# 立法會 Legislative Council

LC Paper No. AS 214/05-06 (Revised)

Ref: AM 12/01/19

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

Summary of proposals on the recommendations of the Subcommittee in its Second Report

#### **PURPOSE**

This paper summarises the proposals regarding the recommendations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the Subcommittee) in its Second Report (LC Paper No. AS 347/04-05 in **Appendix I**) discussed at the Subcommittee's meetings held on 26 May and 2 June 2006. These proposals will be presented to the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission) on 6 June 2006.

#### **PROPOSALS**

2. The Subcommittee's proposals are:

#### **Members' remuneration**

### Background

3. The structure of the present remuneration package for Members comprising a salary and a general expenses allowance (now known as office operation expenses) came into being in October 1991 with the introduction of direct elections to LegCo. The monthly remuneration "was intended to provide sufficient means to maintain a reasonable living for those who regard LegCo work as their main occupation; and to provide an incentive for those of modest means to come forward as candidates in LegCo elections". At that time, the salary and general expenses allowance were \$36,000 and \$30,000 per month respectively. It cannot be traced how these figures were arrived at. The structure was fine-tuned in 1994

and has been adopted until now. A number of enhancements have been made to the remuneration package since 1993, with the major ones in 1995, 1996, 1999 and 2001. A table of Members' remuneration package from 1976 to 2006 is in **Appendix II**.

- 4. In 1994, the then Working Group on the Review of Allowances for Legislative Council Members, appointed by the House Committee, "after evaluating the level of responsibility and work commitment of Members on LegCo business, is of the view that these elements should be properly reflected in the remuneration which should be comparable to the salary range of the directorate officers in the Hong Kong Civil Service".
- 5. The then Commission on Remuneration for Members of the Legislative Council (now known as the Independent Commission) did not accept the Working Group's argument. Members of the Commission held the view that "because LegCo work is not a job, we do not find it possible to link the level of remuneration for LegCo Members to the pay scales of the civil service or pay levels in the private sector. We have therefore considered instead whether the present level of remuneration is reasonable. We are aware that there will not be any community consensus on how the level should be determined. We believe, however, whether people are coming forward as candidates in LegCo elections is not and should not be determined solely by the level of the remuneration."
- 6. On 20 October 2000, the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement was formed under the House Committee to consider matters relating to Members' remuneration and operating expenses reimbursement (OER).
- 7. On 8 December 2000, the House Committee endorsed the Subcommittee's recommendation that a comprehensive review of the remuneration package for Members should be conducted by the Independent Commission. No concrete proposal was made by that Subcommittee.
- 8. The Independent Commission responded to the Subcommittee's recommendation in its Report on the Review of Remuneration Package for LegCo Members in the Third Term published in October 2003. It considered that "the existing remuneration, at \$55,220 per month, puts LegCo Members at the top 2.7% of salary earners in Hong Kong as at the second quarter of 2003. The Independent Commission is satisfied that the existing level of remuneration should be sufficient to meet the said objective and concludes that the existing level of remuneration is reasonable."
- 9. The Subcommittee was formed again under the House Committee in the Third LegCo.

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# Present proposal

- 10. The Subcommittee is of the view that, due to the changed political environment, the work of a LegCo Member is now regarded as a profession which requires full-time attention. Matters and activities directly or indirectly related to the business of LegCo have increased tremendously over the years. With regard to responsibility, Members play an important role in providing checks and balances to the government system and in exercising the powers and functions of LegCo as provided in Article 73 of the Basic Law of HKSAR. In view of the responsibility of LegCo Members, it is in the interest of Hong Kong that a commensurate salary should be paid to them so as to attract and retain persons of high calibre and with total commitment to the community. With reference to the level of remuneration for parliamentarians in selected overseas legislatures (LC Paper No. FS 17/05-06 in Appendix III), the Subcommittee considers that Members' monthly remuneration should be pitched at the directorate level in the Civil Service – an issue which had been raised by Members in 1994. It is high time that the major underlying principle in determining Members' remuneration package, i.e. LegCo membership is a form of public service, not a job, should be comprehensively and critically reviewed.
- 11. Although Members of the Liberal Party have no objection to the proposal in paragraph 10, they have reservations in the proposed huge increase of Members' salary from the present level at \$54,390 per month to presumably the lowest directorate pay point at \$92,650 per month.

# Members' operating expenses reimbursement (Paragraph 4 of the Subcommittee's Second Report)

- 12. The Subcommittee also recommends that the present level for Members' OER be increased by up to 20%. This is based on the fact that the variety and complexity of issues dealt with by Members and the sizes of constituencies and geographic areas served by Members have increased substantially. These facts have rendered the present level of resources provided for Members neither sufficient for setting up a reasonable number of offices in the districts they serve nor manning them with the necessary staff. Moreover, it is difficult, if not impossible, to hire experienced and high-quality staff to assist Members in dealing with the increasingly complex issues.
- 13. As each geographical constituency now covers more than a million residents, with a high proportion of them living in public housing estates, provision of rent free offices at these estates should also be considered.
- Over the past three years up to 30 September 2005, the average utilization rate of the yearly reimbursable amounts was over 90%, while the average for Members elected through geographical constituencies was as high as 97%. Although only a few Members have reported their over-ceiling expenses in these years, it must be noted that most Members may have endeavoured to work within

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the budget, and many of them may not have the financial resources to subsidize their LegCo work. Therefore, such a high level of utilization already indicates that the present reimbursement level is insufficient for Members to serve their constituents. (Information note on statistics on the utilization of Members' recurrent OER (LC Paper No. AS 204/05-06) in **Appendix IV** refers.)

# Members' medical benefits (Paragraph 14 of the Subcommittee's Second Report)

#### Background

In 1994, the then Working Group on the Review of Allowances for Legislative Council Members considered that "Members should be given the same medical and dental benefits as available to civil servants." In the report of the then Commission on Remuneration for Members of the Legislative Council published in September 1994, it responded that members of the Commission "do not consider this suggestion consistent with our earlier conclusion that LegCo work is not a job, and believe that Members should pay for their own medical and dental expenses from the remuneration paid to them." However, in June 1995, a newly appointed Commission of Remuneration for Members of the Legislative Council, after examining comments from various groups on the Report of the former Commission, took a slightly different view. Members of that Commission "have doubts about the practical value of offering civil servants medical and dental benefits to LegCo Members as suggested by the LegCo Working Group. This proposal also has wider resource implications. However, we are of the view that LegCo Members should be allowed to use their monthly expenses allowance, rather than their remuneration as proposed by the former Commission, to cover their medical and dental insurance expenses."

