

立法會
Legislative Council

LC Paper No. AS288/05-06

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

**Minutes of meeting
held on Monday, 12 June 2006 at 9:00 am
in Conference Room B of the Legislative Council Building**

- Members Present** : Hon Patrick Lau Sau-shing, SBS, JP (Chairman)
Hon Cheung Man-kwong
Hon Emily Lau Wai-hing, JP
Hon Wong Ting-kwong, BBS
Hon Tam Heung-man
- Members Absent** : Dr Hon Lui Ming-wah, SBS, JP
Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP
Hon Howard Young, SBS, JP
Hon Abraham Shek Lai-him, JP
- Clerk in Attendance** : Mrs Anna Lo
Principal Council Secretary (Administration) (PCS(A))
- Staff in Attendance** : Mr Ricky Fung, JP
Secretary General
- Mr Watson Chan
Head (Research and Library Services Division) (H(RL))
- Mr Joseph Kwong
Accountant (ACCT)
- Mr Thomas Wong
Research Officer 4
- Ms Betty Fong
Senior Council Secretary (Administration) 1
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I. Follow up on issues discussed with the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR

The Chairman said that the purpose of the meeting was to discuss follow-up actions on the meeting with the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission) on 6 June 2006. As requested by the Independent Commission, the Secretariat had revised the facts sheets on “Annual Salary of Major Office-holders in Selected Overseas Legislatures and Governments” (FS17/05-06) and “Preliminary Observations on the Retirement and Medical Benefits for Members in Selected Overseas Legislature” (FS15/05-06) to include information on Singapore. The Secretariat had also prepared statistics on the number of offices operated by Members (LC Paper No. AS227/05-06). Subject to members’ views, the additional information would be forwarded to the Independent Commission, together with a covering letter responding to the questions raised at the meeting on 6 June 2006.

Additional information for the Independent Commission

Fact sheet on “Preliminary Observations on the Retirement and Medical Benefits for Members in Selected Overseas Legislature” (FS15/05-06)

2. On invitation of the Chairman, H(RL) briefed members on the additional information regarding retirement and medical benefits enjoyed by legislators of the Parliament of Singapore. The main points are -

- (a) For retirement benefits, Members elected before 1995 to the Parliament of Singapore were entitled to participate in the Parliamentary Pension Scheme, while those elected after 1995 were required to participate in the Central Provident Fund, which was jointly financed by Members and the Government. The contribution rate of a Member ranged from 5% to 20% of his or her income, and the government contribution rate for a Member ranged from 3.5% to 16% of the Member’s income. The contribution rates for both Member and the Government would depend on a Member’s age. The younger the Member was, the higher rates the Member and Government were required to pay; and

- (b) For medical benefits, Members elected before 1995 were entitled to participate in the Co-payment on Ward Scheme, whereas those elected after 1995 were entitled to participate in the Medisave cum Subsidized Outpatient Scheme, the benefits of which included a subsidy of up to SG\$350 (HK\$1,700) per calendar year for a Member's medical expenses at any Government Outpatient Dispensary. In addition, like ordinary citizens, Members were required to contribute to their Medisave Account under the Central Provident Fund.

Members' responses

3. Ms Emily Lau enquired about the reason for a different set of retirement and medical benefits for Members elected after 1995. In response, H(RL) said that with the introduction of the Central Provident Fund in Singapore in 1995, Members elected after that year were entitled to a new set of retirement and medical benefits. He also confirmed Miss Tam Heung-man's understanding that only serving Members were eligible for Members' medical benefits. As for retired Members, H(RL) said that they would be subject to the same medical benefits as other ordinary citizens in Singapore.

Fact sheet on "Annual Salary of Major Office-holders in Selected Overseas Legislatures and Governments" (FS17/05-06)

4. Ms Emily Lau noted that the annual salary for legislators in Singapore, which was equivalent to HK\$700,000, was on the low side among Members in the selected legislatures under study because parliamentary duties performed by Members in Singapore were generally considered as part-time, as pointed out in the footnote of the fact sheet. Apart from the above information, Ms Lau considered it useful to provide further information, such as the duration of parliamentary session and the number of meetings served by legislators in Singapore, in the fact sheet.

Secretariat

(Post-meeting note: Revised FS 17/05-06 circulated to members on 20 June 2006 vide LC Paper No. AS 246/05-06.)

Information note on the number of offices operated by Members (LC Paper No. AS227/05-06)

5. ACCT highlighted the salient points in the information note, details of which are -

- (a) The information note mainly focused on the number of offices operated by the 24 Legislative Council (LegCo) Members who used 99% or more of the claimable Office Operation Expenses Reimbursement (OOER) in the year ended on 30 September 2005;
- (b) The said statistics included the central offices provided free of charge by the Secretariat for each Member. However, they excluded district offices for which Members did not claim rental reimbursement, as Members were not obliged to inform the Secretariat of those offices. In accounting for a joint office, only the portion for which rental reimbursement was claimed had been included in the statistics;
- (c) Of the 24 Members mentioned in (a), six were returned from functional constituencies (FCs) and 18 were returned from geographical constituencies (GCs), operating an average number of 1.8 and 3.4 offices respectively. The actual number of offices operated by FC Members and GC Members was in the range of 1 to 2, and 2 to 5.5 respectively; and
- (d) It was noted that five out of the 24 Members had a total of eight offices for which no rental reimbursement was claimed: one from FCs with two offices and four from GCs with six offices.

