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

Information Note

**Statistics on the utilization of
Members' recurrent operating expenses reimbursement**

Purpose

This information note reports on Members' utilization of the Office Operation Expenses Reimbursement (OOER) and Entertainment and Travelling Expenses Reimbursement (ETER) in the two reimbursement years ended on 30 September 2006 (2005-2006) and 30 September 2007 (2006-2007).

Statistics

2. Statistics on the following are shown in the appendices:
 - (A) Average annual reimbursements and utilization rates in respect of:
 - (i) OOER (**Appendix I**)
 - (ii) ETER (**Appendix II**)
 - (B) Distribution of Members according to their respective utilization rates of:
 - (i) OOER (**Appendix III**)
 - (ii) ETER (**Appendix IV**)
 - (C) Over-ceiling expenses not reimbursed under OOER (**Appendix V**)

Observations

Office Operation Expenses Reimbursement

3. In 2005-2006 and 2006-2007, on average Members elected through Geographical Constituencies (GC Members) utilized about 96.9% of the OOER, while Members elected through Functional Constituencies (FC Members) utilized about 86.1%. Breakdowns in these two years are as follows:

	2006-2007		2005-2006	
	\$'000	%	\$'000	%
Annual reimbursement ceiling	1,498	100	1,336	100
Average reimbursement				
Overall average	1,343	89.7	1,247	93.3
FC average	1,244	83.1	1,190	89.1
GC average	1,441	96.2	1,304	97.6

FC = Functional Constituencies
GC = Geographical Constituencies

4. With the lifting of the reimbursement ceiling by \$161,580 in 2006-2007, FC Members' average OOER utilization rate dropped 6 percentage points from 2005-2006's 89.1% to 83.1%, while GC Members' declined by 1.4 percentage points from 97.6% to 96.2%. In dollar terms, the actual average reimbursement increased by \$54,231 in the case of FC Members and \$137,660 in the case of GC Members.

5. The following table shows the number of Members who used 90% or more of the OOER:

	2006-2007			2005-2006		
	Overall	FC	GC	Overall	FC	GC
No. of Members	37	12	25	46	18	28
% of Members	61.7	40.0	83.3	76.7	60.0	93.3

6. In 2006-2007, the percentage of FC Members who used 90% or more of the OOER dropped by 20 percentage points, from 60% to 40%. In the case of GC Members, the drop was 10 percentage points, from 93.3% to 83.3%.

Entertainment and Travelling Expenses Reimbursement

7. In 2005-2006 and 2006-2007, on average GC Members utilized about 95.7% of the ETER, while FC Members utilized about 87.2%. Further breakdowns are as follows:

	2006-2007		2005-2006	
	\$'000	%	\$'000	%
Annual reimbursement ceiling	154	100	151	100
Average reimbursement				
Overall average	140	91.4	138	91.4
FC average	133	87.1	132	87.3
GC average	147	95.8	144	95.5

8. The following table shows the number of Members who used 90% or

more of the ETER:

2006-2007			2005-2006		
Overall	FC	GC	Overall	FC	GC
49	22	27	49	22	27

Over-ceiling expenses not reimbursed under OOER

9. In relation to OOER, the following table summarizes the over-ceiling expenses reported by Members:

	2006-2007		2005-2006	
	FC	GC	FC	GC
No. of Members	2	5	3	7
Over-ceiling expenses reported (\$'000)	462	283	518	626
Average (\$'000)	231	57	173	89
Average (\$'000)	106		114	

10. As noted in **Appendix V**, not all Members who fully claimed the reimbursable amount under OOER reported their over-ceiling expenses. In fact, the statistics on over-ceiling expenses do not fully reflect the level of resources required by Members for carrying out their duties, because of the following reasons:

- (a) lack of manpower rendered it difficult to report on expenses which would not be reimbursed;
- (b) Members might have endeavoured to work within budget;
- (c) free resources provided by related parties (e.g. Members' own business, organizations to which the Members are affiliated, or employers of the Members concerned) are not reported; and
- (d) some Members might not have the financial resources to subsidize their Council work.

