

## LEGISLATIVE COUNCIL BRIEF

### REVIEW OF REMUNERATION PACKAGE FOR LEGISLATIVE COUNCIL MEMBERS

#### INTRODUCTION

At the meeting of the Executive Council on 17 October 2006, the Council ADVISED and the Chief Executive ORDERED that the Administration should accept the following recommendations of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission)<sup>1</sup> -

- (a) the request to increase the annual accountable allowance for **Operating Expenses Reimbursement** (OER) should be acceded to, by 10% vs. “up to 20%” as suggested by LegCo, and to be given effect within the existing Legislative Council (LegCo) term (2004-2008);
- (b) the request to relax the restriction against **shared employment of staff** by LegCo Members should be acceded to;
- (c) the requests to adjust other **personal benefits** for LegCo Members, i.e. monthly remuneration, medical benefits and retirement benefits, and to critically review **whether LegCo membership should be recognized as a job vs. public service**, should be set aside for the forthcoming comprehensive review for the remuneration package for the fourth-term LegCo (2008-2012), due for completion by October 2007; and

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<sup>1</sup> The Independent Commission is chaired by Mr Vincent Cheng Hoi-chuen, G.B.S., J.P., with Mr Chung Pui-lam, S.B.S., J.P., Professor Liu Pak-wai, S.B.S., J.P., Mr Tim Lui Tim-leung, J.P., Mr Ng Leung-sing, S.B.S., J.P. and Mr Nicky Lo Kar-chun, J.P. as members.

- (d) the request to engage an **independent consultant** to consider the remuneration package for LegCo Members should be rejected.

## JUSTIFICATIONS

### Review sought by LegCo Members

2. The LegCo's House Committee has established a Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the LegCo Subcommittee) to examine issues relating to the level of remuneration and expense reimbursement for LegCo Members. Since June 2005, the LegCo Subcommittee has submitted to the Administration various requests for enhancing the remuneration package for LegCo Members. After several rounds of discussion with the Independent Commission and the Administration, the LegCo Subcommittee has confirmed its latest requests as follows -

- (a) as top priority, that the **OER** should be increased by up to 20%;
- (b) as second priority, that civil service **medical benefits** should be made available to LegCo Members, both during and after their service with LegCo, and that **retirement benefits** in the form of a gratuity at 15% of the total remuneration received should be given;
- (c) as third priority, that LegCo Members' **remuneration** 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;
- (d) that the Independent Commission should **critically review** the underlying principle governing Members' remuneration that "LegCo membership is not a job, but a form of **public service**";
- (e) that the restriction against **shared employment of staff** should be relaxed; and

- (f) that the Independent Commission should consider engaging an **independent consultant** to evaluate the work of LegCo Members with a view to drawing up an appropriate remuneration package for them.

We have invited the Independent Commission to examine these requests. Its considerations are set out in the ensuing paragraphs.

### **The Independent Commission's Considerations**

#### **(a) OER**

3. The LegCo Subcommittee allocates the highest priority to its request for increasing the OER level by up to 20%. The LegCo Subcommittee quotes the following reasons in support of this request -

- (a) the current level is inadequate for the majority of LegCo Members, as evidenced by the fact that 43 of the 60 LegCo Members had spent 90% or above of the OER in 2004/05 (vs. 39 in 2003/04);
- (b) the current OER level does not allow LegCo Members to recruit adequate or quality staff to operate local offices and to conduct policy research;
- (c) many LegCo Members have incurred expenses above the OER limit. They have to meet these over-ceiling expenses out of their own pockets. The system is therefore unfair as it penalizes diligent LegCo Members. This system also discourages political talent from joining LegCo; and
- (d) as the OER is paid on an accountable and reimbursement basis, any increase will not benefit LegCo Members' own pockets and is not susceptible to abuse.

4. The LegCo Subcommittee requests that the OER be increased by up to 20% and that the increase be effected as soon as possible. The LegCo Subcommittee admits that the proposal to raise the OER by up to 20% reflects more of a compromise among political parties with members in LegCo than the outcome of a quantitative analysis.

5. The Independent Commission is sympathetic to the reasons put forward by the LegCo Subcommittee, and agrees that an increase is warranted. As to the magnitude of increase, the Independent Commission notes that the need amongst LegCo Members and the cost of running a Member's office vary greatly. It is difficult, if not impossible, to devise an objective yardstick to determine the optimum number of assistants and district offices for LegCo Members, having regard to their different background and different modes of operation.

6. The Independent Commission has therefore taken a holistic approach. Having considered a basket of factors including the utilization rates of the OER, statistics on the number of offices operated and staff employed by LegCo Members, changes in population and the number of registered electors for geographical constituency elections, and the nature of work and demands now placed on LegCo Members, the Independent Commission has come to a view that the OER be increased by 10%, on top of the annual Consumer Price Index (C) (CPI(C)) adjustment (see paragraph 16 below). The Independent Commission also recommends that the proposal be put into effect as soon as possible in order to enable LegCo Members to better discharge their duties.

**(b) Medical benefits, retirement benefits and remuneration levels**

7. These proposals, if accepted, would amount to substantial changes in the remuneration package for LegCo Members. In order to preserve the credibility of the remuneration regime, the Independent Commission does not support these requests for implementation within the current LegCo term. The Independent Commission will revisit them in the forthcoming comprehensive review for the next-term LegCo as the requests also relate to the question of the nature of LegCo membership.

**(c) Nature of LegCo membership**

8. The Independent Commission has long held the principle that LegCo membership is a form of service to the public rather than a job. This is an important anchor on the basis of which the Independent Commission has been considering the appropriate level of LegCo Members' remuneration and associated benefits. In its previous reviews, the Independent Commission has affirmed that the remuneration package should be designed in such a way as to make it possible for a broad spectrum of individuals from different sectors and all walks of life of the community (including those of modest means) to serve the public in the

capacity of LegCo Members. The remuneration package does not seek to give proper “compensation” for work done by LegCo members nor does it carry any fringe benefits which are normally associated with a job or gainful employment.

9. The LegCo Subcommittee holds a different view. It maintains that LegCo Members now play an important role in providing checks and balances to the executive branch and performing the powers and functions of LegCo provided under the Basic Law. It takes the view that LegCo membership is a professional job, and should be recognized as such. The LegCo Subcommittee therefore urges the Independent Commission to revise its perception of LegCo membership and adjust the remuneration package to make it commensurate with the status of LegCo Members as professionals participating in politics.

10. The Independent Commission considers it prudent not to rush into a decision and will revisit this question when reviewing the remuneration package for the fourth-term LegCo. In that review (due to start by early 2007), the Independent Commission will take into account the community’s reaction to the Administration’s proposals in the consultation document on Further Development of the Political Appointment System.

**(d) Shared employment of staff**

11. The restriction against shared employment of staff members by LegCo Members has been in place since 1994. It was initially designed to uphold the principle of transparency and accountability in the use of public funds. The Independent Commission agrees that this restriction may have fettered flexible deployment of resources. To address concerns about transparency, the LegCo Subcommittee intends to put in the joint employment contract the proportion of accountability by individual LegCo Members for the staff concerned. The Independent Commission is now satisfied that the LegCo Subcommittee’s proposed arrangement should meet the accountability and transparency test, and that the existing restriction should be relaxed as soon as possible for more efficient use of resources.

**(e) Engagement of consultant**

12. In the private sector, many entities engage consultants to advise them on the appropriate remuneration packages for their senior employees

on the basis of benchmarking with market norms and prevailing practices. The Independent Commission rejects the LegCo Subcommittee's request as benchmarking for LegCo Members is not possible.

### **The Administration's Views**

13. We have been involved in the deliberations of the Independent Commission and are satisfied that the Independent Commission has undertaken the review with due diligence.

14. We agree that the proposed increase in the OER to the tune of 10% is about right. We believe that this proposed increase, on top of the 1.9% CPI(C) adjustment which has just taken effect on 1 October 2006, should help meet the need of LegCo Members for additional resources. The other requests put forward by the LegCo Subcommittee, i.e. the level of remuneration and the provision of medical and retirement benefits, amount to substantial changes to the remuneration package for LegCo Members. We support the recommendation of the Independent Commission to revisit the whole matter in the forthcoming comprehensive review.

