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Dear

**ICAC's Review
on "Rules and Practices for the Reimbursement of Members' Operating Expenses"**

I forward further views expressed by members of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement on ICAC's Report at its meeting held on 25 April 2005:

ICAC's recommendations	Members' views
(a) Intermingling of private and LegCo duties is undesirable; it is therefore recommended that a Member should not claim reimbursement for using his private employees for LegCo work. (Para. 41 of ICAC Report)	Members reiterate their strong reservations about this recommendation because there is a practical need for some Members (particularly those returned from functional constituencies) to intermingle the services of some of their staff, e.g. secretaries, on private and LegCo duties. Moreover, there are practical difficulties, in some circumstances, to separate their services on private and LegCo duties. In this connection, it will be unfair to preclude such Members from claiming a part of the salary for those staff whose duties are partially on LegCo duties. This should be allowed provided the percentage of their work relating to LegCo business is clearly spelt out in the claims.

	<p>(Please also refer to members' views expressed at the Subcommittee meeting held on 1 March 2005, which ICAC representatives attended.)</p>
<p>(b) Members should keep a log of their entertainment and travelling expenses (ETE) and, where practicable, retain receipts issued for such expenses. (Para. 44 of ICAC Report)</p>	<p>In accordance with the principles recommended by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region, the existing guidelines on Operating Expenses Reimbursements (OER) (including ETE) operate on an honour system. ETE used to be granted on a partially accountable basis (50% accountable and 50% non-accountable). Since 1 July 1999, the provision for ETE has been fully non-accountable on the recommendation of the Independent Commission.</p> <p>Members consider that ICAC's recommendation is a retrograde step. Moreover, it will be administratively very cumbersome, if not impossible in some cases, to obtain receipts and log down every meal and trip.</p>
<p>(c) Only expenses that are individually identifiable, clearly separable from private purposes and wholly attributable to Council business may be claimed. (Para. 47 of ICAC Report)</p>	<p>Members generally support this recommendation. However, some express concern that a separate set of equipment, such as fax machines and photocopiers, may have to be acquired and placed in their small offices. Besides, sharing of a central telecommunication system will no longer be allowed according to ICAC's recommendation. All this causes much inconvenience to Members. Moreover, the extra costs involved will further strain the already inadequate provision of OER for Members.</p>

(d) LegCo should draw up a Code of Conduct for staff employed by its Members, and organize training/briefings for them. (Para. 50 of ICAC Report)	Members welcome ICAC's offer to assist the LegCo Secretariat in drawing up a Code of Conduct and organizing training/briefings for their staff.
(e) Others	Subject to their views expressed at the Subcommittee meetings held on 1 March and 25 April 2005, members generally support other recommendations.

I should be grateful if you would consider members' further views and advise how their concerns could be addressed to. A reply, together with any comments you may have on their views, before **9 May 2005** would be appreciated.

If you need further information on members' views, please let me know.

Yours sincerely

(Mrs Anna Lo)
Clerk to Subcommittee

c.c. Chairman of the Subcommittee