Members' responses

6. Ms Emily Lau was concerned about the exclusion of 36 Members who claimed less than 99% of the claimable OOER from the statistics. She found such an approach misleading. She preferred more comprehensive statistics providing a full picture of the number of offices operated by all Members.

7. Mr Cheung Man-kwong also questioned the approach of the statistics. As an example, Members could, due to limited budget, at the most set up two offices in New Territories East. The operating cost could possibly be up to 98% of OOER, but short of the 99% level. He did not see any reason for not including such information in the statistics. The attention of the Independent Commission should also be drawn to the need for Members of various political groupings to set up district offices in their respective geographical constituencies.

8. Taking into account that the expenses for operating two district offices alone would use up more than 90% of OOER, Mr Wong Ting-kwong agreed that these statistics should also be presented in the information note. Miss Tam Heung-man held the same view.

9. The Chairman concluded that the statistics should include all offices operated by Members and for which Members had claimed rental reimbursement, with a break down on the number of central offices and district offices operated by FC and GC Members respectively.

Secretariat

(Post-meeting note: LC Paper No. AS 243/05-06 circulated to Members on 20 June 2006 vide LC Paper No. AS 246/05-06.)

Remuneration for Members

Pegging Members' remuneration to that of directorate officers in the civil service

10. Mr Cheung Man-kwong said that the proposal for linking Members' remuneration to that of the directorate officers in the civil service was modelled on that for university vice-chancellors and presidents. Depending on the size of the universities, the remuneration of the university vice-chancellors and presidents was pegged at certain percentage of that of the then Chief Secretary at D10 level. He added that pegging Members' salary to certain percentage of the salary range of the directorate officers reflected the social status of a Member and should serve as a reference point for the consideration of the Independent Commission. Moreover, Mr Cheung emphasised that after all, it was the decision of the Independent Commission as to what level Members' remuneration should be set at.

11. Mr Wong Ting-kwong gathered from members of his trade that the present level of Members' remuneration, which had remained more or less the same as that in 1994, was generally on the low side. However, they had reservation on pegging Members' remuneration to that of directorate officers in the civil service, because there might be conflict of interest in Members' future deliberation of the Administration's proposals on salary adjustments for directorate officers in the civil service. They considered it more appropriate to engage an independent party to evaluate the work of LegCo Members with a view to drawing up an appropriate remuneration package for them.

Public's reaction to the proposal on Members' remuneration

12. Members noted the recent public criticism on Members' proposal about their remuneration. They thought that the public might not understand Members' workload or realize the fact that their remuneration had been lagging behind for many years. The Chairman said that, from another perspective, the public's reaction to the proposed enhancement of Member's remuneration provided an opportunity for Members to clarify the issue and to explain to the public about Members' work. Miss Tam Heung-man echoed the Chairman's view, adding that even if the Independent Commission did not support the proposal, the discussion generated by the proposal would enhance the public's understanding of Members' heavy workload and the inadequacy of the existing resources for supporting their work.

13. Mr Wong Ting-kwong considered that a more comprehensive media coverage on the rationales for the proposed enhancement in Members' remuneration could be useful.

14. Ms Emily Lau said that the public concern about the provision of the enhanced remuneration to Members across-the-board, including those working on a part-time basis, was understandable.

Engaging an independent consultant

15. The Chairman sought Members' views on the suggestion of Mr Howard Young, who was unable to attend the meeting, that an independent consultant (e.g. Watson Wyatt Hong Kong Ltd, Hay Group) should be employed by the Independent Commission to evaluate the nature, responsibility and workload of Members' work with a view to recommending an appropriate remuneration package for Members.

16. Ms Emily Lau had no strong view on Mr Howard Young's suggestion, although she considered that the Administration should already be well aware of Members' work. She reiterated that the enhancement of Members' remuneration was necessary in order to attract persons with experience and good calibre to pursue a full-time career in the legislature, and hoped that the consultancy study would devise a system to achieve this.

17. Both Mr Cheung Man-kwong and Mr Wong Ting-kwong shared the Chairman's view that the decision on whether an independent consultant should be engaged rested with the Independent Commission.

Priority for implementing the Subcommittee's proposals

18. Mr Cheung Man-kwong gathered from Members of the Democratic Party (DP) that top priority consideration should be given to the proposal for enhancing Members' Operating Expenses Reimbursement (OER) up to a ceiling of 20%, which was a compromise amongst Members of various political groupings. He had no objection to the Subcommittee's recommendation that the enhanced OER should apply to all Members across-the-board.

19. Mr Cheung continued that second priority should be given to retirement and medical benefits for Members. He explained that given the majority of Hong Kong's working population were already covered by a retirement protection plan, as required by legislation, and the 160,000 civil servants were provided with civil service medical benefits, it was only fair and reasonable for Members to request for a minimum level of retirement protection and the same medical benefits as those available to civil servants.