# Present proposal

In respect of the reimbursement year of 2004-05 only six Members 16. claimed reimbursement for personal medical insurance cover. reimbursement payments amounted to \$22,705. This reflects that the existing arrangement of reimbursing payments of personal medical and dental insurance under OER is not useful to Members. With the already inadequate level of OER, Members do not even have sufficient funds to cover essential expenses, such as employment of more and better quality staff, let alone personal medical and dental Moreover, it is common insurance practice to exclude certain pre-existing medical conditions from medical insurance cover. In the light of this, Members request that similar medical benefits to those for senior civil servants should be provided to Members. It is noted that senior staff in the LegCo Secretariat are also provided with such benefits. The addition of 60 clientele, who, as residents of Hong Kong, is in any case entitled to certain medical benefits for civil servants, will not impose a burden on the medical facilities for civil servants. Furthermore, this proposal is more cost-effective and comprehensive than setting up a corporate medical plan for Members, as suggested by the Administration. considered opportune to revive an issue which had been raised by Members as long - 5 -

ago as 1994. (Information on medical benefits for directorate officers in the Civil Service and the LegCo Secretariat (LC Paper No. AS 205/05-06) is in **Appendix V**.)

# Members' retirement benefits (Paragraphs 15 – 16 of the Subcommittee's Second Report)

## **Background**

17. The Independent Commission has been of the view that "a retirement scheme for LegCo Members with government contribution may only be justified if it is premised upon the view that LegCo membership is a full-time job. Under this notion, logically, the need would arise for LegCo Members to declare, and restrictions to be imposed on LegCo Members' outside employment and earnings, as are the cases in some major overseas jurisdictions".

## Present proposal

- 18. The increasing number of full-time Members is an indication that more people are taking up the work of LegCo Member as a career. (14 out of 60 Members in the Third LegCo declare themselves as full-time Members.) In recognition of their long-term contribution to the community, they should be provided with retirement benefits.
- 19. From the fact sheet (LC Paper No. FS15/05-06) in **Appendix VI**, it is shown that all selected legislatures under research (viz. the House of Representatives in the United States, the House of Commons in the United Kingdom, the House of Commons in Canada, and the Legislative Assembly in the State of New South Wales in Australia) provide retirement benefits for Members. In Canada and New South Wales, the retirement benefits for Members are generally considered to be more generous than those available to senior civil servants. Having regard to the practice in these selected overseas legislatures, Members consider that retirement benefits should be provided for them, calculated on the basis of the benefits granted to senior government agreement officers at the directorate level. When a Member ceases his/her membership with the Legislative Council, he/she should be granted a gratuity at 15% of his/her total salary received during his/her tenure of office. Information on retirement benefits for newly appointed senior government officers is in **Appendix VII**.
- 20. The Subcommittee would particularly like to draw the Independent Commission's attention to the Chief Executive's response to a question raised at the Chief Executive's Question & Answer Session on 12 January 2006 concerning the setting up of a retirement protection scheme for persons participating at different levels of government and political affairs. He remarked, inter alia, that "we (the Administration) fully understand that, in the past, people participated in government and political affairs in a part-time capacity, but now we can see from Members' workload and dedication that they have assumed a different attitude towards this job. With regard to this (the case of Mr Lam Chak-piu, a member of the Urban Council from 1983 to 1991) incident, I will take into account the actual situation of Members

and adopt more positive and proactive measures. Perhaps we could start with LegCo and consider this issue step by step." (An extract from the relevant Hansard is in **Appendix VIII**).

21. It is evident from the Chief Executive's remarks above that the Administration accepts that Members nowadays do not deal with LegCo business in a part-time capacity. In this light, the Subcommittee strongly urges the Independent Commission to critically review the major underlying principle in determining Members' remuneration package, i.e. LegCo membership is a form of public service, not a job.

# Timing of implementing changes to Members remuneration package (Paragraph 10 - 12 of the Subcommittee's Second Report)

### Background

22. It has been a long established practice that substantial changes to the remuneration package (including the level of OER) proposed in one LegCo term should only be implemented in the following term. Annual adjustment to Members' remuneration and OER is made in October by reference to the Consumer Price Index (C).

## Present proposal

- 23. Taking into account the practices in overseas legislatures, Members consider that any changes to Members' remuneration package as proposed by the Subcommittee should be implemented as soon as possible (preferably with effect from the commencement of the 2006-07 legislative session in October 2006).
- 24. Although Members of the Liberal Party have no objection to this proposal, they are of the view that, to be consistent with their stand on the review of remuneration for District Council Members, the proposed changes should be effective in the following term.

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# 立法會 Legislative Council

LC Paper No. AS 347/04-05

Ref: AM 12/01/19

# Paper for the House Committee Meeting on 24 June 2005

# Second Report of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement

# **Purpose**

This paper seeks Members' endorsement on the recommendations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement regarding Operating Expenses Reimbursement (OER), medical and retirement benefits for Members.

### The Subcommittee

- 2. The Subcommittee was formed at the House Committee meeting on 15 October 2004. It comprises nine members. A membership list of the Subcommittee is in **Appendix I**.
- 3. Under the chairmanship of Hon Patrick Lau Sau-shing, the Subcommittee has held seven meetings, including one with the Administration and two with the Independent Commission Against Corruption (ICAC).

#### **Deliberations and recommendations of the Subcommittee**

- 4. The Subcommittee has examined the following three main issues:
  - (a) Members' OER;
  - (b) Members' medical and retirement benefits; and
  - (c) ICAC's recommendations on "Rules and Practices for the Reimbursement of Members' Operating Expenses".

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5. Items (a) and (b) are covered in this report, while item (c) will be covered in the Subcommittee's third report, which will be submitted to the House Committee on 8 July 2005.

#### Enhanced level of OER

- 6. The great majority of Members consider the present level of OER inadequate. Compared with some years ago, current Members are serving substantially larger constituencies and dealing with a much wider range of complex issues. In Hong Kong, each geographical constituency covers more than a million citizens. Manning district offices in a large constituency requires a large number of staff. With the inadequate financial support provided by the Administration, most Members can only offer a low salary to their staff, as revealed in the statistics compiled by the Secretariat. It is difficult to recruit experienced and high-quality staff with a meagre remuneration.
- 7. Taking into account Members' views, the Subcommittee recommends an increase of the present level of OER by up to 20%. It stresses that Members are proposing an increase for the purpose of providing better service to the community, rather than for Members' own benefit, because OER is allocated on an accountable basis.