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**Average utilization rates of
Office Operation Expenses Reimbursement**

Overall

	Oct 2006 to Sept 2007		Oct 2005 to Sept 2006	
	\$	%	\$	%
Reimbursement ceiling (annual)	1,498,070	100	1,336,490	100
Average reimbursement total	1,343,256	89.7	1,247,311	93.3
Staff remuneration and expenses	1,047,100	69.9	982,814	73.5
Office accommodation	113,534	7.6	106,845	8.0
Equipment and furniture	9,375	0.6	4,009	0.3
Other operating expenses	173,247	11.6	153,643	11.5

Functional Constituencies

	Oct 2006 to Sept 2007		Oct 2005 to Sept 2006	
	\$	%	\$	%
Reimbursement ceiling (annual)	1,498,070	100	1,336,490	100
Average reimbursement total	1,244,632	83.1	1,190,401	89.1
Staff remuneration and expenses	954,853	63.8	920,817	68.9
Office accommodation	95,745	6.4	87,284	6.5
Equipment and furniture	12,496	0.8	3,359	0.3
Other operating expenses	181,538	12.1	178,941	13.4

Geographical Constituencies

	Oct 2006 to Sept 2007		Oct 2005 to Sept 2006	
	\$	%	\$	%
Reimbursement ceiling (annual)	1,498,070	100	1,336,490	100
Average reimbursement total	1,441,880	96.2	1,304,220	97.6
Staff remuneration and expenses	1,139,348	76.0	1,044,811	78.2
Office accommodation	131,323	8.8	126,407	9.5
Equipment and furniture	6,254	0.4	4,658	0.3
Other operating expenses	164,955	11.0	128,344	9.6

**Average utilization rates of
Entertainment and Travelling Expenses Reimbursement**

Overall

	Oct 2006 to Sept 2007		Oct 2005 to Sept 2006	
	\$	%	\$	%
Reimbursement ceiling (annual)	153,620	100	150,760	100
Average reimbursement total	140,463	91.4	137,794	91.4
Entertainment and travelling expenses	133,111	86.6	127,528	84.6
Staff remuneration	7,352	4.8	10,266	6.8

Functional Constituencies

	Oct 2006 to Sept 2007		Oct 2005 to Sept 2006	
	\$	%	\$	%
Reimbursement ceiling (annual)	153,620	100	150,760	100
Average reimbursement total	133,747	87.1	131,675	87.3
Entertainment and travelling expenses	128,738	83.8	125,744	83.4
Staff remuneration	5,009	3.3	5,931	3.9

Geographical Constituencies

	Oct 2006 to Sept 2007		Oct 2005 to Sept 2006	
	\$	%	\$	%
Reimbursement ceiling (annual)	153,620	100	150,760	100
Average reimbursement total	147,180	95.8	143,913	95.5
Entertainment and travelling expenses	137,485	89.5	129,312	85.8
Staff remuneration	9,695	6.3	14,601	9.7

Appendix III

Distribution of Members according to their respective utilization rates of Office Operation Expenses Reimbursement

Utilization rate (%)	No. of Members	Oct 2006 to Sept 2007					Oct 2005 to Sept 2006						
		Overall		FC		GC		Overall		FC		GC	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
100		12	20.0	2	6.7	10	33.3	18	30.0	4	13.4	14	46.7
99 to <100		10	16.7	3	10.0	7	23.3	16	26.7	7	23.3	9	30.0
90 to <99		15	25.0	7	23.3	8	26.7	12	20.0	7	23.3	5	16.7
80 to <90		10	16.7	7	23.3	3	10.0	7	11.7	6	20.0	1	3.3
70 to <80		7	11.7	5	16.7	2	6.7	3	5.0	2	6.7	1	3.3
60 to <70		2	3.3	2	6.7	—	—	3	5.0	3	10.0	—	—
50 to <60		3	5.0	3	10.0	—	—	—	—	—	—	—	—
40 to <50		1	1.6	1	3.3	—	—	1	1.6	1	3.3	—	—
Total no. of Members		60	100	30	100	30	100	60	100	30	100	30	100

