

**For information
on 16 January 2006**

LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE

Review of Fringe Benefit Type of Civil Service Allowances

PURPOSE

This paper briefs Members on the progress of the Administration's review of fringe benefit type of civil service allowances.

BACKGROUND

2. At present, there are a variety of civil service allowances which were introduced at different juncture for officers on different appointment terms. Some of these allowances are provided as fringe benefits and some are related to the performance of duties. The 2004-05 actual expenditure of these allowances are \$5,411M, about 80% of which (\$4,273M) is attributable to allowances that are fringe benefits.

3. Over the years, some of the allowances provided to civil servants have become out of step with present day circumstances and are incongruous with a modernised civil service. Although we have already trimmed down the package of fringe benefits available to new entrants substantially, the continued provision of outdated fringe benefits to serving officers have attracted criticisms from members of the public, the media and the Legislative Council. The criticisms have become more acute in recent years because of the fiscal stringency.

4. In response to the concerns expressed, we have undertaken to conduct a comprehensive review on the fringe benefit type of civil service allowances. The objectives of the current review are to explore ways to further rationalise the payment of these allowances; to enhance control over Government expenditure on these allowances and to achieve substantive savings; and to identify scope for improving efficiency in the administration of these allowances. In taking forward the review, we abide by the guiding principles of lawfulness, reasonableness and fairness.

5. We issued a consultation note on 22 September 2005 containing the revised package of change proposals for consultation with staff. A copy of the consultation note was sent to Members for information on the same day (see LC Paper No. CB(1)2298/04-05). The revised proposals have been drawn up taking into account all relevant factors, including the legal principles established in the Court of Final Appeal (CFA)'s judgment on the pay adjustment ordinances case, staff feedback

during the phase one consultation and our policy objectives in carrying out the review. In doing the review, we have taken care to strike a balance between the interests of civil servants on the one hand, and the need to modernise the management of the civil service while achieving savings on the other.

6. The consultation ended on 21 November 2005. We have received a total of 28 submissions from individual staff and staff associations. A profile of the submissions is at **Annex I**.

FEEDBACK FROM STAFF AND PUBLIC

General comments from staff

7. Our assessment is that apart from some individual submissions, civil servants in general consider the latest package of change proposals mild and acceptable. Many find that the current proposals have addressed the staff concerns expressed in the phase one consultation. In particular, civil servants welcome the retention of major benefits like education and housing allowances.

8. As for the central consultative councils, the staff associations under the Senior Civil Service Council generally find the proposals moderate and acceptable. In particular, the Hong Kong Senior Government Officers Association is pleased to see that many suggestions raised by the staff side in the phase one consultation have been incorporated into the latest package of proposals. It also agrees that a careful balance has been achieved between the need to modernise the administration of civil service allowances and the need to protect the legitimate rights of civil servants under the Basic Law. Noting that the latest proposals are consistent with their views, the Hong Kong Chinese Civil Servants Association finds the latest package of change proposals acceptable. The Association of Expatriate Civil Servants of Hong Kong opines that although the current proposals are improvements over the original package, they still devalue the contractual entitlements of civil servants and are unlawful and unacceptable. The Disciplined Services Consultative Council asks for further elaboration on the legal arguments to ameliorate the staff concerns. The staff sides of the Police Force Council take the view that the proposals represent a major reduction on present conditions of service of police officers and are unlawful, unfair and inappropriate. They remain opposed to the various proposals although one of the associations regards the current proposals less onerous than the original ones. The Model Scale I Staff Consultative Council has so far offered no written comments on the proposals. The response of various other staff bodies is generally positive as reflected in media reports.

Public reaction

9. Our change proposals have also attracted a lot of media attention and commentaries. Eleven newspapers have commented on the proposals in their editorials. In general, the media carried factual reports on the proposals as well as the

historical background of the various allowances and the legal constraints in relation to the review. Many editorials consider the package of proposals moderate and acceptable from the civil servants' point of view; some feel that they represent a right step forward in reforming the civil service. Whilst there are calls for further rationalisation or cuts, the great majority of the views expressed as reported in the media are positive towards the review as a measure to modernise the civil service and to reduce public expenditure.

Legal considerations raised in the staff submissions

10. Many staff who sent in their submissions have raised concerns on the legal basis of the change proposals. We wish to emphasise again that the Government will be guided by the principles of lawfulness, reasonableness and fairness in taking forward the allowance review. As advised by the Department of Justice, the conditions of service of civil servants (those serving in the Government immediately before 1 July 1997 included) may be varied, though not without limits, under the Basic Law (including Article 100) and the Government's contractual arrangement with civil servants. It should be noted that the Memorandum on Conditions of Service (MOCS) issued to all civil servants, including those serving in the Government immediately before 1 July 1997, on appointment includes a standard variation clause, whereby the Government reserves the right to alter any of the officer's terms of appointment and/or conditions of service should the Government consider that to be necessary. (In practice, any proposed change will be the subject of extensive consultation with the staff sides and a final decision will be made only after taking full account of the staff views.) Thus, in considering the expression "no less favourable than before" in Article 100 of the Basic Law, it is necessary to consider all the terms of employment before 1 July 1997, including the unilateral variation clause contained in the MOCS.

11. Based on the legal principles established by CFA's judgment in the pay adjustment ordinances case, Article 100 of the Basic Law does not seek to prohibit or inhibit changes to pay, allowances, benefits or conditions of service of public officers appointed before 1 July 1997, except to the extent that such changes make them less favourable than those entitlements before that date. In other words, changes which were permissible before 1 July 1997 by statute or under the unilateral variation clause may be implemented now subject to the "no less favourable than before" test.

12. We have considered the permissible scope for changes to the fringe benefits within the remit of the established legal principles and are of the view that the Administration's package of change proposals arising from the current review is generally lawful.

13. Some staff have also mentioned that the allowances covered in this review should be referred to as "conditions of service" rather than fringe benefits. We wish to emphasise that the Government is not seeking to change the nature of various allowances provided to individual officers as conditions of service or discretionary benefits, as the case may be, through the current review. For example, there is no dispute that sea passage is a condition of service for eligible officers, and likewise

leave passage allowance and some other allowances. The term “fringe benefits” is used to describe those allowances under review, the payment of which is generally subject to criteria based on individual officers’ terms of appointment, rank, salary point and other eligibility rules. In fact, the term “fringe benefits” also appears in various versions of the MOCS that form part of the contractual arrangement between the Government and civil servants. Such allowances can be distinguished from other allowances the payment of which is generally conditional on job requirements (e.g. various job-related allowances and those allowances which are related to the performance of duties such as shift duty allowance, overtime allowance, etc.).

Comments on individual proposals

14. As regards the individual proposals, certain staff who are directly affected by the change proposals are, understandably, more concerned about the possible impact of the change proposals on them. However, most of the comments raised concern the technical aspects of the change proposals (such as whether we should allow two trips or three trips a year for the School Passage Allowance) and should not affect the basic rationale for conducting the allowance review.

15. For easy reference, we have prepared a summary of the specific comments received on individual proposals and the Administration’s preliminary response at **Annex II**. Copies of all the submissions received which we have obtained consent from the staff or staff associations concerned for release are at **Annex III**.

WAY FORWARD

16. We have forwarded the submissions received during the consultation together with the Administration’s preliminary response to the comments raised therein to the advisory bodies on civil service salaries and conditions of service for advice. Taking into account the comments received, the views of the advisory bodies and all relevant considerations, we shall draw up the Administration’s final proposals and seek the necessary approval from the Finance Committee of the Legislative Council before implementation. Our target is to implement the change measures as early as possible in 2006.

Profile of Staff Submissions

(A) **No. of submissions received** : 28¹

- (i) from groups : 12
- (ii) from individuals : 15, involving 11 officers and 4 unidentified persons²

(B) Submissions from groups

- (i) Staff bodies
 1. Hong Kong Senior Government Officers Association
 2. Hong Kong Chinese Civil Servants' Association
 3. Association of Expatriate Civil Servants of Hong Kong
 4. Disciplined Services Consultative Council (Staff Side)
 5. Superintendents' Association
 6. Hong Kong Police Inspectors' Association
 7. Overseas Inspectors' Association
 8. Junior Police Officers' Association
 9. HKSARG Clerical Grades Staff Association
- (ii) Departmental management
 1. Hong Kong Police Force
 2. Television and Entertainment Licensing Authority
 3. Drainage Services Department

(C) Submissions from individual officers

The profile of the 11 officers is as follows:

- (i) 10 identified and 1 unidentified
- (ii) Terms of Appointment
 - 1 Overseas Agreement officer
 - 2 Overseas Permanent officers
 - 7 Local Permanent officers
 - 1 Unidentified
 (Total : 11)
- (iii) Department
 - 5 Hong Kong Police Force
 - 1 Drainage Services Department
 - 1 Innovation and Technology Commission
 - 1 Hong Kong Monetary Authority
 - 1 Television and Entertainment Licensing Authority
 - 1 Civil Service Bureau

¹ Two submissions from the same party is counted as two.

² We cannot ascertain whether the unidentified submissions are made by civil servants or members of the public.