### **IMPLICATIONS OF THE PROPOSAL**

15. The recommendations of the Independent Commission are in conformity with the Basic Law, including the provisions concerning human rights. They have no civil service, productivity, environmental, economic or sustainability implications.

16. The updated remuneration package for LegCo Members, taking into account the annual CPI(C) adjustment of +1.9% just effective as from 1 October 2006, is as follows -

(\$)

#### **Monthly remuneration**

(a)	President	110,840
(b)	President's Deputy and the Chairman of the House Committee	83,150
(c)	Other Members	55,420

(\\$)

### **Annual Expenses Reimbursement**

(d)	OER	1,361,880
(e)	President's entertainment expenses	153,770
(f)	Members' entertainment and travelling expenses	153,620

### **One-off provision**

(g)	Setting up	150,000
(h)	Information technology and communications	100,000
(i)	Winding up	113,490 <sup>2</sup>

17. The Independent Commission's recommendation, if accepted, will increase the OER (item (d) above) by 10%, from \$1,361,880 to \$1,498,070 for each of the 60 LegCo Members, or about \$8.2 million in a full year at most. This proposed increase will also increase the expenditure of the one-off provision made available to outgoing LegCo Members to wind up their offices when the LegCo term ends<sup>3</sup>. We will absorb these financial implications within our available resources.

## **PUBLIC CONSULTATION**

18. The Independent Commission has met with the representatives of the LegCo Subcommittee twice to hear their views on their proposals. We have also attended a meeting of the LegCo Subcommittee to receive their views. No public consultation has been undertaken.

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<sup>2</sup> Outgoing LegCo Members are also entitled to an amount with no pre-set ceiling to cover the actual severance payments made in accordance with the provisions of the Employment Ordinance to relevant staff.

<sup>3</sup> The winding up provision is fixed at the monthly equivalent of the annual OER. Separately, the severance payments paid to relevant staff when offices are wound up are reimbursed on an actual basis. The amount payable is linked to their salary, which may be increased as a result of the proposed enhancement in the OER.

## **PUBLICITY**

19. We will inform the LegCo Subcommittee of the Independent Commission's recommendations and our decision to accept all of them. We will then proceed to seek the agreement of LegCo's Finance Committee to the proposal to increase the OERA press release will be issued and a spokesman will be available to respond to enquiries.

## **BACKGROUND**

20. The Independent Commission is appointed by the Chief Executive to determine the remuneration package for the Executive Council and LegCo Members in the Hong Kong Special Administrative Region. LegCo has established a Subcommittee to examine issues relating to the level of remuneration and expense reimbursement for LegCo Members. Since June 2005, this LegCo Subcommittee has submitted three written submissions proposing that various components of the remuneration package be enhanced. The Independent Commission has considered the latest proposals submitted by the LegCo Subcommittee in June 2006. In line with the established practice, the Independent Commission has submitted its review report to the Administration for consideration.

## **ENQUIRIES**

21. Enquiries on this brief should be addressed to Mr K.C. Yau, Assistant Director of Administration, at 2810 3946.

Administration Wing  
Chief Secretary for Administration's Office  
19 October 2006



**The Independent Commission on Remuneration  
for Members of the Executive Council and  
the Legislature of the Hong Kong Special Administrative Region**

**Review of Remuneration Package for LegCo Members**

**August 2006**

## INTRODUCTION

Members of the Legislative Council (LegCo) have sought a review of their remuneration package. Pending a comprehensive review on the remuneration package for LegCo members for the coming term (2008 – 2012), due for completion around October 2007, the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR (the Independent Commission) has met with LegCo representatives twice and critically examined their mid-term requests. This report sets out the considerations behind and recommendations for the Chief Executive to consider.

## RECOMMENDATIONS

2. The Independent Commission **recommends** that -
  - (a) the request to increase the **Operating Expenses Reimbursement (OER)** should be acceded to, by 10% (compared with LegCo's request for an enhancement of "up to 20%") and to be given effect within the existing LegCo term (2004 - 2008). The increase in OER will be in addition to any change to be made with effect from October 2006 through the existing adjustment mechanism along the movement of CPI(C) approved previously by the Finance Committee;
  - (b) the request to relax the restriction on **shared employment** of staff by LegCo Members should be acceded to;
  - (c) the requests to adjust other personal benefits for LegCo members (i.e. **monthly remuneration, medical benefits and retirement benefits**) and to critically review whether LegCo membership should be recognized as a **job vs public service** should be set aside for the comprehensive review for the remuneration package for fourth-term LegCo (2008 – 2012), due for completion by October 2007; and
  - (d) the request to engage an **independent consultant** to consider the remuneration package for LegCo members should be rejected.

## **INDEPENDENT COMMISSION**

3. The Independent Commission is appointed by the Chief Executive to advise on the remuneration packages for Members of the Executive Council (ExCo) and the Legislative Council (LegCo) of the HKSAR. Its terms of reference and current membership are at **Annex A** and **Annex B** respectively.

4. The remuneration package for Members of the third-term LegCo (2004-2008) was endorsed by the Independent Commission in October 2003. In line with established practice, the Independent Commission will, by late 2006 to early 2007, commence a comprehensive review of the remuneration package for Members of the fourth-term LegCo (2008-2012). The aim is to finalize its recommendations by around October 2007 for submission to the Chief Executive.

## **EXISTING REMUNERATION PACKAGE**

5. Taking into account annual CPI(C) adjustments, the existing remuneration package for LegCo members (effective from October 2005) includes the following –

- (a) Monthly remuneration: \$108,770 for the LegCo President,  
\$ 81,600 for the President's Deputy,  
\$ 54,390 for other Members
- (b) Accountable annual OER: \$1,336,490
- (c) Non-accountable annual entertainment and travelling allowance: \$301,660 for President,  
\$150,760 for other Members
- (d) One-off provision: \$150,000 for setting up  
\$100,000 for information technology and communications  
\$111,374 for winding up  
actual for severance payments

The monthly remuneration (item (a) above only) is taxable.

## REVIEW SOUGHT BY LEGCO MEMBERS

6. The LegCo's House Committee has established a Subcommittee on Members' Remuneration and Operating Expenses Reimbursement (the LegCo Subcommittee) to examine issues relating to the level of remuneration and expense reimbursement for LegCo Members.

7. In June 2005, the House Committee endorsed the LegCo Subcommittee's requests at **Annex C**, which called on the Administration to –

- (a) enhance the present level of LegCo Members' OER by up to 20%;
- (b) maintain the present arrangement that all LegCo Members should receive the same level of remuneration and the OER, irrespective of the channel through which they are elected;
- (c) implement any substantial changes to LegCo Members' remuneration and the OER as soon as possible;
- (d) review the present rule that LegCo Members cannot jointly enter into employment contracts with their employees;
- (e) provide medical benefits for LegCo Members; and
- (f) provide retirement benefits for LegCo Members.

There was no specific request then to adjust the monthly remuneration for LegCo members.

8. The LegCo Subcommittee met with the Administration's representatives on 18 May 2006 and the Independent Commission twice on 6 June and 2 August 2006. In the light of deliberations, the LegCo Subcommittee has made two further written submissions to the Independent Commission (**Annexes D and E**). The latest requests are summarised as follows -

- (a) as top priority, that the **OER** should be increased by up to 20%;
- (b) as second priority, that civil service **medical benefits** should be made available to LegCo Members, both during and after

their service with LegCo, and that **retirement benefits** in the form of a gratuity at 15% of the total remuneration received should be given;

- (c) as third priority, that LegCo Members' **remuneration** 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;
- (d) that the Independent Commission should **critically review** the underlying principle governing Members' remuneration that "LegCo membership is not a job, but a form of **public service**";
- (e) that the restriction against **shared employment of staff** should be relaxed; and
- (f) that the Independent Commission should consider engaging an **independent consultant** to evaluate the work of LegCo Members with a view to drawing up an appropriate remuneration package for them.

