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

**Draft Report of the Subcommittee on
Members' Remuneration to the Independent Commission**

1. Introduction

- 1.1 This document outlines the findings of a review conducted by the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement ("the Subcommittee") of the House Committee on the outcome of a recent survey conducted among Legislative Council ("LegCo") Members on the scope and level of responsibilities, time spent on LegCo work and the mechanisms adopted by overseas parliaments in determining Members' remuneration. It also contains a proposal on the remuneration for Members of the Fifth LegCo (2012 – 2016) put forward by the Subcommittee for submission to the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region (formerly known as the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region) ("the Independent Commission") for its consideration.

Background

- 1.2 The Subcommittee was formed by the House Committee in October 2008 to continue to study issues relating to Members' remuneration and operating expenses reimbursement, including outstanding issues from the Third LegCo. The Subcommittee comprises 9 members, as shown in **Annex I**.

- 1.3 One of outstanding issues from the Subcommittee of the Third LegCo was the lack of a mechanism to determine Members' monthly remuneration. In a submission to the Independent Commission in October 2007, the Subcommittee of the Third LegCo, after a detailed study of Members' remuneration package, submitted that the monthly remuneration for LegCo Members should be pegged to a certain percentage of the salary range of the directorate officers in the civil service. Alternatively, an independent remuneration scale may be set for LegCo Members. However, the Independent Commission did not respond to this view of the Subcommittee but recommended a 15% increase in the monthly remuneration of Members of the Fourth Term, i.e. the current Term.
- 1.4 At the first meeting of the Subcommittee of the current Term on 18 November 2008, members were of the view that the factors set out by the Administration for determining Members' remuneration were irrelevant and out of date. It was noted that in justifying the proposed 15% increase in Members' monthly remuneration in January 2008 for the Fourth LegCo, the Administration did not refer to the fact that LegCo Members today had to devote much of their time to study and deliberate on the numerous important issues considered by the Council and its committees, but to the percentile of salary earners that Members would be put in. It argued that the 15% increase would bring the monthly remuneration to the level of \$65,260 and place LegCo Members among the top 2.1% – 2.2% of salary earners as at 2006 (as opposed to 2.8% – 2.9% at that time). Members of the Subcommittee considered that the remuneration of LegCo Members (then \$68,200 a month) could not even be compared to that of a Senior Administrative Officer (viz \$80,485 to \$92,720 a month) and was way below that of a Political Assistant to a Director of Bureau (viz \$104,340 to \$163,960 a month). With such a low remuneration, LegCo was in no position to compete with the Administration for political talents or attract young high-fliers from the private sector. For the heterogeneous development of the legislature and the filling of LegCo seats with younger candidates, the conventional belief of just grooming elite bureaucrats in the Government was outdated and ought to be changed. The Subcommittee decided that a review should be conducted on Members' remuneration.

The Review

- 1.5 The Subcommittee considers it necessary to make reference to the practices of overseas parliaments in determining and adjusting their Members' remuneration. The LegCo Secretariat then proceeded to study the principles and mechanisms adopted for determining the remuneration package for Members in the lower house of the parliament in Australia, Canada, the United Kingdom, and the United States, as well as the unicameral parliament in New Zealand and Singapore.
- 1.6 The Subcommittee also makes reference to the advice of Sir Malcolm Jack, former Clerk of the House of Commons of the United Kingdom, who was invited by the Secretariat to advise on how the work of a Member of Parliament is regarded in modern world and what consideration ought to be taken into account when determining the remuneration of a Member of Parliament.
- 1.7 Through the Secretariat, the Subcommittee also conducted a survey among all LegCo Members to ascertain information on the following:
 - (a) the time spent by Members in order to perform their work effectively;
 - (b) the scope and complexity of the duties undertaken by Members in performing their LegCo work; and
 - (c) Members' views on their present monthly remuneration and the way it is determined and adjusted and in what manner Members' time and efforts devoted to LegCo work can be fairly compensated and recognized, so that individuals with the ability and commitment to serve the community would not be deterred from becoming a LegCo Member.
- 1.8 Of the 60 Members of LegCo, 38 responded to the survey. 16 Members indicated that they had no particular views on the subject. The findings of the survey were collated by the Secretariat and presented to the Subcommittee on 31 January 2012.
- 1.9 The Subcommittee, after initial deliberation of the findings of the surveys and taking into account the practices of overseas parliaments and Sir Malcolm Jack's advice, consulted LegCo

Members on the preliminary views of the Subcommittee regarding the mechanism to be adopted for determining LegCo Members' monthly remuneration. The feedback from Members will be further discussed at the Subcommittee's meeting on 7 February 2012, aiming at submitting a report to the House Committee on 10 February 2012. The report, if endorsed by the House Committee, will be put forward to the Independent Commission in mid-February 2012.

2. Nature of a LegCo Member's work

Perception of Members' work in overseas jurisdictions

- 2.1 The Subcommittee observes from the study of the remuneration and benefits of Members in overseas jurisdictions that none of the parliaments included in this research require their Members to serve on a full-time basis, but with the exception of Singapore, all parliaments regard their membership to be full time in view of the workload of Members, and so the salaries paid to their Members are essentially commensurate with those for full-time comparable jobs.
- 2.2 The Subcommittee also notices that most jurisdictions recognise Members' responsibilities not only in participating in debates in the Chamber and committees, but also their roles in initiating motions and bills, proposing amendments, proposing recommendations to the Government on policy issues, and acting as ombudsmen in serving their constituents.
- 2.3 These observations of the Subcommittee are confirmed in the advice of Sir Malcolm Jack, who points out that the work of parliamentarians in most countries was historically considered to be part-time. However, the modern situation has been very different, and generally speaking, the job of a parliamentarian is now universally regarded as full-time. The service that parliamentarians are now expected to provide to citizens in their constituencies has added considerably to the work of Members in many jurisdictions. It is now a global view that this "new" aspect of Members' duties, added to legislative functions, has made the work a full-time job.

Perception of Members' work in Hong Kong

- 2.4 As regards Hong Kong's situation, the Subcommittee notes that in the first Report published by the then Commission on Remuneration for Members of the Legislative Council ("the former Commission") in October 1994, the position of a LegCo Member was considered not meeting the requisite parameters of a "job". In the former Commission's opinion, the work of a LegCo Member did not entail clearly defined authority and accountability in the context of an organization structure, nor could there be a common set of technical/managerial competencies which were essential to discharging its functions. The former Commission considered that the position of a LegCo Member did not necessarily require a full-time commitment of time and effort from the incumbent. In response, the LegCo Working Group on Review of Allowances for LegCo Members, appointed by the House Committee, stated in its report issued to the former Commission that LegCo Members did not agree with the reasons put forward by the former Commission for not defining LegCo work as a job. Members considered that LegCo work was unique and requested the former Commission to draw reference from overseas legislatures. However, nothing was done at that time.
- 2.5 It was almost ten years later when the Subcommittee of the Second LegCo of HKSAR (2000-2004) made a request to the Independent Commission (which was set up to replace the former Commission) seeking a review of the remuneration package for Members that the subject was revisited. In response to the Subcommittee, the Independent Commission reaffirmed that "LegCo membership is not a job, but a form of service to the public." The Independent Commission reiterated that "LegCo work is so unique that it would not be appropriate to compare it with any other occupation. Since LegCo work is not a job, in determining a LegCo Member's remuneration, the actual time he/she spends on LegCo work is not a relevant consideration".
- 2.6 When the Subcommittee of the Third LegCo (2004-2008) submitted that the monthly remuneration for LegCo Members should be pegged to a certain percentage of the salary range of the directorate officers in the civil service, the response of the Independent Commission seemed to suggest a slight change in their perception of LegCo Members' work. The Independent Commission recognized the increasing volume and complexity of

LegCo work, the heavier responsibilities and time commitments, and the higher public expectations placed upon LegCo Members. It also accepted that even for those Members who retained their main occupations in the relevant professions or continued to run their businesses in the relevant sectors, the time and attention they devoted to LegCo work were much more substantial than that spent on their own professions or sectors. Nevertheless, when proposing enhancement to the monthly remuneration of Members of the Fourth LegCo, the Independent Commission still compared Members' remuneration in real value against the rate of the growth in nominal Gross Domestic Product (“GDP”) and recommended a 15% increase. It made no reference to the complexity and volume of Members' work.