Review of Fringe Benefit Type of Civil Service Allowances

I.	EDUCATION ALLOWANCES	
	Overseas Education Allowance (OEA) and Local Education Allowance (LEA)	
(A)	<u>Existing claimants</u>	
	<ul style="list-style-type: none"> • Freeze the OEA ceiling rates at the existing levels in foreign currencies and no further rate adjustment in future. • Freeze the LEA ceiling rates at the existing levels and no further rate adjustment in future. 	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> • Allowances are and were always meant to cover the cost of a specific expense or a percentage thereof. The proposal to freeze OEA and LEA means a reduction in the percentage of subsidy. It will lag behind the school fees when inflationary pressures return and will quickly become valueless. As the allowance will not be able to pay for what was intended, this will make the officer's conditions less favourable than 1997 and is in breach of the Basic Law. There is no valid ground for departure from the rate adjustment mechanism for LEA to link to ESF school fees as it is a long-standing mechanism agreed with the staff side in the early 1980s. 	<ul style="list-style-type: none"> • Legal advice is that the change proposals in respect of LEA and OEA are consistent with the Basic Law. It should be noted that one of the legal principles derived from the Court of Final Appeal (CFA)'s judgment on the pay adjustment ordinances is that a variation in an allowance or benefit will be consistent with Article 100 of the Basic Law if it does not reduce the allowance below the cash level payable on 30 June 1997 or make the terms on which the benefit is provided less favourable than those which applied on that date. In respect of pay, the CFA refers to "pay level" and not "purchasing power".

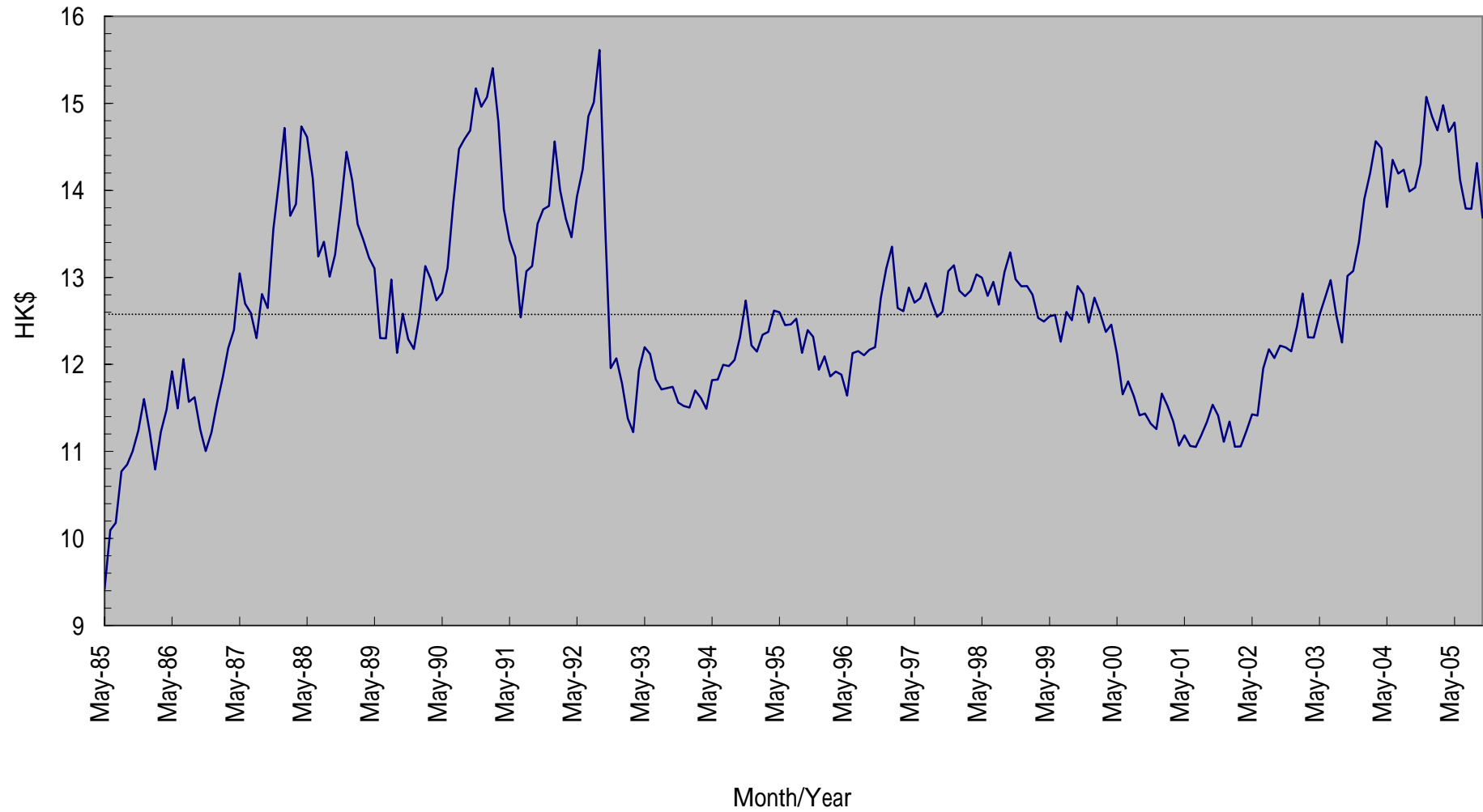
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> Cannot agree to the freezing of OEA and LEA rates permanently, especially for LEA which is claimed by a large number of officers. The proposed freeze of OEA for existing claimants may force some officers to withdraw their children from overseas schools in the event of increase in school fees or strong appreciation of currency, with the additional stress for both parents and child in trying to reintegrate into the local school system. Propose that, while maintaining the proposed cuts in the ceiling rates, an adjustment mechanism should be put in place, for LEA if not for OEA, so that the allowance rates will move in tandem with changes in tuition fees. 	<ul style="list-style-type: none"> Taking into account all factors, including the Government's financial stringency, we propose that the OEA and LEA rates should be frozen for existing claimants, which should cause minimal impact on them. Given the substantial improvement in local education opportunities for non-Chinese speaking children in recent years, we believe officers would be able to decide on the best course of educational arrangement for their children. In addition, it should be noted that the current OEA and LEA rates have been frozen since the 1997/98 school year. Moreover, our proposal is that the OEA ceiling rates for existing claimants will continue to be set in foreign currencies, hence any fluctuation in currency should not have any impact on them. We should emphasise that the provision of education allowance will continue for eligible officers. The Administration always has the sole discretion to determine whether and when to adjust the allowance rates.
	<ul style="list-style-type: none"> Education allowance is in fact an investment in human resources and should not be viewed as an expenditure item. Besides, since the OEA and LEA schemes have been ceased for new recruits and the birth rate in Hong Kong is declining, the expenditure is deemed to decrease in the longer run. The proposed freeze of the LEA rates is not fair to overseas officers who have no choice but to send their children to English Schools Foundation schools because they are native English speakers. 	<ul style="list-style-type: none"> The provision of education allowance as a form of staff benefits is no longer justified under present day circumstances. That is why the Administration has decided to cease OEA and LEA for new recruits from 1996 and 2000 respectively. On the other hand, we also recognise that any substantial changes to the terms of provision of the allowances will have a considerable impact on those eligible dependants who are already drawing the allowances. Having taken all relevant considerations into account, including the Government's fiscal condition, legal considerations, expectation from the public, and comments from staff, we consider the present change proposals reasonable. We do not consider it tenable to accord a preferential treatment to officers on overseas terms.

(B)	<u>New claimants joining the scheme from the 2006-07 school year/ 2007 school year</u>	
	<ul style="list-style-type: none"> • Reduce the OEA ceiling rates to the levels as at 30.6.1997 and no further rate adjustment in future. The OEA ceiling rates will be set in Hong Kong dollars, based on the average daily exchange rates prevailing in the 1996-97 school year / the 1997 school year as appropriate up to 30.6.1997. • Reduce the LEA ceiling rates to the levels as at 30.6.1997 (i.e. Primary: \$ 29,925, F1 to F3: \$49,650 and F4 & above: \$46,313) and no further rate adjustment in future. 	
	Staff's Comments	CSB's Views
<ul style="list-style-type: none"> • OEA rates should be disbursed in foreign currencies as the Government should have a greater capacity to absorb the effects of exchange rate fluctuations than individual civil servants. 	<ul style="list-style-type: none"> • We consider it more appropriate to set the ceiling rates in Hong Kong dollars because the actual allowance is disbursed in Hong Kong dollars. This can save the administrative costs in converting the foreign currency to Hong Kong dollars in every single application. The exchange rate risk should level out in the long run. In fact, according to the trend of exchange rates in the past years (see the Appendix), the exchange rate at the 1997 level is somewhat close to the average. • Nevertheless, we are open to the idea of continuing to set the OEA ceiling rates in foreign currencies for new claimants provided that this is lawful. 	

	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> Having two separate rates is divisive and would seriously dampen morale. It would result in disparity of education opportunities for children within the same family. The current proposal of reducing the OEA and LEA rates for the new claimants would be unfair and discriminatory to them as they are of equal or comparable rank and status of the existing claimants, who should enjoy the same treatment, and be equitably treated, as the existing claimants of OEA and LEA. The proposal to further reduce the rate for officers who are in the unfortunate position of having younger children who will commence schooling later is discriminatory. For some junior officers the proposed cut may preclude them from joining the OEA scheme, restricting the benefit practically to the enjoyment of senior civil servants. 	<ul style="list-style-type: none"> The Administration has already concluded that OEA/LEA are no longer justified and has therefore ceased their provision to new recruits since August 1996 and June 2000 respectively. Given that the pool of eligible officers for OEA/LEA stands at 122,000 and 152,000 respectively, it is imperative that we come up with measures to contain the Government's expenditure in this regard. We have considered the possibility of reducing the OEA/LEA ceiling rates for all claimants (existing and new) to the 1997 level, in the light of the CFA judgment. While this is legally feasible, a more favourable treatment for existing claimants is justified on the ground that they have already made schooling arrangements for their children on the basis of the existing OEA/LEA ceiling rates. We also recognise that existing claimants will have less flexibility in changing the schooling plans, particularly for children who are already studying abroad. Hence, we propose to freeze the allowance rates for existing claimants in order to minimise the adverse impact on them. We feel that the concession is appropriate from both the angle of legitimate expectation and staff relations.
	<ul style="list-style-type: none"> Some staff hope that the Administration can postpone the implementation of the reduced rate of OEA until the school year of 2007/08 to allow them more time to arrange for their children to study overseas. It is unreasonable to reduce the rates for children who start to claim the allowance from next year. It is too quick to make an important decision. It is possible that some affected officers may rush to send their children prematurely or unnecessarily to study abroad in order to qualify for the entitlement of the existing rate of OEA before the implementation of the new measures. This move may be detrimental to the officers and their family members. 	<ul style="list-style-type: none"> Subject to the outcome of the review and the necessary approval from the Finance Committee, if required, we expect that the approved change measures for OEA and LEA would be promulgated sometime in mid-2006. As we have made clear our intention to implement the change proposals starting from the 2006-07 school year in the consultation note, staff should be able to take this into account in making plans for their children's overseas or local education. In addition, starting from 22 September 2005 (the date when the consultation note was released), the Treasury has informed all officers who have submitted an initial application for OEA that a review is being conducted and the ceiling rates may be reduced to the 1997 level with effect from the 2006-07 school years. As such, officers who plan to send their children to study abroad in the coming school year should be fully aware of the possible reduction in ceiling rate and take that into account in making their decision.

