in the HKSAR Government's annual Estimates, the Commission is provided with funds to support the work of the Legislative Council. Recurrent funding is classified under two subheads in the Estimates: one for Members' remuneration and operating expenses reimbursements, and the other for the Secretariat's staff emoluments and general expenses. Any savings in the latter might be put into an operating reserve and deployed at the discretion of the Commission. Non-recurrent funding is also obtainable for one-off activities and capital projects.

The Commission is required to compete with Government policy bureaux and departments for new resources under the annual Resource Allocation Exercise. For the purposes of the Public Finance Ordinance, the Secretary General is designated as the Controlling Officer responsible for the financial resources afforded to the Commission.

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

The financial provisions obtained for the Commission in 1998-99 amounted to \$329.335 million, including net supplementary provisions of \$9.968 million for Members' office setting up expenses and inflation-related adjustments in Members' remuneration and operating expenses reimbursements and staff's emoluments.

APPOINTMENT OF STAFF

Appointment of Secretariat staff is normally on a three-year agreement. Grading, remuneration and other terms and conditions of service of staff members are broadly in line with those applicable to civil servants. Remuneration comprises 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 are required to serve the Council with complete political impartiality.

During the year, a total of 20 recruitment exercises were conducted and 48 new staff members were appointed as a result. In addition, eight internal promotion and in-service appointment exercises were held.

ENHANCED PRODUCTIVITY PROGRAMME

During the year, the Secretariat participated in the Enhanced Productivity Programme launched by the Government, which aimed at improving productivity and efficiency whilst at the same time achieving savings in recurrent baseline expenditure of 5% by 2002-03. Major measures of the programme included re-distribution of duties in various divisions, streamlining of working procedures, reduction of staff establishment by natural wastage and stoppage of allowance for undertaking additional responsibilities etc.

TRAINING AND DEVELOPMENT

In 1998-99, arrangements were made for 287 attendances in China studies, management, language and computer courses and seminars organized by the Government's Civil Service Training and Development Institute and other local training organizations. To enhance staff members' proficiency in Putonghua, 13 in-house training courses and workshops were conducted for a total of 139 participants. In addition, 13 in-house job-related courses, seminars and workshops were organized with 619 attendances.

Mr Charles Johnson, House Parliamentarian of the House of Representatives of the United States Congress, was invited to conduct a five-day seminar on parliamentary practices and procedures in February 1999 for 69 staff members at or above Assistant Secretary level.

In April and August 1998 respectively, two directorate officers attended a four-week course on China Studies at the Tsinghua University in Beijing organized by the Civil Service Bureau. In June 1998, two Assistant Legal Advisers attended a one-week course on Chinese Law at Fudan University in Shanghai organized by the Department of Justice. In the same month, another Assistant Legal Adviser attended a law drafting course at the International Legislative Drafting Institute organized by The Public Law Center in New Orleans. In September 1998, an Assistant Legal Adviser attended the Fall 1998 Canadian Parliamentary Co-operation Seminar in Ottawa.

DUTY VISIT OUTSIDE HONG KONG

An Assistant Secretary General accompanied the President of the Legislative Council to visit Russia and the United Kingdom from 14 to 26 February 1999 at the invitation of the Speaker of the State Duma of Russia and the British Government respectively.

STAFF CONSULTATIVE COMMITTEE

The Staff Consultative Committee, comprising 21 elected representatives of various grades of staff of the Secretariat and chaired by the Secretary General, provides a channel for staff to express their views on matters affecting them and their welfare. The committee held seven meetings during the year. Major issues that went through this consultation process included the implementation of the Enhanced Productivity Programme, the implications of the Civil Service Reform and the forthcoming implementation of the Mandatory Provident Fund Scheme.

STAFF RECREATION

A Staff Recreation Club is 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 such as outings, interest classes on cooking, gift wrapping, flower arrangement and Chinese calligraphy, as well as a Christmas party for the staff of the Secretariat.

