

**Report on the Activities of
The Legislative Council Commission
2003 ~ 2004**

**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

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The Chairman's Review

It gives me great pleasure to report on the activities of The Legislative Council Commission during the 2003-04 year, which was a very busy one.

As reported in my last review, the Director of Audit conducted his first value for money audit on the government funding for staff emoluments of the Commission and tabled his report in the Legislative Council on 30 April 2003. After a public hearing and meticulous deliberation, the Public Accounts Committee of the Legislative Council tabled its report on 9 July 2003. The Commission did not accept the recommendation in the Committee's report to set a ceiling for the Commission's Reserves or to make a one-off payment to the Government. My colleagues and I felt strongly that the Legislative Council must perform the constitutional functions stipulated in the Basic Law, and the Commission, which provides the Council with administrative support and services, should command adequate resources to enable the Council to function effectively. Moreover, The Legislative Council Commission Ordinance conferred on the Commission managerial and financial autonomy. However, in view of the lapse of time, the Commission considered it opportune to review the funding agreements between the Government and the Commission, which have been in place since the inception of the Commission in 1994. The review on the funding arrangements is expected to be finalized in the summer of 2004.

In recent years the Commission has been subjected to the financial austerity

programmes of the Government: the Enhanced Productivity Programme in 2001-02 to 2002-03, followed by reduction in funding in the context of the Operating Expenditure Envelope in 2003-04 to 2008-09. Economy and re-engineering measures have been taken with the full co-operation of Members and staff to achieve the savings targets. The Commission's past expenditure pattern provides good evidence that it has always been conscious of the need for economy and prudent management of funds. It is appropriate for the Commission to manage our funds in a responsible manner, as we are accountable to the people of Hong Kong.

Turning now to the long-term accommodation of the Legislative Council, my colleagues and I very much regret the Government's decision in November 2003 to defer the construction of the new Legislative Council Complex at Tamar without providing any alternative sites or proposing other options to solve the long-term accommodation problems of the Legislative Council by and beyond 2008. It is frustrating that the efforts of Members and staff in the planning of the new Legislative Council Complex have been futile. Whilst we appreciate the Government's financial difficulties, the Commission could foresee the needs for new accommodation in the likely event of an expanded membership of the legislature in 2008.

I am pleased to report that the Working Group to Review the Organization and Structure of the Legislative Council Secretariat, which was

formed in April 2001, has completed its work. All recommendations of the Working Group have been endorsed by the Commission and implemented by the Secretariat.

This is my seventh Chairman's review. I would like to take this opportunity to thank my colleagues and staff of the Secretariat wholeheartedly for their support and dedication during my tenure as Chairman of The Legislative Council Commission. I wish the Commission continued success in the Third Term of the Legislative Council.

A handwritten signature in black ink, appearing to read 'Rita Fan', with a long horizontal flourish extending to the right.

Rita FAN
Chairman
The Legislative Council Commission

The Legislative Council

The second Legislative Council of the Hong Kong Special Administrative Region (HKSAR) consists of 60 Members, of whom 24 are returned by direct elections in geographical constituencies, 30 are elected from functional constituencies and six are elected by an Election Committee. In accordance with the Basic Law and the Legislative Council Ordinance (Cap. 542), the term of office of Members of the second Legislative Council is four years.

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

The main functions of the Legislative Council are to enact laws, control public expenditure and monitor Government policies. The Council normally meets every Wednesday afternoon in the Chamber of the Legislative Council Building. In addition, four meetings are held where the Chief Executive answers questions from Members. The Council's proceedings are recorded verbatim in the Official Record of Proceedings of the Legislative Council.

Apart from attending Council meetings, Members also perform their duties through a system of 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.

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.

Bills Committees and subcommittees are formed by the House Committee, as the need arises, to study bills and subsidiary legislation. During the period under review, 27 Bills Committees and 22 subcommittees were formed.

There are 18 Panels under the Council which receive regular briefings from government officials on issues within 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 for 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;

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- 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, one Working Group and one Task Force have been appointed by the Commission to carry out certain delegated functions. These are -

- **Committee on Personnel Matters**, which deals with appointment and other personnel matters;
- **Committee on Facilities and Services**, which looks after the provision of accommodation and facilities to the Council and the Secretariat;
- **Committee on Members' Operating Expenses**, which advises on administrative matters relating to Members' operating expenses;
- **Working Group to Review the Organization and Structure of the Legislative Council Secretariat**, which reviews the existing organization, structure, establishment and operational management procedures of the Legislative Council Secretariat; and

- **Task Force on New Legislative Council Complex**, which deals with matters relating to the planning and construction of the new Legislative Council Complex.

The terms of reference and membership of the three committees, the Working Group and the Task Force are set out in **Appendix 1**.

The Legislative Council Secretariat

The mission of the Legislative Council Secretariat is to provide efficient administrative, secretariat and research support for 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 2004, there were 313 posts on the establishment of the Secretariat. The staff establishment by number and rank is set out in **Appendix 2**. Administrative support and services are provided for the Council and its committees 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

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- Public Information Division
 - Translation and Interpretation Division
 - Administration Division

The organization of the Secretariat is shown in **Appendix 3**.

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 -

Division 1

Council Business Division 1 provides secretariat and administrative services for the Finance Committee and its two subcommittees, nine Panels as well as the Bills Committees and subcommittees relating to the terms of reference of these Panels. It also provides service for the Select Committee on Building Problems of Public Housing Units formed by resolution in Council on 7 February 2001. The division also looks after the administrative support to the Commission on matters relating to the construction of the new Legislative Council Complex.

Apart from providing services for committees, an important area of work of the division in the 2003-04 session was to assist Panels in monitoring the Government's effort to control

public expenditure and to revitalize Hong Kong's economy. Special efforts were made to provide support services to studies relating to the sustainable development of Hong Kong's infrastructure and economic environment. A total of 27 information briefs were prepared for Panels to facilitate their discussion with the Government over the development of financial services, logistics, tourism, environmental sustainability and closer economic co-operation with the Mainland.

The division provided service for local and overseas duty visits conducted by Panels. A total of six duty visits were serviced in 2003-04, including undertaking ground work for an overseas duty visit of the Panel on Economic Services scheduled for April 2004.

To enhance productivity, the division put on trial two schemes supported by the Commission to optimize the use of resources through staff enhancement. The trial scheme of Senior Legislative Assistants and Legislative Assistants (LGAs) commenced in October 2002 to enhance specialization of the supporting services in the division and to provide a career path for junior staff. The Commission reviewed the effectiveness of the trial scheme of LGAs on 18 February 2004 and, after noting the benefits and success of the scheme, endorsed its full implementation. At the same time, the division launched the trial scheme of Council Secretary (Committees) in April 2003 with a view to formulating a more cost-effective staffing structure in providing services to committees. An interim review of the trial scheme was conducted in February 2004.

The Chief Council Secretaries of the division, with the support of all Senior Council Secretaries on a rotation basis, provided services for meetings-cum-luncheons held between Members and District Council members. Research work was undertaken by designated Senior Council Secretaries on the topics to be raised for discussion at these meetings. Matters which required follow-up actions were often referred to the Panels concerned or resolved in case conferences serviced by the Complaints Division.

During the period from 1 April 2003 to 31 March 2004, the division serviced a total of 406 meetings, and six duty visits.

Division 2

Council Business Division 2 provides secretariat and administrative services to a number of committees of the Council.

The division services the House Committee, nine Panels as well as Bills Committees and subcommittees on subsidiary legislation on subjects relating to the policy areas of such Panels. During the year under review, it also provided service for the Select Committee to inquire into the handling of the Severe Acute Respiratory Syndrome outbreak by the Government and the Hospital Authority, which was formed by resolution in Council on 29 October 2003. During the period from 1 April 2003 to 31 March 2004, the division serviced a total of 426 meetings and five duty visits.

