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Legislative Council

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

**Further views to the Independent Commission on Remuneration
for Members of the Executive Council and the Legislature of the HKSAR
in respect of Members' remuneration package**

Purpose

This paper is to provide further views of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the Subcommittee) to the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission) on the following issues raised by the Independent Commission at the meeting held on 18 September 2007:

- (a) whether there should be any restrictions on, and requirements to declare, Members' outside employment and earnings;
- (b) whether any objective parameters could be developed to measure LegCo Members' work and which could be used to determine an appropriate level of remuneration for LegCo Members; and
- (c) the option of procuring a medical insurance package for all 60 LegCo Members during their service.

2. This paper also provides the most up-to-date utilization rate of the Operating Expenses Reimbursement (OER) (up to for instance end-May 2007) and a comparison with the rate for the same period in the 2005-2006 legislative session.

Monthly remuneration

3. After lengthy discussion, the Subcommittee fails to reach a consensus conclusion on questions (a) and (b) in paragraph 1 raised by the Independent Commission. Generally, the majority members of the Subcommittee do not support setting various tiers of remuneration for LegCo Members. Under the present electoral system, the 30 Members returned from functional constituencies are unable to work as, or declare themselves to be, full-time legislators. As a matter of fairness, all Members should receive the same remuneration package irrespective of the channels through which they are elected. The Subcommittee considers that the general public is the best judge on whether a Member is worthy of his remuneration. If a Member wishes to be re-elected, he will have to perform up to the expectation of his constituents.

4. The Subcommittee notes in a research paper on "Mechanisms for adjusting individual Members' remuneration in selected legislatures" (IN 01/07-08) (**Appendix I**) prepared by the LegCo Secretariat that in the House of Commons of the United Kingdom, the Review Body on Senior Salaries (SSRB), which is a non-statutory body appointed by the Prime Minister for reviewing Members' parliamentary salary and allowances, holds the view that the basic parliamentary salary for Members reflects Members' "levels of responsibility rather than workload". In 2004, SSRB commissioned a consultancy study on Members' parliamentary salary, in job weight terms. According to the consultancy study, a Member was comparable to, in the private sector, the director of a subsidiary company with a turnover of around £ 100 million (HK\$1.58 billion) to £ 500 million (HK\$7.9 billion), and, in the public sector, a head teacher of a mid-sized secondary school, a pay band one senior civil servant, a one-star officer in the armed services and the chief superintendent in the police services.

5. As the Independent Commission has turned down the Subcommittee's earlier proposal of appointing an independent consultant to study Members' remuneration, the Subcommittee proposes to seek The Legislative Council Commission's approval to finance such a study. In view of the lead time for the Commission to appoint the consultant and for the selected consultant to complete the study, it is envisaged that further views of the Subcommittee regarding Members' remuneration will not be available in the near future.

6. The Subcommittee has also considered the following research papers prepared by the Secretariat, copies of which are attached for your reference:

- FS 02/07-08 – Restrictions on and requirements for declaring Members' outside employment and earnings in selected places (**Appendix II**)
- Extracts from RPC 01/06-07 - Supplementary information on mechanisms for determining Members' basic salaries in selected places (**Appendix III**)
- FS 17/05-06 – Annual salary of major office-holders in selected overseas Legislatures and Governments (**Appendix IV**)

Medical benefits

7. The Independent Commission requested the Subcommittee to consider the alternative of procuring an insurance package for all 60 LegCo Members during their service. Upon the Secretariat's request, Aon Hong Kong Limited (Aon) has provided a Feasibility Study Report on Healthcare Plan for LegCo Members (**Appendix V**) for the Subcommittee's consideration.

8. It is stated in Aon's report that the benefits level in the proposed Plan is comparable to those of senior management in multinationals in Hong Kong. The total annual maximum coverage per person per policy is US\$1,800,000 (or HK\$14,040,000). The Plan has no entry age limit. Guaranteed renewal of the Group Policy is offered. Premium loading is added in the costing for "Medical History Disregard" (MHD) – a waiver of pre-existing condition clause. (According to Aon, there is limited choice in the market if MHD is included in the Plan.)

9. After studying the report, the Subcommittee considers that adequate protection for Members is necessary by a comprehensive Plan with MHD and the following benefits:

- Hospitalisation & In-patient Treatment
- Outpatient Treatment
- Medicine & Appliances

- Medical Evacuation
- Rehabilitation & Nursing
- Dental & Optical
- Annual Medical Check-up

In view of the substantial difference (40%) in premium between a worldwide coverage and one for worldwide excluding USA & Canada^(Note), the Subcommittee decides to go for the latter. The total annual premium for the Plan is US\$633,770 (or HK\$4,943,406), i.e. US\$10,563 (or HK\$82,390) per Member.

10. The Subcommittee realizes the high premium of the proposed Plan, but hopes that the Independent Commission will appreciate the difficulty in finding a plan with MHD. The Subcommittee urges the Independent Commission to reconsider the Subcommittee's original proposal that similar medical benefits to those for senior civil servants should be provided to Members, if the Independent Commission considers the proposed Plan too expensive.

Operating Expenses Reimbursement

11. A member of the Subcommittee considers that there should be adequate provisions for the establishment of a LegCo Member's office in each District Council constituency. (In most cases, there are four District Council constituencies in each LegCo geographical constituency.)

12. LC Paper No. AS 21/07-08 on "Utilization rates of Office Operation Expenses Reimbursement for the period 1 October 2006 to 31 May 2007" is in **Appendix VI**.

(Note: For geographical coverage of Hong Kong only, the premium cost will be the same as the worldwide coverage excluding USA and Canada. No premium reduction will be provided if Hong Kong coverage only is being selected.)