9. The Independent Commission's considerations are set out in the ensuing paragraphs.

## **INDEPENDENT COMMISSION'S CONSIDERATIONS**

*OER [re para 8(a) above]*

10. The LegCo Subcommittee allocates the highest priority to its latest request for increasing the OER level by up to 20%. As explained at the meeting on 6 June 2006 and clarified in their letter of 20 June 2006, the LegCo Subcommittee contends that –

- (a) the current OER level (at \$1,336,490 per annum in 2005/06) is inadequate for the majority of LegCo Members –
  - (i) 43 of the 60 LegCo Members spent 90% or above of the OER in 2004/05 (vs 39 in 2003/04); and
  - (ii) the average reimbursement total of the OER in 2004/05 was \$1,217,721 or 92% of the annual reimbursement ceiling, vs \$1,228,764 or 91% in

2003/04;

- (b) the current OER does not allow them to recruit adequate or quality staff to operate offices and to conduct policy research. Taking the 2004/05 OER spending pattern as a yardstick, LegCo Members on average –
  - (i) spent about 69% of the OER on staff remuneration;
  - (ii) operated 2.3 offices; and
  - (iii) employed five full-time staff and two part-time staff in each office.

In other words, in 2004/05 on average, around \$76,000 was spent on staff remuneration out of LegCo Members' monthly OER provision of \$111,374;

- (c) many LegCo Members have incurred expenses above the OER limit. They have to meet these over-ceiling expenses out of their own pockets. At present, LegCo Members are not required to report the over-ceiling expenses to the LegCo Secretariat. That said, three LegCo Members volunteered to report on these for record in 2004/05. Of the three LegCo Members, the shortfalls paid out of pocket ranged from \$2,000 to \$67,000 in 2004/05. The system is therefore unfair as it penalizes diligent LegCo Members. This system also discourages political talent from joining LegCo; and
- (d) as the OER is paid on an accountable and reimbursement basis, any increase will not benefit LegCo Members' own pockets and is not susceptible to abuse.

11. Whilst sympathetic, the Independent Commission is wary of LegCo Subcommittee's admittance that the request to raise the OER by up to 20% reflected more of a compromise among political parties than the outcome of a quantitative analysis. Besides, the Independent Commission reckons that the need amongst LegCo Members and the cost of running a Member's office can vary significantly. Indeed, the former Independent Commission formed the view in 2001 that it was difficult, if not impossible, to devise an objective yardstick to determine the optimum number of assistants and district offices for LegCo Members, having regard to their different background and different modes of operation. The Independent Commission continues to hold this view.

12. The Independent Commission has adopted a holistic approach and considered the following basket of factors -

- (a) **OER utilisation rate** – the OER level was last substantially increased (by some 26%) in October 2001. The Independent Commission reckons that since then, the average utilization rate stood consistently above 90% and that the number of LegCo Members utilizing 90% or more of the OER limit has risen from 2001/02 to 2004/05. In 2004/05, the median OER claimed by LegCo Members was about 97.7% of the then OER limit.

The Independent Commission accepts that it would be appropriate for LegCo Members not to over-commit themselves in expenditure, and an actual spending of 90% of the OER limit would not be unreasonable. The median OER claimed in 2004/05 was \$1,300,618.8; assuming this were to be 90% of an alternative OER limit, the latter could well be \$1,445,132, which is some 8.6% higher than the existing OER limit. In other words, a 10% rise to the existing OER limit would not be unreasonable;

- (b) **statistics on the number of offices operated by LegCo Members and staff members they employed and salaries paid** – according to the data provided by the LegCo Secretariat, LegCo Members engaged five full-time and two part-time staff on average in 2004/05, and the median monthly salaries paid to full-time and part-time staff were about \$15,000 and \$5,000 respectively. Assuming that all LegCo members were to follow the median staff employment and payment models, and assuming staff payments were to constitute only 68.5% of the OER, then the existing OER limit would indeed be short, to the tune of 10%;
- (c) **population changes** – while the overall population remained fairly stable from 2000 to 2004, the population growth in individual geographical constituencies (GCs) was higher than average (e.g. 6.57% and 11.05% in New Territories East and West respectively from 2000 to 2004, against the overall average increase of only 3.28%);
- (d) **the number of electors registered for GC elections** – the number of electors registered for GC elections in 2004

increased over the previous election year (2000) by 4.97%. With the promotion of civic education and the stronger public awareness of political affairs in Hong Kong in recent years, the number of registered GC electors is expected to grow;

- (e) **complexity of issues handled by LegCo Members and public expectations** – the Independent Commission appreciates that LegCo Members' workload has increased in terms of both volume and complexity as reflected by an increased number of meetings and longer hours of meetings;
- (f) **nature of OER** – the Independent Commission accepts that OER is to be distinguished from other forms of personal benefit and would only be reimbursed on an accountable basis.

13. All considered, the Independent Commission **recommends** that the OER level be **increased by 10%**, on top of the annual CPI(C) adjustments which will next take effect in October 2006. The Independent Commission is also satisfied that the increase should be effected **as soon as possible** in order to enable LegCo Members to better discharge their duties. While the established principle is that any substantial changes to the remuneration package for LegCo Members proposed in one LegCo term will only be implemented in the following term, the proposed increase in the OER should not be restricted by this principle as the OER is not for LegCo Members' personal benefits. There is also a precedent in 2001 where the OER was increased by 26% during the second-term LegCo.

*Medical benefits, retirement benefits and remuneration levels [re paras 8(b) –(c) above]*

14. The Independent Commission considers that the proposals concerning LegCo Members' medical and retirement benefits and remuneration levels, if accepted, would amount to substantial changes in the remuneration package for LegCo Members. The present remuneration package took its shape before the elections in 2004 were held, and as such LegCo Members were fully aware before they took the decision to stand for elections. In order to preserve the credibility of the remuneration regime, the Independent Commission feels that it cannot support these proposals for implementation within the current LegCo term. The Independent Commission also notes that the LegCo Subcommittee now places these proposals as their lower priorities. The



Independent Commission **recommends** revisiting these proposals in the forthcoming comprehensive review for the next-term LegCo as these proposals also relate to the question of the nature of LegCo membership.

*Nature of LegCo Membership [re para 8(d) above]*

15. One of the fundamental principles adopted by the Independent Commission previously is that LegCo membership is a form of service to the public rather than a job. This is an important anchor on the basis of which the Independent Commission has been considering the appropriate level of LegCo Members' remuneration and associated benefits. In the Independent Commission's "Report on the Review of Remuneration Package for LegCo Members in the Third Term" published in 2003, it re-affirmed the fundamental principles that –

*“(m)embership on the Legislature is a form of service to the public” and*

*“the main objective of the remuneration package remains to make it possible for a broad spectrum of individuals from different sectors and walks of life of the community to serve the public in the capacity of LegCo Members”.*

As a corollary, the Independent Commission held the view that –

*“there is no restriction on LegCo Members taking up full time employment alongside their LegCo duties, nor are they required to declare income derived from their full-time employment, if any”.*

16. The LegCo Subcommittee contends that LegCo Members play an important role in providing checks and balances to the government system and performing the powers and functions of LegCo provided under the Basic Law. In the letter dated 20 June 2006, the LegCo Subcommittee considers that LegCo membership is a professional job. In its Second Report to the LegCo House Committee in June 2005, it also stated that –

*“(i)f 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”.*

17. The Independent Commission notes that since the LegCo Subcommittee’s proposals were made public, there have been some discussions in the community. However, a consensus has yet to coalesce on the nature of LegCo membership.

18. The Independent Commission notes that in his Policy Address 2005-06, the Chief Executive indicated the Administration’s commitment to nurturing political talent, opening up opportunities for participation and encouraging members of the public to become involved in politics. In line with this commitment, the Administration published in July 2006 a document on Further Development of the Political Appointment System for public consultation for about four months. The Administration proposes in this document that new positions dedicated to political work, namely Deputy Directors of Bureau and Assistants to Directors of Bureau, should be created within the Executive Branch. Developments on this front will have a bearing on whether there is a case to adjust the established view on the nature of LegCo Membership. Notwithstanding its established views, the Independent Commission is prepared to revisit the subject with an open mind and accepts that it be prudent not to rush into a decision at the moment. It therefore **recommends** revisiting the nature of LegCo membership in its forthcoming review of the remuneration package for the fourth-term LegCo.

