

立法會

Legislative Council

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Paper for the House Committee Meeting on 17 October 2008

Proposal to set up a subcommittee under the House Committee to follow up Members' remuneration and operating expenses reimbursement

Purpose

This paper invites members to consider setting up a subcommittee under the House Committee to continue to study issues relating to Members' remuneration and operating expenses reimbursement (OER), in particular outstanding issues brought forward from the third term of the Legislative Council (LegCo).

Background

2. On 20 October 2000, the House Committee of the Second LegCo set up a subcommittee to examine issues relating to Members' remuneration and OER ("the Subcommittee"), with a broad scope of work and no limit on membership size. The Subcommittee should make report(s) to the House committee on its work and recommendations. During the second term, the Subcommittee studied the mechanism of annual adjustment to the level of Members' remuneration and OER, and retirement benefits for Members.

3. On 15 October 2004, the House Committee decided to set up the Subcommittee again in the third term to study, inter alia, adjustment to the level of remuneration and OER, retirement benefits as well as arrangements for the renting of offices owned by Members themselves or their respective political parties.

4. The Subcommittee in the third term of LegCo comprised nine members including the Chairman, Prof Hon Patrick Lau Sau-shing. It held 18 meetings including eight meetings with the Administration and attended three meetings with the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region (the Independent Commission). As a result of these meetings, the Independent Commission had agreed to support an increase in the accountable allowance for OER by 10%, as against the Subcommittee's proposed increase of 20%, with effect from

1 October 2006 and enhancement of Members' remuneration package with effect from the fourth term of LegCo as follows:

- (a) to increase the monthly remuneration for LegCo Members by 15%, on top of the price adjustment to be made in October 2008;
- (b) to provide a gratuity pitched at 15% of the total remuneration that Members receive during a LegCo term, which is payable upon the end of their service with LegCo for that whole term, subject to certain exceptions;
- (c) to make available an annual accountable medical allowance of \$25,000 to serving LegCo Members, which can be used either to pay for the premium of their personal medical and/or dental insurance cover, or actual medical and dental expenses, or both; and
- (d) to apply to the proposed medical allowance the current price adjustment mechanism applicable to the relevant components of the remuneration package.

5. The above proposals were subsequently approved by the Finance Committee.

Outstanding issues to be followed up in the fourth term of LegCo

6. On 4 July 2008, upon completion of its work, the Subcommittee reported to the House Committee and recommended the setting up of the Subcommittee again in the Fourth LegCo to continue the study of the following outstanding issues:

- (a) an enhanced level of OER for Members of the fourth term of LegCo; and
- (b) sharing of Members' offices and staff between LegCo and non-LegCo business.

An enhanced level of OER for Members of the fourth term of LegCo

7. Despite the 10% increase of OER in October 2006, the Subcommittee has considered the level of Members' OER at \$127,835 per month (subject to the annual inflation adjustments) inadequate to support the operation of two to three district offices and the hiring of staff to service these offices and provide support to Members. Without sufficient financial provisions, Members can hardly recruit and retain high calibre assistants; not to mention fostering political talent.

8. The Independent Commission re-affirms its view that OER should be maintained at its current level at this stage (subject to the annual inflation adjustments).

However, the Independent Commission will keep in view the position and revisit the level of OER some time during the course of the Fourth LegCo if deemed appropriate.

9. The Subcommittee recommended that this issue be further pursued in the Fourth LegCo.

Sharing of Members' offices and staff between LegCo and non-LegCo business

10. Following a review conducted by the Independent Commission Against Corruption on the administration of OER claims, a compliance audit system was established in October 2006 to ensure that Members' operating expenses claims are in compliance with the provisions on conflict of interest and declaration of interest stipulated in the Guide for Reimbursement of Operating Expenses for Members of the Legislative Council.

11. In its first report to The Legislative Council Commission, the independent compliance auditor pointed out that, where a Member shared his/her operating expenses between his/her LegCo business and non-LegCo business, the sharing ratio was sometimes based on the Member's estimation. The auditor recommended that objective sharing bases, verifiable to some extent, should be used. For example, for sharing of staff, it should be based on the staff's time sheets or time logs; and for sharing of office, it should be based on the floor plan.

12. In response to the auditor's recommendation, the Subcommittee conducted an opinion survey to ascertain Members' views on whether Members' offices and staff should be completely segregated from non-LegCo business and whether verifiable records should be maintained to justify the reimbursed portion of such shared expenses.

13. A total of 53 Members responded to the survey. The views expressed are summarized below:

- (a) On the use of a Member's offices and staff,
 - (i) over 66% of the respondents opined that sharing with private or commercial business should not be allowed; and
 - (ii) about 90% of the respondents opined that sharing with organizations related to a Member's functional constituency or offices for District Council business should be allowed.
- (b) On the premise that shared use of a Member's office and staff between LegCo and non-LegCo business is allowed,
 - (i) only 40% of the respondents agreed that time sheets or time logs should be maintained, while over 45% disagree; and

- (ii) about 66% of the respondents, including some who agreed that time sheets or time logs should be kept, considered the present apportionment basis of relying on the Member's estimation adequate.

14. A detailed breakdown of Members' responses is in **Appendix I**.

15. The Subcommittee noted that Members were supportive of the overall objective but were concerned about the practical difficulties in adopting the computation methods suggested by the compliance auditor. The Subcommittee requested that further study be conducted on how to strike a fair balance between the need for some Members to share their offices and staff between their LegCo and private/commercial business and the need to avoid unnecessary misconception, especially when public funds were involved. The Subcommittee requested the Secretariat to further consult the auditor and to come up with an arrangement which would be acceptable to both the auditor and Members.

16. The Subcommittee recommended that this issue be further pursued in the Fourth LegCo.

Advice sought

17. Members are invited to consider setting up the Subcommittee to follow up the above outstanding issues and to study any other issues relating to Members' remuneration and OER.

Administration Division
Legislative Council Secretariat
15 October 2008

Subcommittee on Members' Remuneration and Operating Expenses Reimbursement

Opinion survey results on sharing of offices and staff between LegCo and non-LegCo business

Questions	Yes	No	No Comment
1. Should sharing of a Member's office and/or staff with the following parties (or for the following purposes) be allowed?			
(a) any private/commercial business	16 + 1 (in respect of staff only)	35 + 1 (in respect of office only)	1
(b) organizations related to the functional constituency that the Member represents	46	7	0
(c) the District Council office of the Member and/or other District Council Member(s)	50	2	1
2. If shared use of a Member's office and staff is allowed, should the following records be maintained?			
(a) time sheets or time logs for staff serving both LegCo and non-LegCo business (Please see Attachment to LC Paper No. AS230/07-08 for a sample time sheet.)	21	25	7
(b) time logs for shared rooms occasionally used by a Member's office (e.g. meeting rooms in a shared office) (Note: At present, the Reimbursement Guide requires that a floor plan demarcating areas dedicated to LegCo and non-LegCo business be submitted to justify the office rent shared.)	21	24	8
(c) no additional records are required, the present practice of relying on the Member's estimation is adequate	35	11	7