Time spent on LegCo work

- 2.7 The Subcommittee notes that the volume of work of Members is exactly the reason why most jurisdictions recognize the work of a Member as a full-time job. To better understand the amount of time LegCo Members spend on LegCo business, the Subcommittee invited all LegCo Members to provide information on the time they spent on a wide range of specific LegCo-related activities over a typical 4-week period.
- 2.8 Of the 38 Members who responded to the survey, 37 provided the time spent on LegCo work, which ranged from 81 hours to 405 hours over the 4-week period, making an average of 59 hours per week. An analysis of the data indicates that there is some kind of correlation between the number of committees a Member takes part in and the time he/she needs to spend on LegCo work. This is particularly indicative when looking at the number of chairmanships the Member is undertaking. The more committees a Member is serving on, especially if he/she is serving as chairman of committees, the more hours of work are likely to be incurred. Of the 37 Members, 49 % were chairmen of committees in 2010-2011 and their average hours of work per week were 64 hours, while the average hours of work for those serving on less than 15 committees and were not serving as chairman were 48. Details are provided in **Annex II**.
- 2.9 As regards the time spent on specific activities, the overall average of hours worked by these 37 Members were 235 hours in a typical 4-week period (or about 59 hours a week), of which about 23%

was for preparation and actual attendance at Council meeting, 27% for committee meetings and visits, and 2% for handling complaints received under the LegCo Redress System. About 24% of their time was spent on producing work reports, conducting research, and meeting with the media, other Members, government officials, statutory bodies (and other organizations) and Secretariat staff. The respondents also used about 24% of their working hours on engaging the public and their constituents, in the form of meeting with them, handling their enquiries and grievances, and participating in activities such as demonstrations, petitions, rallies and flyer distribution. Detailed working hours by types of work are set out in **Annex III**.

- 2.10 The Subcommittee considers that the average of 59 hours per week spent by Members on LegCo-related activities well exceeds the conditioned hours of 44 hours per week for a full-time staff in the Civil Service. The Subcommittee also notes that among the 37 Members who provided information on time spent on LegCo work, 31 Members worked for over 44 hours per week during the typical 4-week period. It is therefore quite common that Members, including those with their own occupations have to utilize all the time they can make use of to carry out their LegCo duties and to provide service to their constituents.

3 How the monthly remuneration of Members should be determined

- 3.1 The Subcommittee has studied the way Members' monthly remuneration in Hong Kong was determined and adjusted. It noted in the first Report published by the former Commission in October 1994 that in order to fulfill their role, LegCo Members ought to ensure that they were well informed about proposals from the Government and capable of soliciting and representing the views of their constituencies. It would require individual Members to spend a considerable amount of time on the work of the Council, which might otherwise be used to pursue income earning activities. The former Commission considered that as a principle, it was against the interest of the public to restrict membership in the LegCo only to those who were financially well-to-do, and hence did not need to engage in full-time income generating work to pay their living expenses.
- 3.2 The former Commission considered that on balance, it would seem appropriate to view the work of LegCo Members as a service to the public for which some level of remuneration is necessary. However, the main purpose of the payment was to make it possible for a broad spectrum of individuals from society to participate in the political process in the capacity of LegCo Members. It concluded that the monthly payment to LegCo Members should best be described as remuneration for service to the public. The then current level of remuneration, at \$43,250 per month¹ adjusted in accordance with the movement of Consumer Price Index (C) since 1991, which put LegCo Members in the top 1.5% of salary earners in Hong Kong, was considered to be reasonable.
- 3.3 The Subcommittee of the Third LegCo (2004-2008), after a detailed study of Members' remuneration package, submitted that the monthly remuneration for LegCo Members should be pegged to a certain percentage of the salary range of the directorate officers in the civil service. The Subcommittee also suggested that an independent remuneration scale may be set for LegCo Members.
- 3.4 In response to the Subcommittee's submission, the Independent Commission noted that the overall rate of increase in the remuneration for LegCo Members since 1991 had lagged behind

¹ \$43,250 at 4th quarter of 1993 was roughly equivalent to Pt 40 on the Master Pay Scale.

the rate of growth in nominal GDP per employed person and per capita nominal GDP by 12.0% and 16.4% respectively. In this light, the Independent Commission recommended that, with effect from the Fourth LegCo (2008-2012), the monthly remuneration be increased by 15%, on top of the price adjustment due in October 2008. That would bring the monthly remuneration to the level of \$65,260 and place LegCo Members among the top 2.1% – 2.2% of salary earners as at 2006 (as opposed to 2.8% – 2.9% at that time). The Independent Commission also supported the provision of an end-of-service gratuity at 15% of the total remuneration that Members receive during a LegCo Term and an annual accountable medical allowance of \$25,000 with effect from the Fourth LegCo.

- 3.5 The above recommendations of the Independent Commission were approved by the Finance Committee on 11 January 2008. The new remuneration package effective from 1 October 2008 is in **Annex IV**.
- 3.6 The Subcommittee noted that when the monthly remuneration was first drawn up in 1994, there was no reference to the scope of responsibilities undertaken by a LegCo Member and the level of complexity involved. The only reference point was at which percentile of salary earners in Hong Kong LegCo Members would be put. Even so, while the former Commission considered it reasonable to put LegCo Members at the top 1.5 % of salary earners in Hong Kong, the Independent Commission decided to adjust it to the top 2.1% of salary earners in 2008 when it noted that the remuneration had in fact dropped to the top 2.9% of salary earners over a period of 13 years.
- 3.7 According to the Administration's financial proposal submitted to the Finance Committee on 11 January 2008, the Independent Commission was conscious of the need to review and devise a remuneration package which was commensurate with the high level of responsibilities and the powers and functions vested in LegCo membership, attractive enough for able candidates to come forward and serve the community in the capacity of LegCo Members, and which would enable those who regard LegCo work as their main occupation to maintain a reasonable standard of living.
- 3.8 It is obvious that the Independent Commission had taken an easy way out. The Independent Commission took a "practical"

approach and drew its attention to the fact that there had been no change to the level of the monthly remuneration since 1991, except the annual adjustments in accordance with the movements of the Consumer Price Index (C) and that the real value of the monthly remuneration for LegCo Members had been curbed without moving in line with the growth of real income in the rest of Hong Kong's society. Instead of devising a remuneration package which was commensurate with Members' responsibilities and attractive enough to bring able candidates to LegCo, it recommended, on the basis that the remuneration for LegCo Members had lagged behind the rate of growth in nominal GDP per employed person and per capita nominal GDP by 12.0% and 16.4% respectively, an increase of 15%. The request to consider pegging Members' remuneration to the directorate pay scale or establish an independent scale for LegCo members was not dealt with.

- 3.9 The determination of the remuneration of Members of a Legislature is never a simple matter, reflecting the unique function that such Members perform as people representatives and as legislators. The Subcommittee notes that in overseas jurisdictions, while each of the legislatures may have its own historical background leading to the remuneration package available to its Members today, the determination of the level of salary for Members is commonly regarded as a political and controversial issue. Over the years, it has become necessary for some kind of independent bodies, mostly established by statute, to be formed to decide or to advise on Members' salary, allowances and other benefits having regard to a whole package of considerations. It is not uncommon for these bodies to refer to some objective yardsticks so as to determine a reference point for Members' salary which should be good enough to attract suitable candidates to join the Parliament as full-time employment and at the same time acceptable to taxpayers. These objective yardsticks are often the complexity, the responsibility and accountability of a Member's work in relation to those of an office in a senior position in the public sector.
- 3.10 In determining the level of remuneration, the Subcommittee considers that it is important to look at the level of responsibilities, including the nature and complexity of work involved, the extent of understanding of the subject matters required, the need for decision-making, judgement, etc. To ascertain Members' views on the complexity of LegCo work and the appropriate remuneration

level for LegCo Members, the Subcommittee invited Members to refer to a range of LegCo-related activities normally undertaken by Members and indicate the level of complexity for each type of activity. The great majority of respondents consider studying bills and subsidiary legislation, moving motions and amendments with legislative effect or even speaking on them are highly complex work. Chairing meetings, in particular Council meetings and meetings of an inquiry nature, is also highly demanding as it requires a lot of preparatory work, research work and good communication skills.