*Shared Employment of Staff [re para 8(e) above]*

19. One of the latest requests from the LegCo Subcommittee is to relax the present restriction against shared employment of staff, as this restriction has, in the LegCo Subcommittee’s views, fettered their flexible deployment of resources. The LegCo Subcommittee proposes to put in the joint employment contract the proportion of accountability by individual LegCo Members for the staff concerned. The staff expenses (including staff remuneration and severance payments payable) will then be apportioned accordingly, and reflected in the LegCo Members’ OER reimbursement records which are available for public inspection upon request.

20. The Independent Commission notes that this restriction against shared employment of staff members by LegCo Members has been in place since 1994. The restriction was initially designed to uphold the principle of transparency and accountability in the use of public funds. The then Independent Commission took the view that if

shared employment were allowed, members of the public could not know clearly the scope of work performed by a staff member for each of his employers. That said, the Independent Commission is now satisfied that the LegCo Subcommittee's proposal should meet the accountability and transparency test, and that the existing restriction should be relaxed for more efficient use of resources. Accordingly, the Independent Commission **recommends** acceding to this request.

*Engagement of consultant [re para 8(f) above]*

21. The Independent Commission notes that in the private sector, it is indeed the practice of many entities to engage independent consultants to advise on the appropriate remuneration packages for their senior employees so that they could be made in line and "benchmarked" with market norms and prevailing practices. However, the Independent Commission has serious doubts as to whether any kind of benchmarking exists at all in the case of LegCo Members given the unique role and nature of LegCo Membership. The Independent Commission also considers that it would not be appropriate to benchmark with legislators overseas as the powers and functions of the legislatures differ from jurisdictions to jurisdictions. The Independent Commission therefore **recommends** rejecting this request.

## **WAY FORWARD**

22. Subject to the Chief Executive's agreement to the recommendations in para 2 above, the Independent Commission will proceed with the comprehensive review of the remuneration package for the fourth term LegCo (2008 – 2012) in late 2006/early 2007, with a view to finalising a package around October 2007, a year before the start of the next term.

**Terms of reference**

**The Independent Commission on  
Remuneration for Members of the Executive Council and the  
Legislature of the Hong Kong Special Administrative Region**

*The Independent Commission –*

- (a) considers the system of remuneration for Executive Council (ExCo) and Legislative Council (LegCo) Members of the Hong Kong Special Administrative Region (HKSAR), taking into account any factor that may affect the level of such remuneration and allowances;
- (b) carries out periodic review of the remuneration package for LegCo Members of the HKSAR, say once every three to five years and normally about a year before the start of a new LegCo term;
- (c) considers the appropriate level of remuneration for those with multiple membership on ExCo and LegCo of the HKSAR in deliberating on the above issues; and
- (d) advises the Administration on any matter relating to the remuneration package for ExCo and LegCo Members of the HKSAR which the Administration may refer to the Independent Commission from time to time.

**Membership of**

**The Independent Commission on  
Remuneration for Members of the Executive Council and the  
Legislature of the Hong Kong Special Administrative Region**

**Chairman**

Mr Vincent CHENG Hoi-chuen, G.B.S., J.P.

**Members**

Mr CHUNG Pui-lam, S.B.S., J.P.

Professor LIU Pak-wai, S.B.S., J.P.

Mr LUI Tim-leung, J.P.

Mr NG Leung-sing, S.B.S., J.P.

Mr Nicky LO Kar-chun, J.P.

**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".

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.



### 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.

### **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.

\* \* \* \* \*

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 ReimbursementResult 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.	(45)  ( <u>Note</u> : 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.”)	(6)  ( <u>Note</u> : 4 Members are of the view that GC Members should receive a higher level of OER, but the remuneration should be the same for all Members.)	(2)

	<b>SC's Revised Recommendations</b>	<b>Agree</b>	<b>Disagree</b>	<b>Other Views</b>
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.)	<b>(40)</b>	<b>(12)</b>	<b>(1)</b>
4.	The present rule that Members cannot jointly enter into employment contracts with their employees should be reviewed.	<b>(47)</b>	<b>(6)</b>	<b>(0)</b>
5.	Medical benefits should be provided for LegCo Members.	<b>(50)</b>	<b>(1)</b>	<b>(2)</b>
6.	Retirement benefits should be provided for LegCo Members.	<b>(46)</b>	<b>(4)</b>	<b>(3)</b>

( ) No. of Member

**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.

### 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.

14. 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



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

15. 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

16. In respect of the reimbursement year of 2004-05 only six Members claimed reimbursement for personal medical insurance cover. The total 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 insurance. 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. It is considered opportune to revive an issue which had been raised by Members as long

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.

\* \* \* \* \*

## N o t e

**Appendix I** to this paper is already reproduced as Annex C to the Report of the Independent Commission.

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
Remuneration	<u>Monthly Remuneration</u>								
	President					Note	78,800	86,500	97,050
	Deputy President				72,000	78,800			
	President's Deputy						59,100	64,875	72,790
	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%
Expenses Reimbursement	<u>Monthly Operating Expenses Reimbursement</u>								
	Non-accountable general expenses allowance	4,000	4,000	21,300 (consolidated allowance & stipend)	30,000	32,700			
	General expenses allowance, made up of						73,000	73,000	81,905
	• Accountable office and staff costs						-63,000	-63,000	-70,685
	• Non-accountable entertainment and travelling expenses						-10,000	-10,000	-11,220
	President's annual accountable entertainment allowance					Note	120,000	120,000	134,640
	Deputy President's annual accountable entertainment allowance				60,000	65,400			
	<u>Other Financial Assistance to LegCo Members per LegCo term</u>						<u>Per term / one-off</u>		
	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 for Members of the Legislative Council	10/95 to 9/96		10/96 to 9/97		10/97 to 9/98	10/98 to 9/99		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
		up to 12.4.96	w.e.f. 13.4.96	up to 9.1.97	w.e.f. 10.1.97		up to 30.6.99	w.e.f. 1.7.99							
Remuneration	<u>Remuneration</u>	<u>Per month</u>		<u>Per month</u>		<u>Per month</u>	<u>Per month</u>		<u>Per month</u>	<u>Per month</u>	<u>Per month</u>	<u>Per month</u>	<u>Per month</u>	<u>Per month</u>	<u>Per month</u>
	President	106,760		114,660		121,650	127,730		125,180	118,800	116,420	113,740	110,440	108,340	108,770
	President's Deputy	80,070		86,000		91,250	95,810		93,890	89,100	87,320	85,310	82,840	81,270	81,600
	Member	53,380		57,330		60,830	63,870		62,590	59,400	58,210	56,870	55,220	54,170	54,390
	Member who also serves on the Executive Council (2/3 of the amount payable to those who do not serve on the ExCo)	35,590		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%		+ 7.4%		+ 6.1%	+ 5%		- 2%	- 5.1%	- 2%	-2.3%	-2.9%	-1.9%	+0.4%
Expenses Reimbursement	<u>Operating Expenses Reimbursement</u>	<u>Per month</u>		<u>Per month</u>		<u>Per month</u>	<u>Per month</u>		<u>Per month</u>	<u>Per month</u>	<u>Per year</u>	<u>Per year</u>	<u>Per year</u>	<u>Per year</u>	<u>Per year</u>
	Accountable component for office operation (OOER), made up of	86,390		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
	• <i>Operating Expenses Reimbursement</i>	-74,050		-79,530		-84,380	-88,600								
	• <i>District Office Reimbursement</i>	-12,340		-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 <sup>* 1</sup>	14,460 <sup>* 1</sup>	13,720 <sup>* 1</sup>	161,350 <sup>* 1</sup>	157,640 <sup>* 1</sup>	153,070 <sup>* 1</sup>	150,160 <sup>* 1</sup>	150,760 <sup>* 1</sup>
	• <i>Non-accountable component</i>	-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
	• <i>Accountable component</i>	-8,638	-6,170	-6,625		-7,030	-7,380								
	<b>Total</b>	<b>98,730</b>		<b>106,030</b>		<b>112,500</b>	<b>118,120</b>		<b>115,750</b>	<b>109,840</b>	<b>1,591,720</b>	<b>1,555,110</b>	<b>1,510,010</b>	<b>1,481,320</b>	<b>1,487,250</b>
		<u>Per year</u>		<u>Per year</u>		<u>Per year</u>	<u>Per year</u>		<u>Per year</u>	<u>Per year</u>	<u>Per year</u>	<u>Per year</u>	<u>Per year</u>	<u>Per year</u>	<u>Per year</u>
	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
	• <i>Non-accountable component</i>	-44,430		-47,718		-50,628	-53,160		-52,100	-49,440	-48,450	-47,340	-45,960	-45,090	-45,270
	• <i>Accountable component</i>	-103,670		-111,342		-118,132	-124,040		-121,560	-115,360	-113,050	-110,450	-107,250	-105,210	-105,630
	Other Financial Assistance to LegCo Members per LegCo term	<u>Per term / one-off</u>		<u>Per term / one-off</u>		<u>Per term / one-off</u>	<u>Per term / one-off</u>		<u>Per term / one-off</u>	<u>Per term / one-off</u>	<u>Per term / one-off</u>	<u>Per term / one-off</u>	<u>Per term / one-off</u>	<u>Per term / one-off</u>	<u>Per term / one-off</u>
	Setting Up Expenses Reimbursement <sup>*2</sup> , made up of	150,000		150,000		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
	• <i>Secretariat-provided office</i>	-50,000		-50,000		-50,000	-50,000								
	• <i>District office</i>	-100,000		-100,000		-100,000	-100,000								
	Winding Up Expenses Reimbursement, made up of														
	• <i>Fixed amount; plus</i>	180,000		180,000	92,780	98,440	103,360		101,290	96,120	119,198	116,456	113,078	110,930	111,374
	• <i>No preset ceiling for severance pay</i>				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
Cashflow Assistance	<u>Operating Fund</u> (i.e. loan from LegCo Secretariat)														
	• <i>OOER &amp; ETER (running balance no more than two months' reimbursable amount)</i>					225,000	236,240		231,500	219,680	265,287	259,185	251,668	246,887	247,875
	• <i>Setting up (no more than unclaimed balance)</i>					150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000	150,000
	• <i>Information Technology (no more than unclaimed balance)</i>						100,000		100,000	100,000	100,000	100,000	100,000	100,000	100,000