ACCOMMODATION

Apart from the Legislative Council Building, facilities and offices of the Council are accommodated at 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 is able to provide each Member with a 40M² office within Council premises. 46 Members' offices are housed in the Central Government Offices (West Wing), whilst the Citibank Tower premises accommodate the remaining 14 Member's offices and most of the staff of the Secretariat.

Although the accommodation is already an improvement to the pre-1996 situation, the Commission still considers it far from ideal, as Members and staff have 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. The previous proposal of building an annex at Chater Garden was re-examined but found to be inadequate and unsatisfactory. The Commission was of the view that a centrally located purpose-built Legislative Council Building was the best solution in the long term. The Administration undertook to actively pursue this proposal.

DEVELOPMENT OF INFORMATION TECHNOLOGY

The Council is serviced by a core application system, the Legislative Council Business Information System (LEBIS). With about 400 workstations in the Secretariat and all Members' offices and nine servers, it enables the Secretariat and Members to access information kept in individual application systems and communicate with each other in an efficient manner. The Council is also equipped with other computer systems such as the Electronic Voting System and the Legislative Council Business System (LBS).

During the year under report, the outdated LBS was replaced. Designed with the Intranet technology, the new LBS was bilingual, and achieved better integration with LEBIS and other information systems of the Council. In addition, action was in hand to replace outdated workstations and servers with the most updated version of software. The network equipment would also be upgraded to enable the whole computer network to run at a higher speed.

The implementation of the Research and Library Information System (RLIS), which would provide bilingual search and on-line access to all unclassified documents of the Council, was in good progress.

To ensure that all activities of the Council and the Secretariat would not be affected by the Year 2000 (Y2K) issue, the inventory of hardware, operating systems, software packages and application systems, and computer-aided equipment and appliances being used were carefully examined so as to identify non-Y2K compliant items. During the report period, continued efforts were made to rectify all identified non-Y2K compliant items.

REPORT OF THE DIRECTOR OF AUDIT TO THE LEGISLATIVE COUNCIL COMMISSION

I have audited the financial statements on pages 19 to 27 which have been prepared under the accounting policies set out in note 2 to the accounts.

Respective responsibilities of The 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 Legislative Council Commission is responsible for the preparation of financial statements. In preparing the financial statements, The 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 Legislative Council Commission in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of The 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 Legislative Council Commission as at 31 March 1999 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
25 October 1999

(Dominic Y T Chan)
Director of Audit

The Legislative Council Commission
Balance Sheet as at 31 March 1999

	Note	31.3.1999 HK\$'000	31.3.1998 HK\$'000
Fixed assets	2D, 4	16,087	12,785
Current assets			
Prepayments and accounts receivable	5	9,442	1,526
Cash at bank and in hand		51,330	43,376
		<u>60,772</u>	<u>44,902</u>
		-----	-----
Current liabilities			
Accounts payable and accrued charges	6	22,598	20,219
Gratuity payments accrued	2C, 14	17,771	12,056
		<u>40,369</u>	<u>32,275</u>
		-----	-----
Net current assets		<u>20,403</u>	<u>12,627</u>
		-----	-----
Net assets		<u>36,490</u>	<u>25,412</u>
		=====	=====
 <i>Financed by :</i>			
Capital Assets Subvention Reserve	2F, 7	16,087	12,785
Operating Reserve	8	10,121	5,162
Staff Gratuities Reserve	2C, 10	-	2,672
Income and Expenditure Account		10,282	4,793
		<u>36,490</u>	<u>25,412</u>
		=====	=====

Approved by The Legislative Council Commission on 14 October 1999

Hon Mrs Rita Fan, GBS, JP
Chairman

Mr Ricky C C Fung, JP
Secretary General

The Legislative Council Commission
Income and Expenditure Account for the Year Ended 31 March 1999