## Same level of remuneration and OER for all Members

- 8. The Subcommittee has requested the LegCo Secretariat to conduct a study on whether in overseas legislatures, legislators with district offices are given additional resources for the operation of such offices. Of the seven countries included in the study (i.e. the United Kingdom (UK), Australia, New Zealand (NZ), Canada, the United States (US), Singapore and Ireland), none grants additional allowances to Members for having district offices. The systems of UK and Ireland are similar to that of Hong Kong. In Australia and Canada, Members of larger constituencies or districts are entitled to additional allowances. In NZ and Singapore, elected Members are provided with a larger budget or allowance. In US, additional allowance is calculated with reference to the distance between a Member's district and Washington as well as the rental cost of that district.
- 9. The great majority of Members are of the view that the present arrangement for all Members to be entitled to the same remuneration package and level of OER, irrespective of the channel through which they are elected, should be maintained. While supporting the continuation of the present arrangement, some Members returned from the geographical constituencies (GC Members) consider that, in the event of inadequate resources for all Members to be provided with the same enhanced level of OER proposed in paragraph 7 above, priority should be given to GC Members, because they have to serve a much larger number of constituents.

## Timing of implementing changes to the level of OER

- 10. It has been a long established practice that substantial changes to the remuneration package (including the level of OER) proposed in one LegCo term should only be implemented in the following term. The Administration advises that this is to preserve the credibility of the remuneration system. Members of the previous terms had no strong views on this. The Administration is prepared to consider the timeliness issue, if current Members have come to a consensus on alternative arrangements.
- 11. The Subcommittee has requested the LegCo Secretariat to conduct a study on the practices in overseas legislatures. Of the seven countries included in the study (i.e. the same countries listed in paragraph 8 above), none has any practice or rule to require changes in Members' remuneration and expense allowances to be implemented in the following term. In UK, NZ and Canada, changes are usually implemented at the start of a financial year. In Australia, major changes are usually effective from the date on which the Remuneration Tribunal's determination is signed or on some other specified date. In US, adjustment of allowances normally takes effect on 3 January each year.
- 12. Taking into account the practices in overseas legislatures, the Subcommittee recommends, and the majority of Members agree, that any changes to Members' remuneration package (including the level of OER) should be implemented as soon as possible. Insufficient resources hinder Members' service to the public. Newly elected Members particularly suffer if major changes can only take effect in the following term, because the shortage in financial support cannot be redressed until some four years later. Moreover, as changes are determined by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (Independent Commission), there is no conflict of interest on the part of Members.

#### Shared employment of staff by Members

13. The majority of Members consider that the present rule disallowing Members to jointly hire a staff member should be reviewed. This rule hinders the economical use of Members' resources. They consider that as long as it is transparent and accountable, shared employment of staff, especially highly paid ones, will facilitate the efficient use of Members' resources.

# Medical benefits for Members

14. The Subcommittee observes that although Members' personal medical and dental insurance payments are reimbursable under OER, some Members who have certain illnesses may not be accepted for medical insurance cover. It therefore recommends that medical benefits should be provided for Members. This recommendation is supported by the great majority of Members.

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### Retirement benefits for Members

- 15. The Subcommittee recommends, and the majority of Members agree, that retirement benefits should be provided for Members for the following reasons:
  - (a) Members note that there are no requirements for legislators in overseas countries (viz. Canada, UK, Australia, US and Singapore) to work full-time in order to be qualified for retirement benefits. Neither are there any criteria to differentiate between full-time and part-time legislators;
  - (b) The Administration should change its attitude on the provision of retirement benefits for Members, because the community's demand on Members is now much higher than before;
  - (c) If a Member's work is not duly recognized as a job, it would be difficult to encourage the younger generation and able people to take up such a career. In the wider public interests and to achieve universal suffrage as stated in the Basic Law, proper recognition should be given to the nature of a Member's work as a job, rather than a form of public service;
  - (d) There is an increasing number of full-time LegCo Members. (14 out of 60 Members in the third LegCo declare themselves as full-time Members); and
  - (e) As even part-time workers are entitled to Mandatory Provident Fund (MPF) contributions, it is unreasonable that Members, who passed the MPF Schemes Ordinance, are not protected by it.
- 16. The Subcommittee agrees with the Independent Commission that contributions to a Member's retirement scheme fall outside the ambit of OER. Additional resources should be provided for any retirement protection scheme for Members.

#### Consultation

17. Members' views on the Subcommittee's recommendations have been sought through an opinion survey (LC Papers No. AS 322, 324 and 325/04-05). 53 Members have responded. A summary of the responses is in **Appendix II**. The Subcommittee's recommendations in this report have taken into account the results of the opinion survey.

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## Advice sought

- 18. Members are invited to endorse the following recommendations of the Subcommittee and forward them to the Administration so that they can be referred to the Independent Commission for consideration:
  - (a) The present level of Members' OER should be enhanced, subject to a ceiling of 20%;
  - (b) The present arrangement that all Members should receive the same level of remuneration and OER, irrespective of the channel through which they are elected, should be maintained;
  - (c) Any substantial changes to Members' remuneration and OER should be implemented as soon as possible;
  - (d) The present rule that Members cannot jointly enter into employment contracts with their employees should be reviewed;
  - (e) Medical benefits should be provided for Members; and
  - (f) Retirement benefits should be provided for Members.

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Administration Division Legislature Council Secretariat 22 June 2005

# 立法會議員酬金及工作開支償還款額小組委員會成員名單 Membership List of Subcommittee on Members' Remuneration and Operating Expenses Reimbursement

劉秀成議員, SBS, JP(主席) Hon Patrick Lau Sau-shing, SBS, JP(Chairman)

呂明華議員, JP Dr Hon Lui Ming-wah, JP

周梁淑怡議員, GBS, JP Hon Mrs Selina Chow Liang Shuk-yee, GBS, JP

張文光議員 Hon Cheung Man-kwong

楊孝華議員, SBS, JP Hon Howard Young, SBS, JP

劉慧卿議員, JP Hon Emily Lau Wai-hing, JP

石禮謙議員, JP Hon Abraham Shek Lai-him, JP

黃定光議員,BBS Hon Wong Ting-kwong, BBS

譚香文議員 Hon Tam Heung-man

(合共 : 9 位委員) (Total : 9 members)

## **Summary of Responses**

## Subcommittee on Members' Remuneration and Operating Expenses Reimbursement

Result of Opinion Survey on the Subcommittee's Revised Recommendations on "LegCo Members' Operating Expenses Reimbursement (OER) and Retirement Benefits"

(As at 17 June 2005)

No. of respondents: 53
No. of non-respondents: 7

	SC's Revised Recommendations	Agree	Disagree	Other Views
1.	The present level of OER is inadequate and should be increased. The level of increase should not exceed 20% of the existing level.	(50)	(1)	(2)
2.	The present arrangement that all Members should receive the same level of remuneration and OER, irrespective of the channel through which they are elected, should be maintained.	(Note: 12 respondents agree with this recommendation with the proviso that "At present, the level of OER is highly insufficient for Members (especially for GC Members). There should be a higher level of OER for all Members. In the event of inadequate resources for all Members to get the same enhanced level, priority should be given to GC Members.")	that GC Members should receive a higher level of OER, but the remuneration should be the same for all Members.)	(2)