<sup>\* 1</sup> 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
<b>Member of legislature</b>	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)
<b>President/Speaker of legislature</b>	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)
<b>President's Deputy/ Deputy Speaker of legislature</b>	HK\$979,200	Not applicable	£ 97,949 (HK\$1,410,000)	CAN\$184,500 (HK\$1,293,000)	AU\$143,845 (HK\$846,000)
<b>Head of government: Chief Executive/ President/ Prime Minister/ Premier</b>	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)
<b>Cabinet Minister</b>	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)
<b>Statutory contribution rate of retirement plan for Member of legislature</b>	Member is not entitled to any retirement benefit	<ul style="list-style-type: none"> <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

<sup>1</sup> Excluding all other entitlements.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Excluding the Chief Secretary, the Financial Secretary and the Secretary for Justice.

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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%:

	<b>2002/03</b>		<b>2003/04</b>		<b>2004/05</b>	
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
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:

<b>2002/03</b>				<b>2003/04</b>				<b>2004/05</b>			
<b>Overall</b>	<b>EC</b>	<b>FC</b>	<b>GC</b>	<b>Overall</b>	<b>EC</b>	<b>FC</b>	<b>GC</b>	<b>Overall</b>	<b>EC</b>	<b>FC</b>	<b>GC</b>
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%:

	<b>2002/03</b>		<b>2003/04</b>		<b>2004/05</b>	
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
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.

\* \* \* \* \*

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

**Overall**

	Oct 2002 to Sep 2003		Oct 2003 to Sep 2004		Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
<b>Reimbursement ceiling (annual)</b>	<b>1,397,470</b>	<b>100</b>	<b>1,356,940</b>	<b>100</b>	<b>1,331,160</b>	<b>100</b>
<b>Average reimbursement total</b>	<b>1,279,684</b>	<b>91.6</b>	<b>1,228,764</b>	<b>90.6</b>	<b>1,217,721</b>	<b>91.5</b>
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 2002 to Sep 2003		Oct 2003 to Sep 2004		Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
<b>Reimbursement ceiling (annual)</b>	<b>1,397,470</b>	<b>100</b>	<b>1,356,940</b>	<b>100</b>	—	—
<b>Average reimbursement total</b>	<b>1,265,873</b>	<b>90.6</b>	<b>1,179,468</b>	<b>86.9</b>	—	—
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 2002 to Sep 2003		Oct 2003 to Sep 2004		Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
<b>Reimbursement ceiling (annual)</b>	<b>1,397,470</b>	<b>100</b>	<b>1,356,940</b>	<b>100</b>	<b>1,331,160</b>	<b>100</b>
<b>Average reimbursement total</b>	<b>1,206,167</b>	<b>86.3</b>	<b>1,182,768</b>	<b>87.2</b>	<b>1,144,362</b>	<b>86.0</b>
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 2002 to Sep 2003		Oct 2003 to Sep 2004		Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
<b>Reimbursement ceiling (annual)</b>	<b>1,397,470</b>	<b>100</b>	<b>1,356,940</b>	<b>100</b>	<b>1,331,160</b>	<b>100</b>
<b>Average reimbursement total</b>	<b>1,375,032</b>	<b>98.4</b>	<b>1,298,582</b>	<b>95.7</b>	<b>1,291,080</b>	<b>97.0</b>
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 2002 to Sep 2003		Oct 2003 to Sep 2004		Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
<b>Reimbursement ceiling (annual)</b>	<b>157,640</b>	<b>100</b>	<b>153,070</b>	<b>100</b>	<b>150,160</b>	<b>100</b>
<b>Average reimbursement total</b>	<b>147,579</b>	<b>93.6</b>	<b>140,945</b>	<b>92.1</b>	<b>136,878</b>	<b>91.2</b>
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 2002 to Sep 2003		Oct 2003 to Sep 2004		Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
<b>Reimbursement ceiling (annual)</b>	<b>157,640</b>	<b>100</b>	<b>153,070</b>	<b>100</b>	—	—
<b>Average reimbursement total</b>	<b>157,218</b>	<b>99.7</b>	<b>138,577</b>	<b>90.5</b>	—	—
Entertainment and travelling expenses	147,833	93.8	138,577	90.5	—	—
Staff remuneration	9,385	5.9	—	—	—	—

**Functional Constituencies**

	Oct 2002 to Sep 2003		Oct 2003 to Sep 2004		Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
<b>Reimbursement ceiling (annual)</b>	<b>157,640</b>	<b>100</b>	<b>153,070</b>	<b>100</b>	<b>150,160</b>	<b>100</b>
<b>Average reimbursement total</b>	<b>142,677</b>	<b>90.5</b>	<b>136,846</b>	<b>89.4</b>	<b>132,925</b>	<b>88.5</b>
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 2002 to Sep 2003		Oct 2003 to Sep 2004		Oct 2004 to Sep 2005	
	\$	%	\$	%	\$	%
<b>Reimbursement ceiling (annual)</b>	<b>157,640</b>	<b>100</b>	<b>153,070</b>	<b>100</b>	<b>150,160</b>	<b>100</b>
<b>Average reimbursement total</b>	<b>151,296</b>	<b>96.0</b>	<b>146,660</b>	<b>95.8</b>	<b>140,831</b>	<b>93.8</b>
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 rate (%)	2002/03				2003/04				2004/05			
	Overall	EC	FC	GC	Overall	EC	FC	GC	Overall	EC	FC	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 (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 (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)	—	11 (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 (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 (6.7)	—
60 to <70	4 (6.7)	—	4 (13.3)	—	4 (6.7)	—	3 (10.0)	1 (4.1)	4 (6.7)	—	4 (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)	—
<b>Total no. of Members</b>	<b>60 -100</b>	<b>6 -100</b>	<b>30 -100</b>	<b>24 -100</b>	<b>60 -100</b>	<b>6 -100</b>	<b>30 -100</b>	<b>24 -100</b>	<b>60 -100</b>	<b>0 0</b>	<b>30 -100</b>	<b>30 -100</b>

( ) = 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 rate (%)	2002/03				2003/04				2004/05			
	Overall	EC	FC	GC	Overall	EC	FC	GC	Overall	EC	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)
<b>Total no. of Members</b>	<b>60 (100)</b>	<b>6 (100)</b>	<b>30 (100)</b>	<b>24 (100)</b>	<b>60 (100)</b>	<b>6 (100)</b>	<b>30 (100)</b>	<b>24 (100)</b>	<b>60 (100)</b>	<b>0 0</b>	<b>30 (100)</b>	<b>30 (100)</b>

( ) = 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

2004/05<sup>1</sup>

Member	Expenses in excess of the ceiling for							
	OOER						ETER	
	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	%
<b>Geographical Constituencies</b>								
A				2	2	0.2		
B	51	16		0	67	5.0		
Sub-total	51	16	0	2	69	2.6	0	0.0
<b>Functional Constituencies</b>								
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.