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October 2007

INFORMATION NOTE

Mechanisms for adjusting individual Members' remuneration in selected legislatures

1. Introduction

1.1 At the request of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement of the Legislative Council (LegCo), this information note provides information on mechanisms employed by overseas legislatures to adjust the level of remuneration for individual Members other than the Speaker and the Deputy Speaker.¹

1.2 This information note covers the following selected legislatures, which were taken as references in the *Report on the Review of Remuneration Package for LegCo Members in the Third Term* by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region:

- (a) House of Commons of the United Kingdom (UK) Parliament;
- (b) House of Commons of the Parliament of Canada;
- (c) House of Representatives of the Parliament of Australia;
- (d) Parliament of New Zealand;
- (e) House of Representatives of the United States (US) Congress; and
- (f) Parliament of Singapore.

¹ For relevancy to the context of LegCo, this information note focuses on individual Members who are committee chairs only. It will not cover other parliamentary officeholders, such as the Leader of the Opposition, the majority and minority leaders, whips and caucus chairs, who, like the Speaker and the Deputy Speaker, are entitled to a higher rate of remuneration than ordinary Members in most of the selected legislatures.

Major findings

1.3 Most of the selected legislatures have certain mechanisms for adjusting individual Members' remuneration to reflect their responsibilities or workload. In particular:

- (a) the selected legislatures in the UK, Canada, Australia and New Zealand pay an additional salary to Members who are chairs or vice-chairs of major committees, including committees with functions similar to those of Panels, bills committees and standing committees of LegCo;
- (b) the selected legislatures in Canada, Australia and New Zealand pay a higher rate of expense allowances to Members representing larger constituencies or more voters; and
- (c) the selected legislatures in Canada, New Zealand and the US can impose a statutory salary deduction on Members for their unauthorized absence from the House for more than certain sitting days in a session.

1.4 In Hong Kong, only the President and the President's Deputy and House Committee Chairman are entitled to a higher rate of remuneration, which reflects their heavier responsibilities compared with other Members. All other Members are entitled to the same rate of remuneration, which is HK\$681,000 per annum. Unlike most of the selected legislatures, LegCo does not pay an additional salary to Members who are chairs of Panels or committees. Nor is there any statutory or non-statutory penalty, such as salary deduction, imposed on a Member for his or her unauthorized absence from Council meetings.

1.5 To facilitate Members' discussion, the **Appendix** compares the main features of the mechanisms for adjusting the remuneration of individual Members of the selected legislatures and LegCo.

2. House of Commons of the United Kingdom Parliament

Additional salary for chairs of permanent select committees

2.1 In the UK House of Commons, Members who are chairs of major permanent select committees are entitled to not only a basic salary of £60,675 (HK\$957,000) per annum² but also an additional salary of £13,459 (HK\$212,000) per annum. Such select committees include departmental select committees, which examine the spending, policies and administration of government departments, and "cross-departmental" select committees, which examine matters that straddle departmental boundaries (such as the Committee on Public Accounts). All chairs of these committees receive the same rate of additional salary, regardless of their length of service. According to the Review Body on Senior Salaries (SSRB), the work of the chairs of these committees are "broadly equivalent in job weight terms to at least the median of Parliamentary Under-secretary [a junior minister],³ mitigated by their time commitment".⁴

2.2 Introduced in the 2002-2003 session, the additional salary for the chairs of major permanent select committees stemmed from a 2000 report by the House's Liaison Committee, which comprises all select committee chairs.⁵ The Committee expressed concerns that select committee members were "easily tempted" away from select committees by government or opposition appointments. It hoped that Members would "see service on select committees as a career path which, in terms of status and influence, will be a proper reward for their hard work and commitment".⁶ In its 2002 report on select committees, the House's Modernization Committee recommended that "the value of a parliamentary career devoted to scrutiny [of bills or government policies and activities] should be recognized by an additional salary to the chairmen of the principal investigative committees [such as select committees]".

² According to the Review Body on Senior Salaries (SSRB), a non-statutory body appointed by the Prime Minister and responsible for reviewing Members' parliamentary salary and allowances, the basic parliamentary salary for Members reflects Members' "levels of responsibility rather than workload". According to a 2004 consultancy study commissioned by SSRB, in job weight terms, a Member was comparable to, in the private sector, the director of a subsidiary company with a turnover of around £100 million (HK\$1.58 billion) to £500 million (HK\$7.9 billion), and, in the public sector, a head teacher of a mid-sized secondary school, a pay band one senior civil servant, a one-star officer in the armed services and the chief superintendent in the police services. Review Board on Senior Salaries (2004a), pp. 6-7.

³ In the UK government structure, a Parliamentary Under-Secretary is a minister junior to a Minister of State, who is in turn junior to a Secretary of State (a Departmental Minister who is a Cabinet member and is in charge of a government department).

⁴ Review Body on Senior Salaries (2003), para 2.16.

⁵ Liaison Committee (2000).

⁶ Liaison Committee (2000), paras 29-34.

