

ITEM FOR FINANCE COMMITTEE

HEAD 63 – HOME AFFAIRS DEPARTMENT Subhead 000 Operational expenses

Members are invited to approve the recurrent financial implications arising from the proposed grant of honorarium to Village Representatives with effect from 1 April 2010.

PROBLEM

We need to consider granting an honorarium to Village Representatives (VRs) who are returned by public election held in accordance with the Village Representative Election Ordinance (VREO) (Cap. 576) and subject to the supervision of the Electoral Affairs Commission (EAC).

PROPOSAL

2. We propose that –
 - (a) recurrent funding be set aside in the Annual Estimates with effect from 2010-11, such that each VR be eligible for a new non-accountable honorarium of \$2,000 per quarter with effect from 1 April 2010; and
 - (b) the Secretary for Financial Services and the Treasury be delegated the authority to approve future revisions of the honorarium every four years after each village ordinary election with reference to the cumulative movement of Consumer Price Index (A) (CPI(A)), be it inflationary or deflationary, since the last adjustment is made.

/JUSTIFICATION

JUSTIFICATION

3. Enacted in 2003, the VREO provides for the election of VRs, which are divided into two categories, namely, Indigenous Inhabitant Representatives (IIRs) for Indigenous Villages¹ and Composite Indigenous Villages²; and Resident Representatives (RRs) for Existing Villages³. The functions of IIRs and RRs as required under the law are –

- (a) IIRs are to reflect views on the affairs of the village on behalf of the indigenous inhabitants of the village, and to deal with all affairs relating to the lawful traditional rights and interests, and the traditional way of life, of those indigenous inhabitants; and
- (b) RRs are to reflect views on the affairs of the village on behalf of the residents of the village. RRs shall not deal with any affair relating to the lawful traditional rights and interests of indigenous inhabitants.

4. Carrying out VR statutory duties demands time and effort. VRs represent their constituencies and are required to liaise with different parties on matters affecting their villages and the well being of the villagers. To discharge their statutory duties effectively, they have to attend meetings with various parties including Government bureaux/departments and non-governmental organisations, maintain close liaison with villagers and organise activities for them. They are consulted on major issues affecting their villages, and serve as critical contact points in times of emergencies such as flooding.

5. At present, no honorarium is granted to VRs. As a form of recognition and support for the VRs who have to discharge their responsibilities as required under the law, we propose to grant each VR an honorarium of \$2,000 per quarter with effect from 1 April 2010. We consider the proposed honorarium, which is nominal in nature, appropriate having regard to the scope of

/VRs'

¹ Indigenous Villages are those already in existence in 1898. They are listed in Schedule 2 to the VREO. There are 586 Indigenous Villages. The number of IIRs of each of the Indigenous Villages (which ranges from one to five) is stipulated in the VREO.

² Composite Indigenous Villages are listed in Schedule 3 to the VREO. These villages, which are also Indigenous Villages, are called Composite Indigenous Villages because their indigenous inhabitants jointly elect their IIRs. There are 15 Composite Indigenous Villages and each may elect one IIR.

³ Existing Villages are listed in Schedule 1 to the VREO. They are villages that physically exist in the New Territories. An Existing Village may be an indigenous village or a non-indigenous village. There are 693 Existing Villages and each may elect one RR.

VRs' work and the size of their constituencies. The proposed honorarium is not meant for reimbursing the expenses incurred by VRs when they discharge their duties. Neither do we consider that the proposed level of \$2,000 per VR per quarter should justify an elaborate claim procedure. As such, we propose to grant the honorarium on a non-accountable basis. This will also help avoid incurring disproportionately high administrative costs for processing claims.

6. We propose that all VRs returned from a village ordinary election should be entitled to the honorarium from the first day of their four-year term for so long as they are holding their office. VRs returned from by-elections uncontested would usually have their results announced prior to their counterparts who need to go through by-elections which are contested. To keep the mechanism simple and equitable to all concerned, all VRs elected in by-elections, whether contested or not, should start their entitlement from the beginning of the next quarter after the date on which the result of the by-election is declared. Subject to Members' approval, we will make payment direct to VRs on the last working day of the quarters ending 30 June, 30 September, 31 December and 31 March each year.

