

# 立法會 *Legislative Council*

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## **Panel on Home Affairs**

### **Background brief prepared by the Legislative Council Secretariat for the meeting on 28 January 2019**

### **Review of the remuneration package for District Council members**

#### **Purpose**

This paper provides background information on the Government's reviews of the remuneration package for District Council ("DC") members and summarizes the past discussions of the Panel on Home Affairs ("the Panel") on the subject.

#### **Background**

##### Remuneration package for District Council members

2. The current remuneration package for DC members comprises nine components, namely (a) a monthly honorarium<sup>1</sup>, (b) an annual provision of accountable Operating Expenses Reimbursement ("OER"), (c) a non-accountable monthly provision of Miscellaneous Expenses Allowance ("MEA"), (d) an accountable Setting-up Expenses Reimbursement ("SER"), (e) an accountable Winding up Expenses Reimbursement ("WER"), (f) an accountable Medical Allowance, (g) an end of term gratuity equivalent to 15% of the honorarium, (h) a provision for duty visits, and (i) an Entertainment Expenses Reimbursement only provided to DC Chairmen for meeting entertainment expenses incurred on behalf of their respective DCs. The current amounts for these components are listed in **Appendix I**.

3. According to the Administration, it is the established practice for the Government to complete the review of the remuneration package for DC members and to announce the new package about one year before the commencement of the next DC election, so that potential candidates are aware of the package before deciding whether to run in the election. The Administration has advised that a guiding principle in reviewing the remuneration package is to

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<sup>1</sup> The monthly honorarium is adjusted annually in accordance with the movement of the Consumer Price Index (A) in January each year.

ensure that DC members are provided with sufficient resources to cover expenses arising from their DC-related functions and duties. A holistic approach has been adopted as in previous reviews, giving consideration to a basket of factors such as past expenditure patterns.

### Recent reviews

#### *The mid-term review in 2013*

4. In view of DC members' concerns about their increased operating expenses, particularly the significant increase in office rental, the Government conducted a mid-term review of the remuneration package in 2013. As a result of the review, the following enhancements of the remuneration package for DC members were proposed:

- (a) increasing the rate of the accountable OER by 34%;
- (b) allowing any surplus from OER entitlement in one calendar year to roll over to the following year until the end of a DC term; and
- (c) increasing the entitlement of the accountable SER from 50% to 100% for a DC member who had claimed SER in a previous term but had changed the location of his ward office in the current term.

5. The proposed enhancements were approved by the Finance Committee ("FC") on 6 December 2013 and took effect from 1 January 2014.

#### *The 2014 review*

6. In his 2015 Policy Address, the former Chief Executive announced that the Government proposed to increase the monthly honorarium of DC members by 15% in real terms starting from the Fifth DC commencing on 1 January 2016 (i.e., from \$25,760 to \$29,620 at 2015 price level) and introduce a new provision of \$10,000 per term to cover duty visit related expenses also starting from the Fifth DC. The proposals were approved by FC on 26 June 2015.

### **Panel's discussions on issues relating to the remuneration package for District Council members**

7. At its meeting on 8 November 2013, the Panel was consulted on the proposed enhancements of the remuneration package for DC members following the mid-term review in 2013. The Panel was also consulted on the proposed increase in the monthly honorarium and the new provision for duty visits on 6 February 2015. The major views and concerns expressed by members are summarized below.

### Operating Expenses Reimbursement and Winding-up Expenses Reimbursement

8. At both of the aforementioned meetings, members in general expressed concern that DC members who rented private premises as ward offices had to bear high rentals. These members took the view that there was an urgent need to further enhance DC members' OER due to the rapid increases in rental costs for ward offices and other operating expenses. It was suggested that the Administration should either provide offices to DC members, or set up a dedicated provision to provide subsidies to those DC members who had to rent private premises for setting up ward offices.

9. The Administration advised that OER was designed to provide maximum flexibility for DC members to deploy the funding according to their operational needs. The Administration opined that creating a dedicated funding provision for reimbursement of rental expenses would remove this flexibility. The Administration pointed out that the rate of the accountable OER had been increased by 34% with effect from 1 January 2014. The provision was considered sufficient to meet the needs of most DC members. On the suggestion that the Administration should consider providing office spaces to DC members as ward offices, the Administration advised that it was not easy to identify suitable sites and premises for the purpose in every constituency given the limited land supply.

10. Some members pointed out that the increase in the rate of the accountable OER by 34% had enabled DC members to employ quality staff and retain experienced assistants. They suggested that the Administration should also provide DC members with an additional provision to cover the end-of-service gratuity or severance pay given to their assistants. Members also pointed out that Islands DC covered a large area and the work of some Islands DC members involved a lot of travelling. They suggested that consideration should be given to providing these DC members with a special provision to cover their travelling expenses.

11. The Administration explained that OER was a lump sum provision provided for DC members to cover the expenses arising from the performance of their responsibilities. The major expenditure items included salaries for their assistants, rental for ward offices and other operating expenses (e.g. utility expenses, publicity and printing). DC members were given the flexibility of deploying their OER according to their operational needs. The Administration further advised that an accountable WER at \$72,000 per DC term was provided to cover expenses required to wind up a ward office. The provision could be used for paying severance pay to DC members' assistants.