	SC's Revised Recommendations	Agree	Disagree	Other Views
3.	Any proposed substantial changes to the remuneration package should be implemented as soon as possible. (Presently, any substantial changes proposed in a LegCo term are implemented in the following term.)	(40)	(12)	(1)
4.	The present rule that Members cannot jointly enter into employment contracts with their employees should be reviewed.	(47)	(6)	(0)
5.	Medical benefits should be provided for LegCo Members.	(50)	(1)	(2)
6.	Retirement benefits should be provided for LegCo Members.	(46)	(4)	(3)

<sup>( )</sup> No. of Member

# Remuneration and Reimbursement Package for Non-official Members of the Legislative Council

	Remuneration/Reimbursement								
	for non-official Members of the Legislative Council	76 to 85	85 to 87	87 to 91	10/91 to 9/92	10/92 to 4/93	5/93 to 9/93	10/93 to 9/94	10/94 to 9/95
	Monthly Remuneration								
	President					Not	78,800	86,500	97,050
	Deputy President				72,000	78,800			
ration	President's Deputy						59,100	64,875	72,790
Remuneration	Member				36,000	39,400	39,400	43,250	48,525
	Stipend for Member		8,500						
	Member who also serves on the Executive Council (2/3 of the amount payable to those who do not serve on the ExCo)				24,000	26,270	26,270	28,830	32,350
	% increase/decrease over previous year (approximate)							+9.77%	+12.2%
	Monthly Operating Expenses Reimbursement								
	Non-accountable general expenses allowance	4,000	4,000	(consolidated allowance	30,000	32,700			
	General expenses allowance, made up of			& stipend)			73,000	73,000	81,905
	Accountable office and staff costs						-63,000	-63,000	-70,685
ursemen	Non-accountable entertainment and travelling expenses						-10,000	-10,000	-11,220
Expenses Reimbursement	President's annual accountable entertainment allowance					Not	120,000 e	120,000	134,640
Ехре	Deputy President's annual accountable entertainment allowance				60,000	65,400			
	Other Financial Assistance to LegCo Members per LegCo term							Per term / one-off	
	Setting up expenses reimbursement for new office						100,000	100,000	100,000
	Winding up expenses reimbursement						73,000	73,000	81,905

Note: The office of the Deputy President lapsed in February 1993 when the presidency of LegCo was first filled by election amongst non-official LegCo Members. Before that, the Governor was the ex officio President of LegCo.

# Remuneration and Reimbursement Package for Members of the Legislative Council

	Remuneration/Reimbursement	10/95 to	9/96	10/96 to 9/97		10/98 to 9/99							
	for Members of the Legislative Council		w.e.f. 13.4.96 up to			up to 30.6.99 w.e.f. 1.7.99	10/99 to 9/00	10/00 to 9/01	10/01 to 9/02	10/02 to 9/03	10/03 to 9/04	10/04 to 9/05	10/05 to 9/06
	Remuneration	Per m	onth	Per month	Per month	Per month	Per month	Per month	Per month	Per month	Per month	Per month	Per month
	President	106,	760	114,660	121,650	127,730	125,180	118,800	116,420	113,740	110,440	108,340	108,770
ation	President's Deputy	80,0	70	86,000	91,250	95,810	93,890	89,100	87,320	85,310	82,840	81,270	81,600
nuner	Member	53,3	80	57,330	60,830	63,870	62,590	59,400	58,210	56,870	55,220	54,170	54,390
Ren	Member who also serves on the Executive Council (2/3 of the amount payable to those who do not serve on the ExCo)	35,5	90	38,220	40,550	42,580	41,730	39,600	38,810	37,910	36,810	36,110	36,260
	% increase/decrease over previous year (approximate)	+ 10	9%	+ 7.4%	+ 6.1%	+ 5%	- 2%	- 5.1%	- 2%	-2.3%	-2.9%	-1.9%	+0.4%
	Operating Expenses Reimbursement	Per m	onth	Per month	Per month	Per month	Per month	Per month	Per year				
	Accountable component for office operation (OOER), made up of	86,3	90	92,780	98,440	103,360 103,360	101,290	96,120	1,430,370	1,397,470	1,356,940	1,331,160	1,336,490
	Operating Expenses Reimbursement	-74,0	050	-79,530	-84,380	-88,600							
	District Office Reimbursement	-12,3	240	-13,250	-14,060	-14,760							
	Entertainment and travelling (ETER), made up of	12,340	12,340	13,250	14,060	14,760 14,760 * 1	14,460 * 1	13,720 * 1	161,350 * 1	157,640 * 1	153,070 * 1	150,160 * 1	150,760 * 1
	Non-accountable component	-3,702	-6,170	-6,625	-7,030	-7,380 -14,760	-14,460	-13,720	-161,350	-157,640	-153,070	-150,160	-150,760
	Accountable component	-8,638	-6,170	-6,625	-7,030	-7,380							
	Total	98,7	30	106,030	112,500	118,120	115,750	109,840	1,591,720	1,555,110	1,510,010	1,481,320	1,487,250
ment		Per y	ear	Per year	Per year	Per year	Per year	Per year	Per year	Per year	Per year	Per year	Per year
ıburseı	President's Entertainment Reimbursement, made up of	148,	100	159,060	168,760	177,200	173,660	164,800	161,500	157,790	153,210	150,300	150,900
s Reimb	Non-accountable component	-44,4	130	-47,718	-50,628	-53,160	-52,100	-49,440	-48,450	-47,340	-45,960	-45,090	-45,270
Expense	Accountable component	-103,	570	-111,342	-118,132	-124,040	-121,560	-115,360	-113,050	-110,450	-107,250	-105,210	-105,630
Ш	Other Financial Assistance to LegCo Members per LegCo term	Per term /	one-off Pe	r term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off	Per term / one-off
	Setting Up Expenses Reimbursement*2, made up of	150,0	000	150,000	150,000	150,000 150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
	Secretariat-provided office	-50,0	000	-50,000	-50,000	-50,000							
	District office	-100,	000	-100,000	-100,000	-100,000							
	Winding Up Expenses Reimbursement, made up of												
	• Fixed amount; plus	180,0	000 18	92,780	98,440	103,360	101,290	96,120	119,198	116,456	113,078	110,930	111,374
	No preset ceiling for severance pay			actual	actual	actual	actual	actual	actual	actual	actual	actual	actual
	Information Technology and Communication Equipment Expenses Reimbursement					100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
e Se	Operating Fund (i.e. loan from LegCo Secretariat)												
ssistanc	OOER & ETER (running balance no more than two months' reimbursable amount	t)			225,000	236,240	231,500	219,680	265,287	259,185	251,668	246,887	247,875
ow A	Setting up (no more than unclaimed balance)				150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Cashflow	Information Technology (no more than unclaimed balance)					100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000

 $<sup>^{*}</sup>$  1 50 % of the amount may be used for employing staff on an accountable basis

<sup>\*2</sup> A re-elected member who has claimed any setting up expenses reimbursement in the previous term may only be eligible to claim up to 50% of the reimbursement ceiling. Nevertheless, a Member may claim up to 100% of the reimbursement ceiling in certain circumstances such as change of constituency or expiry of tenancy agreement.