	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> The choice of schools under OEA should be extended to schools in other countries like Australia, New Zealand, Singapore or Mainland China, etc. The school fees and other related expenses in many countries are lower than those in the UK. 	<ul style="list-style-type: none"> As we have already taken the view that the provision of OEA is out of step with present day circumstances, we do not consider it justified to expand the scope of the scheme. We should point out that relaxing the country restriction alone without any complementary measures to cap the overall expenditure on OEA will result in more applications for OEA, which may lead to an increase in the overall expenditure despite the proposed change measures to reduce/freeze the allowance rates. This is at odds with the objectives of the review and we do not consider this option viable.
	<ul style="list-style-type: none"> There are strong justifications to retain OEA for expatriate officers to maintain ties with their home country. The bulk of the expenditure on education related allowances is attributable to local officers as many of them are choosing to send their children overseas, or English Schools Foundation schools and international schools in Hong Kong, and Direct Subsidy Scheme Schools. 	<ul style="list-style-type: none"> We do not consider it tenable to accord preferential treatment to any particular group of officers. With a large number of English Schools Foundation and international schools providing quality education for non-Chinese speaking children in Hong Kong, providing financial assistance for the education of eligible dependants overseas is no longer justified.
	<ul style="list-style-type: none"> This type of allowance is common in the private sector. Without recourse to recent reviews of private sector allowances in this regard, no valid review can be made. 	<ul style="list-style-type: none"> According to the 2002 fringe benefits survey, children's education benefit is not common in the private sector. Less than 30% of the companies surveyed provide such a benefit. Very few companies provide overseas education benefits to its local employees, and most of them restrict the benefit to the senior staff. Even for expatriate staff, less than 50% of the companies provide children's education benefits for their expatriate staff. Amongst those companies that provide education benefits to the expatriate staff, only 60% provide both local and overseas education allowance. Similar result is found in the 2001 fringe benefits survey. Although the Administration has not conducted similar surveys in recent years, we do not believe there are substantial changes in the private sector in this regard.
	<ul style="list-style-type: none"> The proposed reduction in both OEA and LEA rates are contrary to Basic Law provisions. 	<ul style="list-style-type: none"> Legal advice is that the change proposals in respect of LEA and OEA are consistent with the Basic Law.

Pound Sterling Exchange Rate 1985-2005



Footnote

1. The figures from 1996 onwards are based on the Hong Kong Association of Banks mid-market rate on the first day of each month.
2. The dotted line (GBP 1= HK\$ 12.59) is the average daily exchange rate for the 1996-97 school year up to 30 June 1997. This is the proposed rate for eligible dependants who start to claim OEA in or after the 2006-07 school year in the case of the UK and Ireland.
3. The average exchange rate for the whole period is GBP 1= HK\$12.67.

Review of Fringe Benefit Type of Civil Service Allowances

II	PASSAGE AND RELATED ALLOWANCES	
(A)	Sea Passage	
	<p>Starting from the 2007 sailing, the allowance rates for sea passage will be capped at the maximum allowance rates for the respective class of travel approved for the 1997 sailing to the UK. The ceiling rates will be fixed in Hong Kong dollar equivalents, based on the exchange rate at the time of actual payment made by the Government for the 1997 sailing (i.e. HK\$67,570 for those entitled to First Class (Higher); HK\$58,290 for those entitled to First Class (Lower)).</p>	
	Staff's comments	CSB's views
	<ul style="list-style-type: none"> • Sea passage is a conditions of service provided to officers recruited before 1985. It should be maintained for entitled officers without a cap/reduction in the allowance rates. • The proposal is contrary to the Basic Law as it would not allow staff to enjoy the same benefit to which they were entitled before 1 July 1997. 	<ul style="list-style-type: none"> • The change proposal has taken account of our policy objectives of the review and legal considerations. We consider it reasonable to cap the Government's expenditure in the provision of sea passage on the basis of the payments made by the Government for the 1997 sailing.
	<ul style="list-style-type: none"> • This passage was offered as a 'reward' for long and loyal service to expatriates in Hong Kong who were returning to the UK. It is not a general passage allowance. 	<ul style="list-style-type: none"> • The provision of sea passage has never been intended to be a reward for long and loyal service of overseas terms officers. If sea passages are regarded as a reward for long service rather than a home passage, they should also be provided to local officers. Rewarding overseas officers alone implies that the service of an overseas officer is more valuable than that of a local officer. Such a notion was clearly objectionable and unacceptable.

(B)	School Passage Allowance (SPA)	
<p>Reduce the ceiling rates of SPA to the rates as at 1.7.1998 when school passage started to be provided in the form of a cash allowance instead of economy class air tickets, with no further rate adjustment in future.</p> <p>The revised rates are : SPA Level 3: \$11,800; SPA Level 2: \$23,600;SPA Level 1: \$17,700.</p>		
Staff's comments		CSB's views
<ul style="list-style-type: none"> As the proposed reduction in SPA rates is not very significant, there is no objection to the proposed changes in SPA if the present SPA terms (other than the proposed reduction) are maintained. 		
<ul style="list-style-type: none"> The Administration is bound contractually and legally to continue this provision to overseas terms officers. 		<ul style="list-style-type: none"> SPA is no longer justified under present day circumstances and has been ceased for new recruits since August 1996. Our proposal seeks to retain the provision to eligible officers while reducing the allowance rates to the rates as at 1.7.1998 and tightening up the payment rules to align with the original policy intentions before the introduction of cash allowance on 1.7.1998. The SPA rates after reduction should still be sufficient for purchasing air tickets during peak season. Legal advice is that the proposals in relation to SPA is legally defensible. Officers should not have a protected contractual right to the implementation of the post 1 July 1997 rate adjustment mechanism.
Subsume travelling expenses in the place of study under SPA without separate provision.		
Staff's comments		CSB's views
<ul style="list-style-type: none"> (See "Travelling expenses in country of origin or place of study" in section (C) below) 		<ul style="list-style-type: none"> (See "Travelling expenses in country of origin or place of study" in section (C) below)

(B)	School Passage Allowance (SPA) (con'd)	
	Tighten up the payment rules for SPA to align with the original purpose of the school passage benefit before the introduction of the cash allowance on 1.7.1998, i.e. no carrying forward of SPA to the next cycle will be allowed, children aged 19 and 20 may not split their SPA (i.e. only one return trip is allowed) while those aged below 19 may only have two splits of their SPA (i.e. two return trips) in each 12-month cycle, the children/parents using SPA may only travel by economy class. These measures will apply to all claimants from their next SPA cycle commencing on or after the effective date.	
	Staff's comments	CSB's views
	<ul style="list-style-type: none"> It is not reasonable that children who are aged below 19 may only have two splits of their school passage allowance when there are normally 3 school terms in the UK. Claimants will probably use more expensive flights to the limit of the allowance. 	<ul style="list-style-type: none"> We have proposed to tighten up the payment rules to align them with the original purpose of the school passage benefit before the introduction of the cash allowance on 1.7.1998. Prior to this date, school passages were provided in the form of economy class air tickets. Eligible dependants aged below 19 were entitled to two return air tickets each year¹.
	<ul style="list-style-type: none"> If the Administration's intention is to save money, a cap on the maximum reimbursable allowance would suffice. Those proposed "tightening up" measures such as restricting the number of return trips will not necessarily achieve reduction in expenditure but will surely attract staff grievances. 	<ul style="list-style-type: none"> We note the staff's views in relation to the proposed tightening up of payment rules and will take them into account before making a final decision.

¹ The initial SPA rates in 1998 were set with reference to the number of return passage granted then (two return tickets each year for children aged below 19, and one for those aged between 19 or 20), having regard to the normal price differential between published fares and market fares as well as the need for most students to travel at peak seasons.

Staff's comments	CSB's views
<ul style="list-style-type: none"> The combined effects of restricting the allowance to 2 trips per year, flying economy class only and not carrying forward of unspent allowances, mean that the maximum amount any one claimant can spend should probably not exceed HK\$18,000 per year. Although the maximum reduction at face value is only HK\$1,500, the actual reduction will probably be closer to HK\$7,000. 	<ul style="list-style-type: none"> We note that SPA claimants are able to purchase more than one (for children aged 19 and 20) or two (for children aged below 19) return tickets in each cycle at present. The SPA rates after reduction should still be sufficient for purchasing air tickets for travelling in peak season. Staff may use the remaining provision to cover the travelling expenses in the place of study (which we have proposed to subsume into SPA).
<ul style="list-style-type: none"> On the understanding that the payment rules are proposed to be tightened up to reflect the “original purpose” of providing cash allowance in lieu of air tickets in 1998, the Administration should produce proof of such “original purpose” and that the purpose was accepted by the staff side at the time. Even if the said “original purpose” could be established, the 1998 revision would amount to a reduction of officers’ benefit to a level / in a manner less favourable than what they were entitled to enjoy before 1997. The 1998 revision is therefore inconsistent with the Basic Law. 	<ul style="list-style-type: none"> The tightening up of payment rules seeks to reflect the original policy intentions before introducing the cash allowance in 1998. Before 1.7.1998, the benefit was provided in kind, i.e. the Government will provide two return air tickets to eligible children before 19, and one return air ticket to children at 19 or above, in each cycle. Our current proposal should not represent any reduction in benefit as compared to the situation in 1997.
<ul style="list-style-type: none"> The limitation to “economy class” will cause a lot of disputes because different airlines have different naming of classes. 	<ul style="list-style-type: none"> While different airlines may adopt different naming convention, we understand that “economy class” is generally used to denote the most basic class of travel. As such, we do not envisage significant difficulty in administering this rule.

