

**The Independent Commission on Remuneration for  
Members of the Executive Council and the Legislature,  
and Officials under the Political Appointment System  
of the Hong Kong Special Administrative Region**

**Report on the Review of Remuneration Package for  
Members of the Eighth Term Legislative Council**

**May 2025**

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## CHAPTER 1: INTRODUCTION

1.1 The Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region (Independent Commission) is appointed by the Chief Executive to, inter alia, advise the Government on the remuneration packages for Members of the Executive Council (ExCo) and the Legislative Council (LegCo), and political appointed officials. The terms of reference and membership of the Independent Commission are at **Annex A** and **Annex B** respectively.

1.2 It is an established practice for the Independent Commission to conduct a comprehensive review of the remuneration package for LegCo Members about 18 months before the start of a new LegCo term. With the Eighth Term LegCo due to begin in January 2026, the Independent Commission started the review in June 2024, which is now completed.

### Current remuneration package for LegCo Members

1.3 The current remuneration package for LegCo Members, after the latest annual price adjustment of 1.8% in accordance with the Consumer Price Index (CPI) (C)<sup>1</sup> with effect from 1 October 2024, is as follows –

		Remuneration package with effect from 1 October 2024
<b><i>Remuneration and personal benefits</i></b>		
(i) Monthly remuneration*	LegCo President	\$217,580
	President's Deputy	\$163,190
	Other Members	\$108,790
	Members also serving on ExCo	\$72,530 (i.e. 2/3 of \$108,790)

<sup>1</sup> The CPI measures the changes over time in the price level of consumer goods and services generally purchased by households. The year-on-year rate of change in the CPI is widely used as an indicator of inflation affecting consumers. The CPI(C) is compiled based on the expenditure pattern of households in the relatively high expenditure range.

	<b>Remuneration package with effect from 1 October 2024</b>
(ii) End-of-service gratuity (payable at term end per term)	15% of the total remuneration for the term (i.e. based on item (i))
(iii) Medical allowance* (per annum)	\$37,890
<b><i>Operating Expenses Reimbursement</i></b>	
(iv) Office Operation Expenses Reimbursement (OOER)* (per annum)	\$2,984,860
(v) Entertainment and Travelling Expenses Reimbursement (ETER)* (per annum)	\$238,400
(vi) President's Entertainment Allowance* (per annum)	\$238,630
(vii) Setting Up and Information Technology Expenses Reimbursement (SUITER) (per term)	\$375,000 or \$262,500 (for Members who have claimed setting up expenses in the previous term)
(viii) Winding Up Expenses Reimbursement (WUER) (per term)	1/12 of the annual OOER (i.e. \$248,738 based on item (iv)), plus actual severance payments

1.4 Components (i), (iii), (iv), (v) and (vi) as listed in paragraph 1.3 above (marked with an asterisk (\*)) are subject to annual adjustments in October each year in accordance with movements of the CPI(C). Components (ii) and (viii) above will also be adjusted as a consequence of any adjustment to components (i) and (iv) respectively. In addition, surplus from a year's entitlement of medical allowance and OOER may be rolled over to the following year until the end of a LegCo term.

## **Requests from the current (Seventh Term) LegCo**

1.5 The Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (LegCo Subcommittee), formed under the House Committee of the current (Seventh Term) LegCo, submitted a report on their proposals to the Independent Commission in July 2024 (LegCo Subcommittee Report). The report includes five proposals, as follows –

- (a) adopting a weighted index instead of CPI(C) as the basis for annual adjustment to Members' OOER;
- (b) abolishing the one-third reduction in the monthly remuneration for LegCo Members who also serve on ExCo (to be referred to as "Dual Members");
- (c) consolidating OOER and SUITER;
- (d) revising the threshold for capitalising items to \$5,000; and
- (e) reimbursing a portion of "other operating expenses", except consultancy services, on a non-accountable basis subject to certain conditions.

The above proposals will be discussed in details in Chapters 3 to 5.

## CHAPTER 2: REVIEW APPROACH AND BASIC PRINCIPLES

### Review approach and principles

2.1 In line with the established mechanism for determining LegCo Members' remuneration package, the Independent Commission commenced the current review about 18 months before the start of the upcoming new LegCo term to come up with recommendations for consideration by the Government. In conducting this review, the Independent Commission has adopted a holistic approach by examining a basket of factors, including the role and functions of LegCo Members; utilisation rates of the allowances currently available to Members; views of LegCo Members; the economic situation of Hong Kong and market rates of salaries and rentals, etc. In addition, the Independent Commission has taken into account the established mechanism that Members' monthly remuneration, medical allowance, OOER and ETER, as well as the President's Entertainment Allowance are subject to annual inflation adjustments in October in accordance with movements of the CPI(C). During the process, the Independent Commission also held a meeting with the LegCo Subcommittee in October 2024 to discuss the recommendations in the LegCo Subcommittee Report, and examined the requests of the LegCo Subcommittee afresh in an impartial manner.