2.3 Since July 2005, the House has extended the additional salary to the chairs of other permanent select committees (such as the Procedure Committee and the Committee on Standards and Privileges). These chairs are considered "comparable in workload to those that are already paid", although their responsibilities vary.⁷ In May 2006, the House agreed to pay an additional salary to the chair of the Select Committee on the Crossrail Bill, which was an ad hoc committee. The House made this "exceptional" arrangement because it considered the Committee's workload to be higher than that of other ad hoc committees and many permanent select committees whose chairs were paid an additional salary.⁸

Additional salaries for chairs of committees on bills

2.4 Since the 2005-2006 session, the House has introduced additional salaries for the chairs of general committees (formerly known as standing committees), which mainly scrutinize public bills or debate matters in specific areas. This arrangement followed an SSRB review, which considered that "a good case can be made for additional payment for at least those Chairmen of Standing Committees undertaking more substantial duties", and such payment could support the Chairmen's Panel, which comprises senior Members eligible to be appointed by the Speaker to chair general committees on bills, as "a possible step in a career path leading ultimately to the role of Deputy Speaker, or possibly even Speaker".⁹

2.5 Unlike the single-level additional salary for the chairs of permanent select committees, the additional salaries for the chairs of general committees have four levels, depending on an individual chair's length of service, as shown in Table 1.

Table 1 – Levels of additional salaries for chairs of general committees

Length of service	Additional salary (per annum)
Less than 1 year	£2,686 (HK\$42,000)
1 – 3 years	£7,537 (HK\$119,000)
3 – 5 years	£10,228 (HK\$161,000)
At least 5 years	£13,459 (HK\$212,000)

⁷ Kelly R. (2007a), pp. 11-12.

⁸ Kelly R. (2007a), p. 12.

⁹ Review Body on Senior Salaries (2005), para 2.11.

2.6 The most experienced general committee chairs receive an additional salary equivalent to that of select committee chairs. A Member who is both the chair of a select committee and the chair of a standing committee is entitled to one additional salary only.

3. House of Commons of the Parliament of Canada

Additional salaries for chairs and vice-chairs of standing and special committees

3.1 In Canada, all Members of the House of Commons are entitled to the same basic sessional indemnity (the equivalent of a salary), which is currently CAN\$150,800 (HK\$1.2 million) per annum. Under the *Parliament of Canada Act*, additional salaries are payable to Members who are chairs or vice-chairs of standing committees (except the Liaison Committee) or special committees to "reflect the additional work" involved. According to the Parliament of Canada, standing and special committees cover virtually all committees in the House.¹⁰ Standing committees are mainly responsible for overseeing a government department or departments, reviewing particular areas of federal policy and examining bills. Special committees are established for a special purpose, for a limited time, with a specific mandate or order of reference. The chairs and vice-chairs of these two types of committees are paid an additional salary equal to 3.6% and 1.9%, respectively, of the Remuneration Reference Amount, i.e. the amount of the annual salary of the Chief Justice of the Supreme Court of Canada.¹¹ The current additional salary for the chairs and vice-chairs of such committees are CAN\$10,500 (HK\$82,000) per annum and CAN\$5,400 (HK\$42,000) per annum respectively. The additional salaries are not extended to the chairs and vice-chairs of the Liaison Committee because the Committee is a committee of all standing committee chairs and is chaired by a Member who has already received an additional salary.

Additional allowances for Members representing larger constituencies or more voters

3.2 While all Members are directly elected from single-member constituencies, Members representing larger constituencies or more electors are entitled to additional expense allowances provided through the Member's Office Budget (MOB). Each Member is provided with an MOB. A Member's MOB includes a Geographic Supplement (GS) when the area of the Member's constituency is at least 500 sq km, or an Elector Supplement (ES) when the constituency has at least 70 000 electors. A Member can receive a higher rate of GS or ES, when representing a larger constituency or more voters. The current annual rate of GS ranges from CAN\$4,620 (HK\$36,000) to CAN\$50,850 (HK\$400,000), while that of ES ranges from CAN\$8,360 (HK\$65,000) to CAN\$50,120 (HK\$390,000).

¹⁰ The House also has a type of committees called legislative committees, which are appointed by the House to study bills, usually after second reading, but they are not frequently formed.

¹¹ Section 54.1, *Parliament of Canada Act*.

Salary deduction for failure to attend House sittings

3.3 Under the House's Standing Orders, Members are "bound to attend the sittings of the House, unless otherwise occupied with parliamentary activities and functions or on public or official business".¹² Under the *Parliament of Canada Act*, a Member who has been absent from the House for more than 21 sitting days in any session will be penalized by a deduction of CAN\$120 (HK\$930) from his or her sessional indemnity for every sitting day (exclusive of those 21 days) during which the Member was absent. The deduction is calculated on the basis of a statement, with which each Member must provide the Clerk of the House, indicating the number of sittings he or she has attended for every month that the House sits. Those days on which a Member was absent, owing to illness, participation in other public or official business, service in the Canadian Armed Forces or the adjournment of the House, are considered days of attendance.

4. House of Representatives of the Parliament of Australia

Additional salaries for chairs and deputy chairs of parliamentary committees

4.1 In Australia, all Members are entitled to the same basic salary, which is currently AUS\$127,060 (HK\$870,000) per annum. An additional salary is payable to Members who are chairs or deputy chairs of parliamentary committees "concerned with public affairs rather than the domestic affairs of parliament".¹³ These committees include general purpose standing committees, which are investigatory or scrutiny committees inquiring into matters referred to them by the House, including bills and expenditure. They also include some standing committees concerned with the House's operation, such as the Standing Committee of Privileges, the Standing Committee on Procedure and the Committee of Members' Interests, and some joint committees established by the House and the Senate. Since December 1999, the additional salary has been expressed as a percentage of Members' basic salary, as shown in Table 2.

¹² Section 15, Standing Orders of the House of Commons.

¹³ House of Representatives (2005), p.149.