	Staff's comments	CSB's views
	<ul style="list-style-type: none"> The “original policy intentions” were based on the assumption that an officer in receipt of OEA was on overseas terms and returned to his home country in the summer to reunite with his children where they attended school, whereas the children were entitled to two return trips to Hong Kong to coincide with Christmas and Easter breaks between two terms. The Administration should consider limiting the provision of SPA (and OEA) to officers on overseas terms only if the “original policy intentions” were to be invoked. 	<ul style="list-style-type: none"> While school passage benefit was originally provided to facilitate officers on overseas terms to send their children overseas for education, the benefit was subsequently extended to all officers on local terms on parity ground. We do not see valid reasons to apply the proposed changes (or cease the provision of the benefit) to the current pool of eligible officers selectively on the basis of their terms of appointment.
	<ul style="list-style-type: none"> SPA received before 2003-04 is not a taxable income. If the proposed SPA rate is reverted to that of the 1998 level and remains assessable, its real value will actually be lower than the level before 1997, and is thus in violation of the Basic Law, i.e. less favourable than the level they received in July 1997. 	<ul style="list-style-type: none"> The removal of the previous tax exemption for holiday warrant and passage w.e.f. 1.4.2003 has resulted from the enactment of the Revenue (No. 2) Ordinance 2003, which applies to all taxpayers and is not targeted at civil servants. Besides, the benefit was provided in kind in 1997. Since the reduced rate of allowance will still enable the officers to buy two return air tickets, the actual benefit enjoyed by officers is not worse off compared to the 1997 level.

(C)	Travelling expenses in country of origin or place of study	
	Freeze the allowance rates at the current levels (i.e. \$2.19 per kilometre for adults (including children aged 16 or above) and \$1.10 per kilometre for children) for existing leave passage allowance claimants on overseas terms. Cease the allowance for all SPA claimants and subsume that into SPA.	
	Staff's comments	CSB's views
	<ul style="list-style-type: none"> • Allowance rates cannot be capped as this will denude the actual intent of this allowance both for the expatriate and local terms officers. • The proposal is contrary to the Basic Law as it would not allow staff to enjoy the same benefit to which they were entitled before 1 July 1997. • The Administration did not provide any rationale for the proposal. 	<ul style="list-style-type: none"> • As set out in the consultation note, the separate provision of travelling expenses to LPA and SPA claimants can be traced to the days when Government passage was provided in the form of air tickets. Now that Government passage is provided in the form of a cash allowance, there is room for rationalising the arrangement by ceasing the separate provision of travelling expenses. Since some officers on overseas terms are eligible to claim Government passage in the form of air tickets under specified circumstances², we have proposed to retain the provision of travelling expenses in an eligible officer's country of origin but consider it reasonable to freeze the rates at the current levels. • As for SPA, most officers have indicated that the proposed allowance rate is more than enough to purchase two return air tickets. The remaining allowance can be used to cover travelling expenses in the place of study.
	<ul style="list-style-type: none"> • Staff would like to know the amount of money that could be saved for this item and whether the amount saved could meet the criterion of achieving substantive savings. 	<ul style="list-style-type: none"> • The estimated savings are about \$5.6M on a full-year basis and about \$28.5M over five years as indicated in the consultation note. Other than seeking to achieve substantive savings, our objectives in pursuing the allowance review also include exploring ways to further rationalise the payment of allowances. We consider that the claim for maintaining separate provision of travelling expenses is weak as Government passage is now provided in the form of cash allowance.

² Overseas terms officers appointed before 1.1.1998 may request an air ticket instead if the LPA is insufficient to purchase an air ticket of his entitled class of travel.

	Staff's comments	CSB's views		
	<ul style="list-style-type: none"> The Administration should clarify how the scope of SPA will be extended to cover claims for reimbursement of travelling expenses. 	<ul style="list-style-type: none"> SPA claimants may make use of any spare SPA within the ceiling rates to meet travelling expenses in the place of study. 		
(D)	Leave Passage Allowance (No change)			
	Retain the provision of Leave Passage Allowance on its existing terms			
	<th data-bbox="203 596 934 633">Staff's comments</th>	Staff's comments	<th data-bbox="934 596 2101 633">CSB's views</th>	CSB's views
	<ul style="list-style-type: none"> Staff question why the initial proposal to make the allowance fully non-accountable has not been pursued as many officers would be prepared to accept a fully non-accountable LPA if negotiated on an individual basis, or offered as an option in a similar fashion to the Modified Annual Leave option. 	<ul style="list-style-type: none"> The original proposal put to staff consultation in June 2004 was to turn LPA into a fully non-accountable allowance with a 15% reduction in the LPA rates to reflect the enhanced flexibility in the use of the allowance across the board, and to cease LPA for the family members of local terms/common terms officers who are appointed/promoted to the directorate from a prospective date. The suggestion to provide a choice between the existing accountable LPA and a non-accountable LPA represents a new proposal which effectively changes the nature of provision of this benefit. As we have now proposed to retain the allowance on existing terms, we do not consider it necessary or justified to give an additional cash option to the claimants. 		

Review of Fringe Benefit Type of Civil Service Allowances

III.	HOUSING AND RELATED ALLOWANCES AND BENEFITS	
(A)	Non-accountable Cash Allowance (NCA) Scheme	
	<p><u>New claimants</u></p> <ul style="list-style-type: none"> • Reduce the rates of NCA to 5% below the corresponding rates of Home Financing Allowance (HFA)/Home Purchase Allowance (HPA) to restore the original differential between the NCA rates and HFA/HPA rates, and apply the reduced rates to all new joinees and re-joinees on re-appointment with a break in service. Based on the current rates, the reduced rates of NCA will be as follows – <ul style="list-style-type: none"> (i) officers who commence to draw NCA on or above MPS 34 (or equivalent): \$11,120 to \$30,790 a month; and (ii) officers who commence to draw NCA below MPS 34 (or equivalent): \$1,360 to \$14,020 a month. • The rates for re-joinees on re-appointment with a break in service will be based on the scale of rates prevailing when they re-join the Scheme or the scale prevailing when they first drew the allowance, whichever is the lesser. • Adjust the future NCA rates in line with the annual percentage adjustment to HFA/HPA. • Impose a 3-year service requirement on officers remunerated on MPS 22-33 (or equivalent) before they may queue for a quota place to align with the existing arrangement for comparable officers offered appointment before 1.6.2000 who may only queue for a quota after confirmation to the permanent establishment or completion of one agreement. • Apply the rules on prevention of double housing benefits fully to Accommodation Allowance (AA) claimants opting for NCA. 	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> • Please see the comments on the Administration's proposal to offer an option for AAS claimants to switch to NCA; and staff feedback proposing to also offer an option for Private Tenancy Allowance (PTA) claimant to switch to NCA. 	<ul style="list-style-type: none"> • We note that no staff comments have been received on the change proposals in respect of NCA except the proposed option for AA claimants to switch to NCA for which our views are provided in items (B) and (C) below.

(B)	Accommodation Allowance (AA) Scheme	
	<p><u>Existing claimants</u></p> <ul style="list-style-type: none"> • Starting from a new tenancy/upon renewal of tenancy, lock the scale of allowance rates payable to an individual officer to the scale prevailing when he commences a tenancy for the entire tenancy term, irrespective of any subsequent upward and downward annual adjustments to the allowance rates. Officers on salary progression or promotion may continue to progress to a higher rate of allowance from the relevant scale during the tenancy term subject to the terms of the Scheme. • Adjust the rates of allowance according to the territory-wide rental movements, instead of the rental movements for selected districts only, compiled by the Rating and Valuation Department (RVD) • Option to switch to NCA subject to the following conditions – <ul style="list-style-type: none"> (i) the NCA Scheme as revised under the proposals put forward for that Scheme; (ii) the rate of NCA payable when the officer commences to draw the allowance must be no higher than the rate of AA applicable to the officer; and (iii) an officer may receive the NCA for up to a maximum of 120 months or up to his AA entitlement period, whichever date comes first. 	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> • Some staff consider the locking mechanism reasonable while some others think that they are only entitled to the slight advantage under the present arrangement and will in fact lose out where AAS rates are increased during a tenancy. • The locking of scale is rejected because it undermines the only way in which recipients can partially compensate the cost of continually moving house as a result of the rising costs in the housing market. 	<ul style="list-style-type: none"> • The proposal is fair and ensures a consistent arrangement between upward and downward adjustments. At present, an officer would not be affected by any downward adjustment during a lease term. This is meant to avoid any hardship on the claimant as he has committed himself to the current tenancy without knowledge of subsequent downward adjustment. By the same token, the claimant should have also committed himself to the tenancy without knowledge of any subsequent upward adjustment. It is fair to extend the arrangement to upward adjustments.