- 3.11 The responding Members strongly agree that public expectation, especially in respect of LegCo's watchdog role, has a great impact on their work. They also agree very much that decisions made by LegCo Members are critical to Hong Kong, and thus the decision-making process is very stressful.
- 3.12 Almost all responding Members have placed much emphasis on the need to communicate effectively with people at all levels and they have to do a lot of preparatory work to be well-versed in the subjects before they can take a stance and explain the rationale behind. This is particularly necessary in view of the lack of public consultation by the Administration on new policies/legislative proposals, and the fact that Members lack the resources to employ quality supporting staff to assist them in their research.
- 3.13 Detailed breakdowns of the ratings given by the responding Members on the complexity of their daily work, together with their views on LegCo duties, are set out in **Annex V**.
- 3.14 According to Sir Malcolm Jack, a salary sufficient to enable a Member to live without other employment or outside support is desirable. That requirement is held in recognition of the importance of the role of Members as professional persons and it also mitigates the risk of possible conflicts of interest if a Member is supported by an outside group or organization. In addition, it provides an opportunity for persons from less privileged financial background to enter political life.
- 3.15 While Hong Kong's political structure may be different from that of other jurisdictions, the one factor that is common to all jurisdictions is that the remuneration given to Members should be sufficient to enable those who regard legislative work as their main

occupation to maintain a reasonable standard of living and enable them to uphold the integrity of a Member involving, as it does, the need for a responsible level of service to the general public.

- 3.16 On the basis of the returns from Members on their assessment of the complexity of their work, the Subcommittee also considers in what manner should Members' work be assessed against that of an officer in a senior position in the public sector. In this respect, the Subcommittee finds that in Canada, the salary of a Member is set at 50% of the salary of the Chief Justice. In the United States, the pay of Members has been in parity for years with that of district judges and Executive Schedule² II payees (i.e. deputy secretaries of departments, secretaries of military departments, and heads of major agencies). In Australia, from December 1999 till today, Members' salary has been linked to the reference salary at Band A in the Principal Executive Office structure, which is about 57% of the salary of a Cabinet Minister. In Singapore, although Members are only receiving an allowance instead of a salary, the allowance is pegged at 17.5% of the MR4 grade, the salary grade for entry-level minister. MR4 grade is itself benchmarked to 60% of the median income of the top 1 000 Singaporean Citizen earners. Details are provided at **Annex VI**.
- 3.17 In the survey conducted among Members, the Subcommittee sought members' feedback on their present monthly remuneration. Most respondents (33 out of 37) strongly agree that the remuneration for Members should recognize the fact that performing the duties of a LegCo Member can be a full-time job.
- 3.18 The responding Members also strongly agree that the present remuneration package for a LegCo Member does not reflect their level of responsibility and the time they devote to LegCo work. In addition, the present remuneration package cannot encourage persons with good professional background to come forward to serve the community as LegCo Members.
- 3.19 The respondents generally disagree that a LegCo Member should claim his/her remuneration, up to 100% of the full remuneration package, according to the time he/she spends on LegCo work.

² Executive Schedule (5 U.S.C. §§ 5311–5318) refers to the highest-ranked appointed positions in the executive branch of the US government, under which five pay rates are denoted with a Roman numeral with I being the highest level and V the lowest.

- 3.20 As far as the complexity of LegCo work is concerned, the majority of Members strongly agree that the duties of LegCo Members are no less onerous than those performed by public officers at the directorate level. As regards the level of remuneration, the majority of Members strongly agree that their remuneration should be pegged to 50% of the salary of a Director of Bureau³ at \$141,000 per month, which is roughly the same as a D3 officer or a Judge of the District Court. This finding is consistent with the research on overseas legislatures.
- 3.21 Detailed breakdowns of Members' responses, including other views and remarks, are set out in **Annex VII**.

³ i.e. Policy Secretary in the survey form

4. Consultation with Members

- 4.1 In the course of deliberation, the Subcommittee notes that any increases in Members' monthly remuneration would raise the question in the community whether all Members should receive the same and higher remuneration as not all Members are dedicating the same amount of time to LegCo work. Although the emphasis of the study of the Subcommittee is on the nature and complexity of work and the time and efforts required of a Member to carry out the LegCo responsibilities, the Subcommittee is aware that it is important to make the public understand the need for establishing a mechanism to determine and adjust Members' remuneration to save the persistent arguments between the Administration and the Legislature over this controversial subject. The Subcommittee also notes that in overseas jurisdictions, there is a much more stringent requirement for Members to declare their outside income and interests to check against possible conflicts of interests in the performance of their parliamentary duties. However, in view of the special composition of the Hong Kong Legislature, the same methodology in registering Members' pecuniary interests may not be applicable. Under the circumstances, the Subcommittee has considered the viability of providing an option for Members to declare the percentage of time they spend on LegCo work and to draw a corresponding percentage of monthly remuneration. As this is a new area which has not been discussed among Members, the Subcommittee requests the Secretariat to consult Members on their views on the subject and to brief them on the development of the study.
- 4.2 The Subcommittee also requests the Secretariat to consult Members on the proposed mechanism and the initial proposal of the Subcommittee, which are as follows:
- (a) That the work of a LegCo Member is a full-time job, which requires total dedication of time and commitment of a Member in order to perform the functions of the Legislature as enshrined in the Basic Law;
 - (b) That Members are elected by the people of Hong Kong and they have the responsibility to monitor the operation of the Government, scrutinize proposed legislation and policies proposed by the Government and reflect the views of their constituencies to the respective Policy Bureaux. The

Subcommittee proposes that the monthly remuneration of Members should be compared with those in the other two branches under the Hong Kong Political Structure, namely the Directors of Bureau in the Executive Authorities, and the judges of the Judiciary;

- (c) That the monthly remuneration should be pegged to that of a percentage of a Director of Bureau at a level comparable to that of a Judge in the District Court, and the proposed remuneration is about 40% to 50% of the present salary of a Director of Bureau, i.e. \$112,832 per month to \$141,040 per month.

4.3 In conducting the consultation with Members, the Secretary General has conducted a series of discussions with Members from different political parties and affiliations, and also a briefing session for all Members and their Personal Assistants. Apart from explaining the content of the research findings and survey results as contained in LC Paper No. AS 91/11-12 and the initial views of the Subcommittee, the Secretary General also obtained Members' views and suggestions on the subject, having regard to the long-term growth and development of the Legislature. A total of 41 Members (including those represented by other Members and/or their Personal Assistants) took part in the discussions and the briefing session.

The requirement of full commitment to carry out LegCo work

4.4 There is consensus among all Members consulted that the demand for their time and efforts has been on the rise and they believe, with the rising public expectation on their performance, the actual time spent on LegCo work will soon be well above the average of 59 hours per week as obtained from the recent survey. They consider that the work of a LegCo Member is no doubt a full-time job, but some Members insist that regarding LegCo work as a "job" is not appropriate as the duties of LegCo Members are set out in the Basic Law. Such duties are very important and are very complex, and it requires the incumbents to be totally committed to the work in order to perform their duties to the satisfaction of their constituents.

4.5 All Members consulted consider that Members should have the flexibility to undertake employment outside LegCo. As it is

important for LegCo Members to stay in close contact with their constituents, for those in Functional Constituencies in particular, there is a functional need for them to remain their respective professions. Members also consider that the present remuneration package has failed to provide Members a reasonable income to support their families and support the operation of their offices. Members who are working full-time as LegCo Members are encountering great difficulties in managing the effective running of their offices as their remuneration is often used to subsidize the operation of their offices and they have to rely on other family members to support their families.

Proposed pegging of monthly remuneration

- 4.6 Most Members do not agree that there should be disparity in monthly remuneration between the Members from Geographical Constituencies and from Functional Constituencies. Members noted from the results of the survey that many Members from Functional Constituencies spend well over 59 hours per week and many of them are chairmen of important committees of the Council, members of The Legislative Council Commission and they share the same load in undertaking duties as Duty Roster Members and in receiving overseas visitors.
- 4.7 There is a view that for those Members who consider that they could not work full-time as a LegCo Member and have another full-time job may elect a lower percentage of monthly remuneration. This view is not supported by the majority of Members consulted.
- 4.8 All Members consulted fully agree that it is necessary to have an established mechanism which is acceptable to the Administration, the Legislature and the general public. All Members consulted do not accept the present method of setting Members' monthly remuneration at about Point 42 of the Master Pay Scale which is even lower than a senior professional, and half of the salary of a Political Assistant to a Director of Bureau. Members also consider the present adjustment by reference to the movement of CPI(C) not acceptable. They also question why the original intention of setting Members' monthly remuneration at the top 1.5% of salary earners in Hong Kong has been allowed to drop to 2.9% and even after the increase of 15% in 2008 has only raised it back to the top

2.1% and not 1.5%. Members ask the Subcommittee to follow up on this.