2003/04<sup>2</sup>

Member	Expenses in excess of the ceiling for							
	OOER						ETER	
	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	%
<b>Geographical Constituencies</b>								
A	124	51		6	181	13.3		
B	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
<b>Functional Constituencies</b>								
E	41	4		1	46	3.4		
Sub-total	41	4	0	1	46	3.4	0	0.0
Total	345	97	0	31	473	7.0	0	0.0

<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.

2002/03<sup>3</sup>

Member	Expenses in excess of the ceiling for							
	OOER						ETER	
	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	%
<b>Geographical Constituencies</b>								
A			1		1	0.1	10	6.3
B	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
<b>Functional Constituencies</b>								
Sub-total	0	0	0	0	0	0.0	0	0.0
Total	375	44	4	68	491	7.0	17	2.1

<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	<u>For officers appointed before 1.6.2000</u> 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	<u>For officers appointed on or after 1.6.2000</u> 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.	<u>Class of accommodation</u> <u>Daily rate</u> First class beds                      \$304 Second class beds                      \$226 Special accommodation beds                      \$197  Public beds: European diet                      \$147 Special Asian diet                      \$ 99 Asian 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.			

\* "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.

2.3 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 (FGLI) 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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Research and Library Services Division  
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**

Types of Civil Service appointment	Retirement benefits
A. Contract staff with the provision of gratuity* at a rate not higher than 15% of the total basic salary	<ul style="list-style-type: none"> <li>• 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).</li> <li>• The Government will, for each contribution period               <ul style="list-style-type: none"> <li>(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</li> <li>(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).</li> </ul> </li> <li>• 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))</li> </ul>
B. Permanent staff (Under the new entry system which took effect on 1.6.2000, new appointees would be first appointed as contract staff for three years before being considered for progression to permanent terms)	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• On top of the mandatory contribution, the Government will make voluntary contributions, which is operated in accordance with the following principles -               <ul style="list-style-type: none"> <li>(i) the normal retirement age should be 60 for all civilian staff;</li> <li>(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</li> <li>(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.</li> <li>(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.</li> </ul> </li> </ul>

\* 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"<sup>1</sup> 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. As far as 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. Mr LAU, perhaps we could start with the Legislative Council and consider this issue step by step.

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



立法會  
LEGISLATIVE COUNCIL

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20 June 2006

Mr Vincent Cheng Hoi Chuen, JP  
The Chairman  
Independent Commission on Remuneration  
for Members of the Executive Council  
and the Legislature of the HKSAR  
The Hongkong and Shanghai Banking  
Corporation Limited  
Level 34, HSBC Main Building  
1 Queen's Road Central  
Hong Kong

Dear *Vincent*,

**Review of the Remuneration Package for LegCo Members**

Thank you for meeting us on 6 June 2006 discussing the Subcommittee's recommendations in its Second Report. The meeting was very useful for us to elaborate on our recommendations and clarify points raised by the Independent Commission.

The Subcommittee would like to reiterate the following major points made at the meeting:

- (a) The proposed enhancement rate of Members' Operating Expenses Reimbursement (OER) by up to 20% is a compromised rate agreed among Members of various political groupings. The enhancement will be particularly important to directly-elected Members, bearing in mind the substantial growth of geographical constituencies in terms of area and population over the years. There is a need for Members of various political groupings to set up their district offices in respective geographical constituencies. Due to the inadequacy of OER, Members do not have resources to set up sufficient district offices, hence affecting the quality of service to their constituencies. As OER is paid on an accountable basis, the enhanced OER will not be abused;



- (b) Members are of the view that LegCo membership is now a professional job, and the Subcommittee's recommendations regarding Members' remuneration package are made on this premise. A reasonable remuneration package, including an enhanced monthly salary as well as medical and retirement benefits, is necessary in order to attract and retain political talent. In this connection, the Independent Commission is strongly urged to critically review the underlying principle governing Members' remuneration that "LegCo membership is not a job, but a form of public service";
- (c) The level of Members' remuneration has been lagging behind for many years; the proposal that Members' remuneration should be comparable to the salary range of the directorate officers in the Hong Kong Civil Service was first made in 1994;
- (d) The rationale of linking Members' remuneration to that of the directorate officers in the Hong Kong Civil Service is modelled on that for university vice-chancellors and presidents. Depending on the size of the universities, the remuneration of the university vice-chancellors and presidents is pegged at certain percentage of that of the then Chief Secretary at D10 level. Pegging a Member's salary to certain percentage of the salary range of the directorate officers reflects the social status of a Member and is a reference point for the consideration of the Independent Commission. Alternatively, an independent remuneration scale may be set for Members; and
- (e) Although only 14 Members have declared themselves full-time legislators, there are in fact more Members working full-time on LegCo business. Under the present constitutional system, a person is eligible to be nominated as a candidate at an election for a functional constituency only if the person has a substantial connection with the constituency. In the circumstances, many Members returned from functional constituencies cannot declare themselves full-time legislators even though they spend almost all their time on LegCo business.

To follow up on the discussion at the meeting with the Independent Commission, the Subcommittee would like to forward some further views for your consideration:

- (a) Top priority consideration should be given to the Subcommittee's recommendations relating to OER, i.e. an enhanced level of OER and shared employment of staff by Members, which, if approved, should be implemented as soon as possible. The second priority should be given to Members' medical and retirement benefits. As consideration of Members' monthly remuneration is a sensitive and complicated issue which might take more time, this should be given third priority;

- (b) With regard to the issue on "shared employment of staff by Members", it is proposed to put in the joint employment contract the proportion of accountability by individual Members for the staff concerned;
- (c) For the sake of impartiality, the Subcommittee suggests that the Independent Commission might wish to engage an independent consultant (e.g. Watson Wyatt Hong Kong Ltd, Hay Group) to evaluate the work of LegCo Members with a view to drawing up an appropriate remuneration package for them; and
- (d) It is understood that the Administration will soon issue a consultation paper on the development of political appointment system. Some media reports speculate that some posts of political assistants (at D3 level) will be created to provide support to policy secretaries and as a means to groom political talent. There is no doubt that Hong Kong should have a proper system for nurturing political talents and developing a career path for persons of such calibre. The system should include both elective and appointed political offices.

As requested by members of the Independent Commission at the meeting, I forward the following additional information for your consideration:

- (a) Revised fact sheet on "Preliminary Observations on the Retirement and Medical Benefits for Members in Selected Overseas Legislatures" which includes information on Singapore (**Appendix I**);
- (b) Revised fact sheet on "Annual Salary of Major Office-holders in Selected Overseas Legislatures and Governments" which includes information on Singapore (**Appendix II**); and
- (c) Information note on "Numbers of offices operated and staff employed by Members" (**Appendix III**).

Yours sincerely



(Patrick Lau Sau-shing)  
Chairman, Subcommittee on Members'  
Remuneration and Operating  
Expenses Reimbursement

Encls.

c.c. Director of Administration

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## 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, the Parliament of Singapore 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;
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2.3 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.

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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.

#### Parliament of Singapore

2.6 In Singapore, Members elected before 1995 are entitled to participate in the Parliamentary Pensions Scheme under which the pensions they receive depend on their length of parliamentary service. Members elected after 1995 must participate in the Central Provident Fund, which is jointly financed by Members and the government. The contribution rate of a Member ranges from 5% to 20% of his or her allowance,<sup>1</sup> depending on his or her age. The younger a Member is, the higher rate the Member is required to pay. The government contribution rate for a Member ranges from 3.5% to 16% of the Member's allowance, which also depends on the age of the Member. The younger the Member is, the higher rate the government is required to pay.

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<sup>1</sup> In Singapore, a Member's income from Parliament is called "allowance" instead of "salary" because, according to the Parliament Secretariat, the parliamentary duties performed by Members are generally considered as part-time.