7. Presently, District Council (DC) members with concurrent membership in the Executive Council (ExCo) and/or the Legislative Council (LegCo) would be eligible for only two-thirds of the amount of honorarium for DC members. Given the nature and nominal level of the honorarium proposed, we suggest that VRs with concurrent membership in ExCo, LegCo and/or DC should be eligible for the full amount of the VR honorarium.

8. Subject to Members' approval, we propose that the quarterly honorarium of \$2,000 will be introduced with effect from 1 April 2010 and be applicable for the current VR term up to March 2011. In order that the level of honorarium can be revised to keep up with changes in price levels, we propose that the honorarium should be adjusted once every four years after each village ordinary election with reference to the cumulative movement of CPI(A)⁴, be it inflationary or deflationary, since the last adjustment is made. We do not recommend adjusting the level of the honorarium on a more frequent basis because any adjustments during a four-year VR term will unlikely be material given its nominal nature and the cost of the additional administrative work so involved may outweigh the merit

/of

⁴ CPI(A) is compiled based on the expenditure patterns of households in the relatively low expenditure range and the approximate percentage of households covered under CPI(A) is 50%. We propose to adopt CPI(A) in adjusting the proposed honorarium to VRs as reference has been made to the adjustment mechanism of the remuneration package of DC members which also follows the movement of CPI(A).

of more frequent adjustments. In this regard, given the short interval between the implementation of this proposal, if approved, and the next VR term which will take effect from 1 April 2011, we propose that the quarterly honorarium of \$2,000 will also be applicable to the next VR term from April 2011 to March 2015. The first review will hence take place in 2015, and the adjusted rate, if any, will take effect from 1 April 2015.

FINANCIAL IMPLICATIONS

9. At present, there are 1 480 VR seats in the current VR term. We estimate that the proposed grant of honorarium of \$2,000 per quarter for each VR will entail an outlay of \$11.840 million in 2010-11. As the number of VR seats will be increased by four to 1 484 in the next VR term, the recurrent expenditure will slightly increase to \$11.872 million per annum from 2011-12 onwards.

PUBLIC CONSULTATION

10. We have consulted the LegCo Panel on Home Affairs and Heung Yee Kuk on the proposal. Both supported the proposal.

11. Some LegCo Panel Members questioned whether office-bearers of Mutual Aid Committees (MACs)⁵ and Owners' Corporations (OCs)⁶ should be granted similar honoraria. Since such officer-bearers, unlike VRs, are not returned by public election underpinned by statute and their elections are not subject to the supervision of the EAC, we are of the view that the considerations and justifications behind the current proposal are not applicable in their cases. Some Panel Members also raised that the financial assistance for MACs should be increased. This is something different in nature from an honorarium; the Administration will consider the suggestion separately.

/BACKGROUND

⁵ A MAC is a voluntary body formed by the residents of a building with the primary aim to promote a sense of friendliness, mutual help and responsibility among members, and to promote better security, a better environment and, generally, more effective management within the building.

⁶ An OC is an independent body corporate formed under the Building Management Ordinance (BMO) (Cap. 344). It acts legally on behalf of all owners in managing the common parts of the building, and exercises and performs the rights, powers, privileges and duties of the owners under the BMO.

BACKGROUND

12. All VRs are returned by public election underpinned by the VREO and under the supervision of the EAC. The first village ordinary election under the VREO was held in 2003. The next one will be held in 2011. At present, there are 1 480 VR seats including 787 IIRs and 693 RRs. Two additional IIR and RR seats each will be established in 2011 after the inclusion of two villages into the Schedules to VREO by the Village Representative Election Legislation (Miscellaneous Amendments) Ordinance 2009.

Home Affairs Bureau
Home Affairs Department
January 2010