2.2 The Independent Commission considers that the following basic principles should be upheld in conducting the review –

- (a) the main objective of making available a remuneration package to LegCo Members is to make it possible for a broad spectrum of quality individuals from different sectors of the community to serve the public in the capacity of LegCo Members vis-à-vis other pursuits. The remuneration package, including the OOER, should allow for an average LegCo Member to discharge his/her core duties;
- (b) given the diversified political backgrounds and operational needs of LegCo Members, each Member should be in the best position to decide on the most appropriate set-up to discharge his/her core duties. This includes the number and size of offices, the number of staff required and their appropriate qualifications and pay;

- (c) the monthly remuneration and various allowances/reimbursements available to Members should be considered in totality. The overall remuneration package should be finalised in good time so that aspiring candidates for the coming LegCo election can take this factor into account in considering whether or not to enrol for the election;
- (d) LegCo Members returned by the Election Committee, functional constituencies and geographical constituencies should be entitled to the same remuneration package on the ground that they are exercising the same constitutional powers and functions under the Basic Law;
- (e) LegCo Members' monthly remuneration and the salaries of their assistants should not be pegged to that of the civil service since the job nature and responsibilities of the civil service are different from that of LegCo Members or their assistants. Besides, the annual civil service pay adjustment is a well-established mechanism with features that are unique to the civil service whereas LegCo Members' assistants typically come from a wide range of backgrounds, in terms of academic qualifications and practical experience;
- (f) LegCo Members' monthly remuneration should not be pegged to that of politically appointed officials given the entirely different roles and responsibilities between the two; and
- (g) to avoid creating potential unfair advantage for incumbent LegCo Members over other aspiring candidates for an upcoming LegCo election, any proposed enhancement to the remuneration package should not be made within the current LegCo term unless with exceptionally strong justifications.

## CHAPTER 3: REMUNERATION AND PERSONAL BENEFITS

### Monthly remuneration

3.1 With annual adjustment in October in accordance with movements of the CPI(C), the monthly remuneration for LegCo Members currently stands at \$108,790 (with effect from 1 October 2024), which is broadly in line with that of the top salary earners in Hong Kong. Meanwhile, the monthly remuneration for the LegCo President and the President's Deputy (i.e. Chairman of the House Committee) are fixed at 200% and 150% of that of their fellow LegCo Members respectively (i.e. \$217,580 and \$163,190).

3.2 In considering the level of the current monthly remuneration for LegCo Members, the Independent Commission is satisfied that it is reasonably attractive to encourage a broad spectrum of quality individuals from different sectors of the community to serve the public in the capacity of LegCo Members vis-à-vis other pursuits. The Independent Commission also notes that the LegCo Subcommittee has not requested an adjustment to Members' remuneration. The Independent Commission **recommends maintaining the existing level of Members' remuneration, the annual adjustment mechanism and arrangement on the remuneration level for the LegCo President and the President's Deputy.**

### *Remuneration for LegCo Members who also serve on ExCo*

3.3 Under the existing mechanism, a Dual Member is given two-thirds of the monthly remuneration received by other LegCo Members<sup>2</sup>,

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<sup>2</sup> Historically, before the introduction of direct elections to LegCo in October 1991, Dual Members were eligible for one honorarium only. Recognising that LegCo Members would have to devote more time to LegCo business upon introduction of direct elections to LegCo, Dual Members were entitled to receive the full ExCo honorarium and two-thirds of the LegCo monthly remuneration with effect from 1 October 1991. This was in line with the then arrangement for payments in the case of multiple memberships in that ExCo/LegCo Members serving in Municipal Councils or the District Boards were entitled to their ExCo/LegCo honorarium in full and two-thirds of the allowance in the Municipal Councils or District Boards. It was also considered that there was a certain degree of synergy between the dual membership as the mainstay of both ExCo and LegCo's businesses covered major Government policies, bills and subsidiary legislation.



which currently stands at \$72,530 (with effect from 1 October 2024). In November 2018, the seven Dual Members at that time conveyed their views to the Government that as a matter of principle, a Member with dual membership in ExCo and LegCo was performing two roles and should be entitled to both honoraria in full<sup>3</sup>.