FC = Functional Constituencies
GC = Geographical Constituencies

Appendix IV

Distribution of Members according to their respective utilization rates of Entertainment and Travelling Expenses Reimbursement

Utilization rate (%)	No. of Members	Oct 2006 to Sept 2007						Oct 2005 to Sept 2006					
		Overall		FC		GC		Overall		FC		GC	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
100		32	53.4	13	43.4	19	63.3	39	65.0	16	53.3	23	76.7
99 to <100		11	18.3	6	20.0	5	16.7	5	8.4	3	10.0	2	6.7
90 to <99		6	10.0	3	10.0	3	10.0	5	8.4	3	10.0	2	6.7
80 to <90		2	3.3	—	—	2	6.7	3	5.0	2	6.7	1	3.3
70 to <80		3	5.0	3	10.0	—	—	3	5.0	2	6.7	1	3.3
60 to <70		2	3.3	2	6.7	—	—	—	—	—	—	—	—
50 to <60		—	—	—	—	—	—	1	1.6	1	3.3	—	—
40 to <50		1	1.7	1	3.3	—	—	—	—	—	—	—	—
⋮													
20 to <30		—	—	—	—	—	—	2	3.3	2	6.7	—	—
10 to <20		2	3.3	1	3.3	1	3.3	—	—	—	—	—	—
0 to <10		1	1.7	1	3.3	—	—	2	3.3	1	3.3	1	3.3
Total no. of Members		60	100	30	100	30	100	60	100	30	100	30	100

FC = Functional Constituencies

GC = Geographical Constituencies

**Over-ceiling expenses not reimbursed under
Office Operation Expenses Reimbursement (OOER)**

2006-2007

Member		Expenses in excess of the OOER ceiling					Over-ceiling %
		Staff remuneration and expenses \$'000	Equipment and furniture \$'000	Office accommodation \$'000	Other operating expenses \$'000	Annual total \$'000	
Functional Constituencies							
	H	54.3		28.9	22.1	105.3	7.0
	J	264.3		62.0	30.4	356.7	23.8
	Sub-total	318.6	0.0	90.9	52.5	462.0	15.4
Geographical Constituencies							
	A	3.0		43.4	23.2	69.6	4.6
	E	31.2		42.7	73.2	147.1	9.8
	G	24.8		29.3	11.0	65.1	4.3
	L	0.9			0.3	1.2	0.1
	K				0.4	0.4	0.02
	Sub-total	59.9	0.0	115.4	108.1	283.4	3.8
Total	7 Members ⁽¹⁾	378.5	0.0	206.3	160.6	745.4	7.1

⁽¹⁾ Out of the 12 Members who fully claimed the reimbursable amount under OOER, only 7 reported their over-ceiling expenses to the Secretariat.

2005-2006

Member		Expenses in excess of the OOER ceiling					Over-ceiling %
		Staff remuneration and expenses \$'000	Equipment and furniture \$'000	Office accommodation \$'000	Other operating expenses \$'000	Annual total \$'000	
Functional Constituencies							
	H	74.4	3.0	63.5	21.4	162.3	12.1
	I	80.6				80.6	6.0
	J	200.7		44.9	29.5	275.1	20.6
	Sub-total	355.7	3.0	108.4	50.9	518.0	12.9
Geographical Constituencies							
	A	40.8		65.9	24.2	130.9	9.8
	B	50.2		5.0	2.1	57.3	4.3
	C				3.4	3.4	0.3
	D			21.2	20.3	41.5	3.1
	E	92.5		30.3	32.0	154.8	11.6
	F	6.6		4.3	46.3	57.2	4.3
	G	60.5	3.0	80.7	36.2	180.4	13.5
	Sub-total	250.6	3.0	207.4	164.5	625.5	6.7
Total	10 Members ⁽²⁾	606.3	6.0	315.8	215.4	1143.5	8.6

⁽²⁾ Out of the 18 Members who fully claimed the reimbursable amount under OOER, only 10 reported their over-ceiling expenses to the Secretariat.