Staff's Comments	CSB's Views
<ul style="list-style-type: none"> • The proposed option for a non-accountable allowance is a step in the right direction but the NCA rate falls seriously short of providing a viable financial alternative to the AAS to which the recipients are legally entitled. • The option is not financially viable as the NCA rates are not realistic and it is time-limited. • Applying the rules of double housing benefits kills the NCA further because it removes the opportunity for an officer to use a spouse's allowance to improve his livelihood. • This proposal is unattractive in the light of the fluctuating property market. 	<ul style="list-style-type: none"> • It is Government's long-standing policy to promote home ownership among civil servants. Considering that officers eligible for AA is the only group of civil servants who are not eligible for any form of housing benefits that may be used for acquiring home ownership, we have proposed the voluntary option for them to switch to NCA. NCA is the appropriate option as it is the latest form of housing benefits introduced for civil servants. It is a voluntary option and it is up to individual eligible officers to consider whether to take the option having regard to their own circumstances.
<ul style="list-style-type: none"> • AAS claimants are dissatisfied that this option is now proposed after they were refused the option of Home Financing Scheme (HFS) in mid-1990s. The existing vacant Non-departmental quarters (NDQs) could be offered to AAS recipients as an alternative to AAS. 	<ul style="list-style-type: none"> • Eligibility for different types of civil service housing benefits was specified in an officer's terms of employment. For officers drawing AA, such allowance is the only type of housing benefit they are eligible for. As provision of NDQ to new entrants had ceased in 1990, to allow AA recipients to move to NDQ would pose a problem from the policy point of view.
<ul style="list-style-type: none"> • Propose to introduce a single, flexible, non-accountable accommodation allowance (adjusted annually in line with the territory wide rental indices) for AA recipients. 	<ul style="list-style-type: none"> • Among the rental assistance schemes, i.e. Rent Allowance, PTA and AA, the former two are 100% accountable while AA is 75% accountable. The provision of a 25% non-accountable component has already provided flexibility to the recipients for meeting related expenses. Since civil service housing benefits are designed and provided for specific purposes, turning AA into 100% non-accountable would not be consistent with the original policy intention. Such a proposal will also have implications on PTA and Rent Allowance Scheme.

Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> As for the adjustment mechanism, it is our proposal to adjust the rates of AA according to territory-wide rental movements. In this regard, the staff side has earlier suggested using the territory-wide index covering all classes of properties (i.e. from Classes A to E) while we propose to continue to adjust the rates of AA for officers of different salary bands according to the corresponding class of properties as at present, i.e. Class B properties (40 – 69.9 m²) for officers below MPS 34 or equivalent, average of Class C (70 – 99.9 m²) and Class D (100 – 159.9 m²) properties for officers between MPS 34 – 44 or equivalent, and Class D (100 – 159.9 m²) properties for officers on or above MPS 45 or equivalent. We consider our proposal reasonable as it is in line with the principle that the provision of civil service fringe benefits should be commensurate with the salary of an officer.
<p><u>Other comments</u></p> <ul style="list-style-type: none"> The AA rates adjustment mechanism should be revised. While rental rises, there has been 45% drop of AAS rate from its peak 1997 value. 	<ul style="list-style-type: none"> Being a rental assistance scheme, the Finance Committee approved in 1992 that the adjustment mechanism for AAS should follow that of PTA, which is now adjusted according to the full year rental movement in selected geographical areas in the preceding year. The selected geographical areas are based on the geographical distribution of PTA recipients. The rates have dropped by about 40% between 1997 and 2005. The downward trend is reflective of the relevant rental market situation. Our current proposal to adjust the rates according to territory-wide rental movements is to rationalize the basis of the adjustment.

(C)	Private Tenancy Allowance (PTA)	
<p><u>Existing and new claimants</u></p> <ul style="list-style-type: none"> Starting from a new tenancy/upon renewal of tenancy, lock the scale of allowance rates payable to an individual officer to the scale prevailing when he commences a tenancy for the entire tenancy term, irrespective of subsequent upward and downward annual adjustments to the allowance rates. Officers on salary progression or promotion may continue to progress to a higher rate of allowance from the relevant scale during the tenancy term subject to the terms of the Scheme. Adjust the rates of allowance according to the territory-wide rental movements, instead of the rental movements for selected districts only, compiled by RVD. 		
Staff's Comments		CSB's Views
<ul style="list-style-type: none"> PTA claimants starting new tenancies towards the end of a financial year should be allowed to receive the new rates, if adjusted upward, in the following year. Some staff consider the locking mechanism reasonable while some others think that they are only entitled to the slight advantage under the present arrangement and will in fact lose out where PTA rates are increased during a tenancy. 		<ul style="list-style-type: none"> The proposal is fair and ensures a consistent arrangement between upward and downward adjustments. At present, an officer would not be affected by any downward adjustment during a lease term. This is meant to avoid any hardship on the claimant as he has committed himself to the current tenancy without knowledge of subsequent downward adjustment. By the same token, the claimant should have also committed himself to the tenancy without knowledge of any subsequent upward adjustment. It is fair to extend the arrangement to upward adjustments.
<p><u>Other comments</u></p> <ul style="list-style-type: none"> Similar to AAS, option should be given to PTA claimants to switch to NCA scheme (or other schemes) with a view to saving money for the Government. 		<ul style="list-style-type: none"> At present, officers eligible for PTA are already provided with the option to switch to HFS for home purchasing assistance.

(D) (E)	Provision of furniture and domestic appliances (F&DA) Furniture and domestic appliances allowances (F&DAA)	
	<ul style="list-style-type: none"> • Continue the provision of F&DA to occupants of Government quarters subject to availability of funds / stock and streamlined administrative arrangements. • Abolish the F&DAA. 	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> • Eligible officers should be treated equitably by either abolishing both the provision of F&DA and F&DAA or to continue with both of them. • There is strong aversion to the proposal to abolish the F&DAA. Many officers wish to retain the allowance, and forego the Government's furniture and domestic appliances, the majority of which are bulky and old-fashioned. • Staff are in general of the view that the proposed new arrangement should apply to new officers newly promoted and / or becoming eligible for F&DA. The entitlement of existing officers should not be changed. 	<ul style="list-style-type: none"> • We have reviewed the need to continue to provide F&DA to occupants of government quarters, irrespective of whether they are residing at disposal sites. Having regard to staff feedback received during the first-phase review, we agree to continue to provide F&DA to occupants of government quarters subject to the availability of funds and stock. The revised proposal has adequately taken into account the concern of officers on overseas terms (who may not establish a permanent home in Hong Kong and may have problem in the disposal of self-acquired furniture items on return to their home countries) and those residing in government quarters due to operational requirements. • As for the payment of F&DAA, it is largely out of step with present day circumstances. As a result of previous reviews, except for officers occupying post-tied quarters, the payment of F&DAA has been ceased for officers offered appointment on or after 1 May 1999; and officers offered appointment before 1 May 1999 who are not occupying quarters and who receive a substantive salary on MPS 34 to 44 (or equivalent) on or after 1 July 2000. Besides, with the continued provision of F&DA to eligible government quarters occupants, we consider that the needs of quarters occupants for F&DA have been catered for and that there is a case to abolish F&DAA.

Staff's Comments	CSB's Views
<ul style="list-style-type: none"> As the Administration proposes to abolish the payment of F&DAA to all officers, it should provide modern design F&DA items to government quarters to fit into the present day living environment. 	<ul style="list-style-type: none"> Except for officers occupying post-tied quarters, the provision of F&DA is being phased-out. We consider it not appropriate to change the design of the F&DA items at this point in time.
<ul style="list-style-type: none"> The Administration should provide more information on those officers who will actually receive F&DAA. 	<ul style="list-style-type: none"> We are not certain as to the information actually required. In any case, CSR 864 has clearly set out the eligibility criteria for the payment of F&DAA.
<ul style="list-style-type: none"> The arbitrary removal of F&DAA [without compensation] is unlawful. 	<ul style="list-style-type: none"> In putting up the change proposals, we follow the principles of lawfulness, reasonableness and fairness. As payment of F&DAA is largely out of step with present day circumstances, we consider that it should be abolished.
<ul style="list-style-type: none"> Staff are in support of the proposal concerning F&DA as long as the stock continues to be issued and it is maintained in a good state of repair. 	<ul style="list-style-type: none"> Comment noted. As at present, the provision of F&DA would continue to be subject to availability of funds and stock. As for the administrative arrangements, under our current proposal, all outgoing occupants may retain the F&DA already allocated to them (except items regarded as fixtures (e.g. water heaters) or items that are usually issued on a per quarter basis (e.g. refrigerators) according to the advice of the relevant departments) on changing quarters. Replacement items will be provided at the replacement quarters if the relevant departments certify that the items already issued to the officers concerned are beyond economical repair. Quarter occupants may ask for additional F&DA having regard to the stipulated limits and subject to availability. On further consideration, some officers may prefer applying for re-issue of F&DA items in the replacement quarters despite the possible need to wait for their availability in order to save the trouble and cost for transporting the F&DA between quarters. As such, consideration could be given to adopt a flexible approach in that –

Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> ➤ we maintain the current arrangement for outgoing quarter occupants to leave behind the F&DA items in the existing quarters. On moving to the replacement quarter, the officer concerned may take up items already issued to the replacement quarter, if any, and apply for additional items for the replacement quarter subject to the limits as set out in the Accommodation Regulations (ARs) and availability of funds/stock; ➤ as a choice, if an outgoing occupant so wish, he/she may retain the F&DA items (except those considered as fixtures or non-removables) on changing quarters, subject to the limits as set out in the ARs; ➤ eligible officers' claim for F&DA items will be in the order of – <ul style="list-style-type: none"> — those who were directed to occupy post-tied quarters; — those who were directed to occupy quarters on operational grounds; — those who were directed to move out of quarters (e.g. because of disposal programme) and would re-occupy another replacement quarter; and — other quarter occupants; <p>Demand from officers within the same priority group will be met on a first-come-first-served basis subject to the limits set out in the ARs and availability of funds/stock.</p>