3.4 The Independent Commission considered the proposal in the review of the remuneration of the Seventh Term LegCo and recommended abolishing the one-third reduction in LegCo monthly remuneration for Dual Members. Specifically, the Independent Commission agreed that, as a matter of principle, a member with dual membership in ExCo and LegCo is performing two roles and should therefore be entitled to both honoraria in full. While the work of ExCo and LegCo is related, Dual Members could not, and do not, devote lesser time in LegCo as compared to their counterparts.

3.5 In 2020, the Chief Executive in Council (CE-in-Council) considered the recommendation by the Independent Commission and found the proposal not unreasonable. However, having regard to factors such as the then local economic downturn, labour earnings and employment situation, as well as the then government decision to freeze civil service pay, the pay of politically appointed officials and the honorarium of ExCo Non-official Members, the CE-in-Council decided that the remuneration package for Members of the Sixth Term LegCo (including the one-third reduction in LegCo remuneration for Dual Members) should continue to be adopted for Members of the Seventh Term.

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<sup>3</sup> The seven Dual Members were Hon Regina Ip, Hon Tommy Cheung, Hon Jeffery Lam, Hon Wong Kwok-kin, Hon Martin Liao, Hon Cheung Kwok-kwan and Hon Kenneth Lau. In the letter, they raised their views that the workload of LegCo Members, as evidenced by the number of meetings and the time taken to discuss legislative and funding proposals, had increased significantly with the rapid increase in LegCo seats returned by election. The additional workload and political pressure from their role as an ExCo member were tremendous. They also pointed out that the diminished base (i.e. two-thirds) of their LegCo monthly remuneration had resulted in a substantial loss in their gratuity payment since the latter is 15% of the total remuneration that a LegCo Member receives during a LegCo term.

3.6 Noting that abolishing the one-third reduction in the monthly remuneration for Dual Members was one of the recommendations of the Independent Commission in its last review but not adopted eventually, and taking into account the fact that 78% of the Members who responded to the survey on the remuneration package of the Eighth Term LegCo conducted by the LegCo Secretariat in July 2023 supported this proposal, the LegCo Subcommittee included this as one of the proposals in its report. The Independent Commission has reviewed the merits of the proposal afresh in the current review. Given that there has been no significant change in the role and functions of LegCo Members since the Seventh Term LegCo, the Independent Commission agrees that the considerations in the last review remain largely valid. In order to give due recognition to the contribution of Dual Members to the community of Hong Kong and as a matter of principle, the Independent Commission considers that the one-third reduction in LegCo monthly remuneration for Dual Members should be abolished. If the one-third reduction is abolished, it is estimated that, according to the current rate of remuneration, there would be an additional financial implication of about \$2 million per Dual Member per term, or about \$16 million in total (assuming the number of Dual Members remains at eight).

3.7 Notwithstanding the above, the Independent Commission acknowledges that, as outlined in the 2025-26 Budget, the society is facing multiple challenges on various fronts. These include shifts in the international geopolitical landscape which have disrupted trade and dampened sentiment in the investment market, a relatively high interest rate environment, and struggling retail and catering sectors. The large-scale, counter-cyclical measures launched over the last few years in response to the pandemic had already led to financial deficits these few years, while over the past year, revenue related to the asset market has fallen short of expectations due to a combination of internal and external factors, resulting in a higher-than-expected government deficit for the current year. Taking into account the issuance of government bonds of \$130 billion and repayments of \$22.1 billion, it is expected that there will be a consolidated deficit of \$87.2 billion for 2024-25.

3.8 In response, the Government has proposed reinforcing the fiscal consolidation programme in the 2025-26 Budget to strictly contain public expenditure. As part of the reinforced fiscal consolidation programme, the Government has proposed a pay freeze for the executive authorities, the legislature (including the President, all Members and

Secretariat of the LegCo), the judiciary, and members of the District Councils (DCs) for 2025-26. These steps are intended to lay a sustainable fiscal foundation for future development with a view to restoring fiscal balance in the Operating Account of the Government within the current Government term.