- 4.9 All Members consulted consider that the existing remuneration package offered to LegCo Members is not commensurate with their responsibilities and it does not reflect the important role of LegCo in the political structure of Hong Kong. Similar to the practices of other jurisdictions, there is a need to establish objective yardsticks in determining Members' remuneration. To this end, the responsibility and accountability of a Member's work in relation to those of an office in a senior position in the Government or in the Judiciary are relevant considerations. As Members are dealing directly with Directors of Bureau, Members' remuneration to be pegged against the salary of a Director of Bureau is appropriate.
- 4.10 As regards the level of remuneration, there are different views as to which percentage of the salary of a Director of Bureau should the monthly remuneration of Members should be pegged. The views are between 30% to 50% although most Members consider that the remuneration should be somewhere between the salary of a Director of Bureau and a Deputy Director of Bureau, but noting that the present salary of the latter is 65% to 75% of the salary of a Director Bureau, they consider that the salaries of both are on the high side. Nevertheless, all Members consulted consider that a monthly remuneration between \$84,624 (30%) and \$141,040 (50%) should reflect the responsibility of a LegCo Member and be able to attract professionals with the ability and commitment to serve the community to become a LegCo Member.
- 4.11 The majority of Members consulted are in support of a percentage between 40% - 50% of the salary of a Director of Bureau. Those who are in support of a lower percentage, i.e. 30% of the salary of a Director of Bureau, state that it is on the understanding that Members still have other income earnings in order to provide a reasonable living to their families.
- 4.12 Some Members also point out that the service as a LegCo Member is disruptive to a person's professional career and a Member is expected to sacrifice his/her family life, privacy, and to engage in continuous enhancement of personal knowledge in public policies and legislation in his/her private time. There is also no guarantee that a Member can get re-elected. The pegging of Members' monthly remuneration to a respectable level of income bench is a

form of recognition of the position of a LegCo Member and a fair compensation for his/her service.

Public perception and reactions

- 4.13 All Members consulted express the same concern about the public's reaction to the proposal. A sharp increase of Members' remuneration under the prevailing political environment would not be easily accepted by the public. There is a need to explain to the public why a mechanism is necessary and how the present level of remuneration for Members is not conducive to the constitutional development of Hong Kong.
- 4.14 Some Members suggest that there should be more transparency in the operation of LegCo to make it easier for the members of the public to monitor the performance of individual Members. Apart from the televising of the proceedings of the Council and committees, there should be a complete list of the committees each Member has become a member and his/her attendance record.
- 4.15 Some Members note that the Committee on Members' Interests is reviewing the registration form and suggest that consideration should be given to requiring the Member to provide more information on the employments which generate an income exceeding a certain percentage of Members' monthly remuneration though very detailed breakdowns of income may not be necessary.
- 4.16 Although most Members are not in support of a sliding salary scale which allows individual Members to draw different percentages of a Member's monthly remuneration depending on their own circumstances, the sliding salary scale remains as one of the options which can be adopted to address public's reactions and concerns. The actual remuneration drawn each month by individual Members will be subject to public scrutiny in the same way as Members office expenses reimbursements.
- 4.17 As to whether there should be any basic requirements for Members to take part in work of committees, such as Panels, some Members suggest that the Committee on Rules of Procedure should take this up. The present lack of requirement in this respect has made it possible for individual Members not to take part in committee work and their performance (or lack of performance) may have

impact on other LegCo Members when a raise in remuneration is sought.

- 4.18 All Members consulted share the view that as Hong Kong takes forward its constitutional development, there requires a pool of talents with experience in political affairs and solid background in policy formulation and evaluation. Provision of a reasonable package of remuneration to Members can broaden the avenues for those who wish to pursue a career in politics, particularly young aspirants, to participate in LegCo work, gain practical experience and knowledge in government operations, and hone their political skills through dealing with Government, the media and various stakeholders. This will also pave the way for further democratic development as Hong Kong moves towards universal suffrage. This message should be conveyed to the general public.

5. Public views

- 5.1 As instructed by the Subcommittee, the Secretary General conducted a briefing for the media on 3 February 2012. The purpose of the briefing was to explain to the public the research findings and survey results in relation to the review of Members' remuneration, as well as the initial views of the Subcommittee. The briefing was televised by one of the TV companies. The Subcommittee's paper on the subject, LC Paper No. AS 91/11-12, was also tabled at the briefing. Some 12 newspaper/electronic media representatives attended the briefing.
- 5.2 On 4 and 5 February 2012, there was wide coverage of the media briefing and also commentaries on the proposed mechanism of pegging the monthly remuneration of Members to a percentage of the salary of a Director of Bureau. Extracts of the media reports are provided at **Annex VIII** for easy reference (in Chinese only).
- 5.3 In gist, the views expressed on the subject can be summarized as follows:
- (a) The raise of Members' remuneration by 100% is too high and unacceptable as the performance of Members varies and some of them did not show up at meetings and did not raise any motion debates for some years;
 - (b) It may not be necessary to increase the monthly remuneration of Members to attract young professionals to become Members as LegCo work itself is a service to the community;
 - (c) There should be a credible independent third party to advise and give recommendations on Members' remuneration package;
 - (d) It is not appropriate to peg the Members' remuneration to the salary of a Director of Bureau as the latter's salary is too high;
 - (e) There is a lack of public consultation on Members' remuneration;
 - (f) The present image of LegCo Members is not good and so it is difficult to get public support for such a big jump. However, the most ideal way to enhance support to Members is to increase the operating expenses reimbursement level.

February 2012

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

Membership list

Chairman Hon Emily LAU Wai-hing, JP

Members Hon LEE Cheuk-yan

Hon CHEUNG Man-kwong

Hon Abraham SHEK Lai-him, SBS, JP

Hon WONG Ting-kwong, BBS, JP

Hon Ronny TONG Ka-wah, SC

Prof Hon Patrick LAU Sau-shing, SBS, JP

Hon IP Kwok-him, GBS, JP

Hon Mrs Regina IP LAU Suk-yea, GBS, JP

(Total : 9 members)

Clerk Mr Andy LAU

**Summary of findings from a Survey conducted on
Members' remuneration in January 2012**

Chairmanship and time spent on LegCo work

No. of chairmanships	No. of other committees joined (including the Council, House Committee, Finance Committee, panels and other subcommittees)	No. of hours spent in a typical 4-week period in 2010-2011 session	No. of hours spent per week
7	16	283	71
3	24	340	85
2	20	405	101
2	20	247	62
2	12	243	61
2	14	243	61
2	16	188	47
2	24	182	46
1	17	316	79
1	17	290	73
1	16	284	71
1	14	274	69
1	12	261	65
1	36	255	64
1	23	232	58
1	10	220	55
1	19	178	45
1	29	173	43
		Average	64

No. of chairmanships	No. of other committees joined (including the Council, House Committee, Finance Committee, panels and other subcommittees)	No. of hours spent in a typical 4-week period in 2010-2011 session	No. of hours spent per week
0	27	303	76
0	23	284	71
0	22	347	87
0	20	246	62
0	18	281	70
0	18	221	55
0	18	217	54
0	17	171	43
0	17	171	43
0	16	226	57
0	16	153	38
0	15	132	33
		Average	57
0	14	208	52
0	12	228	57
0	12	216	54
0	11	214	54
0	11	200	50
0	8	188	47
0	6	81	20
		Average	48

**Summary of findings from a Survey conducted on
Members' remuneration in January 2012**

Time spent on LegCo work for a typical 4-week period in the 2010-2011 session

	No. of hours in a typical 4-week period				
	Count	Mean	Max	Median	Min
LegCo meetings					
(a) Council meetings (including preparation and actual meeting time)	37	54.08	124	56	10
(b) Committee meetings/visits (including preparation and actual meeting time)	37	63.78	180	50	15
(c) Handling of complaints received under the LegCo Redress System	36	5.02	15	4	1
Publications					
(d) Production of newsletters/work reports	35	9.4	40	8	1
(e) Research reports	25	10.44	80	4	1
Others					
(f) Meetings with the public/constituents	37	22.78	80	20	6
(g) Meetings with other Members/Members of the same or different political affiliations	37	9.23	23	10	2

Others	No. of hours in a typical 4-week period				
	Count	Mean	Max	Median	Min
(h) Meetings with government officials/statutory bodies/other organizations	37	12.61	34	11	4
(i) Meetings with the media/press interviews	37	10.42	30	8	1
(j) Meetings with Secretariat staff and LegCo Members' staff	33	7.29	20	5	1
(k) Handling enquiries and complaints in ward office(s)/other venues	37	10.23	50	8	1
(l) Participating in activities, such as demonstrations/petitions/rallies/flyer distribution, to advocate particular stance on LegCo-related business	30	14.8	36	10	1
(m) Liaison activities	32	12.75	40	10	2
(n) Others : <u>giving talks; reading commentaries and research reports; attending seminars etc</u>	5	12.3	25	8	2

Thirty-seven Members provided figures about the time they spent on LegCo work in a typical 4-week period: the average was about 235 hours, while the maximum was 405 hours, the minimum was 81 hours and the median was 228 hours.