In providing services for committees, some of the major items and issues dealt with by the

division in the 2003-04 session included Government's work in handling the outbreak of Severe Acute Respiratory Syndrome (SARS) and implementation of the recommendations of the SARS Expert Committee, proposals to implement Article 23 of the Basic Law, electoral arrangements for the 2003 District Council elections and 2004 Legislative Council elections, appointed membership of District Councils, constitutional development, control of avian influenza, authorization of football betting, incidents which affected the credibility of the Equal Opportunities Commission, and education funding cuts.

Research work and logistical arrangements were undertaken by the division for the duty visits to Australia and Japan undertaken by the Panel on Food Safety and Environmental Hygiene in July 2003 and January 2004 respectively, as well as the duty visit to the Republic of Korea undertaken by the Panel on Manpower in May 2004.

To enhance productivity, the division put in place a number of measures to optimize the use of existing staff resources on the one hand, and improve services to committees on the other. The measures included the following -

- strengthening support services to committees by providing comprehensive background papers or information briefs on specific subjects to facilitate Members' discussion; and
- improving and updating operational manuals for servicing Panels, Bills Committees and subcommittees to ensure consistency in standards.

The Chief Council Secretaries of the division, with the support of all Senior Council Secretaries on a rotation basis, provided services for meetings-cum-luncheons held between Members and District Council members. The division also provided services for Members' meeting with Councillors of Heung Yee Kuk. Research work was undertaken by designated Senior Council Secretaries on the topics to be raised for discussion at these meetings. Matters which required follow-up actions were often referred to the Panels concerned or resolved in case conferences serviced by the Complaints Division.

Division 3

The division provides support services for the conduct of meetings of the Legislative Council. During the period from 1 April 2003 to 31 March 2004, the division serviced 37 meetings of the Council, including four meetings devoted to the Chief Executive's Question and Answer Session.

The division also services two standing committees of the Council, namely, the Public Accounts Committee and the Committee on Members' Interests, and the Committee on Rules of Procedure. During the report period, the Public Accounts Committee held 10 public hearings and 30 meetings, and submitted to the Council three reports on its examination of the Director of Audit's value for money audit reports. One of the chapters in the Director of Audit's Report No. 40 concerned the funding for staff emoluments of The Legislative Council Commission, which was the first value for money study conducted on the

Commission since its establishment in 1994. The committee held a public hearing on this chapter and reported its conclusions and recommendations on the issues considered in its Report No. 40. The Committee on Members' Interests held two meetings. The Committee on Rules of Procedure held six meetings.

In addition, the division services the Parliamentary Liaison Subcommittee of the House Committee. The Subcommittee maintained contacts with the friendship groups which the Council had formed with the legislatures of Australia, Canada, the European Union, Japan and Singapore respectively, and with other legislatures. Together with other Members of the Council, members of the Subcommittee received visiting parliamentarians and dignitaries from other territories. Senior staff members of the Secretariat also received visitors to the Council. A total of 65 meetings with visitors were arranged by the division during the report period.

From 12 to 18 February 2004, a delegation of Members of the Council visited Singapore and Bangkok in Thailand. Apart from meeting members of the Singapore-Hong Kong Parliamentary Friendship Group of Singapore, the delegation met Members of Parliaments, senior government officials and representatives of business organizations in the countries concerned to discuss issues of mutual interest. The delegation also received briefings from the hosts on a variety of subjects, including tourism, urban redevelopment and public housing.

The Chief Council Secretaries of the division, with the support of Senior Council Secretaries, provided services for meetings-cum-luncheons held between Members and District Council members. Research work was undertaken by designated Senior Council Secretaries on the topics to be raised for discussion at these meetings. Matters which required follow-up actions by Members were referred to the Panels concerned or dealt with in case conferences serviced by the Complaints Division.

Legal Service Division

The Legal Service Division provides legal advice and support for all committees of the Council on bills, subsidiary legislation and other legal matters. The division also renders legal advice to individual Members on matters relating to the business of the Legislative Council. In addition, the division provides in-house legal service for The Legislative Council Commission and the Legislative Council Secretariat. It is the division's mission to provide comprehensive and reliable legal advice, 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. Under the Rules of Procedure, the Counsel to the Legislature has the general duty of advising the President and the Clerk to the Legislative Council on legal issues in relation to the business or administration of the Council.

Research and Library Services Division

The division provides research support for the Council and its committees. During the period under review, a total of 67 research studies were completed, and eight reports, 33 information notes and 26 fact sheets were published. Major subjects studied were -

- Membership of Public Accounts Committees
- Eligibility of immigrants for health care services
- Budgetary arrangements for overseas judiciaries
- Monitoring mechanisms for the implementation of international human rights treaties in the United Kingdom, New Zealand and Canada
- Governance of the Hong Kong Monetary Authority and comparable authorities in Hong Kong and overseas jurisdictions
- Chairmanship of parliamentary committees in some selected places
- Operation of youth courts in selected overseas places
- Rental subsidy
- Election of speaker in overseas jurisdictions
- World Summit on the Information Society

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- Operation of committees on bills in the United Kingdom Parliament
 - Genetically modified food labelling in the European Union
 - Import, sale, breeding, keeping and destruction of pets in Hong Kong and Singapore
 - Job creation and vocational training/retraining in South Korea
 - Eligibility of legislators for pension benefits in selected overseas places
 - General Agreement on Trade in Services
 - Development of creative industries in Singapore
 - Government procurement agreement of the World Trade Organization
 - Eligibility of immigrants for income support benefits in New York and Australia
 - Donation declaration systems for political parties in the United Kingdom, New Zealand and Canada
 - National Center for Infectious Diseases of the Centers for Disease Control and Prevention in the United States of America

The Legislative Council Library provides reference support for Members, their personal

assistants and Secretariat staff. Library holdings and publications are open to members of the public, with Council papers and records, and official publications forming the core collection. Other reference materials include parliamentary publications, directories, books on political and constitutional subjects, CD-ROM databases, video tapes of Council meetings as well as newspapers and journals. An electronic press cuttings reference service is available to Members and Secretariat staff. In addition, the Library is linked to a number of external databases and provides access to the audio records of Council and committee meetings through the Digital Recording System.

In 2003-04, the Library received a total of 14 391 enquiries and 87 search tasks which involved requests requiring more in-depth information and searches over various sources. The Library collection reached 34 896 items. The number of visits made to the Library was 8 858. The number of books loaned out was 13 657. There were on average 9 742 searches a month on documents of the Council and its committees and 553 searches a month on the Library catalogue.

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 and servicing interviews with complainants and case conferences with government officials.

In 2003-04, the division assisted Members in handling 1 270 cases, which comprised 193 group representations and 1 077 cases. The more topical issues dealt with included those related to the management of public housing estates and tenancy issues, urban re-development projects, applications for right of abode in Hong Kong, comprehensive social security assistance, environmental protection matters, and views concerning legislation for Article 23 of the Basic Law.

During this period, the division took the following measures to optimize the use of staff resources and improve efficiency -

- widening the perspective of staff in the handling of complaints through participation in study programmes overseas and the acquisition of reference materials on the subject; and
- adopting the best practices of other complaint handling agencies where appropriate.

Public Information Division

The Public Information Division provides

public relations opinion and advice for the Legislative Council and is responsible for organizing media activities and civic education programmes to promote the Council's work. It handles press and public enquiries received by telephone, mail, e-mail and fax. It also liaises closely with media representatives and assists them in reporting Council activities and events.

The division provides a daily newspaper clipping service to assist Members in their consideration of Council proceedings and to help gauge public opinion on relevant issues.

The division is responsible for producing Council publications, including the Legislative Council Annual Report and a variety of fact-sheets and pamphlets introducing the work of the Council. Through its automated fax-on-demand service, members of the media and the public are able to retrieve up-to-date Council information at all times.