3.9 In the face of the pressure on public finances, the Independent Commission recognises that it may not be a suitable time to implement changes in the remuneration package for LegCo Members which may lead to additional financial implications. Therefore, while recognising the reasonableness of the proposal on abolishing the one-third reduction in LegCo monthly remuneration for Dual Members, the Independent Commission **does not recommend this proposal be implemented for Members of the Eighth Term LegCo.**

### **End-of-service Gratuity**

3.10 A 15% end-of-service gratuity for LegCo Members was introduced with effect from 1 October 2008. This is to recognise LegCo Members' public service and assist Members to tide over a period should they decide not to seek re-election or fail to be re-elected. Since the current level is adopted by many entities in the private sector as well as those in the public sector where an end-of-service gratuity is payable, the Independent Commission considers a 15% end-of-service gratuity remain appropriate and **recommends maintaining it for Members of the Eighth Term LegCo.**

### **Medical Allowance**

3.11 Medical allowance was introduced with effect from 1 October 2008. With annual adjustment in October in accordance with the CPI(C) movement, the annual medical allowance currently stands at \$37,890 (with effect from 1 October 2024). Since the Sixth Term LegCo, any unused balances can be carried forward for use until the end of a LegCo term.

3.12 The overall average utilisation rates in the first two reimbursement years of the Seventh Term LegCo (based on claims processed up to end March 2024) as provided by the LegCo Secretariat was 49.3%, as compared to 64.4% in the Sixth Term. Taking into account the utilisation rate and that the LegCo Subcommittee did not request an adjustment, the Independent Commission **recommends maintaining the existing level and arrangement on medical allowance for Members of the Eighth Term LegCo.**

## CHAPTER 4: OPERATING EXPENSES REIMBURSEMENT

### Office Operation Expenses Reimbursement

4.1 OOER was last increased by 7% with effect from the Sixth Term LegCo. With annual adjustment in October in accordance with the movements of the CPI(C), the amount of OOER now stands at \$2,984,860 per annum (with effect from 1 October 2024), and any unused balance can be carried forward to the following year until the end of a LegCo term. There is no restriction on how Members apportion the amount of OOER between different expenditure items. Members have full discretion to decide on the exact number of staff to employ and their salary level, the number of offices, the number of activities organised, etc. according to their individual needs and priorities.

4.2 According to information provided by the LegCo Secretariat, the utilisation rates of OOER in the current term so far is relatively lower as compared with that of the Sixth Term LegCo, with details shown below –

	Utilisation rate (%)	
	<i>Sixth LegCo</i>	<i>Seventh LegCo</i>
1 <sup>st</sup> reimbursement year	84.1	67.8
2 <sup>nd</sup> reimbursement year	88.7	83.0
3 <sup>rd</sup> reimbursement year	93.6	N/A
4 <sup>th</sup> reimbursement year	98.2	N/A
5 <sup>th</sup> reimbursement year <sup>4</sup>	84.4	N/A
<b>Overall average</b>	<b>90.5</b>	<b>75.6</b>

As the current provision could adequately meet Members' expenses and the LegCo Subcommittee did not request an adjustment, the Independent Commission **recommends maintaining the existing level of OOER for Members of the Eighth Term LegCo.**

<sup>4</sup> As the term of the Sixth LegCo was extended until the end of 2021, the 5<sup>th</sup> reimbursement year (i.e. 2020-2021) covered the 15 months between 1 October 2020 and 31 December 2021.

### Annual Adjustment Mechanism of OOER

4.3 The LegCo Subcommittee proposed the adoption of a weighted index as the annual adjustment factor of OOER<sup>5</sup>. In fact, the same proposal was put forward by the then LegCo Subcommittee in the review of the remuneration package of the Seventh Term LegCo. In the review of the last term, the Independent Commission considered it reasonable to adopt a weighted index on the grounds that (a) a weighted index based on Members' past expenditure patterns would allow for more accurate adjustments; (b) the proposed weighted index would not impose any restriction on Members' use of expenditure; and (c) the proposal had majority support from Members, and hence recommended this proposal to the CE-in-Council. The only difference in the recommendation of the Independent Commission as compared with the LegCo Subcommittee's proposal was that the Independent Commission considered that, as a matter of principle, the salary portion of OOER should not be adjusted with reference to the annual civil service pay adjustment. This is in line with the review principle that the salaries of LegCo Members' assistants should not be pegged to that of the civil service since the job nature and responsibilities of the two are different, and that the annual civil service pay adjustment is a well-established mechanism with features that are unique to the civil service. The Independent Commission recommended using the nominal index of payroll per person engaged (Payroll Index), which reflects the average labour earnings and employers' average labour cost, to adjust the salary portion<sup>6</sup>. While considering the proposal not unreasonable, the CE-in-Council decided not to adopt the recommendation taking into account the then socio-economic situation.