Table 2 – Additional salaries for chairs and deputy chairs of major parliamentary committees

Chairs and deputy chairs of major parliamentary committees	Additional salary as a percentage of the basic salary (per annum) and its amount (as at October 2007)
Chair of the Joint Statutory Committee of Public Accounts and Audit	16% or AUS\$20,369 (HK\$140,000)
Deputy Chair of the Joint Statutory Committee of Public Accounts and Audit	8% or AUS\$10,165 (HK\$70,000)
Chair of a General Purpose Standing Committee	11% or AUS\$14,000 (HK\$96,000)
Deputy Chair of a General Purpose Standing Committee	5.5% or AUS\$7,000 (HK\$48,000)
Chair of an Investigating Standing Committee established by resolution of the House	11% or AUS\$14,000 (HK\$96,000)
Deputy Chair of an Investigating Standing Committee established by resolution of the House	5.5% or AUS\$7,000 (HK\$48,000)
Chair of the Standing Committee of Privileges	11% or AUS\$14,000 (HK\$96,000)
Deputy Chair of the Standing Committee of Privileges	5.5% or AUS\$7,000 (HK\$48,000)
Chair of the Standing Committee on Procedure	11% or AUS\$14,000 (HK\$96,000)
Deputy Chair of the Standing Committee on Procedure	5.5% or AUS\$7,000 (HK\$48,000)
Chair of the Committee of Members' Interests	3% or AUS\$3,800 (HK\$26,000)
Chair of a parliamentary Committee concerned with public affairs rather than the domestic affairs of Parliament not otherwise specified	3% or AUS\$3,800 (HK\$26,000)

4.2 In framing the rates of these salaries, the Remuneration Tribunal, which is an independent statutory authority responsible for reviewing Members' remuneration, considers a range of aspects, including the complexity of work, the range of duties, the total remuneration package for Members, and the community wage and salary movements and remuneration trends in specific market segments, especially the public sector.¹⁴

Additional allowances for Members representing larger electorates

4.3 While all Members are directly elected from single-member electorates, Members with larger electorates are entitled to a higher rate of the Electorate Allowance, which is an expense of office allowance payable to Members to reimburse them for costs necessarily incurred in providing services to their constituents. In electorates of less than 2 000 sq km, of 2 000 to 4 999 sq km and of 5 000 sq km, the current annual rate of the Electorate Allowance is AUS\$27,300 (HK\$187,000), AUS\$32,450 (HK\$222,000) and AUS\$39,600 (HK\$270,000) respectively.

¹⁴ Remuneration Tribunal (1999).

5. Parliament of New Zealand

Higher salaries for chairs and deputy chairs of Subject Select Committees and Regulation Review Committees

5.1 In the Parliament of New Zealand, Members who are chairs or deputy chairs of Subject Select Committees and Regulation Review Committees are entitled to a higher salary of NZ\$135,000 (HK\$790,000) and NZ\$126,500 (HK\$740,000) respectively, compared to the basic salary of NZ\$122,500 (HK\$720,000) paid to all other Members who do not hold any parliamentary offices. Subject Select Committees have various functions, which include examining matters in various subject areas and examining bills, petitions, estimates and other matters initiated by themselves or referred to them by the House. Regulations Review Committees scrutinize all regulations and report to the House on matters relating to regulations.

Bigger support budget for Constituent Members

5.2 The Parliament of New Zealand comprises two types of Members, namely Constituent Members elected by voters from single-member constituencies and List Members elected by voters from lists of candidates nominated by registered political parties. Constituent Members are given a bigger "Member Support Budget" (MSB), which covers the operating expenses of political party offices in Parliament and out-of-Parliament offices. For a Constituent Member, the current annual MSB is NZ\$64,260 (HK\$377,000), and for a List Member, it is NZ\$40,932 (HK\$240,000).

Salary deduction for failure to attend House sittings

5.3 Under the *Civil List Act 1979*, if a Member has been absent from the House for more than 14 sitting days in a session without leave of absence, a deduction of NZ\$10 (HK\$58) is made from the Member's monthly salary for every sitting day (exclusive of those 14 sitting days) during which the Member was absent. No salary deduction for absence is made if a Member is absent for illness, parliamentary or official business or any other matter "certified by the Speaker to be unavoidable".¹⁵

¹⁵ Section 20, *Civil List Act 1979*.

6 House of Representatives of the United States Congress

6.1 In the US, apart from the Speaker and the Majority and Minority Leaders who are entitled to a higher salary, all Members of the House of Representatives receive the same basic salary, which is US\$165,200 (HK\$1,280,000) per annum. Unlike the selected legislatures in the UK, Canada, Australia and New Zealand, the House does not pay an additional salary to Members who are chairs of congressional committees.

6.2 The expense allowances provided by the House to Members may vary from Member to Member, but the variations are determined by practical needs instead of the size of constituency or the number of voters a Member represents. For example, under the Official Office Expenses Allowance (OOEA) provided to each Member for his or her official and representational duties, there are two allowances, of which the amount payable to each Member varies, depending on the distance between Washington DC and the farthest point in a Member's constituency and the rental cost of that constituency.

Salary deduction for failure to attend House sittings

6.3 Like the selected legislatures in Canada and New Zealand, the House is statutorily authorized to deduct from the monthly payments of each Member "the amount of his salary for each day that he has been absent from the House", unless such Member "assigns as the reason for such absence the sickness of himself or of some member of his family".¹⁶ According to the Library of Congress, while the salary deduction remains applicable to Members, it has not been enforced since 1914.¹⁷

7. Parliament of Singapore

7.1 Unlike most of the selected legislatures, the Parliament of Singapore does not pay an additional salary to Members who are chairs of parliamentary committees, which comprise Standing Select Committees and Ad Hoc Select Committees.¹⁸ Nor does Parliament make a deduction from a Member's remuneration if a Member is absent from Parliament for a certain number of sitting days without leave of absence.