As part of its on-going civic education programme, the division co-ordinates guided tours of the Legislative Council Building. During the period under review, 297 tours were arranged, of which 94 were conducted by Members. This total, the second highest since the programme commenced, was considerably less than the 350 in 2002-2003, due to the outbreak of Severe Acute Respiratory Syndrome in mid-2003. To make these tours more interesting and informative, the division has enhanced the Powerpoint presentation and, for student visitors, organized role-play games.

As a first step to liaise with school teachers to promote school visits and to obtain feedback, the division organized three teachers' workshops for primary schools during the year. The response was positive, and more than 120 teachers signed up. In addition, the division developed a flyer to publicize school visits and provide teachers with details on organizing such events. The division also produced a video on the composition and functions of the Council for all primary and secondary schools.

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. The Official Record 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 viewed on the Council's website. For the 37 Council meetings held during the period under review, the division produced 7 234 pages of the "floor" version of the Official Record. The "floor" version was subsequently rendered into 9 047 pages of English text and 6 356 pages of Chinese text.

The division also translates questions, motions, committee papers, minutes of meetings and other Council papers. During the year, its total translation output amounted to 11 490 670 words.

The division continued to strive for enhanced productivity and efficiency through further streamlining the work processes and more flexible deployment of staff under pooling arrangements.

As part of the division's efforts to promote the effective use of technology, two in-house seminars were organized during the report period to update translation officers on how on-line linguistic tools could assist in the preparation of translations.

Administration Division

The division provides secretariat service for the Commission and internal administrative support for other divisions of the Secretariat. The division also administers Members' remuneration and operating expenses reimbursements, and assists in organizing the Council's corporate social functions. During the year, the division serviced 11 meetings of the Commission and four meetings of the Working Group to Review the Organization and Structure of the Legislative Council Secretariat. The division also serviced two subcommittees, namely the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement and Subcommittee to Consider a Mechanism for Handling Complaints and Allegations Concerning Members' Operating Expenses Reimbursement Claims. These two Subcommittees held

six meetings during the period under review. In addition, the division organized a total of 55 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.

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 provided through an Operating Expenditure Envelope (OEE), which sets the ceiling for each year's funding. The OEE is sub-divided into two subheads in the Estimates: one for Members' remuneration and operating expenses reimbursements, and the other for Secretariat expenses, which comprise staff emoluments and general expenses. Basically, the funding for Members' remuneration and operating expenses reimbursements is adjusted according to the movement of Consumer Price Index (C), while that for Secretariat expenses is subject to the Government's financial position. Only savings in the latter may 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 through the Government's 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 net financial provisions obtained for the Commission in 2003-04 amounted to \$367.9 million, which comprised \$127.1 million for Members' remuneration and operating expenses reimbursements, and \$240.8 million for the Secretariat's staff emoluments and general expenses. The audited accounts are shown on pages 24 to 35.

Audit

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.

In the year under review, the Director of Audit conducted a value for money audit on the government funding for staff emoluments of The Legislative Council Commission — the first one on the Commission since its inception in 1994. His report was tabled in the Legislative Council on 30 April 2003. The

Director of Audit included in his report findings and recommendations regarding the provision of subvention for cash allowance and contract gratuities for new posts and posts not filled by contract staff; the provision of contract gratuities to non-professional and supporting staff; and the Commission's Reserves.

The Public Accounts Committee (PAC) of the Legislative Council conducted a hearing on the Director of Audit's report and deliberated on the report. PAC appreciated the constitutional status of the Legislative Council and the financial autonomy of the Commission, and recommended in its report (PAC Report No. 40) that the Commission should consider whether there were justifications for maintaining Reserves at their current level vis-a-vis its future expenditure requirements.

In its response to the PAC Report, the Commission maintained the view that it should command adequate resources to enable the Legislative Council to perform effectively the constitutional functions stipulated in the Basic Law. Moreover, the Commission had managerial and financial autonomy conferred on it by The Legislative Council Commission Ordinance. On this basis, the Commission did not agree that a ceiling for its Reserves be set or a one-off payment be made to the Government from its Reserves, as recommended by PAC. In view of the lapse of time, the Commission proposed that the funding arrangements agreed between the Government and the Commission since 1994 be reviewed. Discussion with the Government over the updating of the funding

arrangements was scheduled for completion in the summer of 2004.

Efficiency Savings Targets

The Commission has participated in the following austerity programmes launched in recent years by the Government, resulting in a decrease of \$23.1 million in government funding required for 2003-04 -

- (a) In 2000-01 to 2002-03, \$21.6 million of savings in Secretariat expenses was achieved under the Enhanced Productivity Programme (EPP). The savings measures implemented under EPP reduced the Commission's annual funding requirement by \$12.2 million from 2002-03 onwards;
- (b) To support the Government's initiative to lower its recurrent expenditure by 1.8% in 2003-04 and an additional 1% in each of the subsequent three years (i.e. 2.8% in 2004-05, 3.8% in 2005-06 and 4.8% in 2006-07), the Commission agreed in October 2002 to reduce the size of its OEE for Secretariat expenses by \$4.4 million, \$6.8 million, \$9.3 million and \$11.9 million in the four years concerned. In addition, the Commission agreed to absorb additional expenditures which were hitherto separately funded by the Government, such as those for fulfilling contractual obligations to award salary increments to staff and for servicing ad hoc select committees. In 2003-04, the reduction in funding and the absorption of additional expenditures under the OEE for

Secretariat expenses amounted to \$10.9 million; and

- (c) At the request of the Government, the Commission agreed in November 2003 that the OEE for Secretariat expenses would be further reduced by \$7.3 million in 2004-05, \$14.5 million in 2005-06, and \$21.8 million in each of the years 2006-07 to 2008-09.

To accomplish the above progressive savings targets, the following major measures have been or will be taken -

- freezing of the post of Deputy Secretary General;
- re-engineering of work processes and re-distribution of staff duties, aiming at a slimmer organization through job enlargement, job enrichment and natural wastage;
- stopping the payment of allowance for taking up temporarily additional responsibilities;
- encouraging the provision of time-off in lieu of overtime allowance as far as possible;
- undertaking additional work during peak seasons as far as possible by redeploying existing staff, so as to reduce the expenditure on hiring temporary staff or outside services;

- rationalizing existing support facilities, such as reduction in the number of telecommunication lines and photocopying machines, and re-structuring of the mode of document delivery service; and
- utilizing more environmentally friendly and technology-driven means for day-to-day operations, communication and information sharing, such as reducing printed copies of reports, producing annual reports in CD-ROMs rather than in paper form, and reducing the variety and copies of newspapers.

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 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 of the Commission are required to serve the Council with complete political impartiality.

During the year, a total of 12 recruitment exercises were conducted and 26 new staff were appointed as a result. In addition, three internal promotion and in-service appointment exercises were held.

Review of Organization and Structure

A Working Group to Review the Organization and Structure of the Legislative Council Secretariat was formed in April 2001.

In its First Report, the Working Group recommended a new organizational structure in the Legislative Council Secretariat. In its Second Report, it recommended measures to enhance the efficiency and effectiveness of the Secretariat, including staffing structure and ranking, communication in and management of the Secretariat and delivery of service to the public and the press. The two Reports were endorsed by the Commission in December 2001 and May 2002 respectively.

During the year under review, the Working Group held four meetings to conclude its review on the organization and structure of the Secretariat. In its Final Report, the Working Group recommended measures to improve the existing policies, work procedures and practices in the Secretariat, including recruitment and promotion policies, rates of contract gratuity offered to staff members appointed in internal recruitment exercises, system for assessing staff performance, and approving authorities for renewal and non-renewal of agreements. It also recommended amendments to related provisions in the Memorandum on Conditions of Service in the Legislative Council Secretariat and the Manual on Human Resource Policies and Practices. The Report was endorsed by the Commission in December 2003.