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<sup>5</sup> Under the proposal, the weighted index has three components (i.e. "staff expenses", "office accommodation expenses" and "other operating expenses") with respective weightings of 70%, 10% and 20%. The adjustment factors for the three components respectively are: (a) the civil service pay adjustment for the middle and lower salary bands; (b) the rental index for Grade C offices published by the Rating and Valuation Department; and (c) the Composite Consumer Price Index (CCPI).

<sup>6</sup> The Payroll Index is based on findings of Labour Earnings Survey with a random sample of around 4 000 business establishments in Hong Kong. It covers all cash payments (i.e. payroll) received by persons engaged in the sampled establishments regardless of their levels/occupations and whether being employed on full-time/part-time basis. Taking into account the wide range of qualifications and salaries of the staff employed by LegCo Members, the representativeness of the Payroll Index may provide a more objective and appropriate reference for the annual adjustment of the staff expenses component of OOER.

4.4 The LegCo Subcommittee put forward the same proposal on adopting a weighted index for the annual adjustment of OOER in the current exercise. The Independent Commission notes that 96% of the Members who responded to the questionnaire conducted by the LegCo Subcommittee in July 2023 supported the proposal. Having reviewed the merits of the proposal, the Independent Commission considers that the previous considerations in the last review for recommending the adoption of a weighted index remained largely valid.

4.5 On the major categories of expenses for OOER, the Independent Commission notes that the spending patterns by Members of the Sixth and Seventh Term LegCo remained largely in line with the proposed weighting of 70:10:20 for staff expenses, office accommodation expenses and other expenses respectively (see Table at **Annex C** for details). Regarding the adjustment factors for the various components of the weighted index, the Independent Commission has reviewed the different indices proposed in the last review (viz. Payroll Index for staff expenses; rental index for Grade C offices for office accommodation expenses; and CCPI for other expenses), as well as the annual civil service pay adjustment for the middle and lower salary bands for staff expenses as proposed by the LegCo Subcommittee. In view of the diverse needs and actual spending patterns of LegCo Members, the Independent Commission considers that the indices recommended in the last review are comprehensive and general in nature, which enable a more accurate representation of the change in cost of different expenditure components. In light of the above, the Independent Commission considers that a weighted index should be adopted for the annual adjustment of OOER.

4.6 In terms of financial implications, the Independent Commission notes that the annual adjustment of OOER using a weighted index is likely to bring about a higher increase in the rate of allowance for each term as compared with the current adjustment by movements of the CPI(C), though the actual changes would depend on the movements of the relevant indices. As a reference, using the latest figures of the Seventh Term LegCo for projection, the total financial implication for implementing the proposal on adopting a weighted index would be around \$8.1 million for a four-year LegCo term. As discussed in Chapter 3 of the report, in view of the current fiscal challenges, it may not be an appropriate timing to implement at the moment any proposals that may increase the burden on public finances. The Independent Commission therefore **does not recommend** this proposal be implemented for Members of the Eighth Term LegCo.

## **Entertainment and Travelling Expenses Reimbursement**

4.7 At present, a non-accountable ETER is provided to each LegCo Member. Entertainment, liaison or travelling expenses incurred by a Member or his/her staff for LegCo business can be reimbursed against claims certified by the Member without supporting documents such as receipts. Moreover, up to 50% of ETER can be deployed for meeting staff expenses, but the portion so deployed will be accountable. The President is entitled to an additional entertainment allowance. Both allowances are adjusted annually in October in accordance with movements of the CPI(C). Following the latest price adjustment with effect from 1 October 2024, the amount of the ETER is \$238,400 per annum while the President's additional annual entertainment allowance is \$238,630. According to the LegCo Secretariat, the overall average utilisation rate of ETER in the Seventh Term LegCo (first two reimbursement years) was 92.2%, as compared to 93.2% in the Sixth Term LegCo.

4.8 While acknowledging that the utilisation rates are on the high side, the Independent Commission considers that the annual CPI(C) adjustment to the ETER ensures that it retains its purchasing power for the intended purpose. Moreover, having regard to the flexibility to fully utilise the amount (such as to meet staff expenses) and that the LegCo Subcommittee did not request an adjustment, the Independent Commission **recommends maintaining the existing amounts of the ETER and the President's additional allowance, as well as the annual adjustment mechanism, for Members of the Eighth Term LegCo.**

## **Setting Up and Information Technology Expenses Reimbursement**

4.9 In the Seventh Term LegCo, a Member is eligible for expenses reimbursement of up to \$375,000 in a term for setting up his/her offices, including the one provided by the LegCo Secretariat, and for the purchase and use of information technology (IT) and communications equipment. For a Member who has claimed any setting up expenses reimbursement in the previous term, he/she may only claim up to \$262,500 in the current term for the purposes of renovation, removal, expansion and/or setting up of additional offices and for the addition or replacement of equipment and furniture.



