

FINANCIAL CIRCULAR NO. 4/2014

**Remuneration of Non-official Members of
Boards and Committees**

(Note: Distribution of this Circular is **Scale C**. It should be read by Directors of Bureaux, Controlling Officers, Departmental Secretaries and Accountants, and by all other officers dealing with financial matters.)

This circular updates the principles and guidelines for remunerating non-official members of boards and committees set up by the Government. It replaces Financial Circular No. 7/2000.

Principles

2. The basic principle is that the service of non-official members is voluntary and, as a general rule, un-remunerated. For boards and committees with executive functions, especially those having to meet frequently or for extended hours and those having to consider increasingly complicated cases, the Government should consider a reasonable degree of honorarium. Government should not be obtaining the services of highly qualified, professional persons "on the cheap".

/Guidelines

To: Directors of Bureaux
Controlling Officers

Guidelines

3. Given the large number of boards and committees carrying out varied functions and duties and the fact that the workload and demand on non-officials' time also vary considerably, remuneration should be determined having regard to the merits of each individual case. Controlling Officers should observe the following guidelines in considering whether and to what extent honorarium should be paid –

- (a) remuneration should normally be in respect of payment of expenses and/or for compensation for earnings forgone;
- (b) in context, “expenses” cover travel, out-of-pocket and related expenses incurred by non-official members in connection with their duties. The provision of official transport when available and secretarial support when required should be taken into account;
- (c) remuneration might be considered as compensation for earnings forgone arising from -
 - (i) resignation from substantive employment in order to serve on a government board or committee; or
 - (ii) membership of a committee which requires substantial and regular work by the member to the extent that it occupies a significant part of the member's working day;
- (d) while advice tendered by non-officials which is of an expert or professional nature *per se* should not constitute a claim for remuneration, recognition should be given to professional expertise and experience required of the non-officials in performing the function of the board or committee, for example, in chairing appeal boards;
- (e) remuneration for non-officials is not an entitlement. Much as the appointment authority should try to be reasonable, government affordability is also relevant; and

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- (f) Controlling Officers should make reference to existing remuneration arrangements in respect of other boards and committees performing similar functions.

4. Controlling Officers should consider the issue of remuneration when setting up **new** boards and committees and should ensure that the remuneration arrangements for all boards and committees under their purview **remain** justifiable, fit for purpose and preferably internally consistent. In all cases, the Chairman (whether official or non-official) or the appointment authority should have indicated that the proposed remuneration is appropriate.

5. Where the Controlling Officer is satisfied that remuneration is appropriate, he or she should put a case, with a suggested rate and an indication of availability of funds, to the Secretary for Financial Services and the Treasury (SFST) for consideration (if not already done).

Remuneration ceiling

6. The Finance Committee (FC) of the Legislative Council approved in March 1993 a remuneration ceiling per member per attendance payable to non-official members serving on boards and committees set up by the Government, and delegated to SFST (formerly Secretary for the Treasury) the authority to approve future revisions to the ceiling by reference to the movement of the Consumer Price Index (C). We publish the updated remuneration ceilings every year.

7. The delegation from FC did not specify what constitutes “per attendance”. The mode of operation varies amongst boards and committees and evolves over time. In the absence of a standard interpretation, a common sense approach is to treat each half-day session (taking up four hours) as one attendance. As such, a non-official attending a meeting continuously for half a day may merit remuneration for one “attendance”, and another attending a full-day meeting may merit remuneration for two “attendances”.

8. Controlling Officers may decide whether and how to apply the above interpretation of “per attendance” to any board or committee under their purview, provided that the decision is justified, consistently applied and properly documented. The Controlling Officer should also put in place an effective mechanism to record the hourly attendance of individual members. Any extra funding so required should be absorbed within existing resources.

9. For boards and committees which meet frequently, a monthly honorarium based on the ceiling rates per member per attendance may be considered.

Remuneration beyond the ceiling

10. There may be occasions when the remuneration rates for a board or committee merit a leap beyond the standard ceiling rates approved by FC. These exceptions may arise when the business of the board or committee is extremely time-consuming and calls for substantial sacrifice on the part of the chairman or members in terms of earnings forgone, or when professional experience and expertise is required and should be appropriately recognised. These exceptions would require the approval of FC on a case-by-case basis.

Information on remuneration rates

11. For transparency and consistency in application, the Treasury Branch website (<http://www.fstb.gov.hk/tb/en/>) carries and updates at six-monthly intervals details on the approved remuneration rates for all government boards and committees. The Treasury Branch will seek regular updates from Controlling Officers.

Exclusions

12. Some boards and committees, though appointed by Government, are not subject to the above remuneration system. These include –

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- (a) financially autonomous non-government funded public bodies such as the Airport Authority, Housing Authority and Hong Kong Examinations and Assessment Authority; and
- (b) statutory bodies the remuneration package for which is governed by specific provisions in the respective legislation, such as the HKSAR Passports Appeal Board, Electoral Affairs Commission and Copyright Tribunal.

Trading funds

13. This circular also applies to trading funds.

Enquiries

14. For enquiries on this circular, please contact Mr. Alfred Zhi, Principal Executive Officer (G) on 2810 2668 or Ms Agnes Yip, Treasury Officer (Branch Management) on 2810 2567.

Professor K C Chan
Secretary for Financial Services and the Treasury