Note: Up to 20 January 2012, out of 60 Members, 38 completed and returned the questionnaire issued by the Secretariat; and 16 replied that they had no particular comments. As respondents may choose not to answer all questions, the statistics above are based on the valid answers received (i.e. the number shown under the "count" column) in respect of the question concerned.

**Remuneration and operating expenses reimbursements
for Legislative Council Members**

Remuneration and Benefits		
	(w.e.f. 1 October 2008)	(w.e.f. 1 October 2011)
	<u>Per Month</u>	<u>Per Month</u>
• President	\$136,400	\$146,300
• House Committee Chairman cum President's Deputy	\$102,300	\$109,730
• Other Members	\$68,200	\$73,150
• Members who serve on the Executive Council	\$45,470, i.e. 2/3 of \$68,200	\$48,770, i.e. 2/3 of \$73,150
	<u>Per Year</u>	<u>Per Year</u>
• Medical allowance	\$26,130	\$28,020
	<u>Per Term</u>	<u>Per Term</u>
• End-of-service gratuity	15% of the total remuneration for the term	15% of the total remuneration for the term
Operating Expenses Reimbursement		
	(w.e.f. 1 October 2008)	(w.e.f. 1 October 2011)
	<u>Per Year</u>	<u>Per Year</u>
• Office operation	\$1,603,050	\$1,719,290
• Entertainment & travelling	\$164,390	\$176,310
• President's entertainment (for discharge of President's duties)	\$164,550	\$176,480
	<u>Per Term</u>	<u>Per Term</u>
• Setting up	\$75,000 (Members who have claimed setting up expenses in the previous term) or \$150,000	\$75,000 (Members who have claimed setting up expenses in the previous term) or \$150,000
• Information technology and communication equipment	\$100,000	\$100,000
• Winding up (when a Member leaves office)	\$133,590 (i.e. 1/12 of the annual office operation expenses reimbursement) plus actual severance payments	\$143,274 (i.e. 1/12 of the annual office operation expenses reimbursement) plus actual severance payments

**Summary of findings from a Survey conducted on
Members' remuneration in January 2012**

1. Views on the level of complexity of LegCo work

	Degree of complexity (on the basis of research and preparatory work done and communication and decision-making skills involved) for performing the relevant work. ("1" being lowest in complexity and "6" being highest)				
	Count	Mean	Max	Mode	Min
(a) Asking of oral questions at Council meetings	38	3.92	6	4	1
(b) Asking of written questions at Council meetings	38	3.34	5	3	2
(c) Speaking on motions/ amendments with legislative effect	38	4.79	6	5	1
(d) Speaking on motions/ amendments with no legislative effect	38	4.11	5	4	1
(e) Moving of motions/amendments to bills or motions with legislative effect	38	5.42	6	6	1
(f) Moving of motions/amendments to motions with no legislative effect	38	4.18	6	4	1

	Degree of complexity (on the basis of research and preparatory work done and communication and decision-making skills involved) for performing the relevant work. ("1" being lowest in complexity and "6" being highest)				
	Count	Mean	Max	Mode	Min
(g) Chairing a meeting of the Council	15	5.33	6	6	4
(h) Chairing a meeting of a committee (other than a select committee/committee of an inquiry nature)	35	4.8	6	5	3
(i) Chairing a meeting of a select committee/committee of an inquiry nature	28	5.64	6	6	4
(j) Attending a meeting of a committee (other than a select committee/committee of an inquiry nature)	38	3.89	5	4	2
(k) Attending a meeting of a select committee/committee of an inquiry nature	37	4.81	6	5	2
(l) Sponsoring bills	35	5.57	6	6	4
(m) Scrutinizing bills	37	5.46	6	6	4
(n) Scrutinizing subsidiary legislation	37	5	6	5	3
(o) Meeting/discussion with government officials outside official meetings on LegCo matters	38	4	5	4	3

	Degree of complexity (on the basis of research and preparatory work done and communication and decision-making skills involved) for performing the relevant work. ("1" being lowest in complexity and "6" being highest)				
	Count	Mean	Max	Mode	Min
(p) Meeting/discussion with other Members to reach consensus/ compromises/mutual understanding	38	4.95	6	6	3
(q) Meeting/discussion with constituents on LegCo matters	38	4.34	6	5	3
(r) Meeting/attending interviews with the media	38	3.92	5	4	2
(s) Serving as Duty Roster Member	38	3.53	4	4	1
(t) Meeting with visitors from outside Hong Kong	37	3.89	5	5	1
(u) Participating in local duty visits	38	3.71	5	3	1
(v) Participating in duty visits outside Hong Kong	37	4.24	6	5	2
(w) Handling complaints at ward office/other venues	38	3.87	6	4	2
(x) Others (please specify) <u>Writing articles</u>	1	4	4	n/a	4
(y) Others(please specify) <u>Organizing seminars/workshops</u>	1	5	5	n/a	5

	Degree of complexity (on the basis of research and preparatory work done and communication and decision-making skills involved) for performing the relevant work. ("1" being lowest in complexity and "6" being highest)				
	Count	Mean	Max	Mode	Min
(z) Others(please specify) <u>Conducting in-depth research with scholars/ organizations/ staff</u>	1	6	6	n/a	6
(aa) Others(please specify) <u>Working with non-government bodies to press for policy changes</u>	1	5	5	n/a	5

2. General views on LegCo duties

	Responses to question ("1" being strongly disagree and "6" being strongly agree)				
	Count	Mean	Max	Mode	Min
(a) Public expectation has great impact on LegCo Members' work, especially in respect of LegCo's watchdog role.	38	5.45	6	6	3
(b) Lack of public consultation by the Administration on new policies/legislative proposals has made it necessary for LegCo Members, either as a group or as an individual, to consult the public/constituents before making a decision on the subjects.	38	5.32	6	6	2

	Responses to question ("1" being strongly disagree and "6" being strongly agree)				
	Count	Mean	Max	Mode	Min
(c) There is a need to be well versed in the subjects before a LegCo Member is able to speak on the subjects, and a lot of preparatory work is required.	38	5.42	6	6	3
(d) The lack of high quality supporting staff has made it necessary for a LegCo Member to do his/her own research.	38	5.11	6	6	2
(e) The speeches made by a LegCo Member are very important, hence very stressful.	38	4.74	6	5	2
(f) The decisions made by a LegCo Member are critical, hence very stressful.	38	5.21	6	6	2
(g) LegCo Members are required to communicate effectively with people at all levels, both in the Government and in other public/private organizations.	38	5.24	6	5	3
(h) LegCo Members must have good writing skills or must be able to provide guidance in writing effectively.	38	4.89	6	5	3

		Responses to question ("1" being strongly disagree and "6" being strongly agree)				
		Count	Mean	Max	Mode	Min
(i)	The duties carried out by a LegCo Member are no less onerous than those performed by a public officer at the following level:					
(i)	Senior Executive Officer (\$65,300 per month, MPS39) [#]	33	5.82	6	6	3
(ii)	Chief Executive Officer (\$89,075 per month, MPS47) [#]	33	5.82	6	6	4
(iii)	Principal Executive Officer (\$113,100 per month, D1) [#]	33	5.79	6	6	4
(iv)	Assistant Director/ Administrative Officer Staff Grade C (\$134,300 per month, D2) [#]	33	5.73	6	6	4
(v)	Deputy Director/ Administrative Officer Staff Grade B (\$155,850 per month, D3) [#]	33	5.61	6	6	3
(vi)	Deputy Director/ Administrative Officer Staff Grade B1 (\$172,050 per month, D4) [#]	32	5.19	6	6	3

	Responses to question ("1" being strongly disagree and "6" being strongly agree)				
	Count	Mean	Max	Mode	Min
(vii) Director/Commissioner (\$182,650 per month, D5)#	32	5.06	6	6	2
(viii) Director/Administrative Officer Staff Grade A (\$192,650 per month, D6)#	32	4.69	6	6	2
(ix) Director (\$208,050 per month, D7)#	33	4.64	6	6	2
(x) Administrative Officer Staff Grade A1 (\$214,500 per month, D8)#	34	4.32	6	6	2
(xi) Policy Secretary (\$282,080 per month)	34	4.18	6	4	1

#The amount quoted is the mid-point salary of the rank stated. "MPS" stands for Master Pay Scale; and "D" stands for Directorate pay scale. For D5 to D8, as there is only one increment on the respective scales, the remuneration after increment is taken as the mid-point salary.