### Setting-up Expenses Reimbursement and Miscellaneous Expenses Allowance

12. With regard to the enhanced entitlement of the accountable SER in paragraph 4(c) above, some members expressed concern that a re-elected DC member who had claimed SER in a previous term but had not changed the location of his ward office in the current term would be ineligible for the increased entitlement from 50% to 100% of the accountable SER. These members pointed out that although the DC member had not changed the location of his ward office in the current term, he/she might still need to replace obsolete office equipment (such as computers, photocopiers and air conditioners) due to normal wear and tear. It was suggested that additional funding should be provided for the DC member concerned to meet such expenses.

13. Having regard to members' views, the Administration subsequently revised its proposal when it was submitted to FC in June 2015 by including expansion of the remit of the accountable and enhanced OER to cover furniture and equipment expenses and the associated repair and maintenance costs starting from the Fifth DC, while keeping the entitlement ceilings of OER and SER unchanged. The proposal was approved by FC.

14. At the Panel meeting on 6 February 2015, some members also suggested that the Administration should streamline the procedures for DC members to write off obsolete equipment (such as computers) and to claim reimbursement for minor out-of-pocket expenses incurred in the performance of duties. The Administration advised that it had established rules and procedures governing the replacement of equipment that had reached their normal serviceable lives. Action would be taken to explore the feasibility of further streamlining the procedures for write-off of old and obsolete equipment. Apart from the "buy back" option, the Administration would examine the possibility of allowing DC members to donate old and obsolete equipment to schools and/or qualified organizations, if they so wished. Besides, a non-accountable monthly provision of MEA was already provided for DC members to cover minor expenses.

### New provision for duty visits

15. While considering conduct of duty visits highly beneficial to DC members' work, some members enquired whether any guiding principles/mechanism would be put in place for DCs to approve duty visits outside Hong Kong which were proposed by individual members, with a view to ensuring prudent use of public money.

16. The Administration advised that all duty visits must be related to the work of DCs, formally endorsed by and conducted in the name of DCs or their committees. While the destinations for the duty visits were to be decided by DCs, individual members could put forward proposals for the consideration of

DCs. The DC Secretariats would provide logistical support for the duty visits and arrange for the procurement of air tickets, accommodation and/or in-town travelling arrangements. Guidelines would be promulgated on the proper use of the new provision.

### **Latest development**

17. The Administration will consult the Panel on its review of the remuneration package for DC members for the next DC term at the meeting on 28 January 2019.

### **Relevant papers**

18. A list of relevant papers on the LegCo's website is in **Appendix II**.

Council Business Division 2  
Legislative Council Secretariat  
22 January 2019

## Remuneration Package for District Council Members

**I. Monthly/Annual Rate**

	<b>Claim Amount</b> (Effective from 1.1.2019)
<b>1. Honorarium</b>  <u>Without concurrent membership</u> Chairman Vice-chairman Member  <u>With concurrent membership</u> <sup>Note</sup> Chairman Vice-chairman Member	   \$64,300 per month \$48,230 per month \$32,150 per month   \$53,580 per month \$37,510 per month \$21,430 per month
<b>2. Operating Expenses Reimbursement</b>  <u>Without concurrent membership</u>   <u>With concurrent membership</u> <sup>Note</sup>	   \$495,660 per annum (\$41,305 per month on average)   \$330,444 per annum (\$27,537 per month on average)
<b>3. Miscellaneous Expenses Allowance</b>  <u>Without concurrent membership</u>  <u>With concurrent membership</u> <sup>Note</sup>	  \$5,690 per month  \$3,790 per month
<b>4. Medical Allowance</b>  <u>Without concurrent membership</u>  <u>With concurrent membership as a Legislative Council (LegCo) member</u>	  \$34,320 per annum  -
<b>5. Entertainment Expenses Reimbursement for District Council Chairmen</b>  <u>For District Council (DC) Chairmen only</u>	  \$37,980 per annum

## **II. Rate per Term**

	<b>Claim Amount</b> (Effective from 1.1.2019)
<b>6. Setting-up Expenses Reimbursement (SER)</b>  <u>Member serving on consecutive terms</u> (and has claimed the SER in the previous term)  <u>New member</u> (or member serving on consecutive terms but has not claimed the SER in the previous term)	 \$50,000 per term or \$100,000 per term, if eligible  \$100,000 per term
<b>7. Winding-up Expenses Reimbursement</b>	\$72,000 per term
<b>8. Provision for Duty Visit</b>	\$10,000 per term
<b>9. End-of-term Gratuity</b>	15% of the total honorarium received during the term (payable at the end of the term)

Note DC members with concurrent membership refer to those who serve as members of the Executive Council and/or LegCo.

Source : District Council website

## Appendix II

### Relevant papers on review of the remuneration package for District Council members

Committee	Date of meeting	Paper
Panel on Home Affairs	8.11.2013 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	6.12.2013	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Home Affairs	6.2.2015 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	26.6.2015	<a href="#">Agenda</a> <a href="#">Minutes of the 55<sup>th</sup> meeting</a> <a href="#">Minutes of the 56<sup>th</sup> meeting</a>
Legislative Council	14.10.2015	<a href="#">Official Record of Proceedings (pages 124 to 130)</a>
	22.2.2017	<a href="#">Official Record of Proceedings (pages 7 to 12)</a>
Panel on Home Affairs	22.10.2018 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a>