¹⁶ Title 2, Chapter 3, §39, *U.S. Code*.

¹⁷ Chapter 7, §5, *Deschler's Precedents*, pp. 711-712. According to *Deschler's Precedents*, "due to the number of Members, and to the proliferation of their official duties in Congress, committee field work, and in their home states, enforcement is no longer feasible".

¹⁸ Standing Select Committees are appointed by the House for the duration of Parliament to undertake functions relating to public petitions, public accounts, government estimates, standing orders and privileges of the House, etc. Ad Hoc Select Committees are formed by the House to deal with bills or matters referred to them.

7.2 In any event, Parliament has two tiers of allowance¹⁹ for its Members, who belong to three categories, namely Elected Members representing single member or group representation constituencies, Non-Constituency Members selected by opposition parties, and Nominated Members representing functional groups who are appointed by the President of Singapore. Elected Members are paid a higher rate of allowance than Non-Constituency and Nominated Members. For Elected Members, the current annual allowance is SG\$158,400 (HK\$828,000). The current annual allowance for a Non-Constituency or Nominated Member is not available as of the publication of this information note. In 2004, the annual allowance for such Members was SG\$13,200 (HK\$70,000).

¹⁹ In Singapore, Members' parliamentary income is termed "allowance" instead of "salary" because, according to the Parliament Secretariat, being a Member is generally considered as a part-time job.

Appendix

**Mechanisms for adjusting the remuneration of individual Members of
selected legislatures and the Hong Kong Legislative Council**

Legislatures	Annual basic salary	Whether an additional salary is payable to committee chairs	Whether an additional allowance is payable to Members representing larger constituencies or more voters	Whether Members are subject to salary deduction for unauthorized absence
Hong Kong Legislative Council	President: HK\$1,362,000. President's Deputy: HK\$1,021,800 Other Members: HK\$681,000	No.	No.	No.
House of Commons in the United Kingdom	Speaker: £ 137,075 (HK\$2,170,000) Chairman of Ways and Means: £ 100,567 (HK\$1,600,000) Other Members: £ 60,675 (HK\$957,000)	Yes, additional salaries are payable to Members who are chairs of major committees, including select committees which oversee government departments, and general committees which examine bills. Select committee chairs receive the same rate of additional salary. The additional salaries for general committee chairs vary, depending on individual chairs' length of service.	No.	No.

Appendix (cont'd)

**Mechanisms for adjusting the remuneration of individual Members of
selected legislatures and the Hong Kong Legislative Council (cont'd)**

Legislatures	Annual basic salary	Whether an additional salary is payable to committee chairs	Whether an additional allowance is payable to Members representing larger constituencies or more voters	Whether Members are subject to salary deduction for unauthorized absence
House of Commons in Canada	Speaker: CAN\$223,000 (HK\$1,760,000) Deputy Speaker: CAN\$188,300 (HK\$1,490,000) Other Members: CAN\$150,800 (HK\$1,200,000)	Yes, additional salaries are payable to Members who are chairs or vice-chairs of almost all committees, including standing committees, which oversee government departments and examine bills. The chairs of these committees receive the same rate of additional salary.	Yes, additional expense allowances are payable to Members representing larger constituencies or more voters.	Yes, under legislation, a Member who has been absent from the House for more than 21 sitting days in any session is penalized by a deduction of CAN\$120 (HK\$930) from his or her monthly basic salary for every sitting day (exclusive of those 21 days) during which the Member was absent.
House of Representatives in Australia	Speaker: AUS\$222,355 (HK\$1,555,000) Deputy Speaker: AUS\$152,472 (HK\$1,070,000) Other Members: AUS\$127,060 (HK\$870,000)	Yes, additional salaries are payable to Members who are chairs or vice-chairs of committees concerned with public affairs rather than the domestic affairs of the House, including general purpose standing committees, which oversee government departments and examine bills. The additional salaries for the chairs of different types of committees vary, depending on the complexity of work, the range of duties, etc.	Yes, additional expense allowances are payable to Members representing larger constituencies.	No.

Appendix (cont'd)

**Mechanisms for adjusting the remuneration of individual Members of
selected legislatures and the Hong Kong Legislative Council (cont'd)**

Legislatures	Annual basic salary	Whether an additional salary is payable to committee chairs	Whether an additional allowance is payable to Members representing larger constituencies or more voters	Whether Members are subject to salary deduction for unauthorized absence
Parliament of New Zealand	Speaker: NZ\$225,000 (HK\$1,340,000) Deputy Speaker: NZ\$158,000 (HK\$940,000) Other Members: NZ\$122,500 (HK\$720,000)	Yes, additional salaries are payable to Members who are chairs or vice-chairs of Subject Select Committees, which oversee government departments, and Regulation Review Committees, which examine bills. The chairs of Subject Select Committees and Regulation Review Committees receive the same rate of additional salary.	Yes, a bigger support budget, which covers operating expenses of Members' offices, is provided to Constituent Members elected from constituencies.	Yes, under legislation, a Member who has been absent from the House for more than 14 sitting days in any session is penalized by a deduction of NZ\$10 (HK\$58) from his or her monthly basic salary for every sitting day (exclusive of those 14 days) during which the Member was absent.
House of Representatives in the United States	Speaker ⁽¹⁾ : US\$212,100 (HK\$1,650,000) Other Members: US\$165,200 (HK\$1,280,000)	No.	No.	Yes, the House has statutory power to deduct a Member's basic salary for his or her failure to attend House sittings, but it has not exercised this power since 1914.
Parliament of Singapore	Speaker and Deputy Speaker: The information is not available. Elected Members: SG\$158,400 (HK\$828,000) Non-constituency and Nominated Members: SG\$13,200 (HK\$70,000) ⁽²⁾	No.	Elected Members are entitled to a higher rate of allowance than Non-constituency and Nominated Members.	No.