	Note	1.4.1998 - 31.3.1999 HK\$'000	1.4.1997 - 31.3.1998 HK\$'000
Income			
Subventions from Government		330,481	308,383
Less : Members' remunerations returned to Government			
Legislative Council	3	(584)	-
Provisional Legislative Council	3	(562)	(371)
Interest earned		5,707	5,162
Other income		222	277
Gain on sale of fixed assets		404	577
		<u>335,668</u>	<u>314,028</u>
Non-capitalized expenditure			
<i>Recurrent</i>			
Members' remunerations and operating expenses reimbursements			
Legislative Council	3	79,804	-
Provisional Legislative Council	3	31,686	86,447
Former Legislative Council	3	-	36,383
Staff emoluments		178,426	166,761
General expenses		22,312	22,140
<i>Non-recurrent</i>			
Electronic Display System for Legislative Council			
Building		-	1
Authentication of Chinese texts of existing legislation		-	2,791
Hansard production computer system		-	20
Acquisition of publications and equipment		-	222
Production of public education materials		557	434
Replacement of furniture and equipment of Dining Hall and Antechamber of the Legislative Council Building		11	459
Operation of London Office		-	1,245
Feasibility study on Research and Library Information System		-	380
Reprovisioning and refurbishment of LegCo Secretariat		11	164
Purchase of a motor van		-	11
Replacement of the Legislative Council Business System		78	5
Purchase of a saloon car		-	1
Implementation of the Research and Library Information System		159	5
Members' setting up and winding up expenses			
Legislative Council		3,450	-
Provisional Legislative Council		2,979	962
Former Legislative Council		-	4,842
LegCo Business Information System		-	3
		<u>319,473</u>	<u>323,276</u>
Operating surplus/(shortfall)	2C	16,195	(9,248)
Surplus brought forward		4,793	4,083
Transfer to Capital Assets Subvention Reserve	2F, 7	(8,419)	(3,950)
Transfer from Staff Gratuities Reserve	2C, 10	2,672	13,908
Transfer to Operating Reserve	8	(4,959)	-
Surplus carried forward		<u>10,282</u>	<u>4,793</u>

The Legislative Council Commission
Cash Flow Statement for the Year Ended 31 March 1999

	Note	1.4.1998 - 31.3.1999 HK\$'000	1.4.1997 - 31.3.1998 HK\$'000
Operating activities			
Net subventions received from Government		329,335	308,012
Other income		222	277
Payments to and on behalf of Members		(126,498)	(127,952)
Payments to staff		(171,138)	(189,332)
Payment of operating expenses		<u>(23,271)</u>	<u>(27,190)</u>
Net cash inflow/(outflow) from operating activities	9	8,650	(36,185)
Returns on investments			
Interest received		5,726	5,262
Investing activities			
Purchase of fixed assets		(6,826)	(4,066)
Receipts from sale of fixed assets		<u>404</u>	<u>577</u>
Increase/(Decrease) in cash and cash equivalents		7,954	(34,412)
Cash and cash equivalents at 1 April 1998		<u>43,376</u>	<u>77,788</u>
Cash and cash equivalents at 31 March 1999		<u><u>51,330</u></u>	<u><u>43,376</u></u>
Analysis of the balances of cash and cash equivalents			
Cash at bank and in hand		2,030	376
Bank deposits		<u>49,300</u>	<u>43,000</u>
		<u><u>51,330</u></u>	<u><u>43,376</u></u>

Notes to the Accounts

1. THE 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 was known as The Provisional Legislative Council Commission and the Secretariat was known as the Provisional Legislative Council Secretariat, after the commencement of the Ordinance and during the existence of the Provisional Legislative Council until 30 June 1998. Thereafter the Commission and Secretariat are known as The Legislative Council Commission and Legislative Council Secretariat respectively.

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.

D. Capitalization of Fixed Assets

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

Capital projects under development are classified as work in progress under fixed assets. The capitalized amount comprises costs of constituent parts delivered and/or a portion of the contract price according to the stage of completion of the relevant project. It will be reclassified on completion and commissioning of the projects.

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. No depreciation is provided for work in progress.