**FACT SHEET** Annual Salary<sup>1</sup> of Major Office-holders in Selected Overseas Legislatures<sup>2</sup> and Governments<sup>3</sup> (as of May 2006)

	Hong Kong	United States	United Kingdom	Canada	New South Wales of Australia
Member of legislature	HK\$652,680	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	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	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)	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: <sup>4</sup> HK\$3,219,660 (including salary and all other entitlements)	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	<ul> <li>8% of Member's salary under the Civil Service Retirement System; or</li> <li>1.3% of Member's salary under the Federal Employees' Retirement System</li> </ul>	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

Excluding all other entitlements.

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

The governments are the federal government of the United States, the central government of the United Kingdom, the federal government of Canada and the state government of New South Wales.

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

Legislative Council Secretariat FS17/05-06

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

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

#### **Information Note**

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

# **Purpose**

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

#### **Statistics**

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

#### **Observations**

## Office Operation Expenses Reimbursement

3. The following summary indicates that on average Members elected through Geographical Constituencies (GC Members) utilized about 97.0% of the OOER, while Members elected through Functional Constituencies (FC Members) utilized about 86.5%:

	2002/03		2003	3/04	2004/05	
	\$'000	%	\$'000	%	\$'000	%
Annual reimbursement ceiling	1,397	100	1,357	100	1,331	100
Average reimbursement						
Overall average	1,280	91.6	1,229	90.6	1,218	91.5
EC average	1,266	90.6	1,179	86.9	_	_
FC average	1,206	86.3	1,183	87.2	1,144	86.0
GC average	1,375	98.4	1,299	95.7	1,291	97.0

EC = Election Committee

FC = Functional Constituencies

GC = Geographical Constituencies

- 4. FC Members' and GC Members' average utilization rates over the past three years fluctuated only within three percentage points.
- 5. The following table shows the number of Members who used over 99% of the OOER:

	2002/	<b>'03</b>		2003/04				2004/05				
Overall	EC	FC	GC	Overall	EC	FC	GC	Overall	EC	FC	GC	
31	2	9	20	27	1	10	16	24		6	18	

# Entertainment and Travelling Expenses Reimbursement

6. The following summary indicates that on average GC Members utilized about 95.2% of the ETER, while FC Members utilized about 89.5%:

	2002/03		2003	3/04	2004/05		
	\$'000	%	\$'000	%	\$'000	%	
Annual reimbursement ceiling	158	100	153	100	150	100	
Average reimbursement							
Overall average	148	93.6	141	92.1	137	91.2	
EC average	157	99.7	139	90.5	_	—	
FC average	143	90.5	137	89.4	133	88.5	
GC average	151	96.0	147	95.8	141	93.8	

- 7. FC Members' and GC Members' average utilization rates in respect of ETER over the past three years also fluctuated only within three percentage points.
- 8. The following table shows the number of Members who used over 99% of the ETER:

	2002/	/03			2003	/04		2004/05				
Overall	EC	FC	GC	Overall	EC	FC	GC	Overall	EC	FC	GC	
52	6	24	22	46	3	21	22	47	_	20	27	

# Over-ceiling Expenses

- 9. In the most recent year, only three Members have reported their over-ceiling expenses. Previously, some Members expressed the following reservations about the usefulness of the statistics on over-ceiling expenses in determining the level of resources required by Members for carrying out their LegCo duties:
  - (a) Lack of manpower rendered it difficult to report on expenses which would not be reimbursed;
  - (b) Members might have endeavoured to work within the budget; and
  - (c) Some Members might not have the financial resources to subsidize their LegCo work.

\* \* \* \* \* \* \* \*

Accounts Office Legislative Council Secretariat May 2006

# Average annual reimbursements and utilization rates of Office Operation Expenses Reimbursement per Member

## **Overall**

	Oct 2 to Sep 2		Oct 20 to Sep 20		Oct 2004 to Sep 2005		
	\$	%	\$	%	\$	%	
Reimbursement ceiling (annual)	1,397,470 100		1,356,940	100	1,331,160	100	
Average reimbursement total	1,279,684	91.6	1,228,764	90.6	1,217,721	91.5	
Staff remuneration and expenses	909,176	65.1	879,123	64.8	911,869	68.5	
Office accommodation	121,539	8.7	120,276	8.9	103,294	7.8	
Equipment and furniture	14,643	1.0	9,725	0.7	19,575	1.5	
Other operating expenses	234,326	16.8	219,640	16.2	182,983	13.7	

## **Election Committee**

	Oct 2 to Sep 2	)	Oct 2 to Sep 2	ı	Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
Reimbursement ceiling (annual)	1,397,470	100	1,356,940	100	_	_
Average reimbursement total	1,265,873	90.6	1,179,468	86.9	_	_
Staff remuneration and expenses	899,952	64.4	828,356	61.0	_	_
Office accommodation	177,089	12.7	175,617	12.9	_	_
Equipment and furniture	17,811	1.3	2,177	0.2	_	_
Other operating expenses	171,021	12.2	173,318	12.8	_	_

# **Functional Constituencies**

	Oct 2		Oct 2		Oct 2004 to	
	Sep 2	003	Sep 2	004	Sep 2005	
	\$	%	\$	%	\$	%
Reimbursement ceiling (annual)	1,397,470 100		1,356,940	100	1,331,160	100
Average reimbursement total	1,206,167	86.3	1,182,768	87.2	1,144,362	86.0
Staff remuneration and expenses	857,155	61.3	849,181	62.6	866,099	65.1
Office accommodation	92,083	6.6	86,806	6.4	79,274	6.0
Equipment and furniture	10,539	0.8	5,288	0.4	11,258	0.8
Other operating expenses	246,390	17.6	241,493	17.8	187,731	14.1

## **Geographical Constituencies**

	Oct 20	002	Oct 20	003	Oct 20	004	
	to		to		to		
	Sep 20	003	Sep 20	004	Sep 2005		
	\$	%	\$	%	\$	%	
Reimbursement ceiling (annual)	1,397,470	100	1,356,940	100	1,331,160	100	
Average reimbursement total	1,375,032	98.4	1,298,582	95.7	1,291,080	97.0	
Staff remuneration and expenses	976,509	69.9	929,243	68.5	957,639	71.9	
Office accommodation	144,470	10.3	148,278	10.9	127,314	9.6	
Equipment and furniture	18,982	1.4	17,157	1.3	27,893	2.1	
Other operating expenses	235,071	16.8	203,904	15.0	178,234	13.4	

