

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

**Minutes of meeting
held on Thursday, 18 May 2006 at 2:00 pm
in Conference Room B of the Legislative Council Building**

- Members Present** : Hon Patrick Lau Sau-shing, SBS, JP (Chairman)
Dr Hon Lui Ming-wah, SBS, JP
Hon Cheung Man-kwong
Hon Howard Young, SBS, JP
Hon Emily Lau Wai-hing, JP
Hon Abraham Shek Lai-him, JP
Hon Wong Ting-kwong, BBS
Hon Tam Heung-man
- Member Absent** : Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP
- Members in Attendance** : Hon James Tien Pei-chun, GBS, JP
Hon Lau Kong-wah, JP
- Public Officers Attending** : Miss Elizabeth Tse
Director of Administration (D of Adm)
- Miss Shirley Yuen
Deputy Director of Administration
- Mr Yau Kin-chung
Assistant Director of Administration
- Clerk in Attendance** : Mrs Anna Lo
Principal Council Secretary (Administration)

Staff in Attendance : Mr Watson Chan
Head (Research and Library Services Division)

Mr Joseph Kwong
Accountant

Mr Thomas Wong
Research Officer 4

Ms Betty Fong
Senior Council Secretary (Administration) 1

I. Second Report of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement
(LC Paper AS347/04-05)

The Chairman welcomed D of Adm and her colleagues to the meeting. On invitation of the Chairman, D of Adm presented the Administration's preliminary views (which are outlined in paragraphs 2 to 7 below) on the recommendations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the Subcommittee) set out in its second report. The recommendations would be duly considered by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission) and, where there were major changes, by the Executive Council.

The Administration's preliminary views on the Subcommittee's recommendations

Enhanced level of Members' Operating Expenses Reimbursement (OER) by up to 20%
(Paragraph 18(a) of the Subcommittee's second report)

2. The Administration noted the factors that the Subcommittee quoted in support of the recommendation. Nevertheless, it would be useful if statistics, such as the utilization rates of Members' OER and the number of Members who had spent above the reimbursement limit, could be provided to facilitate the Independent Commission's consideration on the issue.

*Same level of remuneration for all Members
(Paragraph 18(b) of the Subcommittee's second report)*

3. The Administration noted the Subcommittee's recommendation to maintain the existing arrangement.

*Implementation of changes to Members' remuneration package as soon as possible
(Paragraph 18(c) of the Subcommittee's second report)*

4. The present practice for substantial changes to Members' remuneration package to take effect in the following term was to uphold the integrity of the arrangements, and to ensure that Members would not be perceived as pushing for their own personal benefits. Nevertheless, the Administration would submit the Subcommittee's recommendation to implement changes as soon as possible to the Independent Commission for consideration.

*Shared employment of staff by Members
(Paragraph 18(d) of the Subcommittee's second report)*

5. The present rule which disallowed Members to jointly hire a staff was upheld by the former Independent Commissions for the reason that a Member's accountability as an employer for his staff should be clearly established. In view of the change in circumstances since 1994 when the rule was first introduced, the Administration had no objection to reviewing it. It would be helpful if more specific proposals, such as arrangements in apportioning the cost and accountability for the staff concerned, could be provided for the Independent Commission's consideration.

*Medical benefits for Members
(Paragraph 18(e) of the Subcommittee's second report)*

6. The Administration realized that some Members with certain pre-existing medical conditions might have difficulty in procuring personal medical insurance cover or the premium payable was on the high side. To address the issue, the Administration had considered the Subcommittee's suggestion of making available civil service medical benefits to Members. However, this might aggravate the problem of long waiting time for civil servants to receive medical treatments in government hospitals and clinics. As an alternative, the Administration suggested that Members might wish to consider the feasibility of setting up a corporate medical plan.

*Retirement benefits for Members
(Paragraph 18(f) of the Subcommittee's second report)*

7. In its consideration of retirement benefits for Members, the former Independent Commission had been of the view that LegCo work was not a job. Members would have to provide new justifications to the current Independent Commission, should they consider that this fundamental principle governing their remuneration package should be reviewed.

Meeting with the Independent Commission on 6 June 2006

8. With the change of membership of the Independent Commission in April this year, it would be an opportune time for Members to meet with the Independent Commission to discuss the Subcommittee's recommendations. To this end, a meeting was being arranged in the afternoon of 6 June 2006.

Members' responses to the Administration's preliminary views on the Subcommittee's recommendations

Enhanced level of Members' OER by up to 20%

9. Ms Emily Lau expressed regret at the Administration's slow response to the Subcommittee's recommendations, which were forwarded for its consideration in June 2005. While she had no objection to providing the statistics on OER as requested by D of Adm, she was concerned that the Administration might simply draw a conclusion based on the number of Members spending over and under the OER ceiling without reference to the channels through which they were returned to LegCo and the size of their respective constituencies.