Note: Up to 20 January 2012, out of 60 Members, 38 completed and returned the questionnaire issued by the Secretariat; and 16 replied that they had no particular comments. As respondents may choose not to answer all questions, the statistics above are based on the valid answers received (i.e. the number shown under the "count" column) in respect of the question concerned.

Members' remuneration and benefits in the legislatures of the United Kingdom, Australia, Canada, New Zealand, Singapore and the United States

1. Introduction

1.1 This Appendix provides a summary of selected features relating to the remuneration and benefits of Members in the lower house of the parliament in the United Kingdom ("UK"), Australia, Canada and the United States ("US"), as well as the unicameral parliament in New Zealand and Singapore. The following **Table** compares the components of Members' remuneration, statutory basis and established principles adopted for the determination of remuneration, authorities responsible for determining Members' remuneration, basis for the current remuneration and adjustment mechanisms, additional pays for responsibilities, and current pay and benefits for Members in these selected legislatures.

Table – Members' remuneration and benefits in the selected legislatures

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Parliamentary membership						
Provisions on Members' outside employment	The Code of Conduct of the House of Commons allows Members to hold remunerated outside interest in any capacity.	There are minimal restrictions on outside employment undertaken by Members.	Members are not required to serve on a full-time basis. Except for Ministers and Parliamentary Secretaries, Members may take up outside employment.	The Parliament of New Zealand does not require Members to serve on a full-time basis. Members may undertake outside employment.	Members are not statutorily required to serve on a full-time basis. Members may take up outside employment as long as they keep their private and public responsibilities separate.	Members are prohibited from, among others, receiving outside annual earned income exceeding 15% of the basic pay for Level II of the Executive Schedule, and receiving any honorarium for an appearance, speech, or article.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Parliamentary membership (cont'd)						
Whether parliamentary membership is considered as full-time or part-time	The UK Parliament considers its membership to be full time. Members should be provided with adequate remuneration for a full-time Member who has no other source of income.	The Australian Parliament has considered its membership to be full time since the 1950s, while acknowledging the fact that the increasing workload of Members makes it difficult for them to carry on an external occupation.	In the light of the heavy workload, the Parliament of Canada considers its membership as full-time. Salaries paid to Members are commensurate with those for full-time comparable jobs.	Membership is regarded by the Parliament as full-time. According to the <i>Parliamentary Practice in New Zealand</i> , the job of a Member is a full-time occupation, and salaries of Members have been fixed on this basis for many years.	According to the Parliament of Singapore, Members' parliamentary duties are considered to be part-time in nature and thus their payment is called "allowance" instead of "salary".	The House membership is considered as a full-time job in view of the workload of Members.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Members' remuneration and benefits						
Components	(a) Salary; (b) pensions; (c) allowances; and (d) in-house medical services.	(a) Salary; (b) superannuation; (c) electorate allowance; and (d) other entitlements.	(a) Salary (also known as sessional allowance/indemnity); (b) additional allowance/salary; (c) pensions; (d) insurance plans; (e) medical benefits; and (f) other entitlements.	(a) Salary; (b) superannuation subsidy; and (c) other entitlements.	(a) Allowance package with fixed and variable components ⁽¹⁾ ; (b) retirement benefits; (c) medical benefits; and (d) other entitlements.	(a) Salary; (b) retirement benefits; (c) medical benefits; and (d) other entitlements.

Note: (1) In Singapore, the payment to Members of Parliament ("MP") is called "allowance" instead of "salary", as MPs' parliamentary duties are considered by the Parliament Secretariat to be part-time in nature. However, various terms such as "salary", "allowance" and "salary and allowance" are used in the *Constitution* and parliamentary records to denote the payments received by the Speaker and Deputy Speakers. For the sake of consistency, their payments are called "allowance" in this Appendix.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Statutory basis for determination of Members' remuneration						
Relevant legislation on Members' remuneration	Nil.	(a) <i>Remuneration Tribunal Act 1973</i> ; (b) <i>Remuneration and Allowances Act 1990</i> ; (c) <i>Remuneration and Other Legislation Amendment Act 2011</i> ; (d) <i>Parliamentary Entitlements Act 1990</i> ; (e) <i>Parliamentary Retiring Allowances Act 1948</i> ; and (f) <i>Parliamentary Superannuation Act 2004</i> . ⁽²⁾	(a) <i>Parliament of Canada Act</i> ; and (b) <i>Members of Parliament Retiring Allowances Act</i> .	(a) <i>Remuneration Authority Act 1977</i> ; and (b) <i>Civil List Act 1979</i> .	The Constitution of Singapore.	(a) The US Constitution; and (b) <i>Ethics Reform Act of 1989</i> .

Note: (2) In Australia, there are a number of legislation related to Members' remuneration and benefits, with only the major ones listed above.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Guiding principles regarding Members' remuneration						
Guiding principles in considering Members' salary	<p>(a) Pay should not be so low as to deter suitable candidates, or so high as to make pay the primary attraction of the job;</p> <p>(b) pay should reflect levels of responsibility rather than workload;</p> <p>(c) those who choose to make Parliament a full-time career should be adequately rewarded to reflect their responsibilities; and</p> <p>(d) the basic salary should be the same for all Members.</p>	Should ensure that the parliamentary membership is open to all classes, and not only to the rich.	Originally regarded as part-time in nature to compensate Members for losses incurred while they were in Ottawa, away from their homes and ordinary ways of earning a living. Gradually, the job of a Member began to be considered a full-time occupation and Members received an annual salary.	<p>(a) The occupation of a Member should be regarded as virtually full-time and professional in nature;</p> <p>(b) it should be assumed that a Member has no other income;</p> <p>(c) it should be accepted that Members are married with family commitments; and</p> <p>(d) regard should be given to the sacrifices a Member and his or her spouse have to make in their enjoyment of leisure and family life.</p>	Members are paid for the time and expenses incurred in serving their roles.	<p>(a) Members should receive compensation for their services;</p> <p>(b) House membership is considered as a full-time job in view of the workload of Members; and</p> <p>(c) Members are disallowed to hold simultaneously any office in other government authorities, and are governed by stringent rules when undertaking outside employment.</p>

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Relevant authorities						
Review/ Responsible authorities	Independent Parliamentary Standards Authority ("IPSA") (effective April 2012). ⁽³⁾	Remuneration Tribunal (effective August 2011). ⁽⁴⁾	Nil, as Members' pay is adjusted in accordance with the legislation each year.	The Remuneration Authority established by statute.	Public Service Division of the Prime Minister's Office.	Nil, as Members' pay is adjusted in accordance with the automatic adjustment mechanism set out in the <i>Ethics Reform Act of 1989</i> .

Notes: (3) Members in the UK are experiencing a two-year pay freeze beginning from April 2010. There is currently no mechanism for setting or changing Members' salaries until the relevant legislation which empowers IPSA to determine Members' pay is brought into force.