# Average annual reimbursements and utilization rates of Entertainment and Travelling Expenses Reimbursement per Member

# **Overall**

	Oct 2 to Sep 2	)	Oct 2 to Sep 2	)	Oct 2 to Sep 2	)
	\$	%	\$	%	\$	%
Reimbursement ceiling (annual)	157,640	100	153,070	100	150,160	100
Average reimbursement total	147,579	93.6	140,945	92.1	136,878	91.2
Entertainment and travelling expenses	142,354	90.3	135,404	88.5	130,720	87.1
Staff remuneration	5,225	3.3	5,541	3.6	6,158	4.1

# **Election Committee**

	Oct 2 to Sep 2	0	Oct 2 to Sep 2	0	Oct t Sep	
	\$	%	\$	%	\$	%
Reimbursement ceiling (annual)	157,640	100	153,070	100	_	_
Average reimbursement total	157,218	99.7	138,577	90.5	_	_
Entertainment and travelling expenses	147,833	93.8	138,577	90.5	_	_
Staff remuneration	9,385	5.9	_	_	_	_

# **Functional Constituencies**

	Oct 2		Oct 2		Oct 2		
	to Sep 2	_	to Sep 2		to Sep 2005		
	\$	%	\$	%	\$	%	
Reimbursement ceiling (annual)	157,640	100	153,070	100	150,160	100	
Average reimbursement total	142,677	90.5	136,846	89.4	132,925	88.5	
Entertainment and travelling expenses	141,074	89.5	134,709	88.0	130,575	87.0	
Staff remuneration	1,603	1.0	2,137	1.4	2,350	1.6	

# **Geographical Constituencies**

	Oct 2 to Sep 2	0	Oct 2 to Sep 2	)	Oct 2 to Sep 2	)
	\$	%	\$	%	\$	%
Reimbursement ceiling (annual)	157,640	100	153,070	100	150,160	100
Average reimbursement total	151,296	96.0	146,660	95.8	140,831	93.8
Entertainment and travelling expenses	142,585	90.5	135,479	88.5	130,865	87.2
Staff remuneration	8,711	5.5	11,181	7.3	9,966	6.6

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

Utilization				2002	2/03							200	3/04	1					:	2004	4/05			
rate (%)	Ov	erall		EC		FC		GC	O	verall		EC		FC	(	GC	0	verall	EC		F	С	(	GC
100	26	(43.2)	1	(16.7)	7	(23.3)	18	(75.0)	20	(33.3)	1	(16.7)	7	(23.3)	12	(50.0)	13	(21.7)	_	- 3	3 (1	10.0)	10	(33.3)
99 to <100	5	(8.3)	1	(16.7)	2	(6.7)	2	(8.3)	7	(11.7)		_	3	(10.0)	4	(16.7)	11	(18.3)	_	_ (	3 (1	10.0)	8	(26.7)
90 to <99	13	(21.7)	1	(16.7)	9	(30.0)	3	(12.5)	12	(20.0)		_	8	(26.7)	4	(16.7)	19	(31.7)	_	- 1	1 (3	36.7)	8	(26.7)
80 to <90	4	(6.7)	2	(33.2)	2	(6.7)		_	8	(13.3)	4	(66.6)	2	(6.7)	2	(8.3)	9	(15.0)	_	- :	5 (1	16.7)	4	(13.3)
70 to <80	7	(11.7)	1	(16.7)	5	(16.7)	1	(4.2)	8	(13.3)	1	(16.7)	6	(20.0)	1	(4.2)	2	(3.3)		- 2	2 (	(6.7)		_
60 to <70	4	(6.7)		_	4	(13.3)		_	4	(6.7)		_	3	(10.0)	1	(4.1)	4	(6.7)		_ 4	4 (1	13.3)		_
50 to <60		_				_		_		_		_				_	1	(1.7)			1 (	(3.3)		_
40 to <50	1	(1.7)			1	(3.3)		_	1	(1.7)		_	1	(3.3)		_	1	(1.6)	_	_	1 (	(3.3)		_
Total no. of Members	60	-100	6	-100	30	-100	24	-100	60	-100	6	-100	30	-100	24	-100	60	-100	0	3	30 -	-100	30	-100

<sup>( ) =</sup> No. of Members expressed as a percentage of all the Members in the corresponding category noted at the top of the column

EC = Election Committee

FC = Functional Constituencies

GC = Geographical Constituencies

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

Utilization				200	2/03	3						2003	3/04							200	)4/0	5		
rate (%)	O	verall		EC		FC		GC	O	verall		EC		FC		GC	0	verall	EC	1	]	FC	(	GC
100	45	(75.0)	4	(66.7)	19	(63.3)	22	(91.6)	41	(68.4)	3	(50.0)	17	(56.7)	21	(87.5)	43	(71.7)		_	17	(56.7)	26	(86.7)
99 to <100	7	(11.7)	2	(33.3)	5	(16.7)		_	5	(8.3)		_	4	(13.3)	1	(4.2)	4	(6.7)	-	_	3	(10.0)	1	(3.3)
90 to <99	1	(1.6)		_		_	1	(4.2)	5	(8.3)	2	(33.3)	2	(6.7)	1	(4.2)	3	(5.0)	-	_	3	(10.0)		_
50 to <90	4	(6.7)		_	4	(13.3)		_	6	(10.0)	1	(16.7)	5	(16.6)		_	6	(10.0)	-		5	(16.7)	1	(3.3)
20 to <50		_		_				_		_		_		_		_	1	(1.7)	-			_	1	(3.3)
0 to <20	3	(5.0)			2	(6.7)	1	(4.2)	3	(5.0)			2	(6.7)	1	(4.1)	3	(5.0)	-	_	2	(6.6)	1	(3.4)
Total no. of Members	60	(100)	6	(100)	30	(100)	24	(100)	60	(100)	6	(100)	30	(100)	24	(100)	60	(100)	0	0	30	(100)	30	(100)

<sup>( ) =</sup> No. of Members expressed as a percentage of all the Members in the corresponding category noted at the top of the column

EC = Election Committee

FC = Functional Constituencies

GC = Geographical Constituencies

## Over-ceiling expenses not reimbursed

#### 2004/051

			E	xpenses in excess	of the ceiling fo	or		
			00	ER	_		ETH	ER
Member	Staff remuneration and expenses	Office accommodation	Equipment and furniture	Other operating expenses	Annual total	Over-ceiling	Entertainment expenses	Over-ceiling
	\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000	%
Geographical								
Constituencies								
A				2	2	0.2		
В	51	16		0	67	5.0		
Sub-total	51	16	0	2	69	2.6	0	0.0
Functional								
Constituencies								
C				2	2	0.2		
Sub-total	0	0	0	2	2	0.2	0	0.0
Total	51	16	0	4	71	1.8	0	0.0

<sup>1</sup> Out of the 13 Members who fully claimed the reimbursable amount under OOER, only 3 reported their over-ceiling expenses to the Secretariat.

