

立法會
Legislative Council

LC Paper No. AS 93/06-07
(These minutes have been
seen by the Administration)

Ref : AM 12/01/19

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

**Minutes of meeting
held on Wednesday, 1 November 2006 at 9:30 am
in Conference Room A of the Legislative Council Building**

- Members Present** : Prof Hon Patrick Lau Sau-shing, SBS, JP (Chairman)
Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP
Hon Cheung Man-kwong
Hon Howard Young, SBS, JP
Hon Emily Lau Wai-hing, JP
Hon Tam Heung-man
- Members Absent** : Dr Hon Lui Ming-wah, SBS, JP
Hon Abraham Shek Lai-him, JP
Hon Wong Ting-kwong, BBS
- Public Officers Attending** : Miss Elizabeth Tse
Director of Administration (D of Adm)
- Miss Shirley Yuen
Deputy Director of Administration
- Mr K. C. Yau
Assistant Director of Administration
- Clerk in Attendance** : Mrs Anna Lo
Principal Council Secretary (Administration) (PCS(A))
- Staff in Attendance** : Mr Ricky Fung, JP
Secretary General
- Mr Joseph Kwong
Accountant (ACCT)

I. Legislative Council Brief on Review of Remuneration Package for Legislative Council Members

The Chairman welcomed D of Adm and her colleagues to the meeting to brief members on the Report on the Review of Remuneration Package for LegCo Members (the Review Report) issued by The Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission).

2. D of Adm recapitulated that, to further its understanding of Members' proposals regarding their remuneration package, the Independent Commission met with Members in June and August 2006. She highlighted the two major recommendations of the Independent Commission:

- (a) a 10% increase in the OER ceiling, which was on top of the 1.9% increase in October 2006 made according to the CPI(C) movement in the past year. The proposal to increase the OER ceiling by 10% with retrospective effect from 1 October 2006 would be submitted to the Finance Committee for approval on 3 November 2006; and
- (b) relaxation in the restriction on shared employment of staff by LegCo Members, at a date to be fixed when the guidelines for implementation were ready.

3. Mr Howard Young accepted the 10% increase and welcomed the relaxation in joint employment of staff. He had no objection to the third recommendation of the Independent Commission that the proposals about Members' remuneration package should be set aside until the comprehensive review for the remuneration package for Members of the Fourth LegCo (2008-2012), which was due for completion by October 2007. However, he was disappointed at the fourth recommendation that the suggestion for engaging an independent consultant to consider the remuneration package for LegCo Members should be rejected [Paragraph 2(d) of the Independent Commission's Review Report refers.]. Acknowledging that there was no obligation for the Administration to accept all the recommendations of a consultant, the Administration should at least seek independent expert advice on this subject.

4. D of Adm responded that LegCo Members' work was unique and bench-marking it with others might not be possible. She recalled that Ms Emily Lau had reminded the Independent Commission at the August 2006 meeting that even the selected legislatures covered in the LegCo Secretariat's research were not strict comparables. In view of this, the Independent Commission did not support the request for engaging a consultant and considered direct discussion with LegCo Members more effective.

5. Mr Howard Young did not agree that absence of strict comparables was a good reason for not seeking expert advice. He pointed out that job evaluation could be conducted by weighting factors, such as Members' responsibilities, the skills and experience required of them and the difficulties they faced.

6. Ms Emily Lau was frustrated by the Administration's rejection of most of Members' proposals. She pointed out that a comprehensive review of LegCo Members' remuneration had been raised since 1994¹. A research² by the Secretariat revealed that, while Principal Officials of Hong Kong were among the highest paid ones compared with their counterparts in the selected overseas governments, legislators in Hong Kong were among the lowest paid ones compared with their counterparts in these legislatures. She opined that neglecting this anomaly was not only unfair, but also non-conducive to the political development in Hong Kong, because few people would give up their career for a legislator's job that paid just over \$55,000 a month. Referring to paragraph 18 of the Review Report, Ms Lau questioned to what extent the Administration's public consultation on the Further Development of the Political Appointment System "[would] have a bearing on whether there [was] a case to adjust the established view on the nature of LegCo Membership [i.e. whether it was a form of service to the public or a job]."

7. D of Adm responded that the recommendations on an immediate 10% increase in the OER ceiling and the relaxation in joint employment of staff showed that the Independent Commission had taken heed of Members' views. With regard to the remuneration package of Members, the Independent Commission held the view that in order to maintain the credibility of the review system, the practice of implementing changes only in a subsequent LegCo term should continue. The public consultation on the Further Development of the Political Appointment System was cited in the Review Report, because Members first brought that up in their letter to, and at the meetings with, the Independent Commission, and also because its outcome was considered to be one of the relevant factors to be taken into account in the comprehensive review of the remuneration package for Members of the Fourth LegCo. Nonetheless, this did not mean that Members' remuneration package would be pegged to the political appointees.

¹ LC Paper No. AS214/05-06: Summary of proposals on the recommendations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement in its Second Report (see paragraph 4 of Annex D to the Review Report)

² FS17/05-06: Annual Salary of Major Office-holders in Selected Overseas Legislatures and Governments (as of May 2006) (see Appendix III to Annex D of the Review Report)

8. Referring to the Secretariat's research mentioned in paragraph 6 above, D of Adm further explained that since not all details about the remuneration packages of the legislators and officials in the selected countries and states were included, and the nature of the legislators' work and their periods of sitting might be different, additional information would be necessary before reference could be drawn from the research for the determination of Members' remuneration package.