10. Dr Lui Ming-wah expressed strong reservation on the usefulness of statistics in supporting Members' request for a higher level of OER as most Members had to spend within budget. He said that, given the meagre resources, Members could not afford to hire experienced and high-quality staff to assist them in dealing with the increasingly complex issues. Miss Tam Heung-man added that many Members, including those returned from functional constituencies, did not have sufficient resources to operate a reasonable number of offices in the districts they served.

11. Mr Abraham Shek remarked that the recommendation on enhancement of Members' OER and other benefits were made, on the premise that the younger generation should be encouraged to pursue a career in the political arena and hence paved the way for universal suffrage. He considered that a comprehensive review of LegCo Members' remuneration package should be conducted, as in the case of District Council (DC) Members'.

12. D of Adm explained that statistics would assist the Administration to gauge the gravity of the problem, and facilitate the consideration of the Independent Commission.

Implementation of changes to Members' remuneration package as soon as possible

13. Pointing out that none of the selected legislatures studied by the Secretariat implemented changes in Members' remuneration package in the following term, Ms Emily Lau said that the present rule in Hong Kong should be changed. She did not consider that there would be any conflict of interest for Members in the current term to make such a recommendation, as the acceptance of the recommendation rested with the Independent Commission. Mr Cheung Man-kwong shared Ms Lau's view. He further suggested that any changes to Members' remuneration should be effective in the following financial year.

14. Mr Howard Young observed that in the review of the remuneration package for DC Members, the Administration had proposed, inter alia, that the proposed enhancements to the remuneration package, except the new rate of winding-up allowance, should take effect only in the next term. He considered that the same principle should also be applied in the review of LegCo Members' remuneration package.

Shared employment of staff by Members

15. Ms Emily Lau said that the present rule which disallowed Members to jointly hire a staff was outdated and should be relaxed in view of the development of political parties since 1994. Mr Wong Ting-kwong echoed Ms Lau's view. Given Members' demand for various kinds of service, including legal and administrative support, in operating their offices, he urged the Administration to change the present rule to facilitate economical use of resources among Members.

Medical benefits for Members

16. While Ms Emily Lau had no strong view on D of Adm's suggestion on setting up a corporate medical plan for Members, she was concerned that the present provision, which was already insufficient to cover essential expenses, would be further squeezed to meet the cost of such a plan.

Retirement benefits for Members

17. Ms Emily Lau considered that the new Independent Commission should first of all review the fundamental principle that “LegCo membership is not a job, but a form of public service”. Moreover, the imposition of restrictions on LegCo Members’ outside employment and earnings, should LegCo membership be regarded as a job, might not be acceptable to some Members.

18. Mr Howard Young said that the Liberal Party (LP) generally supported the recommendations set out in paragraph 18 (a) to (e) of the Subcommittee’s second report. As far as retirement benefits were concerned, LP maintained the view that Members should contribute towards a provident fund scheme using provisions from their OER.

19. Members went on to discuss a review of the existing level of LegCo Members’ remuneration. During the discussion, they also put up new proposals concerning post-retirement medical benefits for Members and a lump sum financial provision to The Legislative Council Commission (LCC) for Members’ retirement and medical benefits. Their deliberations on the issues are recorded in paragraphs 20 to 32 below.

Review of the existing level of LegCo Members’ remuneration

20. Dr Lui Ming-wah opined that the basic principle on the nature of LegCo membership should be sorted out before discussing the level of remuneration and benefits for LegCo Members. The present remuneration system was established years ago when most Members were working on a part-time basis. Nowadays, many LegCo Members were full-time legislators with no other source of income. It was therefore high time to review the underlying principle on the nature of LegCo membership. Should the work of LegCo Members be recognized as a full-time job, they should be given a remuneration package commensurate with that for senior civil servants. He further suggested that the remuneration package for Members might be determined on the basis of whether they were full-time or part-time legislators.

21. Mr James Tien envisaged difficulty in classification of Members as full-time or part-time legislators. Noting that presently Members’ remuneration and OER were paid to Members through LCC, he suggested that consideration might be given to requesting the Administration to provide a lump sum financial provision to LCC for it to make the necessary arrangements in respect of medical and retirement benefits for LegCo Members. Mr Cheung Man-kwong was doubtful that the proposal might address to the needs of retired Members. D of Adm said that should Members wish to pursue this proposal further, they might provide further details for the Independent Commission’s consideration.