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' monthly remuneration and operating expenses reimbursements 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 Provisional Legislative Council Members and 32 Legislative Council Members voluntarily reduced their remuneration to their pre-October 1997 and pre-October 1998 levels respectively after the annual remuneration revision. \$1,146,000 (1998 : \$371,000) was saved and returned to 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 1998	1,091	13,149	2,602	5,873	176	22,891
Reclassification	-	160	-	16	(176)	-
Additions	-	4,733	209	2,307	1202	8,451
Disposals	-	(772)	(130)	(493)	-	(1,395)
At 31 March 1999	<u>1,091</u>	<u>17,270</u>	<u>2,681</u>	<u>7,703</u>	<u>1,202</u>	<u>29,947</u>
Aggregate depreciation						
At 1 April 1998	179	6,823	1,283	1,821	-	10,106
Charge for the year	218	3,291	481	877	-	4,867
Disposals	-	(660)	(107)	(346)	-	(1,113)
At 31 March 1999	<u>397</u>	<u>9,454</u>	<u>1,657</u>	<u>2,352</u>	<u>-</u>	<u>13,860</u>
Net book value						
At 31 March 1999 (note 7)	<u>694</u>	<u>7,816</u>	<u>1,024</u>	<u>5,351</u>	<u>1,202</u>	<u>16,087</u>
At 31 March 1998	<u>912</u>	<u>6,326</u>	<u>1,319</u>	<u>4,052</u>	<u>176</u>	<u>12,785</u>

5. PREPAYMENTS AND ACCOUNTS RECEIVABLE

	31.3.1999 HK\$'000	31.3.1998 HK\$'000
Prepayments		
Government	1	-
Others	457	348
Deposits	6	6
Receivable from		
Government	-	76
Members	7,815	2
Staff	719	631
Others	444	463
	<u>9,442</u>	<u>1,526</u>

6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	31.3.1999 HK\$'000	31.3.1998 HK\$'000
Payable to		
Government	1,531	1,319
Members	982	1,748
Staff - accrued emoluments and reimbursements	249	114
- accrued leave pay	17,241	15,713
Others	2,595	1,325
	<u>22,598</u>	<u>20,219</u>

7. CAPITAL ASSETS SUBVENTION RESERVE

	1.4.1998 - 31.3.1999 HK\$'000	1.4.1997 - 31.3.1998 HK\$'000
Balance at 1 April 1998	12,785	11,818
Transfer from Income and Expenditure Account for additions to fixed assets funded by		
- recurrent subvention	1,457	1,137
- non-recurrent subventions for		
Electronic Display System for Legislative Council Building	-	253
Hansard production computer system	-	9
acquisition of publications and equipment	-	44
replacement of CCTV System for the Legislative Council Building	50	203
replacement of furniture and equipment of Dining Hall and Antechamber of the Legislative Council Building	173	242
development of new database on redress system	-	143
reprovisioning and refurbishment of LegCo Secretariat	17	178
replacement of the Legislative Council Business System	943	-
purchase of a saloon car	-	170
Electronic Voting System	3,280	160
implementation of the Research and Library Information System	1,818	-
enhancement of the computer network	251	-
enhancement of computing facilities	224	-
LegCo Business Information System	-	356
	6,756	1,758
- government departments under their votes in the form of allocation warrants	206	1,055
	8,419	3,950
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	32	889
	21,236	17,313
Less : Depreciation charge for the year	(4,867)	(3,750)
Write-off of fixed assets at net book value	(282)	(778)
	16,087	12,785

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 Legislative Council Commission.

	1.4.1998 - 31.3.1999 HK\$'000	1.4.1997 - 31.3.1998 HK\$'000
Balance at 1 April 1998	5,162	5,162
Transfer from Income and Expenditure Account	4,959	-
Balance at 31 March 1999	<u>10,121</u>	<u>5,162</u>

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

	1.4.1998 - 31.3.1999 HK\$'000	1.4.1997 - 31.3.1998 HK\$'000
Operating surplus/(shortfall)	16,195	(9,248)
Interest income	(5,707)	(5,162)
Gain on sale of fixed assets	(404)	(577)
(Increase)/Decrease in prepayments and accounts receivable	(7,991)	69
Increase in accounts payable	842	3,616
Increase/(Decrease) in gratuities accrued	5,715	(24,883)
Net cash inflow/(outflow) from operating activities	<u>8,650</u>	<u>(36,185)</u>

10. STAFF GRATUITIES RESERVE

	1.4.1998 - 31.3.1999 HK\$'000	1.4.1997 - 31.3.1998 HK\$'000
Balance at 1 April 1998	2,672	16,580
Transfer to Income and Expenditure Account	(2,672)	(13,908)
Balance at 31 March 1999	<u>-</u>	<u>2,672</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. They are not accounted for in these accounts.