Accommodation

Apart from the Legislative Council Building, facilities and offices of the Council were scattered in three other locations: third, fourth and fifth floors of Central Government Offices (West Wing); third, fourth, fifth and sixth floors of Citibank Tower; and fourth floor of Prince's Building. Each Member is provided with a 40m² office within Council premises. Forty-six Members' offices are housed in the Central Government Offices (West Wing), whilst the Citibank Tower premises accommodate the remaining 14 Members' offices and most of the staff of the Secretariat.

New Legislative Council Complex

The Commission is of the view that in the long term there should be a centrally located purpose-built building for the Legislative Council and the Secretariat, and has actively pursued this target since 1998. Following the Government's decision in April 2002 to proceed with the development of the Tamar site for a new Legislative Council Complex together with a Central Government Complex and other compatible community facilities, the Commission submitted the planning and design parameters for the new Legislative Council Complex for inclusion in the design brief for the prequalification exercise for the Tamar project to be conducted in December 2002. The Commission further submitted the schedule of accommodation and detailed user requirements for the new Complex for incorporation into the tender document for the Tamar project.

The funding proposal for the project was endorsed by the Public Works Subcommittee on 7 May 2003, and was originally scheduled to be considered by the Finance Committee on 30 May 2003. However, on 26 May 2003, the Government decided to put the project temporarily on hold in order to review its spending priorities following the Severe Acute Respiratory Syndrome outbreak.

The Commission considered a new Legislative Council Complex essential to the smooth operation of the Legislature. It therefore requested that should the Government decide not to proceed with the Tamar development project after its review, it should make appropriate arrangements, including the provision of suitable site options, to ensure that a new building/complex would be available for use by the Legislature by 2008.

On 19 November 2003, the Chief Secretary for Administration (CS) informed the Commission that having taken into account the prevailing political climate and its financial position, the Government decided to defer the Tamar project and terminate the procurement exercise for the Design-and-Build Contract for the Tamar project. The Government was however prepared to explore with the Commission interim measures to meet the needs of any increased membership of the Council.

In the light of the Government's position, the Commission explored various options for providing interim and long-term accommodation for meeting the needs of the Council by and beyond 2008. At its meeting on 18 February 2004, the Commission arrived

at the view that temporary measures (such as refurbishment of the current Legislative Council Building and hiring of other conference venues) to meet the accommodation needs of the Council were undesirable in terms of practicality and cost-effectiveness. To address the long-term needs of the Council, the most appropriate course of action was still to construct a new purpose-built Legislative Council Complex by 2008. Apart from the use of the Tamar site, the Commission suggested two alternative sites in the Central District for the Government's consideration.

CS responded on 5 March 2004 reiterating that in view of the Government's financial stringency and the need to prioritize capital works projects, new office accommodation projects such as the new Legislative Council Complex should be deferred. The Government's longer-term plan remained to develop the Tamar site into a prime civic core, with the new Central Government Complex and the new Legislative Council Complex as its key components. The Government would consider resurrecting the project when public finances, as well as public sentiments against major capital spending on office accommodation, changed for the better.

Development of Information Technology

The Legislative Council network backbone integrates all computer systems in use by the Council and the Secretariat to enable the sharing of computer resources by Members and Secretariat staff. They can access

information kept in individual application systems from their desks and communicate with each other in an efficient manner. About 60 servers and 400 workstations are in use. Apart from common office automation software applications and administrative systems, the Council is equipped with business support systems, such as Digital Recording System, Electronic Voting System, Legislative Council Business System, Legislative Council Events Scheduling System, Schedule Display System and Research and Library Information System. The e-mail system allows Secretariat staff to communicate with outsiders electronically through the Internet in a fast and effective manner. The website of the Legislative Council contains information on the business transacted in Council and its committees.

During the year under review, the following projects were undertaken to enhance the use of information technology in the Council -

- completion of the "Human Resource Information System" project;
- completion of the project to establish an independent search engine for the Legislative Council website (Previously the search engine at the Government Information Centre website was used.);
- completion of the project to establish a wireless broadband network in the Legislative Council Building for Internet access;

- continuation of the "Remote Access to Information Systems on the Legislative Council Network" project; and
- commencement of the project to replace outdated computer workstations by advanced models.

Environmental Protection

The Legislative Council Secretariat is committed to conducting all its activities and operations in an environmentally responsible manner. A report covering the environmental goal, policy and management adopted by the Secretariat is in **Appendix 4**. All staff are required to make special efforts to protect the environment through the green measures shown in the report.

Staff Development

In 2003-04, arrangements were made for 210 attendances in China studies, language, computer, management and leadership courses and seminars, occupational health and safety workshops, organized by the Civil Service Training and Development Institute (CSTDI) and other local training organizations. CSTDI also organized three exclusive job-related courses for 64 Secretariat staff. In addition, in-house training courses, workshops and seminars were organized. These included three Putonghua conversation workshops, seminars on translation and

complaints handling skills, workshop on drafting of minutes and background briefs, and three other job-related workshops and courses.

During the period under review, the Legal Adviser attended the Advanced National Studies Programme in Beijing, and an Assistant Legal Adviser attended the "Lawyers and Government: Managing Change" study programme in the United Kingdom.

In addition, the Principal Council Secretary (Complaints) attended the "Role of the Ombudsman in Improving Public Services" study programme in London. A Chief Council Secretary was on attachment to the UK Parliament, and two Senior Council Secretaries participated in the US-HK Parliamentary Staff Exchange Programme in the United States. Head (Research and Library Services) and a Librarian visited the Legislative Council Library in Macao.

Staff Consultative Committee

The Staff Consultative Committee, comprising 19 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 four meetings during the year. Major issues that went through this consultation process included pay adjustment for staff of the Legislative Council Secretariat in 2004 and 2005, cost-saving measures under OEE, revised rate of contract gratuity for new appointees and recommendations of the

Working Group to Review the Structure and Organization of the Legislative Council Secretariat.

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, health talks, as well as a Christmas party for the staff of the Secretariat.

Report of the Director of Audit to The Legislative Council Commission

I have audited the statement of accounts on pages 24 to 35 which has been prepared in accordance with accounting principles generally accepted in Hong Kong.

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

Under section 13(3)(a) of The Legislative Council Commission Ordinance (Cap. 443), The Legislative Council Commission is responsible for the preparation of the statement of accounts, which shall include an income and expenditure account and a balance sheet. In preparing the statement of accounts, 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 that statement of accounts and to report my opinion to you.

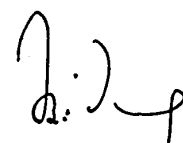
Basis of opinion

I have audited the statement of accounts referred to above in accordance with 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 statement of accounts. It also includes an assessment of the significant estimates and judgements made by The Legislative Council Commission in the preparation of the statement of accounts, 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 statement of accounts is free from material misstatement. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the statement of accounts. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion the statement of accounts gives a true and fair view of the state of affairs of The Legislative Council Commission as at 31 March 2004 and of the results of its operations and cash flows for the year then ended and has been properly prepared in accordance with section 13(3)(a) of The Legislative Council Commission Ordinance.