(F)	Removal allowance	
	<ul style="list-style-type: none"> • Turn the removal allowance into a fully non-accountable allowance and reduce the existing accountable component of the allowance by 5%. The allowance rate will be adjusted from time to time having regard to the change in Consumer Price Index (A), as at present. • Maintain the current arrangement whereby removal allowance will normally be payable within twelve months before the vacation deadline. 	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> • Staff welcome turning the allowance into fully non-accountable but does not welcome/strongly oppose to the 5% reduction which is arbitrary. • Staff commented that if the Administration directs them to relocate, it should pay. • The proposed rate reduction is opposed as it will affect many police officers already suffering under reduced pay and conditions of service. 	<ul style="list-style-type: none"> • Taking into account staff feedback received during the first-phase review, we have revised our original proposal and proposed to reduce the accountable part of the allowance by 5% instead of 25%. The reduction has taken account of the greater flexibility in the use of the allowance when it is turned fully non-accountable. We note that following a 5% reduction in the accountable component of the allowance, the proposed new rate will generally still be able to meet the basic removal expenses for officers in the lowest salary band (i.e. MPS 16 or below) based on past claims. For consistency, we propose to apply the same reduction rate to the accountable component for all four salary bands.
	<ul style="list-style-type: none"> • The statement in the consultation note that “removal allowance will normally be payable within twelve months before the vacating deadline” needs clarification or amendment. 	<ul style="list-style-type: none"> • The current proposal aims to maintain status quo whereby removal allowance will be payable to eligible officers affected by the quarters disposal programme after the issue of the relevant removal notice. From our experience in dealing with NDQ relocation exercise, the removal notice is normally issued twelve months before the vacation deadline. We therefore set out in the consultation note to “maintain the current arrangement whereby removal allowance will normally be payable within twelve months before the vacation deadline”. • Notwithstanding the above, eligible officers have to submit their claims after the actual removal because the actual payment of the removal allowance is subject to the prevailing rates and terms at the time of the actual removal.

(G)	Air-conditioning allowance	
	<ul style="list-style-type: none"> Abolish the air-conditioning allowance. 	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> Arbitrary abolition without compensation is considered inappropriate and probably unlawful. The proposal to abolish the allowance is unlawful in the absence of appropriate compensatory arrangements. Although no strong objection has been received from staff, it is considered prudent and appropriate for the Administration to address the eligible officers individually. 	<ul style="list-style-type: none"> In putting up the change proposals, we follow the principles of lawfulness, reasonableness and fairness. As payment of air-conditioning allowance is largely out of step with present day circumstances, we consider that it should be abolished.

(H)	Provision of hotel accommodation	
	<ul style="list-style-type: none"> Standardise the maximum period for which short-term hotel accommodation is provided to eligible officers on overseas terms on final leave at three nights. Remove the provision of one-night hotel accommodation to eligible officers on overseas terms before and after taking leave. 	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> Staff raised strong objection to the reduction from 7 nights to 3 nights for officers proceeding on retirement as the potential savings are negligible. The Administration should justify this reduction. A minimum of 7 nights is required for packing and removal of personal effects, cleaning of the quarter, and disconnecting of utilities. 	<ul style="list-style-type: none"> Eligible officers are normally allowed to stay in their quarters for up to 60 days after their last date of active duty. Hence there should be adequate time for them to move out of their quarters. As the officers concerned are normally not allowed to stay in quarters and hotel accommodation concurrently, they need to pack and remove their personal effects and clean up the quarters before moving into hotel. Therefore, the time required for packing, removal and cleaning should not affect the duration of the officers' stay in hotel accommodation. They should plan ahead when they would complete those activities and confirm with the utility companies in advance the date of cessation of those services. For disconnection of services, we gather that utility companies can generally arrange for refund of deposits within 1 to 2 days from the disconnection of services, except for cases where the deposit to be refunded is relatively substantial and the refund may take as long as two weeks.
	<ul style="list-style-type: none"> The projected savings are trifling and do not meet the criterion of achieving "substantive savings". 	<ul style="list-style-type: none"> While achieving savings is one of the objectives of the review, to rationalize the provision of the benefits concerned is also one of the important objectives of the current review. As the provision of a maximum of three nights' hotel accommodation can achieve the original purpose of providing temporary accommodation to officers who have to vacate their quarters on final departure from Hong Kong, we consider the proposal reasonable.

	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> • The proposal represents a diminution of benefits and is in breach of the Basic Law. • The provision of 7 days of hotel accommodation is not excessive. The arbitrary slashing to 3 nights is considered impractical, mean and unlawful, and will engender poor morale. • The linked removal of 1 night accommodation for expatriate staff must benefit from some sort of compensation. 	<ul style="list-style-type: none"> • In putting up the change proposals, we follow the principles of lawfulness, reasonableness and fairness. • The need for the provision of one night's hotel accommodation to officers on overseas terms before and after taking annual and curtailed vacation leave has diminished given the rapid development of Hong Kong's public transportation network. We consider that the proposal to cease this benefit follow the principles of lawfulness, reasonableness and fairness.
	<ul style="list-style-type: none"> • Staff reaction to the proposed abolition of the one-night hotel accommodation to eligible officers before and after taking leave is not strong. 	<ul style="list-style-type: none"> • Comment noted.

(I)	Hotel subsistence allowance	
	<ul style="list-style-type: none"> Abolish the hotel subsistence allowance. 	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> Staff considered it prudent to keep this allowance available in the event that any future NDQ disposal plans necessitate its use. 	<ul style="list-style-type: none"> We do not understand the point made. Under existing rule (CSR 846), for officers appointed on overseas terms who are eligible for hotel accommodation in the circumstances where other quarters are not available, they are eligible for the allowance. With a surplus of NDQ, it is unlikely that overseas terms officers affected by the future NDQ disposal programme will not be provided with replacement quarters and be eligible for hotel subsistence allowance. Even when eligible officers are provided with hotel accommodation because of unavailability of quarters, with the large number of eateries within easy reach of hotels, we consider that the payment of the allowance is no longer justified under present day circumstances.
(J)	Others – Home Purchase Scheme (HPS)/Home Financing Scheme (HFS)	
	Staff's Comments	CSB's Views
	<ul style="list-style-type: none"> The Administration should not mention about consideration to reduce the quota as many of the officers have to wait for 26 to 27 years before obtaining a quota. Reduction in quota would increase the waiting time. 	<ul style="list-style-type: none"> It was based on the actual profile of staff that we mentioned in the consultation note that the number of eligible officers below MPS 34 (or equivalent) who have not joined the HPS/NCA is estimated to have decreased from 159 000 in October 1990 to 121 000 in June 2005. We would continue to monitor the position, including both changes in waiting time and number of potential eligible officers. There is no quota set for HFS.

Submissions on the Review of Fringe Benefit Type of Civil Service Allowances

(A) Submissions from groups

(i) Staff bodies

1. Hong Kong Senior Government Officers Association
2. Hong Kong Chinese Civil Servants' Association
3. Association of Expatriate Civil Servants of Hong Kong
4. Disciplined Services Consultative Council (Staff Side)
5. Superintendents' Association
6. Hong Kong Police Inspectors' Association
7. Overseas Inspectors' Association
8. Junior Police Officers' Association
9. HKSARG Clerical Grades Staff Association

(ii) Departmental management

1. Hong Kong Police Force
2. Television and Entertainment Licensing Authority
3. Drainage Services Department

(B) Submissions from individuals : 15 in total

(A) Submissions from groups

(i) Staff bodies



香港高級公務員協會

Hong Kong Senior Government Officers Association

香港下亞厘基道政府合署東翼地下G13室 Rm. G13, Central Government Offices, East Wing, G/F, Lower Albert Road, H.K.
Tel : 2522 4267 Fax : 2523 3319

18th November 2005

Mr. Joseph WP Wong
The Secretary for the Civil Service
Central Government Offices
Central, Hong Kong

Dear Mr. Wong,

Review of Fringe Benefit Type of Civil Service Allowances

The Association has carefully studied your latest proposal on the captioned subject. In general, we found the proposal moderate and acceptable. We're also pleased to find that many suggestions raised by the staff side in the last round of consultation have been incorporated into the revised proposal. A careful balance has been achieved between the need to modernize the administration of Civil Service Allowances and the need to protect the legitimate rights of civil servants under the Basic Law.

However, after wide consultation with our members, some areas of the proposal have been identified as inadequate and required further refinement. Our comments and suggestions for improvement on those areas are as follows:

1) Excessive currency risks borne by new claimants of Overseas Education Allowance

Under the new proposal, the ceiling rates to new claimants joining the scheme will be reduced to levels as at 30.6.1997 and the new OEA ceiling rates will be set at Hong Kong dollar. Many of our colleagues expressed their concern on possible wide fluctuations of exchange rates leading to unpredictable financial burdens, as tuition fees are set in foreign currencies. They prefer the allowance to be disbursed in foreign currencies. The Government as a whole, however, has a greater capacity to absorb the effects of exchange rate fluctuations than individual civil servants. They prefer the allowance to be disbursed in foreign currencies. We therefore propose that while the new OEA ceiling rates could be reduced to the levels as at 30.6.1997 in Hong Kong dollar terms, new claimants should be given the options to receive



香港高級公務員協會

Hong Kong Senior Government Officers Association

香港下亞厘畢道政府合署東座地下G13室 Rm. G13, Central Government Offices, East Wing, G/F, Lower Albert Road, H.K.
Tel : 2522 4267 Fax : 2523 3319

the allowance in Hong Kong dollar or in currencies of their countries of destination, with the exchange rates fixed at those prevailing at their time of application for the allowance. Our proposal would enable civil servants to have a more reliable estimation of their financial commitment before deciding on sending their children to overseas studies. As exchange rate fluctuations tend to average out in the long run, our proposal will not increase the financial burden to the Administration, unless it is the intention of the Administration to use currency risk as a means to discourage civil servants from claiming the allowance.