4.10 According to the information provided by the LegCo Secretariat, the overall average utilisation rate of SUITER in the first two reimbursement years of current term was 57.1%, as compared to 71.5% in the entire Sixth Term LegCo. As the current provision could adequately meet Members' expenses and the LegCo Subcommittee did not request an adjustment, the Independent Commission **recommends maintaining the existing level of SUITER for Members of the Eighth Term LegCo.**

### **Winding Up Expenses Reimbursement**

4.11 WUER is claimable when a Member ceases to be a Member of LegCo, either because he/she chooses not to stand for re-election or for reasons over which he/she has no control such as death, serious injury, defeat in an election or the dissolution of LegCo. The reimbursement consists of two components –

- (a) an amount not exceeding one-twelfth of the annual OOER (i.e. \$248,738 based on the OOER with effect from 1 October 2024); and
- (b) an amount with no pre-set ceiling to cover the actual severance payments made in accordance with the provisions of the Employment Ordinance (Cap. 57) to staff employed.

4.12 The overall average utilisation rate of WUER (excluding the actual severance payment) per Member in the Sixth Term LegCo was about 50.4%. As Members usually use WUER towards the end of their term, the data for the Seventh Term LegCo is not available at this stage. Having regard to the relatively low utilisation rate of WUER and the fact that it would increase along with OOER, the current provision of one-twelfth of OOER plus actual severance payment is considered appropriate. The LegCo Subcommittee did not request an adjustment regarding the level of WUER either. Therefore the Independent Commission **recommends maintaining the existing level of WUER for Members of the Eighth Term LegCo.**

## **CHAPTER 5: PROCEDURES FOR REIMBURSEMENT OF MEMBERS' OPERATING EXPENSES**

5.1 In order to improve the efficiency of the reimbursement process, the LegCo Subcommittee has put forward three proposals concerning reimbursement arrangements of Members' operating expenses, including –

- (a) consolidating the OOER and SUITER (Proposal 1);
- (b) revising the threshold for capitalising items from \$3,000 to \$5,000 (Proposal 2); and
- (c) reimbursing a portion of “other operating expenses” on a non-accountable basis (Proposal 3).

### Proposal 1: Consolidating OOER and SUITER

5.2 At present, some expenses (e.g. purchase of capital items and minor tools, fitting-out expenses, telecommunications service charges, repair and maintenance charges) can be claimed under either OOER or SUITER. To allow greater flexibility and streamline the reimbursement procedures, the LegCo Subcommittee proposes combining these two categories, with SUITER to be subsumed under OOER.

5.3 The Independent Commission notes that OOER and SUITER have distinct purposes, with OOER for hiring of staff, leasing of office accommodation, procurement of consultancy services, equipment and furniture, etc., and SUITER for setting up of offices and procurement of IT equipment and services. They also have different funding arrangements with the Government. OOER is funded by recurrent funding under the Operating Account while SUITER is funded by a commitment item under the Capital Account. From the financial management angle, there is a practical need to delineate the two reimbursement items and maintain separate records so that the relevant expenditures can be properly accounted for. Further, the separation of accounts allows a more precise analysis of Members' spending patterns and utilisation rates across the different accounts which is essential for assessing their respective funding requirements in future reviews.

5.4 Noting that the additional workload of the LegCo Secretariat usually arises from enquiries concerning from which account should requests of reimbursement of items claimable under both OOER and SUITER be made, the Independent Commission **considers that the LegCo Subcommittee may explore with the LegCo Secretariat ways to address the operational issues through administrative measures and IT solutions.** For instance, the LegCo Secretariat may consider enhancing the guidelines on reimbursement claims for items claimable under both OOER and SUITER, and making it a standard arrangement that SUITER be expended first for such items by introducing enhancements on LegCo's Claims Expense System.