## 2003/042

			E	xpenses in excess	of the ceiling fo	or		
				ER			ETF	ER
Member	Staff remuneration and expenses	Office accommodation	Equipment and furniture	Other operating expenses	Annual total	Over-ceiling	Entertainment expenses	Over-ceiling
	\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000	%
Geographical								
Constituencies								
A	124	51		6	181	13.3		
В	74	18		20	112	8.3		
C	70	5		2	77	5.7		
D	36	19		2	57	4.2		
Sub-total	304	93	0	30	427	7.9	0	0.0
Functional Constituencies								
E	41	4		1	46	3.4		
Sub-total	41	4	0	1	46	3.4	0	0.0
Total	3/15	07	0	31	173	7.0	0	0.0
Total	345	97	0	31	473	7.0	0	

<sup>&</sup>lt;sup>2</sup> Out of the 20 Members who fully claimed the reimbursable amount under OOER, only 5 reported their over-ceiling expenses to the Secretariat.

#### 2002/033

			E	xpenses in excess	of the ceiling fo	r		
				DER	or the coming to	,	ETE	ER
Member	Staff remuneration and expenses	Office accommodation	Equipment and furniture	Other operating expenses	Annual total	Over-ceiling	Entertainment expenses	Over-ceiling
	\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000	%
Geographical Constituencies								
A			1		1	0.1	10	6.3
В	132	5		6	143	10.2	7	4.4
C	100	22	3	42	167	12.0		
D	5	14		19	38	2.7		
E	138	3		1	142	10.2		
Sub-total	375	44	4	68	491	7.0	17 	2.1
Functional Constituencies								
Sub-total	0	0		0	0	0.0	0	0.0
Total	375	44	4	68	491	7.0	17	2.1

<sup>&</sup>lt;sup>3</sup> Out of the 26 Members who fully claimed the reimbursable amount under OOER, only 5 reported their over-ceiling expenses to the Secretariat; out of the 45 Members who fully claimed the reimbursable amount under ETER, only 2 reported their over-ceiling expenses to the Secretariat.

Ref: AM 12/01/19

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

#### Medical benefits for Directorate officers in the Civil Service and the LegCo Secretariat

Medical benefits	Eligibility	Details	Charges
In Hong Kong			
A. Out-patient benefits	For officers appointed before 1.6.2000 These benefits will be provided to them and their families* during their service with the Civil Service and after their retirement.	Medical advice and treatment, X-ray examination and medicines provided by the Government or Hospital Authority.	Free of charge
B. Hospital maintenance	For officers appointed on or after 1.6.2000  These benefits will be provided to them and their families* during their service with the Civil Service only.	An officer may choose the class of hospital accommodation he wishes to occupy, provided that the accommodation asked for is available and is considered suitable by the Medical Officer in charge of the hospital.	Class of accommodationDaily rateFirst class beds\$304Second class beds\$226Special accommodation beds\$197Public beds:European diet\$147Special Asian diet\$99Asian diet\$49
C. Dental Benefits		Dental treatment may be obtained from Government dental clinics. Emergency treatment is also available at Government dental clinics during normal hours upon request.	Conservative dental treatment is provided free of charge. A charge is made for dentures, dental appliances and other restorations.
D. Annual medical examination	Restricted to serving Directorate officers at D3 and above.	The programme includes medical history, physical examination, investigations such as blood chemistry, urine examination, chest X-ray and electrocardiogram.  The examination may be obtained from the Hong Kong Families Clinic by appointment.	Free of charge
Outside Hong Kong			

Subject to the circumstances as stipulated in the Civil Service Regulations, an officer on duty visit, paid study leave, vacation or annual leave outside Hong Kong may claim full or partial reimbursement of medical expenses incurred by him or eligible accompanying family members.

<sup>\* &</sup>quot;Family" means the officer's spouse and unmarried children under the age of 19. It also includes unmarried children aged 19 or over but under 21 who are in full-time education or vocational training or who on account of physical or mental infirmity are dependent on the officer.

# **FACT SHEET**

# Preliminary Observations on the Retirement and Medical Benefits for Members in Selected Overseas Legislatures

#### 1. Introduction

- 1.1 In January 2006, the Legislative Council Commission requested the Research and Library Services Division to conduct a research on the budgetary arrangements for overseas legislatures. One of the issues covered by the research, which is going to be completed by June 2006, is on whether Members of overseas legislatures are entitled to retirement and medical benefits. This fact sheet presents the preliminary observations on the issue to facilitate the deliberation of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement.
- 1.2 The overseas legislatures studied in the research are the House of Representatives in the United States (US), the House of Commons in the United Kingdom (UK), the House of Commons in Canada, and the Legislative Assembly in the State of New South Wales (NSW) in Australia.

#### 2. Retirement benefits

2.1 The research finds that all selected legislatures provide retirement benefits to Members.

#### House of Representatives in the United States

- 2.2 In the US, Members are covered by one of the following retirement arrangements, which are developed by Congress but administered by the federal government:
  - (a) full coverage under both the Civil Service Retirement System (CSRS) and the Social Security System;
  - (b) the "CSRS Offset" plan, which includes both CSRS and the Social Security System, with CSRS contributions and benefits being reduced by Social Security contributions and benefits;
  - (c) the Federal Employees' Retirement System (FERS) plus the Social Security System; or
  - (d) the Social Security System alone.

While the Social Security System is jointly financed by Members and the federal government, all the other plans involved in these retirement arrangements are jointly financed by Members and Congress. Taking into account the uncertain tenure of congressional service, both CSRS and FERS require Members and the responsible authorities to make more contribution than most other federal employees so as to gain larger retirement benefits. Under CSRS, the contribution rate for federal employees is 7% of their salaries, while that for their employing agencies is 7% of payroll. The contribution rate for Members is 8% of their salaries, while that for Congress is 8% of payroll. Under FERS, the contribution rate for federal employees is 0.8% of their salaries, while that for their employing agencies is about 10.7% of payroll. The contribution rate for Members is 1.3% of their salaries, while that for Congress is 15.8% of payroll.

### House of Commons in the United Kingdom

2.4 In the UK, all Members are entitled to participate in the Parliamentary Contributory Pension Fund provided by the UK Parliament. The Fund is the retirement scheme for not only Members but also government ministers. It is contributed by both participants and the government. The contribution rate for Members is 10% of their salaries, while the government's contributions are paid at a rate recommended from time to time by the Government Actuary. The Fund is administered by a trustee comprising nine members, eight of whom are Members.

