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**Subcommittee on Members' Remuneration and
Operating Expenses Reimbursement**

LegCo Members' Operating Expenses Reimbursement

Summary of Views of Members and the Administration on Issues Discussed

Issues	Subcommittee's Views	Administration's Views
<p>1. Higher level of Operating Expenses Reimbursement (OER)</p>	<p>(a) Members unanimously support a higher level of OER.</p> <p>(b) Compared with some years ago, Members are at present serving substantially larger constituencies and dealing with a much wider range of complex issues.</p> <p>(c) In Hong Kong each constituency covers more than a million citizens. Manning district offices in a large constituency requires a large number of staff. With the inadequate financial support provided by the Administration, Members can only offer a low salary to their staff, as revealed in the statistics compiled by the Secretariat. With a meagre remuneration, it is difficult to recruit experienced and high-quality staff.</p>	<p>The Administration is open-minded and will convey Members' views to the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (Independent Commission).</p>

Issues	Members' Views	Administration's Views
	(d) Members are not fighting for their own benefits because OER is provided on an accountable basis.	
2. Whether all Members should receive the same level of remuneration and OER irrespective of the channel through which they are elected	(a) The research conducted by the LegCo Secretariat reveals that none of the seven selected countries (i.e. UK, Australia, NZ, Canada, US, Singapore and Ireland) studied grants additional allowances to Members for having district offices. The systems of UK and Ireland are similar to that of Hong Kong. In Australia and Canada, Members of larger constituencies or districts are entitled to additional allowances. In NZ and Singapore, elected Members are provided with a larger budget or allowance. In US, additional allowance is calculated with reference to the distance between a Member's district and Washington as well as the rental cost of that district.	Members of the previous LegCo terms had come to a consensus that LegCo Members should be entitled to the same remuneration package irrespective of the channels through which they were elected. This consensus forms one of the basic principles for the Independent Commission to determine the remuneration package of LegCo Members in the third term. If Members of the current term have different views on the matter, they can be conveyed to the Independent Commission for consideration.

Issues	Members' Views	Administration's Views
	<p>(b) Members' views are divided on this issue:</p> <p>(i) The majority of Members are of the view that provision of the same level of resources for all Members is a long established consensus. Members returned from functional constituencies (FC Members) can also have district offices. Moreover, the number of offices operated should not be the only criterion for determining the financial resources required. FC Members have to be accountable to their constituents scattered all over Hong Kong through other means. Visiting their constituents for discussions is a herculean task. Sometimes it is necessary to hire function rooms in hotels for holding seminars, which is very costly. As the funding provided is claimed on a reimbursement basis, an increased reimbursement ceiling for all will suit whoever requiring more resources.</p>	

Issues	Members' Views	Administration's Views
	<p>(ii) Ms Emily Lau supports a higher level of OER for Members returned from geographical constituencies (GC Members). However, in view of the envisaged difficulties to convince the majority Members, she has no objection to maintain the current arrangement of the same level of OER for all Members irrespective of the channels through which they are elected.</p>	

Issues	Members' Views	Administration's Views
	<p>(iii) The minority of Members consider that, as in the case of Australia, Canada, NZ and Singapore, Members of larger constituencies should be provided with more resources. Various maximum scales of election expenses reflect the recognition of the different sizes of the various electorates. In the same way, OER for Members elected from different channels and constituencies should also vary in amount. The number of constituents served by some GC Members is way above that served by FC Members. A separate reimbursement ceiling should be considered for FC Members who set up district offices. Differential treatment for Members elected through different channels will not be discriminatory.</p> <p>(iv) A Member suggests that the Administration should evaluate how many assistants and offices are required by FC and GC Members.</p>	

Issues	Members' Views	Administration's Views
<p>3. Whether any substantial changes to the remuneration package proposed in one LegCo term should only be implemented in the following term</p>	<p>(a) The research conducted by the LegCo Secretariat reveals that none of the seven selected countries studied (i.e. UK, Australia, NZ, Canada, US, Singapore and Ireland) has any practice or rule to require changes in Members' remuneration and expense allowances to be implemented in the following term. In UK, NZ and Canada, changes are usually implemented at the start of a financial year. In Australia, major changes are usually effective from the date on which the Remuneration Tribunal's determination is signed or on some other specified date. In US, adjustment of allowances normally takes effect on 3 January each year.</p> <p>(b) Insufficient funding will hinder Members in serving the public. New Members will be particularly dissatisfied if major changes can only take effect in the following term because the shortage in financial support cannot be redressed until four years later.</p> <p>(c) As changes are determined by the Independent Commission, which is an independent committee, there is no conflict of interest on the part of Members.</p>	<p>The long established practice is to preserve the credibility of the remuneration system. Members of the previous LegCo terms had no strong views on this. The Administration is prepared to consider the timeliness issue, if Members have come to a consensus on alternative arrangements.</p>

Issues	Members' Views	Administration's Views
4. Membership of the Independent Commission	Members of the Independent Commission have no experience in how a directly elected LegCo Member works and therefore cannot understand his needs. As the information it deliberates on is provided by the Administration, it is inclined to adopt the Administration's perspective.	The rationales for all the recommendations of the Independent Commission and the information on which the recommendations are made are set out in its report which is published for public information.
5. Shared staff employment by Members	The present rule that Members cannot jointly hire an assistant should be reviewed. This rule hinders the economical use of Members' resources. As long as it is transparent and accountable, shared employment of an assistant, especially a highly paid one, will facilitate the efficient use of Members' resources.	The Administration is open-minded and will convey Members' views to the Independent Commission.
6. Medical and other fringe benefits for Members	Although Members' personal medical and dental insurance payments are reimbursable under OER, some Members who have certain illnesses may not be accepted for medical insurance cover. Medical benefits should therefore be provided for Members. Other fringe benefits for Members should also be reviewed.	

Relevant papers

Minutes of meetings of the Subcommittee held on 11.11.2004, 6.12.2004, 1.3.2005 and 25.4.2005 (LC Papers No. AS 118/04-05, AS 185/04-05, AS 247/04-05 and AS 302/04-05).

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