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### Legislative Assembly in the State of New South Wales

2.7 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**

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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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Parliament of Singapore

3.4 In Singapore, Members elected before 1995 are entitled to participate in the Co-payment on Ward Scheme, the benefits of which include the provision of free-of-charge outpatient treatments at any Government Outpatient Dispensary. Members elected after 1995 are entitled to participate in the Medisave cum Subsidized Outpatient Scheme, the benefits of which include a subsidy of up to SG\$350 (HK\$1,700) per calendar year for a Member's medical expenses at any Government Outpatient Dispensary. In addition, like ordinary citizens, Members are required to contribute to their Medisave Accounts under the Central Provident Fund.

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Research and Library Services Division  
8 June 2006  
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## 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	Singapore	United States	United Kingdom	Canada	New South Wales of Australia
<b>Member of legislature</b>	HK\$652,680	SG\$142,800 <sup>5</sup> (HK\$700,000)	US\$165,200 (HK\$1,280,000)	£59,095 (HK\$850,000)	CAN\$147,700 (HK\$1,035,000)	AU\$110,650 (HK\$650,000)
<b>President/Speaker of legislature</b>	HK\$1,305,240	Information not available	US\$208,100 (HK\$1,614,000)	£133,997 (HK\$1,930,000)	CAN\$218,500 (HK\$1,530,000)	AU\$173,721 (HK\$1,020,000)
<b>President's Deputy/ Deputy Speaker of legislature</b>	HK\$979,200	Information not available	Not applicable	£97,949 (HK\$1,410,000)	CAN\$184,500 (HK\$1,293,000)	AU\$143,845 (HK\$846,000)
<b>Head of government: Chief Executive/ President/ Prime Minister/ Premier</b>	HK\$2,934,780 (excluding all other entitlements)	About SG\$1,940,000 (HK\$9,500,000)	US\$400,000 (HK\$3,100,000)	£183,932 (HK\$2,650,000)	CAN\$295,400 (HK\$2,070,000)	AU\$215,768 (HK\$1,270,000)
<b>Cabinet Minister</b>	Principal officer: <sup>4</sup> HK\$3,219,660 (including salary and all other entitlements)	SG\$1,166,844 (HK\$5,700,000) to SG\$1,458,040 (HK\$7,140,000) (as of 2003)	US\$180,100 (HK\$1,400,000)	£133,997 (HK\$1,930,000)	CAN\$218,500 (HK\$1,530,000)	AU\$173,721 (HK\$1,020,000)
<b>Statutory contribution rate of retirement plan for Member of legislature</b>	Member is not entitled to any retirement benefit.	5% to 20% of Member's allowance under the Central Provident Fund scheme.	<ul style="list-style-type: none"> <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

<sup>1</sup> Excluding all other entitlements.

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

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

<sup>4</sup> Excluding the Chief Secretary, the Financial Secretary and the Secretary for Justice.

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



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

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

**Information Note**

**Numbers of offices operated and staff employed by Members**

**Purpose**

This information note reports on the numbers of offices operated and staff employed by Legislative Council (LegCo) Members in September 2005.

**Background**

2. In the year ended 30 September 2005, 43 Members used 90% or more of the claimable amount (i.e. \$1,331,160 a year) under Office Operation Expenses Reimbursement (OOER). A few Members also reported their over-ceiling expenses voluntarily. Details of these statistics are provided in LC Paper No. AS 204/05-06.

3. In addition, the number of offices operated by Members who used 99% or more of the claimable OOER is provided in LC Paper No. AS 227/05-06.

**Statistics**

Offices operated

4. The following table summarizes the numbers of offices operated by Members in September 2005, including the central offices provided free of charge by the LegCo Secretariat for individual Members:

	No. of offices	
	Average	Range
<b>Overall (60 Members)</b>	2.3	0 — 5.5
Functional Constituencies (30 Members)	1.5	0 — 2.5
Geographical Constituencies (30 Members)	3.1	1 — 5.5

(Please see **Appendix I** for details.)

5. A Member may or may not take up the rent-free central office provided by the Secretariat. Besides, Members are not obliged to inform the Secretariat those offices for which they do not claim rental reimbursement. In the statistics above, only those rent-free central offices taken up and district offices funded by OOER are included. There was one Member who had not taken up the rent-free central office and he had not claimed any rental reimbursement for the office space he used for LegCo business.

6. In accounting for a joint office, only the portion for which rental reimbursement was claimed has been included in the statistics.

7. Prepared on the same basis as stated in paragraphs 4 to 6 above, the following tables show the numbers of offices operated by Members who used (a) 99% or more and (b) 90% or more of the claimable OOER:

(a) 99% or more of OOER claimed

	No. of offices	
	Average	Range
<b>Overall (24 Members)</b>	3.0	1 — 5.5
Functional Constituencies (6 Members)	1.8	1 — 2
Geographical Constituencies (18 Members)	3.4	2 — 5.5

(Please see **Appendix I(a)** for details; reproduced from LC Paper No. AS 227/05-06.)

(b) 90% or more of OOER claimed

	No. of offices	
	Average	Range
<b>Overall (43 Members)</b>	2.5	1 — 5.5
Functional Constituencies (17 Members)	1.4	1 — 2
Geographical Constituencies (26 Members)	3.3	1 — 5.5

(Please see **Appendix I(b)** for details.)

## Staff employed

8. The following table shows the average numbers of staff employed by Members in September 2005:

	Average no. of staff	
	Full-time	Part-time
<b>Overall (60 Members)</b>	5.0	2.0
Functional Constituencies (30 Members)	3.6	1.7
Geographical Constituencies (30 Members)	6.3	2.2

(Please see **Appendix II** for details.)

9. The following table further analyses the average numbers of staff employed by Members who used 90% or more of the claimable OOER:

	Average no. of staff	
	Full-time	Part-time
<b>Overall (43 Members)</b>	5.8	1.7
Functional Constituencies (17 Members)	4.6	0.8
Geographical Constituencies (26 Members)	6.6	2.3

(Please see **Appendix II(a)** for details.)

10. Most (i.e. 37%) of the full-time staff had a monthly salary in the \$5,000 to \$9,999 range, followed by another 30% in the \$10,000 to \$14,999 range. Further breakdowns of the salaries offered to full-time and part-time staff are set out in **Appendices III and IV** respectively.

\* \* \* \* \*

Accounts Office  
Legislative Council Secretariat  
June 2006

**Number of Central & District Offices operated by  
LegCo Members in the year ended 30 September 2005  
(Position as in September 2005)**

**Overall (60 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>										No. of Offices Each	Total No. of Offices
	0	1	0	0.5	1	1.5	2	2.5	3	3.5	4	4.5		
1	0		0										0	0
3	0				1								1	3
9		1	0										1	9
6		1		0.5									1.5	9
18		1			1								2	36
2		1				1.5							2.5	5
10		1					2						3	30
2		1						2.5					3.5	7
4		1							3				4	16
2		1								3.5			4.5	9
2		1									4		5	10
1		1										4.5	5.5	5.5
60	56		83.5										—	139.5

**Functional Constituencies (30 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>										No. of Offices Each	Total No. of Offices
	0	1	0	0.5	1	1.5	2	2.5	3	3.5	4	4.5		
1	0		0										0	0
3	0				1								1	3
7		1	0										1	7
6		1		0.5									1.5	9
11		1			1								2	22
2		1				1.5							2.5	5
30	26		20.0										—	46

**Geographical Constituencies (30 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>										No. of Offices Each	Total No. of Offices
	0	1	0	0.5	1	1.5	2	2.5	3	3.5	4	4.5		
2		1	0										1	2
7		1			1								2	14
10		1					2						3	30
2		1						2.5					3.5	7
4		1							3				4	16
2		1								3.5			4.5	9
2		1									4		5	10
1		1										4.5	5.5	5.5
30	30		63.5										—	93.5

(Note) For an office shared by two or more LegCo/District Council Members, only the shared portion of the office is counted for compiling the above statistics.