#### House of Commons in Canada

2.5 In Canada, all Members are required to participate in the retirement scheme under the Members of Parliament Retiring Allowance Act. The contribution rate for Members is 7% of their salaries. The government's contribution rate varies from year to year, depending on the financial performance of the retirement scheme. According to Parliament, the retirement benefits for Members are generally considered to be more generous than those available to senior civil servants.

## Legislative Assembly in the State of New South Wales

2.6 In NSW, Members are entitled to participate in the Parliamentary Contributory Superannuation Fund established by the NSW Parliament. The NSW government contributes monthly to the Fund an amount equivalent to 12.5% of a Member's salary. Members can also contribute to the Fund on a voluntary basis. The Fund is administered by a trustee, with most members being Members of the Legislative Assembly. According to the Legislative Assembly, the retirement benefits for Members are generally considered to be more generous than those available to senior civil servants.

#### 3. Medical benefits

3.1 The research finds that Members in the US and Canada are entitled to medical benefits as part of their remuneration package. In the UK, Members are only provided with in-house medical services while working at Parliament. In NSW, Members are not entitled to any medical benefits or services provided by the Legislative Assembly or the state government.

### House of Representatives in the United States

3.2 In the US, Members are eligible to participate in the Federal Employees Health Benefits Program (FEHBP) on a voluntary basis, as serving and retired federal employees do. Under the programme, Members can select from among a variety of health benefit plans with varying levels of benefits and premiums. The federal government pays not more than 75% of the total premium for any plan selected by a participant. In addition, similar to federal employees, Members are automatically enrolled in the Basic Life Insurance under the Federal Employees' Group Life Insurance (FEGLI) Program. The cost of the Basic Life Insurance is shared between a Member and the federal government, with the Member paying two-thirds and the federal government one-third.

#### House of Commons in Canada

3.3 In Canada, Members are entitled to medical benefits, which are also available to civil servants. In particular, they are entitled to participate in the Public Service Health Care Plan, which provides Members, their spouses and dependants with coverage for costs they have incurred for eligible services and products. Following the same arrangement for civil servants, the funding of the Plan is 75% from the House and 25% from Members. Members are also entitled to participate in the Public Service Dental Care Plan. The cost of the Plan for Members is fully paid by the House.

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25 May 2006 Tel: 2869 9621

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# A summary of retirement benefits applicable to senior officers appointed to the Civil Service on or after 1 June 2000

Ту	pes of Civil Service appointment	Retirement benefits
A.	Contract staff with the provision of gratuity* at a rate	• The Government will arrange to make contribution for the officer to a registered mandatory provident fund scheme (MPF Scheme) in accordance with the provisions of the Mandatory Provident Fund Scheme Ordinance (Cap.485) (MPFSO).
	not higher than 15% of the total	• The Government will, for each contribution period
	basic salary	(i) make the employer's mandatory contribution as determined in accordance with the MPFSO to the trustee of the MPF scheme (i.e. 5% of the employee's relevant income, subject to a maximum level of relevant income of \$20,000 per month); and
		(ii) deduct from the officer's relevant income the employee's mandatory contribution as determined in accordance with the MPFSO (i.e. 5% of the employee's relevant income, subject to minimum and maximum levels of relevant income of \$5,000 and \$20,000 per month respectively).
		• The accrued benefits derived from the Scheme will be fully and immediately vested with the officer concerned in accordance with the MPFSO (e.g. reaching age 65; death; total incapacity; permanent departure from Hong Kong; early retirement between age 60 and 64 (permanent cessation of employment))
В.	Permanent staff (Under the new entry system which took effect on	• The officer is eligible for retirement benefits under the Civil Service Provident Fund (CSPF) Scheme which is operated in the form of a provident fund scheme governed by the MPFSO. The effective date on which an officer becomes eligible for joining the CSPF Scheme is the date when the officer is appointed on permanent terms under the new civil service entry system.
	1.6.2000, new appointees would be first appointed	• Both the Government (as an employer) and the officer (as an employee) are required to make mandatory contributions in accordance with the provisions of the MPFSO, as specified in Section A above.
	as contract staff for three years before	• On top of the mandatory contribution, the Government will make voluntary contributions, which is operated in accordance with the following principles -
	being considered for progression to	(i) the normal retirement age should be 60 for all civilian staff;
	permanent terms)	(ii) the Government's contributions, including mandatory and voluntary contributions, will follow a progressive contribution rates schedule starting from 5% and increasing up to 25% of an officer's basic salary, depending on the officer's years of continuous service since his first appointment on civil service terms; and
		(iii) the Government's voluntary contribution (GVC) will be fully vested in an officer on completion of at least ten continuous years of service since first appointment on civil service terms, or on reaching the normal retirement age, whichever is the earlier, with no vesting in the interim. GVC will also be fully vested in an officer on death or retirement on permanent incapacity.
		(iv) An officer may, at his discretion, make voluntary contribution to the CSPF Scheme, which will be fully and immediately vested with the officer concerned, subject to the provision of the Master Trust Deed of the Master Trust Scheme joined by the officer.

<sup>\*</sup> The gratuity payable for the agreement will be the sum which, when added to the Government's contribution to a MPF Scheme, equal to the rate as specified in the appointment letter.

Extract from Official Record of Proceedings (Translated Version) for Legislative Council meeting held on 12 January 2006

MR LAU WONG-FAT (in Cantonese): President, Chief Executive, despite the fact that there is no employment relationship between the Government and District Council members, may I ask the Chief Executive, will the Government, in a bid to attract and retain talents to participate in assembly work and to serve the community, consider putting in place a sound and feasible retirement protection scheme for people participating in different levels of government and political affairs, such as end-of-service gratuity or provident fund and so on, with a view to deterring members from ending up in dire straits in their old age? (Laughter)

CHIEF EXECUTIVE (in Cantonese): I know Mr LAU Wong-fat is referring to the "Uncle Piu" incident. I also feel sorry for him. However, taking part in government and political affairs is full of risks (laughter), which is something I cannot agree with more. Yet, we must tackle this issue step by step. the Legislative Council is concerned, I know that in recent years, Members in this Council have time and again raised this issue. We will certainly put this into our consideration and consult the opinion of the commission on the remuneration of Members of the Legislative Council. I take an open attitude towards this issue. We fully understand that, in the past, people participated in government and political affairs in a part-time capacity, but now we can see from Members' workload and dedication that they have assumed a different attitude towards this job. With regard to this incident, I will take into account the actual situation of Members and adopt more positive and proactive measures. LAU, perhaps we could start with the Legislative Council and consider this issue step by step.

<sup>&</sup>lt;sup>1</sup> "Uncle Piu" is the nickname of Mr LAM Chak-piu, a member of the Urban Council from 1983 to 1991.