#### Proposal 2: Revising the threshold for capitalising items to \$5,000

5.5 LegCo Members are required to keep an inventory list of all capital items reimbursed and return them to the Secretariat upon cessation of office. Outgoing, returning or incoming Members may purchase these capital items at depreciated value as determined by the Secretariat or 5% of their original value, whichever is the higher. As the threshold has not been adjusted since 2016 (when it was raised from \$1,000 to \$3,000) and to enhance the cost-effectiveness of the asset management process, the LegCo Subcommittee proposes that the threshold for capitalising items be raised from \$3,000 to \$5,000<sup>7</sup>. The LegCo Subcommittee considers that this proposal does not require approval of the Government, following the practice of the revision of threshold in 2016.

5.6 The current arrangement of keeping an inventory list of capital items carries the merits of allowing the LegCo Secretariat to keep track of the reimbursed items of Members' offices, thereby ensuring that high-value items purchased by Members with public monies are properly handled. Raising the threshold for capitalising item from \$3,000 to \$5,000 may affect monitoring of items with values falling within the range of \$3,000 and \$4,999, such as office chairs, sofas, computers, tablets, electronics and electrical appliances. The Independent Commission considers that any changes to internal procedures that may relax the inventory management of capital items should be carefully considered. Meanwhile, the potential

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<sup>7</sup> In 2016, the Secretariat consulted the compliance auditor who was appointed to conduct audits on Members' operating expenses on the amount for capitalising items for non-governmental organisations of size similar to that of Members' offices. The auditor advised that for such organisations, items costing \$5,000 or over may be capitalised.

manpower savings may not be significant as LegCo Members' offices and the LegCo Secretariat will still need to carry out the tasks for handling capital items with the value of \$5,000 or above in accordance with the established procedures.

5.7 Furthermore, the Independent Commission notes that the threshold of capitalising item is currently \$1,000 for DC members, with quotas also set for certain reimbursable equipment and furniture items. While acknowledging the roles and functions as well as size of constituencies of LegCo and DC Members are different, any further increase in the threshold for capital items for the former will widen the gap of the applicable thresholds between LegCo and DC Members.

5.8 In view of the above, the Independent Commission **considers that the existing threshold of \$3,000 for capitalising item should be maintained.** The LegCo Subcommittee suggested that this proposal does not require Government approval. Noting that the Government and Independent Commission have been involved in matters relating to the determination of threshold and calculation method of capital items in the past, the Independent Commission **considers that the views of the Independent Commission and approval by the Government should be sought if the threshold for capitalising items is reviewed in future.**

Proposal 3: Allowing reimbursement of “other operating expenses” on a non-accountable basis

5.9 Most transactions for “other operating expenses” are of relatively low value<sup>8</sup>. In order to streamline and enhance the reimbursement procedure for minor items, the LegCo Subcommittee proposes that all “other operating expense items” (except consultancy services) be reimbursed on a non-accountable basis subject to a maximum amount of \$4,999 per item (i.e. the proposed revised threshold for capitalising items) and 5% of the annual maximum reimbursable amount for OOR. LegCo Members will still be required to keep records of all reimbursed expenses, including all originals of supporting documents, for at least two years for compliance audit checks.

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<sup>8</sup> For instance, 9 602 items (about 38%) of the total number transactions of “other operating expenses” in 2022 were of value less than \$999.

5.10 The current arrangement ensures the transparency and public accountability of the reimbursement system, as all claims (including those for items below the value of \$5,000, such as cameras, computers, mobile phones and photocopiers) are vetted by the LegCo Secretariat and available for public inspection. The Independent Commission is also not aware of any major public bodies or subvented organisations adopting the proposed arrangement. Similar to the considerations of Proposal 2, as public monies are involved and that the general public has high expectations on LegCo Members, the Independent Commission is of the view that a fair and proper claim system should be maintained.

5.11 To maintain the credibility of the reimbursement procedures, there is a need to minimise the possibility of allegations or any perception of impropriety. Taking into account the high public expectations on LegCo Members, and the implications on other public bodies or subvented organisations, the Independent Commission **considers that the current arrangement of requiring supporting documents for reimbursement of “other operating expenses” should be maintained.**

5.12 On the other hand, the Independent Commission also recognises the workload of LegCo Members and their assistants, as well as staff of the LegCo Secretariat, in submitting and vetting supporting documents, especially those for small-value items. The Independent Commission **considers that the LegCo Subcommittee may explore with the LegCo Secretariat ways to address the operational issues through administrative measures and IT solutions** which suit their operational needs the best. Examples include use of artificial intelligence in the vetting procedures, enhancing the claim system to facilitate submission and vetting of supporting documents, vetting receipts by batches and conducting systematic and periodic spot checks on the receipts to expedite the vetting and reimbursement process.