Audit Commission
Hong Kong
16 June 2004

(Benjamin Tang)
Director of Audit

The Legislative Council Commission

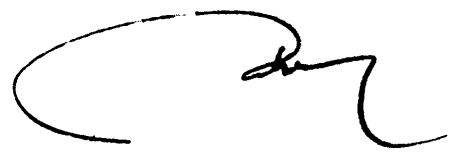
Balance Sheet as at 31 March 2004

	Note	2004 HK\$'000	2003 HK\$'000
Non-current assets			
Fixed assets	2F, 4	6,607	8,943
Operating funds advanced to Members	2C	9,695	9,718
Current assets			
Prepayments and accounts receivable	5	1,553	1,634
Cash and bank deposits	6	181,673	200,512
		<u>183,226</u>	<u>202,146</u>
Current liabilities			
Accounts payable and accrued charges	7	21,901	25,157
Current portion of gratuity payments accrued	2D	19,037	46,327
		<u>40,938</u>	<u>71,484</u>
Net current assets		<u>142,288</u>	<u>130,662</u>
Total assets less current liabilities		158,590	149,323
Non-current liabilities			
Non-current portion of gratuity payments accrued	2D	<u>16,989</u>	<u>13,718</u>
Net assets		<u>141,601</u>	<u>135,605</u>
Accumulated funds			
Capital Assets Subvention Reserve	2H, 8	6,607	8,943
Operating Reserve	9	127,268	119,185
Income and Expenditure Account		<u>7,726</u>	<u>7,477</u>
		<u>141,601</u>	<u>135,605</u>

Approved and authorized for issue by The Legislative Council Commission on 16 June 2004



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 2004

	Note	2004 HK\$'000	2003 HK\$'000
Income			
Financial provisions from Government		367,908	384,652
Less: Members' remunerations returned to Government		-	(291)
Interest earned		2,383	3,983
Other income		124	33
Gain on sale of fixed assets		33	2
		370,448	388,379
		370,448	388,379
Non-capitalized expenditure			
Recurrent			
Members' remunerations	3	40,956	41,771
Members' operating expenses reimbursements	3	85,161	86,075
Staff emoluments		206,238	211,021
General expenses		25,885	27,042
Non-recurrent			
Members' setting up and winding up expenses		515	666
Members' information technology and communication equipment expenses		380	274
Electronic Voting System		-	93
Enhancement of the computer network		27	79
Enhancement of the Legislative Council Business Information System		-	3
Enhancement of computing facilities		-	191
Legislative Council Corporate Video 2000		170	-
Teaching kits for schools		32	47
Software asset management tools		-	1
Replacement of internal electronic mailing system		13	30
Digital Recording System		24	29
Project team for planning of the new Legislative Council Complex		1,509	1,840
Internet access to information systems on the Legislative Council network		31	-
Microfilming of archival records		23	-
		360,964	369,162
		360,964	369,162
Surplus for the year	10	9,484	19,217
Surplus brought forward		7,477	7,925
Transfer to Capital Assets Subvention Reserve	2H, 8	(1,152)	(2,044)
Transfer to Operating Reserve	9	(8,083)	(17,621)
Surplus carried forward		7,726	7,477

The Legislative Council Commission

Cash Flow Statement

for the Year Ended 31 March 2004

	Note	2004 HK\$'000	2003 HK\$'000
Cash flows from operating activities			
Net financial provisions received from Government		367,908	384,361
Other income		124	33
Payments to and on behalf of Members		(126,785)	(129,477)
Payments to staff		(231,046)	(194,245)
Payment of operating expenses		<u>(29,354)</u>	<u>(28,747)</u>
Net cash (used in)/from operating activities	10	<u>-----</u> <u>(19,153)</u>	<u>-----</u> <u>31,925</u>
Cash flows from investing activities			
Purchase of fixed assets		(2,649)	(2,349)
Sale of fixed assets		33	2
Interest received		2,930	3,805
Decrease/(Increase) in fixed deposits with a tenor longer than three months		25,700	(30,519)
Uplifts		<u>367,000</u>	<u>358,581</u>
Placements		<u>(341,300)</u>	<u>(389,100)</u>
Net cash from/(used in) investing activities		<u>-----</u> <u>26,014</u>	<u>-----</u> <u>(29,061)</u>
Net increase in cash and cash equivalents		6,861	2,864
Cash and cash equivalents at beginning of year		<u>6,412</u>	<u>3,548</u>
Cash and cash equivalents at end of year		<u>-----</u> <u>13,273</u>	<u>-----</u> <u>6,412</u>
Analysis of the balances of cash and cash equivalents			
	2I		
Cash at bank and in hand		4,273	1,136
Fixed deposits with a tenor of three months or less		<u>9,000</u>	<u>5,276</u>
		<u>-----</u> <u>13,273</u>	<u>-----</u> <u>6,412</u>

The Legislative Council Commission

Statement of Changes in Accumulated Funds

for the Year Ended 31 March 2004

	Note	2004	2003
		HK\$'000	HK\$'000
Beginning of year		135,605	120,570
Net charges not recognized in the Income and Expenditure Account, but dealt with in the Capital Assets Subvention Reserve			
	2H, 8	(3,488)	(4,182)
Depreciation for the year		(3,484)	(4,173)
Write-off of fixed assets at net book value		(14)	(9)
Assets transferred from Members		10	-
Surplus for the year		9,484	19,217
		141,601	135,605
End of year		141,601	135,605

Notes to the Accounts

1. The Legislative Council Commission

The Legislative Council Commission (the "Commission") is a financially and administratively autonomous body corporate established by The Legislative Council Commission Ordinance (Cap. 443). It provides administrative support and services for the Legislative Council of the Hong Kong Special Administrative Region ("HKSAR") through the Legislative Council Secretariat.

2. Significant Accounting Policies

The accounts of the Commission are prepared on an accrual basis under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The more significant accounting policies are set out below:

A. Income Recognition

Income accounted for in the accounts includes recurrent and non-recurrent financial provisions received from the HKSAR Government ("Government"), allocation warrants issued by government departments and utilized during the year, and interest earned on a time proportion basis.

B. Accrual of Expenses

Members' remunerations, staff's emoluments (including annual leave entitlements) and the Secretariat's operating expenses are accounted for as they are incurred. Members' reimbursable expenses are accounted for as they are claimed.

C. Operating Funds Advanced to Members

Members of the Legislative Council ("Members") may apply for advance of funds to finance the setting up, equipping and operation of their offices. The ceilings of advance are set by the Commission.

For setting up Members' offices and equipping them with information technology and communication facilities, the ceilings of advance for each Member stood at \$150,000 and \$100,000 (2003: \$150,000 and \$100,000) respectively. Funds advanced in these respects have to be settled within three months with expenses actually incurred and any excess returned to the Commission. They are classified as current assets.

For recurrent operating expenses, the ceiling of advance is equivalent to two months' office operation, entertainment and travelling expenses. On 31 March 2004, the ceiling stood at \$251,668 (2003: \$259,185). Funds advanced in this respect have to be returned to the Commission when the Member concerned leaves office. They are classified as non-current assets.

D. Gratuity Payments

All full-time staff employed by the Commission are on fixed agreement terms, mainly for three years with a gratuity payable upon satisfactory completion of each term. Staff gratuities incurred but not yet due for payment are fully accrued in the accounts. Those gratuities payable within one year from the balance sheet date are classified as current liabilities, while others are classified as non-current liabilities.

E. Contributions to Mandatory Provident Fund

The Commission has set up a Mandatory Provident Fund ("MPF") Scheme by participating in a master trust scheme provided by an independent MPF service provider to comply with the requirements under the MPF Schemes Ordinance. Contributions paid and payable by the Commission to the Scheme are charged to the Income and Expenditure Account.

F. 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. On completion of a project, the assets in commission will be reclassified.

G. Depreciation

Depreciation is calculated to write off the historical cost of assets less any estimated residual value evenly over their estimated useful lives. No depreciation is provided for work in progress.

The annual depreciation rates are:

Furniture and fixtures	10%
Motor vehicles and office equipment	20%
Computers and software	33 $\frac{1}{3}$ %

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

H. Capital Assets Subvention Reserve

Assets transferred from the Government and Members are capitalized as fixed assets and a corresponding amount credited to the Capital Assets Subvention Reserve. For assets acquired with government funding, an equivalent amount is transferred to the Reserve from the Income and Expenditure Account. Depreciation on fixed assets is charged to the Reserve. The balance in the Reserve represents the net amount, after depreciation, of the Commission's resources already invested in fixed assets.

I. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and bank deposits with a tenor of three months or less. Placements and uplifts of bank deposits with a tenor longer than three months are classified as investing activities. In previous financial years, bank deposits with a tenor longer than three months were also classified as cash equivalents. The comparative figures for 2003 have been restated.