12. TAXATION

The Legislative Council Commission is exempt from Hong Kong taxation.

13. CAPITAL COMMITMENTS

Outstanding capital commitments at 31 March 1999 not provided for in the accounts were as follows :

	31.3.1999 HK\$'000	31.3.1998 HK\$'000
Authorized but not yet contracted for	10,485	13,470
Authorized and contracted for	4,289	1,400
	<u>14,774</u>	<u>14,870</u>

14. CONTINGENT LIABILITIES

As explained in Note 2C above, contingent liabilities at 31 March 1999 in respect of gratuities payable to staff upon the satisfactory completion of their agreements amounted to \$29,908,000 (1998 : \$14,347,000). These have not been provided for in the accounts.

Appendix 1

Membership of The Provisional Legislative Council Commission (From 1 April 1998 to 30 June 1998)

Hon Mrs Rita FAN, GBS, JP (Chairman)

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

Hon WONG Siu-yee

Hon James TIEN Pei-chun, JP

Hon Mrs Peggy LAM, SBS, 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

Appendix 2

Activities of the Provisional Legislative Council during the period from 1 April 1998 to 30 June 1998

1. Council and committee meetings

- Number of Council meetings held 2
- Number of committee meetings held -
 - Finance Committee and its subcommittees 2
 - Subcommittees on subsidiary legislation 1
 - Panels 1
 - Briefings on procedural matters 3

2. Other Council activities

- Number of complaint cases handled 188

Appendix 3

Committees of The 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, GBS, JP (Chairman)

Hon James TIEN Pei-chun, JP

Hon Bernard CHAN

Hon YEUNG Yiu-chung

Hon Ambrose LAU Hon-chuen, JP

Hon LAW Chi-kwong, 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 approve procurement of fixed assets costing above \$500,000 but not exceeding \$2,000,000; and
- (5) To monitor the progress and developments relating to the above items.

Membership

Hon Mrs Rita FAN, GBS, JP (Chairman)

Hon Edward HO Sing-tin, SBS, JP

Hon LEE Wing-tat

Hon NG Leung-sing

Hon CHAN Kwok-keung

Hon Emily LAU Wai-hing, 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, GBS, JP (Chairman)

Dr Hon LEONG Che-hung, JP

Dr Hon YEUNG Sum

Appendix 4

Staff Establishment of the Legislative Council Secretariat

Post	Staffing Position as at 31.3.99
Secretary General	1
Legal Adviser	1
Deputy Secretary General	1
Senior Assistant Legal Adviser	1
Assistant Secretary General	3
Chief Public Information Officer	1
Head, Research and Library Services	1
Principal Assistant Secretary	1
Accountant	1
Assistant Legal Adviser	6
Chief Assistant Secretary	13
Chief Chinese Language Officer	4
Assistant Accountant	2
Assistant Secretary	9
Chinese Language Officer	26
Computer Officer	2
Information Technology Manager	1
Librarian	2
Public Information Officer	2
Research Officer	5
Security Officer	1
Senior Assistant Secretary	26
Senior Chinese Language Officer	21
Senior Public Information Officer	2
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
Chauffeur	1
Chinese Word Processing Operator	8
Clerical Assistant	11
Clerical Officer II	34
Motor Driver	1
Office Assistant	18
Personal Chauffeur	1
Personal Secretary II	22
Security Assistant	19
Senior Typist	1
Steward	5
Typist	18
Workman I	2
Workman II	2
Total	316