(4) In Australia, the *Remuneration and Other Legislation Amendment Act 2011*, which came into effect in August 2011, has expanded the jurisdiction of the Remuneration Tribunal to determine the basic salary of parliamentarians. Prior to that, the rate of Members' basic salary was decided by the government on the basis of the Remuneration Tribunal's advice.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Relevant authorities (cont'd)						
Key considerations	Information not available.	<p>(a) Complexity of the work of Members, their responsibilities and accountabilities, and their contribution to a better governed and more prosperous nation;</p> <p>(b) range of duties undertaken by Members, and changes in the quantity and quality of the various key outputs they deliver;</p> <p>(c) all payments and benefits received by Members; and</p> <p>(d) community wage and salary movements and remuneration trends in specific market segments, especially the public sector.</p>	Not applicable.	<p>(a) The requirements of the position concerned; and</p> <p>(b) the conditions of service enjoyed by the persons whose remuneration is being determined and those whose remuneration and conditions of employment are comparable with the former group.</p>	Allowance must be competitive to attract people of the right calibre while reflecting the ethos of political service that entails making sacrifices.	Not applicable.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Relevant authorities (cont'd)						
Basis for determining the level of remuneration of Members	<p>(a) Originally set at £400 a year for part-time service, but since 1911, Members' pay was adjusted at irregular intervals, and "there was no machinery for its review". It was not until 1971 that an independent body named the Review Body on Top Salaries (which was renamed the Review Body on Senior Salaries in 1993) was introduced to review Members' salaries and allowances from time to time; and</p> <p>(b) After the outbreak of the expenses scandal relating to some members in 2009, IPSA has been set up to determine Members' pay and pension arrangement starting from 2012,.</p>	From 7 December 1999 till today, it has been linked to the reference salary at Band A in the Principal Executive Office structure.	Under the 2001 legislation, the salary of the Prime Minister was set equal to that of the Chief Justice of the Supreme Court of Canada, and the salary of a Member was set at 50% of the salary of the Chief Justice.	On the basis of the Hay system in evaluating executive jobs in the public sector against three components (know how, problem solving and accountability), the Remuneration Authority determined the pay points for Members (994 Hay points), and the total remuneration of Members has been maintained roughly equivalent to that point.	In January 2012, Parliament passed a motion to adopt a new salary system under which Members' annual allowance is pegged at 17.5% of the MR4 grade, the salary grade for entry-level minister. MR4 grade is benchmarked to 60% of the median income of the top 1 000 Singaporean Citizen earners.	The salaries of Members have generally been in parity for years with those of district judges and Executive Schedule II payees (i.e. deputy secretaries of departments, secretaries of military department, and heads of major agencies).

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Adjustment mechanisms						
Basis of adjustment in Members' remuneration	Annual increases in Members' salary were linked to the median pay increase received by a basket of 15 public sector workforce groups in the preceding year. ⁽⁵⁾	Members' basic salary will be determined by the Remuneration Tribunal from 2012. It has proposed to base the salary adjustment on Members' accountabilities and the remuneration of comparable jobs. ⁽⁶⁾	Both Members' salaries and allowances are adjusted in accordance with the index of the average percentage increase in base-rate wages for each calendar year.	Each year the Remuneration Authority establishes a confidential payline based on the Hay system of job evaluations and taking primarily public sector remuneration into consideration.	Members' annual allowance is adjusted according to the movement of the MR4 benchmark each year.	Members' annual salaries are adjusted according to the Employment Cost Index minus 0.5%, which shall not exceed the percentage adjustment in base pay for federal white-collar civilian employees under the General Schedule nor 5%.

Notes: (5) This mechanism was adopted prior to the two-year pay freeze imposed on Members of the UK Parliament from April 2010.

(6) Between 1999 and 2011, Members' basic salary was linked to a reference point in the Principal Executive Office structure determined by the Remuneration Tribunal, known as "Reference Salary A". Members' basic salary changed automatically when Reference Salary A was adjusted.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Adjustment mechanisms (cont'd)						
Rationale for adjustment mechanism	To ensure that Members received awards in line with the pay of appropriate comparable public sector groups, and Members were subject to the same pay restraint as other public sector workers.	According to the Remuneration Tribunal, there is a need to remunerate Members sufficiently so as to attract and retain men and women of appropriate capacity.	Linking parliamentary compensation increases to the index means that parliamentarians fare neither better nor worse than the people whom they represent.	The Remuneration Authority uses this system to ensure that "there is a valid reason for setting a pay rate" and "politicians are treated no more or less favourably than other public sector clients" of the Authority.	The MR4 benchmark is established to: (a) allow top office holders ⁽⁷⁾ to be paid competitive salaries comparable with private sector earnings; (b) reflect the ethos of political service which entails making sacrifices; and (c) maintain a "clean wage" policy with no hidden perks.	Members' pay is expected to be adjusted on a regular basis with reference to the comparable pay movement in the private sector.

Notes: (7) The top office holders comprise the President, Prime Minister, Speaker and Deputy Speaker of Parliament, political appointment holders and Members.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore ⁽⁸⁾	House of Representatives of the United States
Current pay⁽⁹⁾						
Ordinary Members	£65,738 (HK\$820,410)	AUS\$140,910 (HK\$1.13 million) ⁽¹⁰⁾	CAN\$157,731 (HK\$1.24 million)	NZ\$141,800 (HK\$883,414)	SG\$192,500 (HK\$1.19 million) ⁽¹¹⁾	US\$174,000 (HK\$1.35 million)
Prime Minister	£198,661 (HK\$2.48 million)	AUS\$366,366 (HK\$2.95 million)	CAN\$315,462 (HK\$2.48 million)	NZ\$411,510 (HK\$2.56 million)	SG\$2.2 million (HK\$13.64 million) ⁽¹²⁾	Not applicable. ⁽¹³⁾
Cabinet ministers/ Secretaries at cabinet level	£145,492 (HK\$1.82 million)	AUS\$243,070 (HK\$1.96 million)	CAN\$233,247 (HK\$1.84 million)	NZ\$257,800 (HK\$1.61 million)	(a) SG\$1.76 million (HK\$10.91 million) ⁽¹⁴⁾ ; and (b) Cabinet minister is also entitled to receive Members' allowance.	US\$199,700 (HK\$1.55 million)

Notes: (8) The pay rates are based on a new salary system approved by Parliament on 18 January 2012, which was backdated to 21 May 2011 (the date when the new government took office).

(9) The annual figures are presented unless they are specifically stated otherwise.

(10) In December 2011, the Remuneration Tribunal of Australia announced its intention to increase Members' annual basic salary from the current AUS\$140,910 (HK\$1.13 million) to AUS\$185,000 (HK\$1.49 million). Such decision was based on the results of an assessment of the work of Members carried out by an external consultant. The Remuneration Tribunal has not issued the determination to implement the salary adjustment.

(11) The annual pay rate for Members is based on an assumption that one-month Annual Variable Component ("AVC") is paid.

(12) The annual pay rate is based on an assumption that one-month AVC and six-month National Bonus are paid. The annual allowance payable to the Prime Minister is reduced by 28% under the new salary system.

(13) The United States does not have the post of Prime Minister.

(14) This annual pay rate is for MR1 ministerial rank, which is the highest grade for Ministers. This rate is based on an assumption that one-month AVC, three-month Performance Bonus and three-month National Bonus are paid.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Current pay (cont'd)						
Speaker	£145,492 (HK\$1.82 million)	AUS\$246,593 (HK\$1.98 million)	CAN\$233,247 (HK\$1.84 million)	NZ\$257,800 (HK\$1.61 million)	(a) SG\$550,000 (HK\$3.41 million); and (b) Speaker is entitled to receive Members' allowance if he or she serves both roles. ⁽¹⁵⁾	US\$223,500 (HK\$1.74 million)
Deputy Speaker	£107,108 ⁽¹⁶⁾ (HK\$1.34 million)	AUS\$169,092 (HK\$1.36 million)	CAN\$196,910 (HK\$1.55 million)	NZ\$181,200 (HK\$1.13 million)	(a) SG\$82,500 (HK\$511,500); and (b) Deputy Speaker is entitled to receive Members' allowance if he or she serves both roles. ⁽¹⁷⁾	Not applicable. ⁽¹⁸⁾
Committee chairs	(a) Chairs of the 36 select committees: £80,320 (HK\$1.0 million); and (b) Some 30 members of the Panel of Chairs: £68,648 (HK\$856,727) to £80,320 (HK\$1.0 million), depending on length of service.	103% (AUS\$145,137 or HK\$1.17 million) to 116% (AUS\$163,456 or HK\$1.31 million) of the basic salary of an ordinary Member.	CAN\$168,896 (HK\$1.33 million)	NZ\$155,700 (HK\$970,011)	Same as ordinary Members.	Same as ordinary Members.

