

**Legislative Council Panel on Public Service
Meeting on 18 June 2001**

Overseas Education Allowance

Purpose

This paper briefs Members on the background of the policy whereby eligible officers on local terms may claim Overseas Education Allowance (OEA) for their children's schooling in the United Kingdom only. It also sets out the Administration's response to the suggestion that the scheme should be extended to cover other countries.

Background

2. In view of inadequate educational facilities in Hong Kong for English-speaking children at the time, the OEA scheme was introduced in 1964 to enable children of expatriate officers to continue education in their countries of origin. The scheme was extended to local officers, except those on temporary or month-to-month terms, in 1972 on ground of equity and parity. Since this was an extension of the scheme for expatriate officers who were subject to country restriction, OEA for eligible local officers covered schooling in the UK only.

3. The provision of OEA was ceased for officers recruited on or after 1 August 1996. The decision was made following a review on the OEA scheme, which was undertaken as part of our on-going effort to review fringe benefits from time to time. In view of the significant improvements made in the quality of education in Hong Kong, there was little justification for the Administration to continue to subsidise staff who chose to educate their children overseas. It was also noted that the provision of education allowances was not common in the private sector.

Past Review of OEA Scheme

4. Following a review on the OEA scheme in early 1990s, the

Administration proposed to the Staff Sides in 1992 the introduction of a new education allowance which could be used locally or overseas with no country restriction. According to staff feedback, if the country restriction was removed, more officers would claim OEA. This would result in significant financial implications for the Government. Balancing the need for flexibility and prudence in public expenditure, the Administration suggested to the staff sides that the rate of the proposed education allowance should be lower than the then prevailing rate of OEA.

5. The staff sides supported the extension of the scheme to cover other countries, but raised strong objection to any reduction in the allowance rates. In the circumstances, the proposed new allowance was not pursued and the country restriction rule under the OEA scheme has remained in place.

Conclusion

6. In the light of the foregoing, OEA scheme is an obsolete scheme with a finite life. We do not see a case to make any fundamental changes to such a scheme or changes that would have significant financial implications for the Government at this stage.

Civil Service Bureau
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