J. Provisions and Contingent Liabilities

Provisions are recognized for liabilities of uncertain timing or amount when (a) the Commission has a legal or constructive obligation arising as a result of a past event, (b) it is probable that an outflow of economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made. Where the effect of the time value of money is material, provisions are stated at the present value of the expenditures expected to be required for settling the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities, unless the probability of outflow of economic benefits is remote.

K. Office Supplies

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

3. Members' Remunerations and Operating Expenses Reimbursements

Members are provided with remuneration and reimbursements for expenses arising from Council duties. The rates of such remuneration and reimbursements are proposed by the Government and approved by the Finance Committee of the Legislative Council.

Under the delegated authority from the Finance Committee, the rates for Members' monthly remuneration and recurrent operating expenses reimbursements are adjusted by the Government yearly in October according to the movement of Consumer Price Index (C). The relevant rates for each Member are as follows:

	October 2003 to September 2004	October 2002 to September 2003
	HK\$	HK\$
<u>Remuneration</u>	<u>Per Month</u>	<u>Per Month</u>
President	110,440	113,740
President's Deputy and House Committee Chairman	82,840	85,310
Members not serving on the Executive Council of the Government	55,220	56,870
Members serving on the Executive Council of the Government	36,810	37,910
<u>Operating Expenses Reimbursement</u>	<u>Per Year</u>	<u>Per Year</u>
Office expenses	1,356,940	1,397,470
Entertainment and travelling expenses	153,070	157,640
Entertainment expenses in the President's capacity	153,210	157,790

4. Fixed Assets

	Motor Vehicles	Computers and Software	Office Equipment	Furniture and Fixtures	Work in Progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation						
Beginning of year	959	27,792	3,105	7,852	1,656	41,364
Reclassification	-	1,656	-	-	(1,656)	-
Additions	-	900	163	99	-	1,162
Disposals	-	(96)	(89)	(24)	-	(209)
End of year	<u>959</u>	<u>30,252</u>	<u>3,179</u>	<u>7,927</u>	<u>-</u>	<u>42,317</u>
Aggregate depreciation						
Beginning of year	916	24,040	2,599	4,866	-	32,421
Additions	43	2,491	239	711	-	3,484
Disposals	-	(85)	(89)	(21)	-	(195)
End of year	<u>959</u>	<u>26,446</u>	<u>2,749</u>	<u>5,556</u>	<u>-</u>	<u>35,710</u>
Net book value						
End of year	<u>-</u>	<u>3,806</u>	<u>430</u>	<u>2,371</u>	<u>-</u>	<u>6,607</u>
Beginning of year	<u>43</u>	<u>3,752</u>	<u>506</u>	<u>2,986</u>	<u>1,656</u>	<u>8,943</u>

5. Prepayments and Accounts Receivable

	2004 HK\$'000	2003 HK\$'000
Prepayments to		
Government	25	-
Staff	1	3
Others	843	299
Deposits	20	13
Receivable from		
Government	-	78
Members	12	5
Staff	354	389
Others	298	847
	<u>1,553</u>	<u>1,634</u>

6. Cash and Bank Deposits

	2004	2003
	HK\$'000	HK\$'000
Fixed deposits		
- with a tenor of three months or less	9,000	5,276
- with a tenor longer than three months	168,400	194,100
Cash at bank and in hand	4,273	1,136
	<u>181,673</u>	<u>200,512</u>

7. Accounts Payable and Accrued Charges

	2004	2003
	HK\$'000	HK\$'000
Payable to		
Government	961	2,034
Members	1,673	1,461
Staff - accrued emoluments and reimbursements	80	98
- accrued leave pay	17,889	18,699
Others	1,298	2,865
	<u>21,901</u>	<u>25,157</u>

8. Capital Assets Subvention reserve

	2004 HK\$'000	2003 HK\$'000
Beginning of year	8,943	11,081
Transfer from Income and Expenditure Account for additions to fixed assets funded by		
- recurrent financial provisions	395	331
- non-recurrent financial provisions for		
Electronic Voting System	-	31
enhancement of the computer network	168	332
enhancement of the Legislative Council Business Information System	6	99
enhancement of computing facilities	36	346
replacement of internal electronic mailing system	66	62
Digital Recording System	136	828
internet access to information systems on the Legislative Council network	212	-
microfilming of archival records	61	-
replacement of computing facilities	74	-
	759	1,698
- government departments under their votes in the form of allocation warrants	(2)	15
	1,152	2,044
Assets transferred from Members	10	-
	10,105	13,125
Less : Depreciation for the year	(3,484)	(4,173)
Write-off of fixed assets at net book value	(14)	(9)
End of year	6,607	8,943

9. Operating Reserve

Surpluses in recurrent financial provisions for staff emoluments and general expenses are credited to the Operating Reserve at the discretion of the Commission for future use on Council business.

	2004 HK\$'000	2003 HK\$'000
Beginning of year	119,185	101,564
Transfer from Income and Expenditure Account	8,083	17,621
End of year	127,268	119,185

10. Reconciliation of Surplus for the Year to Net Cash (Used in)/from Operating Activities

	2004	2003
	HK\$'000	HK\$'000
Surplus for the year	9,484	19,217
Income from investing activities		
Interest earned	(2,383)	(3,983)
Gain on sale of fixed assets	(33)	(2)
(Increase)/Decrease in receivables	(430)	174
Decrease in payables	(1,772)	(224)
(Decrease)/Increase in gratuities accrued	(24,019)	16,743
Net cash (used in)/from operating activities	<u>(19,153)</u>	<u>31,925</u>

11. Major Non-Cash Transactions

Offices and certain government-operated services used by the Secretariat are either provided by the Government free of charge or funded by the respective government departments. They are not accounted for in these accounts.

12. Taxation

The Commission is exempt from Hong Kong taxation.

13. Capital Commitments

Outstanding commitments for acquisition of fixed assets at 31 March 2004 were as follows:

	2004	2003
	HK\$'000	HK\$'000
Authorized but not yet contracted for	6,781	2,843
Authorized and contracted for	8	57
	<u>6,789</u>	<u>2,900</u>

14. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation. These comprise mainly the changes in the classification of cash and cash equivalents in accordance with the relevant accounting standards.

Appendix 1

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 Council Secretary level and above; and
- (3) To monitor progress of appointment and personnel matters delegated to the Secretary General.

Membership

Hon Mrs Rita FAN HSU Lai-tai, GBS, JP (Chairman)

Hon NG Leung-sing, SBS, JP

Hon Margaret NG

Hon HUI Cheung-ching, SBS, JP

Hon YEUNG Yiu-chung, BBS, JP

Hon Emily LAU Wai-hing, JP

Dr 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 conduct 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 HSU Lai-tai, GBS, JP (Chairman)

Hon Miriam LAU Kin-yee, GBS, JP

Hon Fred LI Wah-ming, JP

Hon Margaret NG

Hon Bernard CHAN, JP

Hon Howard YOUNG, SBS, JP

Hon Emily LAU Wai-hing, JP

Hon Henry WU King-cheong, BBS, JP

Hon IP Kwok-him, GBS, JP

Committee on Members' Operating Expenses

Terms of Reference

- (1) To advise on administrative matters relating to Members' operating expenses; and
- (2) To review the Legislative Council Secretariat's decisions on Members' claims for operating expenses reimbursements.

Membership

Hon Mrs Rita FAN HSU Lai-tai, GBS, JP (Chairman)

Hon Miriam LAU Kin-yee, GBS, JP

Hon Fred LI Wah-ming, JP

Working Group to Review the Organization and Structure of the Legislative Council Secretariat

Terms of Reference

To review the existing organization, structure, establishment and operational management procedures of the Legislative Council Secretariat for the provision of efficient and effective support to the Legislative Council and its committees.