## CHAPTER 6: SUMMARY OF RECOMMENDATIONS

6.1 To sum up, the Independent Commission recommends adopting the existing remuneration package of the Seventh Term for Members of the Eighth Term LegCo with effect from 1 January 2026, including –

- (a) maintaining the monthly remuneration for LegCo Members, currently at \$108,790 per month;
- (b) maintaining the existing arrangement that the monthly remuneration for the LegCo President, the President's Deputy and Dual Members should continue to be fixed at 200%, 150% and two-thirds of the monthly remuneration of their fellow LegCo Members respectively;
- (c) continuing to pay an end-of-service gratuity, pitched at 15% of the total remuneration that a LegCo Member receives during a LegCo term, to LegCo Members at the end of the term;
- (d) maintaining the existing amount of the annual medical allowance, currently at \$37,890 per annum, and the arrangement that the surplus from one year to be rolled over to the following year until the end of a LegCo term;
- (e) maintaining the existing level of the annual OOER, currently at \$2,984,860 per annum, and the arrangement that the surplus from one year to be rolled over to the following year until the end of a LegCo term;
- (f) maintaining the existing provision of ETER, currently at \$238,400 per annum and the LegCo President's additional entertainment allowance, currently at \$238,630 per annum;
- (g) maintaining the existing provision of SUITER at \$375,000 per term, and for Members who have claimed setting up expenses in the previous term at \$262,500 per term;
- (h) maintaining the existing provision of WUER at one-twelfth of the annual OOER plus actual amount of severance payment; and

- (i) maintaining the existing mechanism whereby Members' monthly remuneration, medical allowance, OOER, ETER and the LegCo President's additional entertainment allowance will be adjusted in October each year in accordance with movements of the CPI(C).

6.2 As regards the proposals on the reimbursement procedures of LegCo, the Independent Commission recommends that, as a first step, administrative measures and IT solutions should be explored to address the operational issues encountered before proposing changes to the existing system.

## **Annex A**

### **Terms of Reference of the Independent Commission**

The Independent Commission –

- (a) considers the system of remuneration for Members of the Executive Council and the Legislative Council, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region (HKSAR), taking into account any factor that may affect the level of such remuneration and allowances;
- (b) carries out periodic review of the remuneration package for Members of the Legislative Council of the HKSAR, say once every three to five years and normally about a year before the start of a new Legislative Council term;
- (c) carries out periodic review of the remuneration package for Officials under the Political Appointment System, say once every five years and normally about a year before the start of a new term of the HKSAR Government;
- (d) considers the appropriate level of remuneration for those with multiple membership on the Executive Council and the Legislative Council of the HKSAR in deliberating on the above issues; and
- (e) advises the Government on any matter relating to the remuneration package for Members of the Executive Council and the Legislative Council, and Officials under the Political Appointment System of the HKSAR which the Government may refer to the Independent Commission from time to time.



## **Annex B**

### **Membership of the Independent Commission**

(with effect from 1 April 2025)

**Chairman:** Mr Carlson Tong, GBS, JP

**Members:** Mr Kevin Lam Sze-cay, JP

Ms Winnie Tam Wan-chi, SBS, SC, JP

Mr Philip Tsai Wing-chung, BBS, JP

Professor Alexander Wai Ping-kong, JP

Ms Winnie Wong Chi-shun, JP

## Annex C

### **Overall Average Utilisation Rates of Office Operation Expenses Reimbursement**

#### **Sixth Term Legislative Council (2016 – 2021)**

	<b>Functional Constituencies (FC)</b>	<b>District Council (second) FC</b>	<b>Geographical Constituencies (GC)</b>	<b>Overall average</b>
	<b>(%)</b>			
	88.4	87.3	92.8	<b>90.5</b>
(a) Staff expenses	78.2	75.8	75.8	76.9
(b) Office accommodation expenses	2.3	4.4	7.5	5
(c) Other expenses <sup>Note</sup>	7.9	7.1	9.5	8.6

#### **Seventh Term Legislative Council**

(First two reimbursement years of 2022 and 2023)

*(Based on claims processed up to 31 March 2024)*

	<b>Election Committee</b>	<b>FC</b>	<b>GC</b>	<b>Overall average</b>
	<b>(%)</b>			
	68.7	79.6	85	<b>75.6</b>
(a) Staff expenses	58.7	67.7	70.1	64
(b) Office accommodation expenses	3.8	3.2	8.1	4.5
(c) Other expenses <sup>Note</sup>	6.2	8.7	6.8	7.1

Note: other expenses include expenses on equipment, furniture, publicities and services.