Notes: (15) The annual pay rate for the Speaker is based on an assumption that one-month AVC is paid.

(16) In the UK, the Deputy Speaker is the Chairman of Ways and Means.

(17) The annual pay rate for Deputy Speakers is based on an assumption that one-month AVC is paid.

(18) The United States House of Representatives does not have the post of Deputy Speaker.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Benefits						
Pensions/ Retirement benefits	The parliamentary pension scheme, which is a contributory final salary scheme with a choice of accrual rates.	(a) The Parliamentary Contributory Superannuation Scheme for Members elected before 9 October 2004, which is an unfunded defined benefit scheme with the amount of pension calculated by a pre-determined formula; and (b) the parliamentary superannuation scheme for Members elected on or after 9 October 2004, which is an accumulation scheme with the final benefit made up of contributions plus investment earnings, less administration costs paid.	A retiring allowance (pension) is payable to former Members who have contributed to the pension plan for a minimum of six years and who have attained age 55.	Members who joined the Parliament before 1 July 1992 may continue as contributors to the Parliamentary Superannuation Scheme under the Government Superannuation Fund. For other Members, a public subsidy will be paid to any superannuation scheme registered under the <i>Superannuation Schemes Act 1989</i> which a Member chooses to join.	(a) The pension scheme previously offered for Members elected before 1995 has been frozen after the approval of the new salary system in January 2012; and (b) Members elected after 1995 are required to participate in the Central Provident Fund.	(a) Members elected before 1984 may be covered by the Civil Service Retirement System ("CSRS"), the CSRS Offset plan or the Federal Employees Retirement System ("FERS"); (b) Members elected in 1984 or afterwards may be covered by FERS; and (c) all Members are required to join the Social Security System.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Benefits (cont'd)						
Medical benefits	(a) Parliament's medical screening services; and (b) free access to almost all medical facilities under the National Health Service.	Members are not covered under a medical plan. However, Australian citizens have access to free or low-cost medical, optical and hospital services under Australia's publicly-funded health care system, known as Medicare.	Members are eligible for the Public Service Health Care Plan and the Public Service Dental Care Plan. The House pays the full cost of these plans.	Medical benefits are not part of a Member's remuneration package.	(a) Members elected before 1995 may participate in the Co-payment on Ward Scheme; and (b) Members elected after 1995 may participate in the Medisave cum Subsidized Outpatient Scheme.	Members may participate in the Federal Employees Health Benefits Program, and Basic Life Insurance under the Federal Employees Group Life Insurance Program.

Table – Members' remuneration and benefits in the selected legislatures (cont'd)

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Benefits (cont'd)						
Other entitlements	A number of allowances enabling Members to work in the parliament and in their constituencies, such as accommodation expenses, staffing, and office expenditure.	(a) Electorate allowance for expenses associated with the electorate; and (b) benefits listed in Schedule 1 Part 1 of the <i>Parliamentary Entitlements Act 1990</i> , such as private-plated vehicle, office accommodation, printing and communications, and travel allowance.	(a) Member's Office Budget; (b) Travel Status Expenses Account; (c) furnished office within the Parliamentary Precinct; and (d) Constituency Office Furniture and Equipment Improvement Fund.	(a) Basic expense allowance; (b) travel, accommodation, attendance and communication services; and (c) other funding and services to support Members' parliamentary operations.	Reimbursement for staff allowance.	(a) Members' Representational Allowances; (b) deduction of certain living expenses for income tax; and (c) travelling allowance for participating in organizational caucuses or conferences.

**Summary of findings from a Survey conducted on
Members' remuneration in January 2012**

Remuneration

	Responses to question ("1" being strongly disagree and "6" being strongly agree)				
	Count	Mean	Max	Mode	Min
(a) The remuneration for Members should recognize the fact that it can be a full-time job.	37	5.76	6	6	3
(b) The present remuneration package does not reflect LegCo Members' level of responsibility and the time they devote to their work.	38	5.79	6	6	4
(c) The remuneration of a "full-time" LegCo Member could be pegged to a certain percentage of the salary of a Policy Secretary (\$282,080 per month (pm)) :					
(i) 100% (i.e. 282,080 pm)	35	1.74	6	1	1
(ii) 90% (i.e. \$253,872 pm)	35	1.83	5	1	1
(iii) 80% (i.e. \$225,664 pm)	35	2.14	6	1	1
(iv) 70% (i.e. \$197,456 pm)	34	2.06	5	1	1
(v) 60% (i.e. \$169,248 pm)	34	2.32	6	1	1
(vi) 50% (i.e. \$141,040 pm)	36	5.47	6	6	2
(vii) 40% (i.e. \$112,832 pm)	34	4.65	6	6	1
(viii) 30% (i.e. \$84,624 pm)	34	1.50	6	1	1

	Responses to question ("1" being strongly disagree and "6" being strongly agree)				
	Count	Mean	Max	Mode	Min
(d) It should be for individual LegCo Members to claim up to 100% of the full remuneration package according to the time they spent on LegCo work.	38	1.89	6	1	1
(e) The present remuneration package does not encourage persons with good professional background to become Members of LegCo.	38	5.71	6	6	3
(f) A LegCo Member ought to be extremely cautious of any possible conflict of interests arising from other commitments, hence he/she cannot rely on income from other sources.	38	5.13	6	6	2

Note: Up to 20 January 2012, out of 60 Members, 38 completed and returned the questionnaire issued by the Secretariat; and 16 replied that they had no particular comments. As respondents may choose not to answer all questions, the statistics above are based on the valid answers received (i.e. the number shown under the "count" column) in respect of the question concerned.

Other views

- (i) Members' remuneration should not be too high lest they may, in performing their duties, make securing their LegCo membership their prime concern in order to maintain their high income. This is because Members who pay regard to their own interests will consider merely short-term benefits instead of long-term ones and avoid making difficult decisions which may be beneficial to the community and the public in the long run but detrimental to their re-election. From another perspective, many Members dare to criticize but fail to propose effective solution; and they need not bear any responsibility for the decisions made either. Hence, comparison cannot be made between Members and Policy Secretaries or Directors of Departments. (1 Member)

- (ii) As to (c) in the above, in view of the greater responsibilities but smaller power of a LegCo Member when compared with those of a Policy Secretary, we suggest that LegCo Members' remuneration should be somewhere between 40% and 50% of the latter's. We think that Policy Secretaries are overpaid and their remuneration should be reduced. In the long-run, the remuneration of LegCo Members should be pegged to that of Policy Secretaries at a reasonable level of 70% of the latter's salary. (3 Members)
- (iii) In my opinion, the level of responsibilities of a LegCo Member is generally higher than or at least the same as that of a Policy Secretary. However, the powers and functions of a LegCo Member are different from those of a Policy Secretary. A LegCo Member has fewer powers and functions as compared to a Policy Secretary. I propose that the remuneration of a LegCo Member should be pegged to the salary of a Policy Secretary. Given the differences in their level of responsibilities and powers and functions, I propose that the remuneration of a LegCo Member should be in the region of \$110,000 to \$140,000, i.e. equivalent to 40% to 50% of the salary of a Policy Secretary. (1 Member)
- (iv) Regarding (d) in the above, it is proposed that there should be a difference between the remuneration of a full-time Member and a part-time Member. The remuneration of a full-time Member and a part-time Member should be 50% and 30% of the salary of a Policy Secretary respectively. A Member should be regarded as a part-time Member if his/her income from other paid work exceeds the remuneration of a full-time Member by 5% to 10%. (9 Members)
- (v) It is inappropriate to compare the nature of work of legislators with that of Executive Officers, as the nature of work is radically different. A legislator's work is different from that of civil servants' generally, but comparison of work at directorate level is more appropriate in view of the degree of complexity involved. (1 Member)
- (vi) The review should be completed as soon as possible and a proposal should be made for adjusting Members' remuneration upwards for implementation in the coming LegCo term. (3 Members)
- (vii) It is reasonable to peg the remuneration of a Member to a percentage between 40% and 50% of the salary of a Policy Secretary. The existing salary of a Policy Secretary seems to be on the high side and should be adjusted downwards gradually so that the remuneration of a Member is 70% of the salary of a Policy Secretary. (1 Member)