Membership

Hon Mrs Rita FAN HSU Lai-tai, GBS, JP (Chairman)

Hon NG Leung-sing, SBS, JP

Hon HUI Cheung-ching, SBS, JP

Hon Howard YOUNG, SBS, JP

Hon Emily LAU Wai-hing, JP

Dr Hon LAW Chi-kwong, JP

Hon IP Kwok-him, GBS, JP

Task Force on New Legislative Council Complex

Terms of Reference

To assist The Legislative Council Commission in drawing up the planning and design parameters and the detailed user requirements for the new Legislative Council Complex, and in other matters relating to the planning and construction of the new Complex.

Membership

Hon Mrs Rita FAN HSU Lai-tai, GBS, JP (Chairman)

Hon Miriam LAU Kin -yee, GBS, JP

Hon NG Leung-sing, SBS, JP

Hon HUI Cheung-ching, SBS, JP

Hon Emily LAU Wai-hing, JP

Dr Hon LAW Chi-kwong, JP

Hon IP Kwok-him, GBS, JP

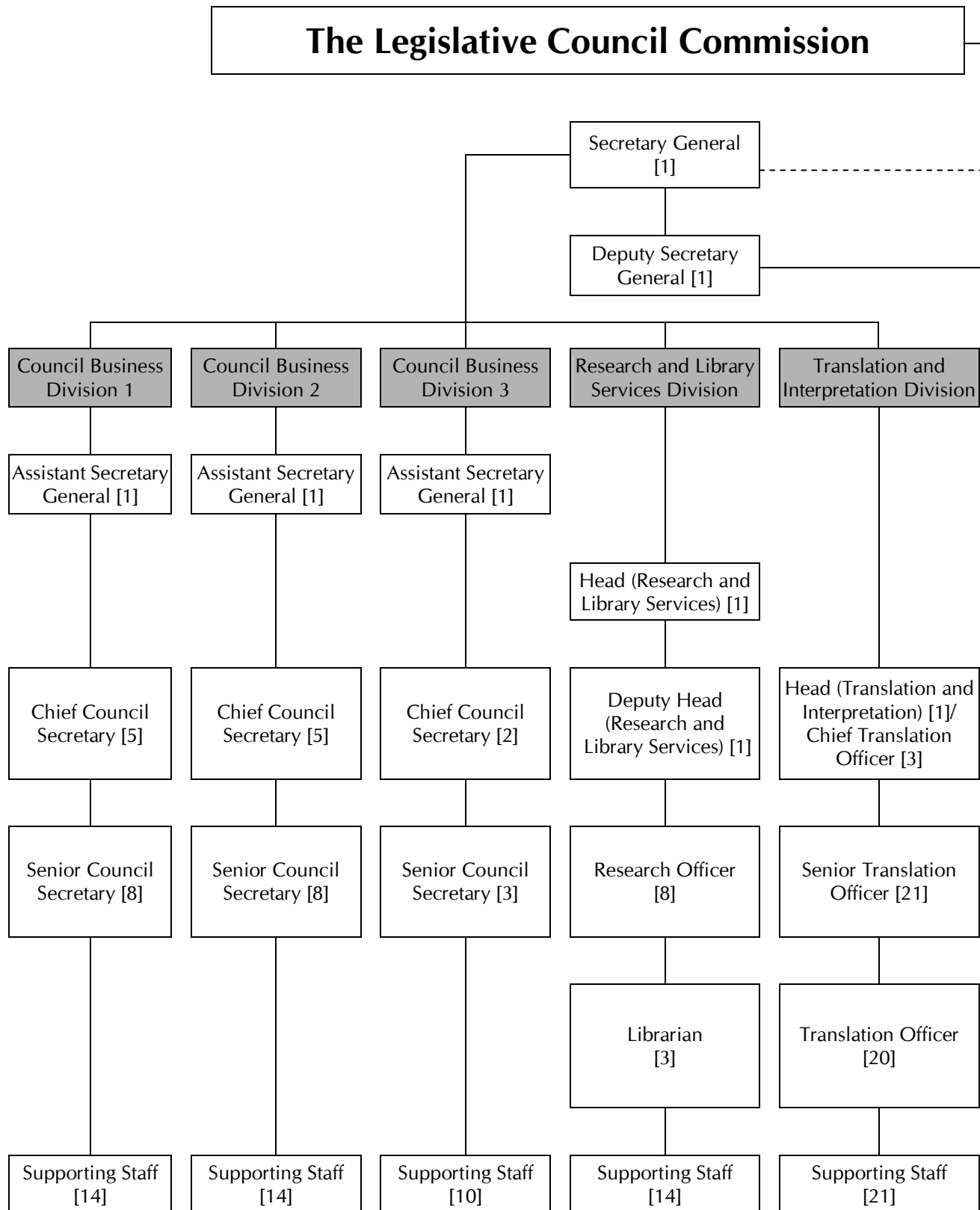
Appendix 2

Staff Establishment of the Legislative Council Secretariat

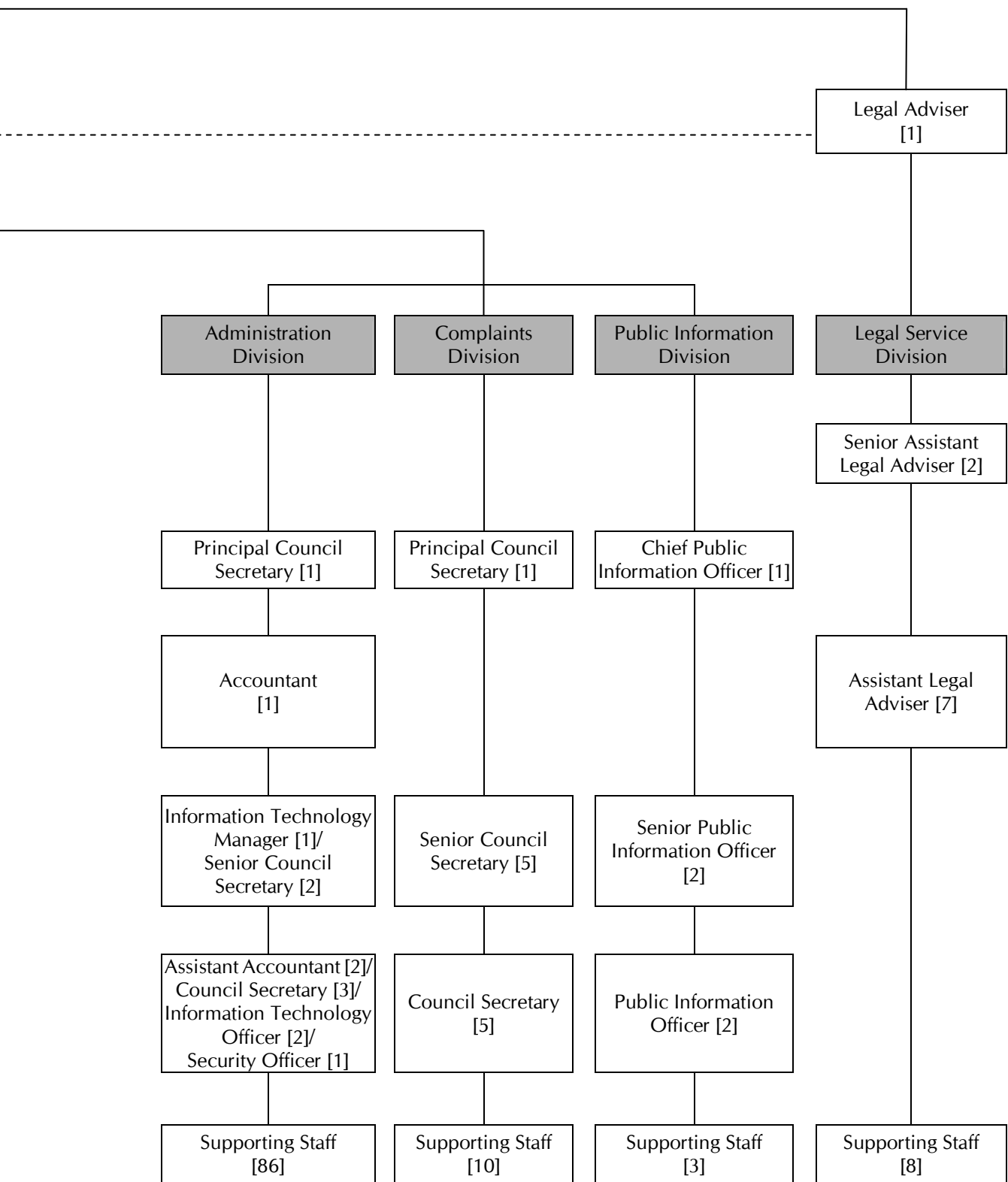
Post	As at 31.3.2004
Secretary General	1
Legal Adviser	1
Deputy Secretary General	1
Assistant Secretary General	3
Senior Assistant Legal Adviser	2
Chief Public Information Officer	1
Head (Research and Library Services)	1
Principal Council Secretary	2
Accountant	1
Assistant Legal Adviser	7
Chief Council Secretary	12
Chief Translation Officer	4
Deputy Head (Research and Library Services)	1
Information Technology Manager	1
Research Officer	8
Senior Council Secretary	26
Senior Public Information Officer	2
Senior Translation Officer	21
Assistant Accountant	2
Council Secretary	8
Information Technology Officer	2
Librarian	3
Public Information Officer	2
Translation Officer	20
Security Officer	1
Senior Clerical Officer	2
Senior Personal Secretary	3
Senior Security Assistant	2
Accounting Clerk	4
Assistant Information Technology Officer	3
Clerical Officer I	15
Personal Secretary I	7
Senior Chinese Word Processing Operator	2
Social Functions Assistant	1
Security Assistant	21
Personal Secretary II	23
Chinese Word Processing Operator	5
Clerical Officer II	35
Personal Chauffeur	1
Steward	5
Chauffeur	1
Motor Driver	1
Typist	17
Clerical Assistant	10
Office Assistant	18
Workman I	2
Workman II	2
Total	313