22. Ms Emily Lau said that if the Administration was to nurture political talents, the work of both LegCo Members and DC members should be recognized as a job. As such, they should be provided with remuneration commensurate with their workload and level of responsibilities.

23. Quoting his personal experience in the past two years, Mr Wong Ting-kwong said that he had to take on the role of a non-Executive Director in his company in order to cope with the busy schedule of LegCo business. He could not accept the view of the former Independent Commission to impose restrictions on Members in receiving other source of income if LegCo membership was recognized as a job.

24. Miss Tam Heung-man reiterated that many Members were now full-time legislators whose only income was derived from LegCo work. Moreover, even if LegCo membership was regarded as a form of public service, Members should be reasonably remunerated. The present level of LegCo Members' remuneration was inappropriate in comparison with that for senior government officials or professionals in the private sector. For the nurturing of political talents, she urged the Administration to critically review the existing remuneration package and medical and retirement benefits, for Members. The financial difficulties faced by an ex-member of the Urban Council after retirement highlighted the importance of retirement benefits for LegCo Members.

25. The Chairman and Mr Wong Ting-kwong echoed Miss Tam's views. Mr Wong believed that the general public would support the provision of retirement protection for LegCo Members, in recognition of their contribution to the community. Members of the Democratic Alliance for the Betterment and Progress of Hong Kong supported the recommendations in the Subcommittee's second report.

26. Referring to the incident of an ex-member of the Urban Council living on comprehensive social security assistance, Mr Abraham Shek shared the view that LegCo Members should be provided the same kind of medical benefits and retirement protection as those for civil servants. Many members had devoted long hours to LegCo work, and sometimes at the expense of their family life. Moreover, in the interest of future political development, a reasonable package should be devised with a view to encouraging the younger generation to pursue a career in the legislature.

27. D of Adm stated that the nature of LegCo membership was considered by the former Independent Commissions on several occasions. She said that the Independent Commission would be prepared to consider justifications that might be supplied by Members for changing this established view.

Post-retirement medical benefits for Members

28. Mr Cheung Man-kwong said that, in his discussion with other Members, he gathered that most of them were more concerned about post-retirement medical protection than pre-retirement benefits. He elaborated that nowadays more and more Members had taken up LegCo membership as a life-long career. In recognition of their long-term contribution, they should have the benefit of a reasonable medical service, as and when required, after their retirement. He urged the Administration to provide retired LegCo Members with the same medical benefits as those available to civil servants.

29. Recalling that LegCo Members had unanimously endorsed a generous retirement package, as proposed by the Administration, for the former Chief Executive (CE) in no time, Mr Cheung questioned the different attitude adopted by the Administration in handling LegCo Members' recommendations. He also did not consider statistics would be meaningful or useful to justify Members' request for post-retirement medical benefits. He added that the longer the Administration dragged on the issue, the less dignified he felt being a LegCo Member.

30. D of Adm clarified that the Administration was not trying to procrastinate the issue, but it would be necessary to sort out the underlying principle on the nature of LegCo membership with the Independent Commission.

31. Mr Howard Young considered that Mr Cheung's proposal merited further consideration, having regard to the retirement arrangements for the former CE.

32. Ms Emily Lau reiterated her earlier view that the request for post-retirement medical benefits would necessitate the review of the fundamental principle governing Members' remuneration package.

Meeting with the Independent Commission on 6 June 2006

33. Ms Emily Lau expressed reservation that the new Independent Commission, with none of its members having been a directly elected LegCo Member, could fully comprehend the problems faced by directly-elected Members. Mr Abraham Shek commented that it would not be fair to form any view on members of the new Independent Commission at this stage. Mr Lau Kwong-wah shared Mr Shek's view. D of Adm added that the Independent Commission would be prepared to consider the recommendations and the justifications put forward by the Subcommittee.

34. Mr Lau Kwong-wah suggested that Members should arrive at some concrete proposals regarding the recommendations of the Subcommittee in its second report before meeting the Independent Commission on 6 June 2006. In this connection, Ms Emily Lau proposed, and the Chairman agreed, that another meeting should be held on 26 May 2006 immediately after the meeting of the House Committee. The Secretariat would prepare the following information to facilitate discussion at the meeting -

Secretariat

- (a) retirement and medical benefits for Members in selected overseas legislature;
- (b) the utilization rates of Members' OER;
- (c) medical benefits for directorate officers in the Civil Service;
- (d) provision of a corporate insurance plan for senior officers;
and
- (e) a quotation for corporate insurance plan for senior officers.

II. Any other business

35. There being no other business, the meeting ended at 2:55 pm.