Notes: (1) The US House of Representatives does not have the post of Deputy Speaker.

(2) This is a 2004 figure.

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Appendix II

FACT SHEET

Restrictions on and requirements for declaring Members' outside employment and earnings in selected places

Legislatures	Whether Members are subject to restrictions on their outside employment and earnings	Whether Members are required to declare their outside employment and earnings from sources such as remunerated directorships, investment and property
Hong Kong Legislative Council	Members are not statutorily required to serve on a full-time basis, and they are allowed to have outside employment and earnings.	Members are required to register particulars of registrable interests, including remunerated employments and remunerated directorships of public and private companies.
House of Commons of the United Kingdom Parliament	Members are not statutorily required to serve on a full-time basis. Apart from those who are public office holders (such as Ministers), Members are allowed to have outside employment and earnings.	Members are required to register particulars of registrable interests, including remunerated employment and directorship in every company, if the value of the remuneration exceeds 1% of a Member's current annual parliamentary salary £60,675 (HK\$957,000) or £606 (HK\$9,600) in 2007.
House of Commons of the Parliament of Canada	Members are not statutorily required to serve on a full-time basis. Apart from those who are public office holders (such as Ministers), Members are allowed to have outside employment and earnings.	Members are required to register particulars of registrable interests, including the source of any income greater than CAN\$1,000 (HK\$7,900) that a Member has received during the preceding 12 months and is entitled to receive during the next 12 months.
House of Representatives of the Parliament of Australia	Members are not statutorily required to serve on a full-time basis. Apart from those who are public office holders (such as Ministers), Members are allowed to have outside employment and earnings, although the House considers that the role of a Member has made it difficult for a Member to engage in outside work.	Members are required to register particulars of registrable interests, including shareholdings in public and private companies, registered directorships of companies, partnerships and the nature of any other substantial sources of income.

Legislatures	Whether Members are subject to restrictions on their outside employment and earnings	Whether Members are required to declare their outside employment and earnings from sources such as remunerated directorships, investment, land and property
Parliament of New Zealand	Members are not statutorily required to serve on a full-time basis. Apart from those who are public office holders (such as Ministers), Members are allowed to have outside employment and earnings, although being a Member is regarded by Parliament as an occupation.	Members are required to register particulars of registrable interests, including the name of the employer of a Member, the name of each company of which a Member is a director or holds or controls more than 5% of the voting rights, and the name of each debtor who owes a Member more than NZ\$50,000 (HK\$296,000).
House of Representatives of the United States Congress	Members may accept paid outside employment and earnings, but are subject to an outside earned income limit, which is 15% of a Member's annual basic salary of US\$165,200 (HK\$1,280,000) or US\$24,780 (HK\$192,000) in 2007. Members are not allowed to provide, among others, paid professional services involving a fiduciary relationship, paid services as board member of any organization, and paid teaching without advance written approval of the House's Committee on Standards of Official Conduct.	Members must disclose their income, assets, liabilities, transactions in securities and real property.
Parliament of Singapore	Members are not statutorily required to serve on a full-time basis. Apart from those who are public office holders (such as Ministers), Members are allowed to have outside employment and earnings, provided that they keep their private and public responsibilities rigorously separate.	Members who are not public office holders are required to disclose to the Prime Minister their present employment and monthly pay, business and professional interests, etc. Members who are public office holders are subject to the reporting requirements of the code of conduct for Ministers.

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Extract from RPC 01/06-07

**Supplementary information on mechanisms for determining
Members' basic salaries in selected places**

1. Introduction

1.1 The following paragraphs relating to the mechanism for determining Members' basic salaries in selected places are extracted from the Research Report entitled "Budgetary Arrangements of Selected Overseas Legislatures" (Paper no: RPC01/06-07), which was prepared by the Research and Library Services Division of the Legislative Council Secretariat on 6 December 2006. The Research Report was submitted to the Legislative Council Commission (LCC) for discussion on the budgetary arrangement of LCC.

2. House of Representatives of the United States Congress

(Extracted from para. 2.6.2)

2.1 Under the Constitution, "*Representatives shall receive a compensation for their services, to be ascertained by law, and paid out of the Treasury of the United States.*" This provision has been interpreted as empowering Congress to determine Members' salaries, which are not subject to regular review by either the Executive or any independent commission. There are three basic ways to determine Members' salaries. The first way is to enact stand-alone legislation to adjust Members' salaries. The second way is to consider the President's recommendations, based on advices made by a quadrennial salary commission established by Congress, while retaining the right to decline them. The third way, which has been used more frequently by Congress in recent years, is to follow a statutory annual automatic adjustment mechanism, based on a formula using changes in the private sector salaries as measured by the Employment Cost Index, while retaining the right to deny such adjustments.

3. House of Commons of the United Kingdom Parliament

(Extracted from para. 3.6.2)

3.1 The House determines the arrangements for Members' salaries, allowances and retirement benefits upon recommendations made from time to time by the Senior Salaries Review Body (SSRB), a non-statutory body appointed by the Prime Minister. In particular, since 1996, the House has agreed to the mechanism recommended by SSRB that the annual increase of Members' salaries from 1997 onwards be in line with the percentage increase of the mid-points of the Senior Civil Service pay bands, without the need for the House's decision.