Appendix 3

Organization Structure of the Legislative Council Secretariat (as at 31.3.2004)



[] = number of staffing positions



Appendix 4

Secretary General's Environmental Report for the Year 2003-2004

Environmental Goal

The Legislative Council Secretariat is committed to -

- Conducting all its activities and operations in an environmentally responsible manner
- Minimizing consumption of resources by efficient use of materials
- Minimizing negative impacts on the environment during the whole work cycle

Environmental Policy

The environmental policy of the Legislative Council Secretariat requires all staff to make a special effort to protect the environment through -

- **Saving resources**, particularly on paper and electricity
- **Reducing waste** by re-using paper, collecting recyclable materials and adopting green procurements where applicable
- **Preserving a pleasant indoor working environment** through maintenance of good indoor air quality and minimization of noisy works during office hours
- **Preventing and minimizing air pollution** through the choice of commuting modes and good driving behaviour

Environmental Management

Under the chairmanship of Principal Council Secretary (Administration), a Green Effort Team with representatives from all divisions was set up in 1993 to develop the Secretariat's environmental objectives and oversee the implementation of the green programme in the Secretariat. The Team monitors the progress and reviews the overall strategy for green management in the Secretariat.

A description of the environmental measures and the performance of these measures are included in the following table. The targets on these measures for the year 2004-2005 are also given in the table.

Environmental Management and Future Targets

Saving Resources	
I. Environmental Measures Adopted	
<p>Economy in the use of paper</p> <ul style="list-style-type: none"> • Use blank side of used paper for drafting • Print on both sides of paper • Use double side photocopiers • Use recycled paper • Minimize photocopies (e.g. not to make unnecessary spare and/or personal copies) • Minimize copies of circulars (e.g. circulate by electronic mail as far as possible; and if necessary, one copy to a group of staff) • Use old sets of documents for recirculation • Adopt green measures at festive seasons (e.g. promote Green Christmas, re-use decorative materials) • Use plain paper fax machines • Avoid use of fax leader pages • Use blank side of used paper to print incoming fax message • Communicate by electronic mail • Request soft copies from senders to facilitate future processing by electronic means • Upload documents, including agenda, minutes, discussion papers, submissions, reports of all open meetings onto the LegCo website (http://www.legco.gov.hk) • Store documents in central information systems for common access by staff • Reduce subscription to newspapers and magazines by the use of electronic news platform <p>Economy in the use of envelope</p> <ul style="list-style-type: none"> • Stop using envelopes for unclassified documents • Re-use envelopes or use transit envelopes <p>Energy conservation</p> <ul style="list-style-type: none"> • Carry out routine checks to ensure that staff switch off lights, air conditioners and office equipment in unoccupied areas; and during lunch and after office hours when office is not in use • Modify group lighting switches to individual switches • Use high efficiency electric lamps/tubes • Reduce lighting to minimum required for illumination • Encourage the use of staircase for inter-floor traffic • Issue advice on a regular basis on the need to save energy e.g. attach stickers to all switches to remind users to turn off lights and air-conditioning when leaving • Control fuel consumption (e.g. minimize the use of official vehicles) • Encourage the use of public transport • Turn off vehicle engines while waiting 	
II. Performance on the Environmental Measures	
<ul style="list-style-type: none"> • Consumption of paper slightly increased by 1.54% from 27 148 reams in 2002-03 to 27 567 reams in 2003-04 • Consumption of electricity increased by 0.57% from 2 045 507 kWh in 2002-03 to 2 057 261 kWh in 2003-04 due to the provision of additional office space for LegCo in Prince's Building • Consumption of envelopes increased by 12.57% from 32 240 nos. in 2002-03 to 36 290 nos. in 2003-04 due to increased amount of LegCo business towards the end of the Second LegCo term 	
III. Targets for Year 2004-05	
<ul style="list-style-type: none"> • Decrease electricity consumption by 1% • Decrease envelope consumption by 2% 	

Reducing Wastes	Preserving a Pleasant Indoor Working Environment
<ul style="list-style-type: none"> • Re-use envelopes, loose minute jackets • Use refillable ball pens • Use recycled paper as far as possible • Use recycled printer and fax cartridges as far as possible • Urge staff to use their own cups instead of paper cups • Collect waste paper, used printer and fax cartridges, aluminum cans and plastic bottles for recycling • Use Digital Recording System to record meeting proceedings, thereby reducing consumption of cassette tapes 	<ul style="list-style-type: none"> • Use low emission and ozone-free photocopiers • Use non-volatile correction fluid • Carry out renovation works outside office hours • Conduct annual air quality tests to monitor the air quality in offices • Clean air filters and outlets regularly
<ul style="list-style-type: none"> • Consumption of recycled pencils increased by 3% from 886 nos. in 2002-03 to 913 nos. in 2003-04 vis-à-vis a decrease in consumption of wooden pencils by 76% from 302 nos. to 72 nos. during the same period • Consumption of cassette tapes decreased by 26.6% from 8 594 nos. in 2002-03 to 6 310 nos. in 2003-04 due to the use of Digital Recording System • Consumption of ball pen refill increased by 36% from 251 nos. in 2002-03 to 341 nos. in 2003-04 	<ul style="list-style-type: none"> • Legislative Council Building designated as a smoke-free building in April 1999 • Annual air quality tests indicate that the air quality in offices complied with the guideline recommended by the Environmental Protection Department
<ul style="list-style-type: none"> • Increase the use of recycled paper, printer and fax cartridges, subject to higher quality and lower price • Increase collection of waste paper by 5% 	

立法會行政管理委員會
THE LEGISLATIVE COUNCIL
COMMISSION

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