

INFORMATION NOTE

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

1. Introduction

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

Table – Members' remuneration and benefits in the selected legislatures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	House of Commons of the United Kingdom	House of Representatives of Australia	House of Commons of Canada	Parliament of New Zealand	Parliament of Singapore	House of Representatives of the United States
Adjustment mechanisms (cont'd)						
Rationale for adjustment mechanism	To ensure that Members received awards in line with the pay of appropriate comparable public sector groups, and Members were subject to the same pay restraint as other public sector workers.	According to the Remuneration Tribunal, there is a need to remunerate Members sufficiently so as to attract and retain men and women of appropriate capacity.	Linking parliamentary compensation increases to the index means that parliamentarians fare neither better nor worse than the people whom they represent.	The Remuneration Authority uses this system to ensure that "there is a valid reason for setting a pay rate" and "politicians are treated no more or less favourably than other public sector clients" of the Authority.	The MR4 benchmark is established to: <ul style="list-style-type: none"> (a) allow top office holders⁽⁷⁾ to be paid competitive salaries comparable with private sector earnings; (b) reflect the ethos of political service which entails making sacrifices; and (c) maintain a "clean wage" policy with no hidden perks. 	Members' pay is expected to be adjusted on a regular basis with reference to the comparable pay movement in the private sector.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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31 January 2012
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