20. Regarding the Subcommittee's proposal that Members' remuneration should be comparable to the salary range of the directorate officers in the civil service, Mr Cheung said that a similar proposal was first made in 1994. He reiterated his earlier view that it was the Independent Commission's decision as to what level and percentage of the salary of directorate officers that Members' salary should be pitched at. He further opined that although, in comparison with the proposals on Members' OER and retirement and medical benefits, the issue was of less urgency, the Independent Commission should not drag on it.

21. Mr Wong Ting-kwong said that Members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and his trade representatives shared the view that top priority consideration should be given to the enhancement of the rate of Members' OER, as the additional resources would be used for improving the quality of Members' service to the community. He added that the enhancement would be particularly significant and urgent to GC Members, in view of the growing need to organize networking and liaison activities in serving their constituencies. As OER was provided on an accountable basis, Mr Wong considered that the enhanced OER would not be abused.

22. Mr Wong added that, considering health was the most important asset of a person, second priority should be given to Members' medical benefits. He stressed that the provision of medical protection for Members, particularly during their service with LegCo, was needed to ensure Members' good health in discharging their duties. He reiterated

that, like Members' OER, these benefits would be used only when necessary and could not be cashed in for Members' personal benefits. He further pointed out that the existing resources for some Members, in particular those who operated a number of district offices, had already been fully stretched to meet the essential expenses, let alone the cost of insurance for medical benefits. Given the above considerations, he held the view that the Subcommittee's proposals on medical benefits should be implemented as soon as possible.

23. As for Members' remuneration, Mr Wong reiterated his earlier view that the level should be further studied and determined based on the assessment of Members' workload. He also told the meeting that Members of DAB generally agreed that Members should be provided with retirement benefits. However, they were open-minded on the timing of implementing the proposal, as the issue was comparatively less urgent.

24. PCS(A) reminded the meeting that civil servants appointed after June 2000 were no longer eligible for medical benefits upon their retirement.

25. Ms Emily Lau agreed that Members' OER should be enhanced as a matter of priority, and to be effective as soon as possible. She reminded that the issue on "shared employment of staff by Members" should also be put forward for the consideration of the Independent Secretariat Commission.

26. After discussion, the meeting agreed that Members' views on the priority for implementing the Subcommittee's proposals should be Secretariat forwarded to the Independent Commission.

Underlying principle in determining Members' remuneration package

27. Ms Emily Lau reiterated that the main obstacle to the proposals on Members' remuneration and fringe benefits was the underlying principle that LegCo membership was not a job, but a form of public service. This was a view which had been held by the Independent Commission and its predecessors in the past 12 years in their consideration of issues relating to Members' remuneration package. She strongly urged that this principle should be critically reviewed on the premise that LegCo membership was now a professional job. As such, a proper remuneration package, including job-related benefits, should be provided for Members.

28. The Chairman echoed Ms Lau's view, adding that the professionalism required for LegCo work and its heavy workload had rendered it difficult for Members to work on a part-time basis. Members' views on the nature of LegCo membership should be conveyed to the Secretariat Independent Commission.

29. Mr Cheung Man-kwong considered that the main barrier for LegCo membership to be regarded as a full-time occupation laid in the present constitutional system, which required a person to have substantial connection with a functional constituency in order to be eligible for nomination as a candidate at an LegCo election. For this reason, many Members returned from functional constituencies could not declare themselves full-time legislators. He opined that the problem would not be resolved until and unless all Members were directly elected to the legislature.

30. Miss Tam Heung-man shared Mr Cheung's view. She added that although only 14 Members had declared themselves as full-time legislators, there were in fact more Members working full-time on LegCo business. Citing the examples of FC Members, Miss Tam pointed out that these Members could not declare themselves as full-time legislators, even though they spent almost all their time on LegCo business, because of the requirement for these Members to have a substantial connection with their respective constituencies.

System for nurturing political talents

31. The Chairman related the request of Mr Lau Kong-wah, who was unable to attend the meeting, to discuss the following issue: the Administration's imminent review on the development of a political appointment system and the media speculation that some posts of political assistants (at D3 level) would be created to provide support to policy secretaries and as a means to groom political talents.

32. Ms Emily Lau opined that if the Administration was to nurture and develop persons of political talents, a comprehensive review should be conducted with a view to devising a system covering both elective and appointed political offices. She further suggested that this view should be included in the letter to the Independent Commission.

Secretariat

Follow-up actions

33. The meeting agreed that a draft letter responding to and clarifying points raised by the Independent Commission on 6 June 2006, as well as conveying Members' further views expressed at this meeting should be prepared and circulated to Members for endorsement before forwarding to the Independent Commission.

Secretariat

(Post-meeting note: The draft letter was circulated to Members on 14 and 16 June 2006. With members' endorsement, it was forwarded to the Independent Commission on 20 June 2006.)

34. In conclusion, the Chairman advised the meeting that the Independent Commission would arrange another meeting with the Subcommittee before finalizing its views on the Subcommittee's recommendations.

II. Any other business

35. There being no other business, the meeting ended at 9:55 am.

Legislative Council Secretariat
August 2006