2) The lack of rate adjustment mechanisms for OEA and LEA

While we do not oppose to the cutting of OEA and LEA ceiling rates to levels prevailing at 30.6.1997, we cannot agree to the freezing of these rates permanently, more so for the LEA, which is claimed by a substantial number of officers and has a large pool of eligible officers who may claim the allowance in the years ahead.

Although we have gone through a long period of deflation since the Asian financial crisis in the late 1990s, there are abundant signs to indicate that inflation is going to pick up in the coming years. As the educational allowances, especially the LEA, are going to be claimed over the next 30 years, rising tuition fees in the ensuing years would render the allowances meager after a decade or so. It is also unfair to new claimants who will find their allowances worth much less in real term compared with colleagues who claimed the allowances well before them. As such, we **propose that** while maintaining the proposed cuts in the ceiling rates, an adjustment mechanism should be put in place, for LEA if not for OEA, so that the allowance rates will move in tandem with changes in tuition fees.

3) Lack of flexibility of the proposed changes in School Passage Allowance (SPA)

As a Senior School in United Kingdom usually has three terms when students normally return to Hong Kong for family reunion. Limiting to two trips per school year has therefore no rational basis and pays no regard to the real life. The limitation to "economy class" will also cause a lot of dispute because different airlines have different naming of classes. If the Administration's intention were to save money, a cap on the maximum



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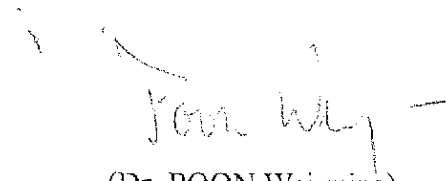
Hong Kong Senior Government Officers Association

香港下亞厘畢道政府合署東座地下G13室 Rm. G13, Central Government Offices, East Wing, G/F, Lower Albert Road, H.K.
Tel : 2522 4267 Fax : 2523 3319

reimbursable allowance would suffice, saving all the administrative effort to find out whether this "economy class" rule has been breached. The SPA rate, after the proposed cut, can still marginally covers three "well-planned" (e.g. bookings during promotion) trips. If the number of trips is capped at two annually, the claim can still be close to the ceiling for two less "well planned" (e.g. greater flexibility in flight date changes) trips. Therefore, such "tightening up" measures will not necessarily achieve reduction in expenditure but surely attract staff grievances.

From a practical point of view, since the proposed reduction is not very significant, we have no objection to the proposal if the present SPA terms (except for the proposed reduction) are maintained. This will be a win-win situation: the Administration saves money and civil servants can still enjoy the flexibility under the current arrangement.

Yours Sincerely,



(Dr. POON Wai-ming)

Chairman



香港政府華員會

HONG KONG CHINESE CIVIL SERVANTS' ASSOCIATION

中國香港九龍彌敦道238號 8 Wylie Road, King's Park, Kowloon, Hong Kong, China

電話 Tel: (852) 2300 1066 圖文傳真 Fax: (852) 2771 1139

網址 Web Site: <http://www.hkccsa.org.hk>

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圖文傳真

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香港政府華員會

HONG KONG CHINESE CIVIL SERVANTS' ASSOCIATION

中國香港九龍京士柏衛理道8號 8 Wylie Road, King's Park, Kowloon, Hong Kong, China

電話 Tel: (852) 23001066 圖文傳真 Fax: (852) 2771 1139 網址 Website: <http://www.hkccsa.org.hk>

PRESS RELEASE 新聞稿

由 : 香港政府華員會

日期 : 2005年9月22日

From : Hong Kong Chinese Civil Servants'
Association

Date : 22 September 2005

致 : 各大傳媒新聞部
編輯先生/女士

To : News Editor

關於公務員附帶福利津貼最新建議

就公務員事務局今天(2005年9月22日)下午公佈有關公務員附帶福利津貼最新建議，香港政府華員會初步認為：當局是次處理基本上吻合了華員會的建議，符合尊重歷史、減少紛爭的精神，可予接納。但華員會對新申請人未來可以享用的某些津貼額被削減，因可能增加公務員的負擔，表示遺憾，希望當局能重新考慮。

華員會認為，有關福利津貼，不少為歷史遺留下來的問題。例如海外教育津貼、旅費津貼是當年實施本地與海外公務員同工同福利政策的結果；房屋津貼是照顧公務員房屋問題的結果，兩者皆體現政府承諾作為良好僱主的形象及政策，又事涉合約精神及《基本法》問題，一向十分複雜。為此，本會希望當局及社會各界採包容、體諒態度，以利於公務員與社會各界共同努力構建和諧社會。與此同時，華員會亦呼籲全體會員、公務員同事齊心協力，支持特區政府全方位發展經濟，與社會各界構築社會夥伴合作關係。

A ECS



Mr Joseph W. P. Wong
 Secretary for the Civil Service
 West Wing
 Central Government Offices
 11 Ice House Street
 Central

21st November 2005

Dear Mr Wong,

Consultation Note on Review of Fringe Benefit Type of Allowances

I refer to the consultation note received via Lotus Notes on 22nd September containing the latest proposals by your bureau for changes to allowances. The proposals are a definite improvement on the proposals made formally during 2004 on the "first phase" and informally in early 2005 on the "second phase". However, having consulted the members of my association, the majority opinion is that they still devalue the contractual entitlements of civil servants and are therefore unacceptable.

General principles

Basic Law considerations

It is clear that for several of your proposals the concept being pursued is that the allowances in question may be reduced to the relevant cash value as at 1 July 1997, presumably on the premise that this is permitted under the Basic Law. AECS does not agree with this interpretation of the Basic Law provisions. The allowances under consideration formed part of the contractual terms and conditions of serving civil servants as at 1st July 1997 and they were so constructed as to ensure a certain level of financial support for civil servants relative to the actual cost of the benefit. Thus, the contractual entitlement of civil servants is not to the cash allowance as it was at 1st July 1997, but rather to a sum of money sufficient to purchase, or meet the cost of a pre-defined portion of, a specified service or product. In certain cases you propose simply to abolish an allowance, not even attempting to retain the 1997 cash value. This is clearly unlawful.

AECS and other Staff Associations cannot, on behalf of their general membership, agree to the unilateral removal of the contractual rights of individual officers that are guaranteed and protected under or by virtue of the Basis Law. **The AECS does not support any changes which run contrary to the Basic Law provisions without an appropriate compensatory arrangement.** Your proposals offer no offsetting compensation for the proposed erosion of statutorily protected benefits.

Modernising and Rationalising Allowances

The AECS is, in principle, very much in favour of modernizing conditions of service in general. We are, however, opposed to one-sided proposals that would leave our

members worse off than before 1st July 97. Private sector practice is often quoted when the executive or the administration wants to criticise civil service allowances. Yet private sector practice allows the recipient much more flexibility in use and less bureaucracy in obtaining the benefits.

The administration should be making proposals which reduce the bureaucracy and increase the flexibility of allowances but these proposals do little to achieve that. In particular, the proposals for SPA do quite the opposite.

The covering paper summarizing the proposals states that one of the objectives is to rationalise the payment of the allowances and another is to achieve substantive savings in the next few years. The AECS would welcome an explanation as to exactly how the new proposals represent a rationalisation when, in most cases, they appear to be entirely arbitrary.

Likewise, the AECS would welcome a definition of "substantive savings". As pointed out in our response to previous proposals, the changes other than to education and housing allowances will deliver only minimal savings and hence do not meet your own criteria.

Alternatives - Compensation

Our understanding of court judgements to date is that if the Administration wishes to change employment conditions some form of *quid pro quo* should be offered and we would be willing to consider the proposals on that basis. Appropriate compensating amendments to terms and conditions could include:

- moving to a five-day week;
- abolishing the "12-day" rule governing leave;
- allowing multiple splitting of annual leave (instead of only two)
- making the LPA available as a non-accountable cash allowance, subject to a reasonable arrangement to maintain it at a reasonable level (eg. a 5% reduction from current levels).

The last option is clearly a win-win option since the Administration could reduce administration costs and AECS members would gain some flexibility. We are surprised to find that a proposal to implement such a non-accountable allowance no longer appears in the package.

Specifics

Education allowances

The proposed reductions in both the overseas and local education allowances are contrary to Basic Law provisions, since AECS members would be in a lessfavourable position when purchasing such services, in comparison to the position immediately before 1 July 1997.

For the OEA it is argued that there is an adequate free or heavily subsidized local education system and that the existence of this means the OEA is no longer justified. This may be true for children of Chinese-speaking officers on local terms, but it is not true for children of English-speaking officers on overseas terms or locally-modelled terms, who cannot use the local system. Their only viable local alternatives are the English Schools Foundation or other international schools. Furthermore, it is reasonable for such officers to be allowed to provide their children with the opportunity to study in their home country to maintain their cultural links. Therefore, the OEA should continue to be available for AECS members according to the existing system. Any diminution of this benefit should be subject to proper compensation.

OEA should be paid as an allowance in the currency of the country of study, not converted to HK\$ at the 1997 exchange rate, since the fees are payable in that currency, not HK\$. We understand the Administration's wish to limit its exchange risk but see no reason why our members should be forced to assume the risk.

Similar arguments apply to the LEA. English-speaking children of English-speaking officers on overseas terms or locally-modelled terms cannot access the local system and must use either the ESF schools or one of the international schools that provide an English language education. It is noted from paragraph 5 of Annex C that the ESF fees are used as one of the benchmarks for adjustments of the LEA. For AECS members, this is certainly as it should be. Long-serving civil servants recruited from overseas can point to the documents describing their terms and conditions of service when first they were appointed. These make it clear that the ESF is considered the government-funded public education system available for expatriates.