4. House of Commons of the Parliament of Canada

(Extracted from para. 4.6.2)

4.1 Since 2004, the House has agreed that Members' salaries and allowances be adjusted in accordance with the index of the average percentage increase in base-rate wages for each calendar year.¹

5. Parliament of Singapore

(Extracted from para. 5.6.2)

5.1 Members' income from Parliament is termed "allowance" instead of "salary" because, according to the Parliament Secretariat, Members' parliamentary duties are generally considered as part-time. Since 2000, the allowance of an Elected Member has been pegged to two-thirds of the salary of the Superscale G Administrative Officer of the government,² while that of a Nominated or Non-constituency Member is about one-fifth of the allowance of an Elected Member.

6. Legislative Assembly of the New South Wales Parliament of Australia

(Extracted from para. 6.6.2)

6.1 Members' salaries are not subject to regular review by either the Executive or a body independent of the Executive. Instead, they are determined annually in accordance with the Parliamentary Remuneration Act 1989, which requires a Member's salary to be tied to that of a Member of the House of Representatives of the Australian Parliament, with its amount being AUS\$500 (HK\$2,900) less.³

¹ The "base-rate" is the lowest paid classification used for qualified employees in a bargaining unit. The base-rate wages result from major settlements negotiated with bargaining units of 500 or more employees in the private sector.

² "Superscale G Administrative Officer" is a senior civil servant's rank just below Permanent Secretary. The salary of this rank is defined as the principal earned income of the 15th person aged 32 belonging to the six benchmark professions, namely bankers, accountants, engineers, lawyers, executives of multi-national companies and executives of local manufacturing companies....

³ Under the Remuneration and Allowances Act 1990, the annual salaries of Members of the House of Representatives are automatically adjusted in line with the percentage change of a reference salary.

Appendix IV

FACT SHEET

Annual Salary¹ of Major Office-holders in Selected Overseas Legislatures² and Governments³ (as of May 2006)

	Hong Kong	Singapore	United States	United Kingdom	Canada	New South Wales of Australia
Member of legislature	HK\$652,680	SG\$142,800 ⁵ (HK\$700,000)	US\$165,200 (HK\$1,280,000)	£59,095 (HK\$850,000)	CAN\$147,700 (HK\$1,035,000)	AU\$110,650 (HK\$650,000)
President/Speaker of legislature	HK\$1,305,240	Information not available	US\$208,100 (HK\$1,614,000)	£133,997 (HK\$1,930,000)	CAN\$218,500 (HK\$1,530,000)	AU\$173,721 (HK\$1,020,000)
President's Deputy/ Deputy Speaker of legislature	HK\$979,200	Information not available	Not applicable	£97,949 (HK\$1,410,000)	CAN\$184,500 (HK\$1,293,000)	AU\$143,845 (HK\$846,000)
Head of government: Chief Executive/ President/ Prime Minister/ Premier	HK\$2,934,780 (excluding all other entitlements)	About SG\$1,940,000 (HK\$9,500,000)	US\$400,000 (HK\$3,100,000)	£183,932 (HK\$2,650,000)	CAN\$295,400 (HK\$2,070,000)	AU\$215,768 (HK\$1,270,000)
Cabinet Minister	Principal officer: ⁴ HK\$3,219,660 (including salary and all other entitlements)	SG\$1,166,844 (HK\$5,700,000) to SG\$1,458,040 (HK\$7,140,000) (as of 2003)	US\$180,100 (HK\$1,400,000)	£133,997 (HK\$1,930,000)	CAN\$218,500 (HK\$1,530,000)	AU\$173,721 (HK\$1,020,000)
Statutory contribution rate of retirement plan for Member of legislature	Member is not entitled to any retirement benefit.	5% to 20% of Member's allowance under the Central Provident Fund scheme.	<ul style="list-style-type: none"> 8% of Member's salary under the Civil Service Retirement System; or 1.3% of Member's salary under the Federal Employees' Retirement System 	10% of Member's salary	7% of Member's salary	Member needs not contribute. Government's contribution is equal to 12.5% of Member's salary

¹ Excluding all other entitlements.

² The legislatures are the Singapore Parliament, the United States House of Representatives, the United Kingdom House of Commons, the Canadian House of Commons and the New South Wales Legislative Assembly.

³ The governments are the Singapore government, the United States federal government, the United Kingdom central government, the Canadian federal government and the New South Wales state government.

⁴ Excluding the Chief Secretary, the Financial Secretary and the Secretary for Justice.

⁵ This is the annual allowance of an Elected Member. In Singapore, a Member's income from Parliament is called "allowance" instead of "salary" because, according to the Parliament Secretariat, the parliamentary duties performed by Members are generally considered as part-time. Parliament has 94 Members, comprising 84 Elected Members, one Non-Constituency Member and nine Nominated Members. In 2004, the annual allowance of a Non-Constituency or Nominated Member was SG\$13,200 (HK\$63,000). Parliament can meet at any time of a year. The date of the sitting can be specifically named by Parliament upon its adjournment or otherwise called by the Speaker. In 2005, Parliament had a total of 31 sittings, each of which usually started at 1:30 pm and lasted not more than six hours. In 2005, a total of 38 Bills were introduced in and passed by Parliament. The majority of Bills are scrutinized by the whole House sitting as a Committee, and the rest by ad hoc Select Committees. In addition, Parliament has seven standing Select Committees to handle other House affairs.

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Appendix V

(Restricted to Members only)

Ref: AM 12/01/19 (04-08)

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

Information Note

**Utilization rates of Office Operation Expenses Reimbursement
for the period from 1 October 2006 to 31 May 2007**

Purpose

This information note reports on Legislative Council Members' utilization of the financial provisions for Office Operation Expenses Reimbursement (OOER) in the period from 1 October 2006 to 31 May 2007, as compared to the utilization in the periods from 1 October 2005 to 31 May 2006 and 1 October 2005 to 30 September 2006.