**Number of Central & District Offices operated by  
LegCo Members who claimed 99% or more of the reimbursable amount for  
office operation expenses in the year ended 30 September 2005  
(Position as in September 2005)**

**Overall (24 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>							No. of Offices Each	Total No. of Offices
	0	1	1	2	2.5	3	3.5	4	4.5		
1		1								1	1
9		1	1							2	18
6		1		2						3	18
2		1			2.5					3.5	7
2		1				3				4	8
2		1					3.5			4.5	9
1		1						4		5	5
1		1							4.5	5.5	5.5
<b>24</b>	<b>24</b>		<b>47.5</b>							<b>—</b>	<b>71.5</b>

**Functional Constituencies (6 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>							No. of Offices Each	Total No. of Offices
	0	1	1	2	2.5	3	3.5	4	4.5		
1		1								1	1
5		1	1							2	10
<b>6</b>	<b>6</b>		<b>5.0</b>							<b>—</b>	<b>11</b>

**Geographical Constituencies (18 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>							No. of Offices Each	Total No. of Offices
	0	1	1	2	2.5	3	3.5	4	4.5		
4		1	1							2	8
6		1		2						3	18
2		1			2.5					3.5	7
2		1				3				4	8
2		1					3.5			4.5	9
1		1						4		5	5
1		1							4.5	5.5	5.5
<b>18</b>	<b>18</b>		<b>42.5</b>							<b>—</b>	<b>60.5</b>

(Note) For an office shared by two or more LegCo/District Council Members, only the shared portion of the office is counted for compiling the above statistics.

**Number of Central & District Offices operated by  
LegCo Members who claimed 90% or more of the reimbursable amount for  
office operation expenses in the year ended 30 September 2005  
(Position as in September 2005)**

**Overall (43 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>										No. of Offices Each	Total No. of Offices
	0	1	0	0.5	1	1.5	2	2.5	3	3.5	4	4.5		
2	0				1								1	2
7		1	0										1	7
3		1		0.5									1.5	4.5
12		1			1								2	24
8		1					2						3	24
2		1						2.5					3.5	7
4		1							3				4	16
2		1								3.5			4.5	9
2		1									4		5	10
1		1										4.5	5.5	5.5
43	41		68.0										—	109

**Functional Constituencies (17 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>										No. of Offices Each	Total No. of Offices
	0	1	0	0.5	1	1.5	2	2.5	3	3.5	4	4.5		
2	0				1								1	2
6		1	0										1	6
3		1		0.5									1.5	4.5
6		1			1								2	12
17	15		9.5										—	24.5

**Geographical Constituencies (26 Members)**

No. of Members	No. of Central Offices		No. of District Offices <sup>(note)</sup>										No. of Offices Each	Total No. of Offices
	0	1	0	0.5	1	1.5	2	2.5	3	3.5	4	4.5		
1		1	0										1	1
6		1			1								2	12
8		1					2						3	24
2		1						2.5					3.5	7
4		1							3				4	16
2		1								3.5			4.5	9
2		1									4		5	10
1		1										4.5	5.5	5.5
26	26		58.5										—	84.5

(Note) For an office shared by two or more LegCo/District Council Members, only the shared portion of the office is counted for compiling the above statistics.

**Number of full-time and part-time staff  
employed by LegCo Members in the year ended 30 September 2005  
(Position as in September 2005)**

**Overall (60 Members)**

		No. of part-time staff									
		0	1	2	3	4	5	6	7	10	15
No. of full-time staff	0			1							1
	1				1						
	2	1		2	2					1	
	3	3	3	1		1	1				
	4	3	4	2	1						
	5	3	3		2	1		1			
	6		4		1		1		1		
	7	4		2		1					
	8	1	2								
	9	1			1						
	10	1									
	11		1								
	13		1								

**Functional Constituencies (30 Members)**

		No. of part-time staff									
		0	1 <sup>θ</sup>	2	3	4	5	6	7	10	15
No. of full-time staff	0			1							1
	1				1						
	2	1		2	2						
	3	3	3	1							
	4	3	2	1							
	5 <sup>#</sup>	1	3 <sup>Δ</sup>		2						
	6		1								
	7			1							
	10	1									

**Geographical Constituencies (30 Members)**

		No. of part-time staff									
		0	1	2	3	4	5	6	7	10	15
No. of full-time staff	2									1	
	3					1	1				
	4		2	1	1						
	5	2				1		1			
	6		3		1		1		1		
	7	4		1		1					
	8	1	2								
	9	1			1						
	11		1								
	13		1								

Each number within the shaded area represents the number of Members who had Y full-time staff (see scale on left) and X part-time staff (see scale on top). E.g. In the middle table, there were 3 Members (Δ), each with 5 full-time staff (#) and 1 part-time staff (θ).



**Number of full-time and part-time staff  
employed by LegCo Members who claimed 90% or more of the reimbursable amount  
for office operation expenses in the year ended 30 September 2005  
(Position as in September 2005)**

**Overall (43 Members)**

		No. of part-time staff									
		0	1	2	3	4	5	6	7	10	15
No. of full-time staff	2	1								1	
	3	1	2	1			1				
	4	3	2		1						
	5	2	3		1	1		1			
	6		4		1		1		1		
	7	4		2		1					
	8	1	2								
	9	1			1						
	10	1									
	11		1								
	13		1								

**Functional Constituencies (17 Members)**

		No. of part-time staff									
		0	1 <sup>θ</sup>	2	3	4	5	6	7	10	15
No. of full-time staff	2	1									
	3	1	2	1							
	4	3	1								
	5 <sup>#</sup>	1	3 <sup>Δ</sup>		1						
	6		1								
	7			1							
	10	1									

**Geographical Constituencies (26 Members)**

		No. of part-time staff									
		0	1	2	3	4	5	6	7	10	15
No. of full-time staff	2									1	
	3						1				
	4		1		1						
	5	1				1		1			
	6		3		1		1		1		
	7	4		1		1					
	8	1	2								
	9	1			1						
	11		1								
	13		1								

Each number within the shaded area represents the number of Members who had Y full-time staff (see scale on left) and X part-time staff (see scale on top). E.g. In the middle table, there were 3 Members (Δ), each with 5 full-time staff (#) and 1 part-time staff (θ).

## Appendix III

### Salary distribution of full-time employees hired by Members in the year ended 30 September 2005 (based on reimbursement claims in respect of September 2005)

Monthly Salary Range (\$)	No. of Full-time Employees <sup>#</sup>		
	Employed by the 43 Members who used 90% or more of the claimable OOER (A)	Employed by the other 17 Members who used less than 90% of the claimable OOER (B)	Total (A)+(B)
0 - 4,999	3	2	5
5,000 - 9,999	102	7	109
10,000 - 14,999	77	11	88
15,000 - 19,999	28	9	37
20,000 - 24,999	17	12	29
25,000 - 29,999	12	2	14
30,000 - 34,999	7	2	9
35,000 - 39,999	3	2	5
40,000 - 44,999	1	0	1
<b>Total</b>	<b>250</b>	<b>47</b>	<b>297</b>

<sup>#</sup> Employees who usually work 30 hours or more a week are classified as full-time staff.

OOER Office Operation Expenses Reimbursement

**Salary distribution of part-time employees hired by Members  
in the year ended 30 September 2005  
(based on reimbursement claims in respect of September 2005)**

Salary Range (\$)	No. of Part-time Employees <sup>9</sup>		
	Employed by the 43 Members who used 90% or more of the claimable OOER (A)	Employed by the other 17 Members who used less than 90% of the claimable OOER (B)	Total (A)+(B)
0 - 999	5	0	5
1,000 - 1,999	7	1	8
2,000 - 2,999	12	16	28
3,000 - 3,999	11	4	15
4,000 - 4,999	15	7	22
5,000 - 5,999	10	4	14
6,000 - 6,999	5	4	9
7,000 - 7,999	2	1	3
8,000 - 8,999	1	2	3
9,000 - 9,999	0	1	1
10,000 - 10,999	1	2	3
11,000 - 11,999	2	0	2
12,000 - 12,999	2	0	2
⋮	⋮	⋮	⋮
14,000 - 14,999	0	1	1
15,000 - 15,999	1	0	1
⋮	⋮	⋮	⋮
20,000 - 20,999	0	1	1
<b>Total</b>	<b>74</b>	<b>44</b>	<b>118</b>

<sup>9</sup> Employees who usually work less than 30 hours a week are classified as part-time staff.