立法會行政管理委員會

香港皇后大道8號

立法會大樓

電話 Telephone : 2869 9399 圖文傳真 Fax : 2845 2444

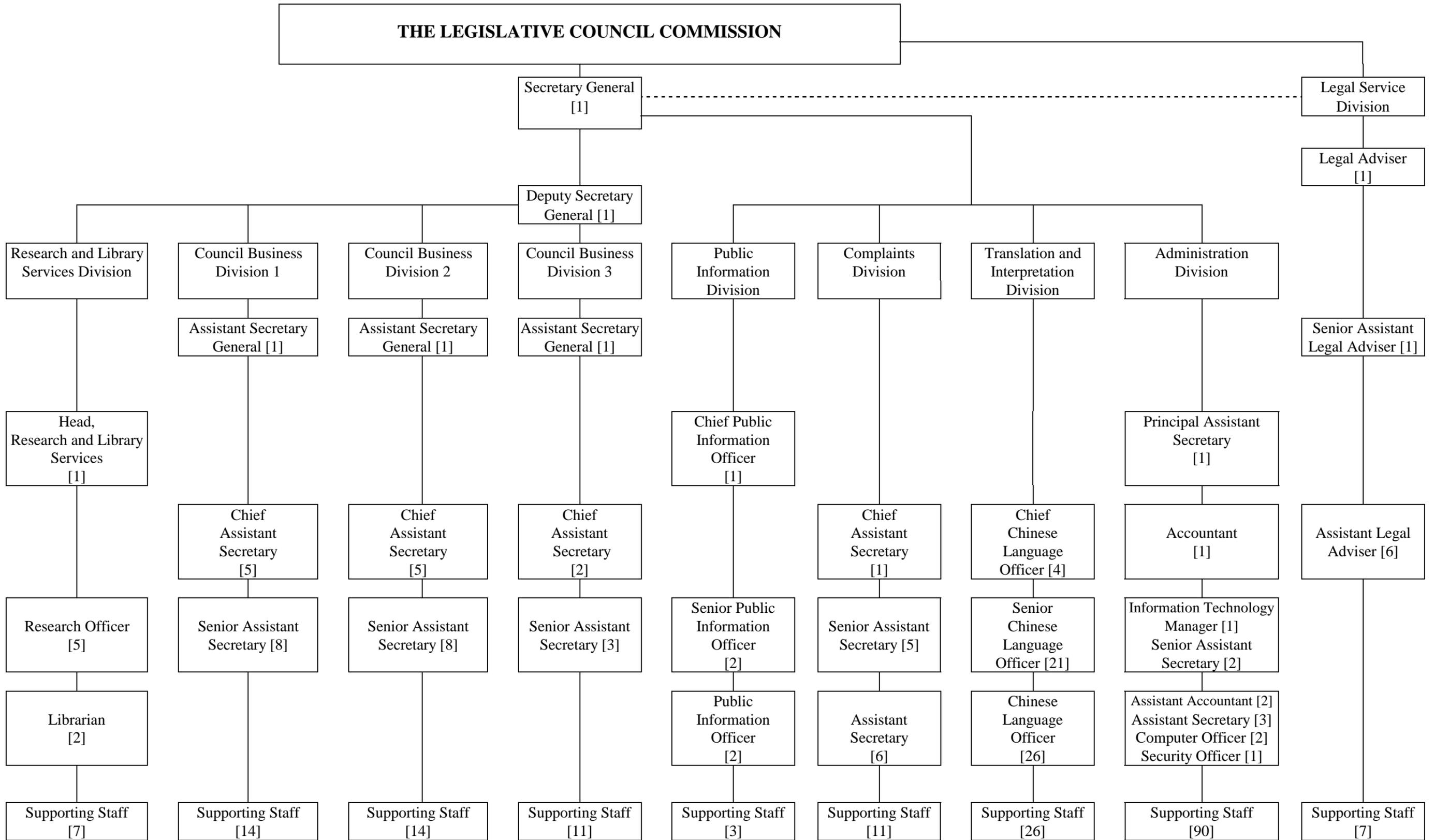
網址 Website : <http://legco.gov.hk> 電子郵件 E-mail : pi@legco.gov.hk

The Legislative Council Commission

Legislative Council Building

8 Jackson Road, Hong Kong

Organization of the Legislative Council Secretariat



Figures in square brackets denote staffing position as at 31.3.99