9. Ms Emily Lau agreed that the Secretariat could gather more information if the Administration deemed it necessary. On the consultation about the political appointment system, she disagreed with the Administration's proposal for expanding the upper echelons of the Government with appointed persons, instead of nurturing political talent through the election channel.

10. Mr Cheung Man-kwong regretted that the Administration had turned down most of Members' proposals. He elaborated that these proposals, which were made with Members' consensus, were already very modest. Taking the geographical constituency (GC) of New Territory East as an example, he questioned how the increase of \$11,349 a month could enable Ms Emily Lau to add an office in Taipo or Sheungshui. Moreover, the Administration had ignored the need to provide for the retirement of Members, who might have devoted a good part of their working life in serving the community. Noting that the Administration was trying to create a "government party" by adding some highly paid posts in the Government, he doubted whether the Administration's delaying tactics towards LegCo Members' proposals would foster a balanced and healthy development in the political system.

11. D of Adm reiterated that the Independent Commission was following the established practice of implementing substantial changes in Members' remuneration package in a subsequent LegCo term. Members' views would be borne in mind when the package for Members of the Fourth LegCo was considered. As regards the 10% increase in the OER ceiling, during the June and August 2006 meetings, the Independent Commission specifically asked Members for further justifications for their request for an increase of up to 20%. On both occasions, Members informed the Independent Commission that their proposal for a 20% increase was a compromise among the major political parties and was not arrived at through a quantitative analysis. As public monies were involved, the Independent Commission had to consider Members' request meticulously, and had examined the following basket of factors as set out in paragraph 12 of the Review Report:

- (a) OER utilization rate;
- (b) Statistics on the number of offices operated by LegCo Members and staff members they employed and salaries paid;
- (c) population changes;
- (d) the number of electors registered for GC elections;
- (e) complexity of issues handled by LegCo Members and public expectations; and
- (f) the "accountable" nature of OER.

The calculations in (a) and (b) pointed to an increase to the tune of 10% while the factors in (c) - (f) could not be quantified in the calculations.

12. Mr Cheung Man-kwong commented that the Administration should not base on Members' existing level of expenses to determine the level of financial support required for performing Members' duties. The stark reality was that, with only about \$125,000 a month for servicing over a million residents, Ms Emily Lau could not have offices at both Tseung Kwan O and Taipo. Residents of the latter region had to be deprived of a willing legislator's service. Mr Cheung also pointed out that the resources provided for a Member were only a small fraction of that for a District Office of the Home Affairs Department. Moreover, there were several Districts in one GC. D of Adm replied that provision of more resources for Members elected from larger constituencies would conflict with the Subcommittee's request that the remuneration package should be the same for all Members irrespective of the channels through which they were elected. Mr Cheung responded that the unfair election system of having functional constituencies (FCs) was a historical problem. Nevertheless, even if Members elected through FCs were given the same 20% increase in the OER ceiling as other Members elected through GCs, they might not claim up to the ceiling.

13. Ms Emily Lau said that, with insufficient resources for Members, their staff would continue to be underpaid. Regarding the reimbursement ceiling, it could vary with the number of Districts in a GC. She was dissatisfied that paragraph 7 of the Finance Committee paper [FCR(2006-07)23] only set out the factors considered, without justifying why the increase in OER should be limited to 10%. With reference to paragraph 17 in the Review Report, she questioned whether the Administration had ever indicated that the public's consensus was a crucial factor for determining the nature of LegCo membership, and consequently the remuneration package for Members. She also enquired what action had been taken by the Administration to solicit views from the general public.

14. D of Adm said that the Finance Committee paper was to seek the Committee's approval for the additional funds required for implementing the 10% increase. Detailed explanations of the Independent Commission's deliberations were provided in the Review Report. Furthermore, she quoted the annual over-ceiling expenses reported by Members in the previous three years, namely 3 Members in 2004-2005 with an average excess of \$23,600, 5 Members in 2003-2004 with an average excess of \$94,600 and 5 Members in 2002-2003 with an average excess of \$98,200. In view of these statistics, as well as the average and median figures in paragraph 12 of the Review Report, the Independent Commission considered the 10% increase [of \$136,190 a year] reasonable.

15. Ms Emily Lau commented that the over-ceiling expenses reported could not be used as the yardstick for measuring the additional resources required, because not every Member could afford digging into their own pockets. She also doubted whether members of the Independent Commission understood the difficulties of directly elected LegCo Members, because none of them had the experience of being a directly elected Member. To her disappointment, they declined to visit Members' ward offices to understand the real situation.

16. D of Adm responded that resources for Members had been increased on several occasions since the present reimbursement system was established in 1993, including the 26% increase in 2001. Besides, more flexibility in the use of resources was allowed as a result of the Independent Commission's reviews.

17. Mrs Selina Chow said that she supported in principle most of Ms Emily Lau' comments. However, she pointed out that supporting the development of political parties, especially through providing more resources for LegCo Members, was not a stated policy of the Administration. In view of the present relationship between the Administration and the Legislature, the Administration might not be willing to provide more resources for LegCo Members. She appreciated that D of Adm could only use some established broad principles and statistics for explaining the Independent Commission's recommendations. The community might consider a 10% increase reasonable.

18. Miss Mandy Tam questioned what action the Administration had taken to gather the public's views on Members' remuneration package. Ms Emily Lau also requested the Administration to consider including the question of financial support for LegCo Members in the consultation exercise regarding the political development of Hong Kong.

19. While agreeing to convey Members' views to the relevant bodies, D of Adm emphasized that differences in opinion between Members and the Administration had never been a factor in determining resources for Members.

II. Any other business

20. There being no other business, the meeting ended at 10:35 am.