Utilization rates

2. Members' utilization rates of OOER during the periods stated in paragraph 1 are summarized below, with further breakdowns of the major expenditure components in **Appendix I** and an analysis on the distribution of the utilization rates in **Appendix II**.

	Oct 2006 to May 2007		Oct 2005 to May 2006		Oct 2005 to Sep 2006	
	8 months		8 months		12 months	
	\$	%	\$	%	\$	%
Time-apportioned reimbursement ceiling	998,713	100	890,993	100	1,336,490	100
Average reimbursement						
Overall average	864,579	86.6	825,242	92.6	1,247,311	93.3
FC average	803,211	80.4	788,346	88.5	1,190,401	89.1
GC average	925,946	92.7	862,138	96.8	1,304,220	97.6

FC = Functional Constituencies
GC = Geographical Constituencies

Estimated annual utilization

3. In response to the Secretariat's open invitation, six Members have reported their estimated total office operation expenses in the reimbursement year ended 30 September 2007. Their estimated levels of expenditure are as follows:

	Estimated utilization for the year ended 30.9.2007		Actual utilization for the year ended 30.9.2006	
	\$	%	\$	%
Reimbursement ceiling	1,498,070	100	1,336,490	100
Members returned by FC				
A	1,600,000 #	106.8	1,334,561	99.9
B	979,310	65.4	1,276,928	95.5
C	1,118,200	74.6	1,333,189	99.8
Members returned by GC				
D	1,489,759	99.4	1,336,396	100.0
E	1,420,329	94.8	1,210,519	90.6
F	1,498,070	100.0	1,336,490	100.0

claim will be limited to the reimbursement ceiling

* * * * *

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

Overall

	Oct 2006 to May 2007		Oct 2005 to May 2006		Oct 2005 to Sep 2006	
	8 months		8 months		12 months	
	\$	%	\$	%	\$	%
Time-apportioned reimbursement ceiling for the period	998,713	100	890,993	100	1,336,490	100
Average reimbursement total	864,579	86.6	825,242	92.6	1,247,311	93.3
Staff remuneration and expenses	690,754	69.2	655,935	73.6	982,814	73.5
Office accommodation	74,910	7.5	72,642	8.2	106,845	8.0
Equipment and furniture	2,922	0.3	1,615	0.2	4,009	0.3
Other operating expenses	95,993	9.6	95,050	10.7	153,643	11.5

Functional Constituencies

	Oct 2006 to May 2007		Oct 2005 to May 2006		Oct 2005 to Sep 2006	
	8 months		8 months		12 months	
	\$	%	\$	%	\$	%
Time-apportioned reimbursement ceiling for the period	998,713	100	890,993	100	1,336,490	100
Average reimbursement total	803,211	80.4	788,346	88.5	1,190,401	89.1
Staff remuneration and expenses	634,526	63.5	614,380	69.0	920,817	68.9
Office accommodation	63,235	6.3	59,956	6.7	87,284	6.5
Equipment and furniture	3,891	0.4	1,212	0.1	3,359	0.3
Other operating expenses	101,559	10.2	112,797	12.7	178,941	13.4

Geographical Constituencies

	Oct 2006 to May 2007		Oct 2005 to May 2006		Oct 2005 to Sep 2006	
	8 months		8 months		12 months	
	\$	%	\$	%	\$	%
Time-apportioned reimbursement ceiling for the period	998,713	100	890,993	100	1,336,490	100
Average reimbursement total	925,946	92.7	862,138	96.8	1,304,220	97.6
Staff remuneration and expenses	746,981	74.8	697,490	78.3	1,044,811	78.2
Office accommodation	86,585	8.7	85,328	9.6	126,407	9.5
Equipment and furniture	1,954	0.2	2,018	0.2	4,658	0.3
Other operating expenses	90,426	9.1	77,302	8.7	128,344	9.6

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

Utilization rate (%)	No. of Members		Oct 2006 to May 2007						Oct 2005 to May 2006						Oct 2005 to Sep 2006					
			8 months						8 months						12 months					
	Overall		FC		GC		Overall		FC		GC		Overall		FC		GC			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
over 100 ⁽¹⁾	7	11.7	1	3.3	6	20.0	18	30.0	5	16.7	13	43.4	—	—	—	—	—	—		
100	—	—	—	—	—	—	—	—	—	—	—	—	18	30.0	4	13.4	14	46.7		
99 to <100	2	3.3	—	—	2	6.7	1	1.6	1	3.3	—	—	16	26.7	7	23.3	9	30.0		
90 to <99	19	31.7	7	23.4	12	40.0	19	31.7	10	33.4	9	30.0	12	20.0	7	23.3	5	16.7		
80 to <90	15	25.0	9	30.0	6	20.0	13	21.7	6	20.0	7	23.3	7	11.7	6	20.0	1	3.3		
70 to <80	8	13.4	6	20.0	2	6.7	5	8.4	4	13.3	1	3.3	3	5.0	2	6.7	1	3.3		
60 to <70	6	10.0	4	13.3	2	6.6	3	5.0	3	10.0	—	—	3	5.0	3	10.0	—	—		
50 to <60	2	3.3	2	6.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
40 to <50	1	1.6	1	3.3	—	—	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	60	100	30	100	30	100		

⁽¹⁾ = Members' expenditure can be higher than the pro rata provision for a period, so long as the annual reimbursement ceiling is not exceeded.

FC = Functional Constituencies

GC = Geographical Constituencies