Clearly, we cannot countenance a de-linking of the LEA for expatriate children from the level of ESF fees as this would make our terms and conditions substantially worse than before 1st July 97. (The current debate over the future of the ESF is also relevant here. If the Government should remove or reduce the subsidy to the ESF, and fees were to rise as a result, it would clearly be equitable for the LEA for English-speaking officers on overseas terms or locally-modelled terms to be adjusted upwards so as to ensure they are not disadvantaged, and that their children can continue to have access to the public English language education system on terms no less favourable than before).

AECS also questions whether the savings projected from your proposal concerning LEA can be considered substantive. \$8.6m over five years is less than \$2m per year, barely enough to fund one directorate post. It appears therefore that, again, the proposal for this item does not meet your own criteria.

Sea passage

The proposals for the sea passage are contrary to the Basic Law provisions, as they would not allow AECS members to enjoy the same benefit to which they were entitled before 1st July 97, without having to incur additional cost. The projected savings of only \$0.4m over five years cannot be considered substantive and therefore do not meet your criteria.

You persist in your erroneous assertions regarding the reasons why this passage is available to long-serving expatriates. We have pointed out that in reality it was re-

introduced several years after its original deletion, simply as a reward to long-serving expatriates. In our previous comments on these proposals we asked you to explain various features of the allowance that clearly did not support your assertion as to its purpose. You have not responded to such requests, and we can only presume it is because either you have no adequate answers or you do not wish to disclose the truth.

The AECS awaits an appropriate proposal that would compensate potential recipients for the loss of benefit. Alternatively the proposal to reduce the value of this allowance should be deleted.

School Passage Allowance

You say that the rules will be tightened to reflect the original policy intentions but those rules were based on the assumption that an officer in receipt of OEA was on overseas terms and returned to his/her home country in the summer and was reunited with his/her children where they attended school. The children were entitled to two return trips to Hong Kong to coincide with the Christmas and Easter breaks between school terms. The benefit was later extended to officers on local terms. Now the majority of recipients are not in receipt of passage allowance and need to fund three flights per year.

To limit the passage to two trips per year is ridiculous. It will not lead to savings; it will simply lead to recipients using more expensive flights to the limit of the allowance, instead of using cheaper, indirect or less flexible fares.

If you really want to invoke "original policy intentions" then perhaps you should consider limiting OEA and SPA to officers recruited on overseas terms.

Travelling expenses in country of origin

The proposal to freeze the rates is contrary to the provisions of the Basic Law as the value of the benefit is reduced and consequently AECS members' terms will become less favourable than before 1st July 97 and we therefore oppose it. You have not offered any rationale for the proposal. We would like to know the amount of money you expect to save for this item alone (i.e. excluding the irrational proposal to abolish the same benefit for those drawing SPA). We would like to know whether the sum so saved meets your criterion of achieving substantive savings.

Air-conditioning and furniture allowances

The proposal to abolish these allowances, no matter how insignificant and outdated that they may seem to you, are plainly unlawful in the absence of appropriate compensatory arrangements. We oppose the proposal.

Provision of hotel accommodation

The proposal to reduce the maximum permitted number of nights in a hotel to three represents a diminution of benefits leaving AECS members' terms less favourable than before 1st July 97. It therefore breaches the Basic Law. Moreover the projected savings are trifling and do not meet your own criterion of achieving "substantive savings".

You seek to justify this reduction in benefits on the grounds that (a) it is possible to plan ahead to make shipping arrangements and (b) that utility companies can arrange for refund of deposits within one or two days following the disconnection of services.

From feedback from officers who have made preparations to proceed on final leave in recent months, we believe two days are needed to properly pack and remove the contents of a government quarter accumulated over 20 to 30 years of service. During this time it is essential that utilities remain connected. A further day needs to be allowed for the flat to be cleaned and tidied up into a condition fit for returning to the GPA, during which time the utilities are still needed. A further day has to be allowed for officers to be at the flat for utilities to be disconnected and, by your own admission, up to two further days allowed for deposits to be refunded. Thus six full days are required in total, requiring families to be accommodated in a hotel for a minimum of seven nights. Thus there is clearly no basis for reducing the existing provision.

Conclusions


All of your proposals represent a diminution of benefits compared to those to which AECS members are contractually entitled and compared to the statutory protection provided by the Basic Law.

In seeking to "rationalise" the allowances, for expatriate officers the appropriate "rationale" would be to arrive at a proposed system of benefits based on what is provided to expatriates in the private sector. The "rationale" you have applied in arriving at your proposals simply cannot be discerned. Several of the proposals do not meet your own criterion of needing to deliver "substantive savings".

Should you wish to pursue these proposals I suggest you devise a meaningful package of compensation that I may put to AECS members. These could include measures as summarised under "*Alternatives*" above.

If, on the other hand, you choose to pursue your proposals by referring them to the relevant Standing Commissions for advice, I should be grateful if the viewpoint and comments from the AECS in both this, and the AECS response to the initial proposals, could be conveyed to the members of the Commissions so that they can be fully appraised of the arguments on all sides.

Yours sincerely,



A J Cooper

紀律部隊評議會(職方)
Disciplined Services Consultative Council
(Staff Side)

本函檔號：SS/DSCC/A-1-1 Pt.1
來函檔號：CSB/CR/PG/4-030-002/4-1

Room 139
Central Government Offices
East Wing
Lower Albert Road
Hong Kong
Tel. No. 2810 2703
Fax No. 2537 6937

中環下亞厘畢道
中區政府合署西座十樓
公務員事務局局長
王永平先生

王局長：

公務員津貼檢討

多謝你 9 月 22 日的來信。

職方的意見詳列如下：

原則

1. 貴局稱，在進行檢討時，貴局一直恪守合法、合情和合理的原則。諮詢文件卻沒有詳細交代有關的津貼觀點。按現時建議，貴局除調低部份津貼項目津貼額外，更把部份津貼項目取消。政府單方面對服務條件作重大修改，可能已抵觸了基本法有關保障現職公務員薪酬、待遇的條文。職方希望貴局詳細闡釋各項建議的法理基礎，以釋除眾多公務員的疑慮。

海外教育津貼

2. 職方建議，不論是新申領者或現有申領者，他們的海外教育津貼均應按現行安排繼續以外幣計算。若按 1997 年的平均匯率計算，偏離了現有機制，對新申領者不公平。

政府飛行服务队職工會
Government Flying Service
Pilots' Union

政府飛行服务队空勤主任協會
Government Flying Service
Aircrew Officers' Association

政府飛行服务队飛機工程師工會
Government Flying Service
Aircraft Engineers' Association

政府飛行服务队飛機技術員工會
Government Flying Service
Aircraft Technicians' Union

懲戒部職員協會(高級組)
Correctional Services
Officers' Association
(Senior Section)

懲戒部職員協會(初級組)
Correctional Services
Officers' Association
(Junior Section)

香港海關官員協會
Association of Customs &
Excise Service Officers

香港海關職員工會
Hong Kong Customs
Officers' Union

香港消防處職工會
Hong Kong Fire Services
Central Staff's Union

香港消防處救護員協會
Hong Kong Fire
Services Department
Ambulancemen's Union

香港消防處救護主任協會
Hong Kong Fire Services
Department Ambulance
Officers' Association

香港消防處消防員協會
Hong Kong Fire Services
Officers' Association

香港消防處職工總會
Hong Kong Fire Services Department
Staffs' General Association

香港入境事務處助理員工會
Hong Kong Immigration
Assistant's Union

入境事務處主任協會
Immigration Services
Officers' Association

學生旅費津貼

3. 貴局既建議調低津貼額的上限，則無須額外限制旅程次數。貴局建議收緊發放津貼規則，使員工可享福利時卻受雙重壓制，進一步打擊公務員士氣。

家具及用具津貼

4. 貴局既建議取消家具及用具津貼，理應配合現今宿舍居住環境，面積大小向政府宿舍住客提供適當的家具及用具。

搬遷津貼

5. 按現行規定，員工須於搬遷後才可申領搬遷津貼。諮詢文件載述「即合資格人員一般會在遷出期限前 12 個月內可獲發搬遷津貼」意義不清晰，應予以修訂，或作澄清。據理解，上文應指人員一般會在遷出期限前 12 個月內搬遷，可獲發搬遷津貼。

紀律部隊評議會職方主席倪錫水



副本送：紀律人員薪俸及服務條件常務委員會主席

二〇〇五年十一月二十一日



警察評議會職方協會
 香港軍器廠街一號警察總部
 警政大樓三十九樓
 電話 Telephone: 2860 2645
 傳真 Fax: 2200 4355



POLICE FORCE COUNCIL
 STAFF ASSOCIATIONS
 39/F, ARSENAL HOUSE
 POLICE HEADQUARTERS
 1 ARSENAL STREET
 HONG KONG

協會檔號 OUR REF: (26) in SS/C 1/13 Pt. 10

來件編號 YOUR REF: CSB/CR/PG/4-030-002/4-1

BY FAX (2868 5069) & POST

21 November 2005

Mr. Joseph W.P. WONG, G.B.S., JP,
 Secretary for the Civil Service,
 West Wing, Central Government Offices,
 11 Ice House Street, Central
 Hong Kong.

Dear Mr. WONG,

Review of Fringe Benefit Type of Civil Service Allowances

I refer to your letter of 22nd September 2005 on the above Review.

I attach the submissions from the Superintendents' Association (Annex A), Hong Kong Police Inspectors' Association (Annex B), Overseas Inspectors' Association (Annex C) and Junior Police officers' Association (Annex D) for your consideration.

Yours sincerely,

(Ms. Jessica LEUNG)
 Staff Side Secretary

for Police Force Council Staff Associations

c.c.

Commissioner of Police (Attn.: SSP SR)

External

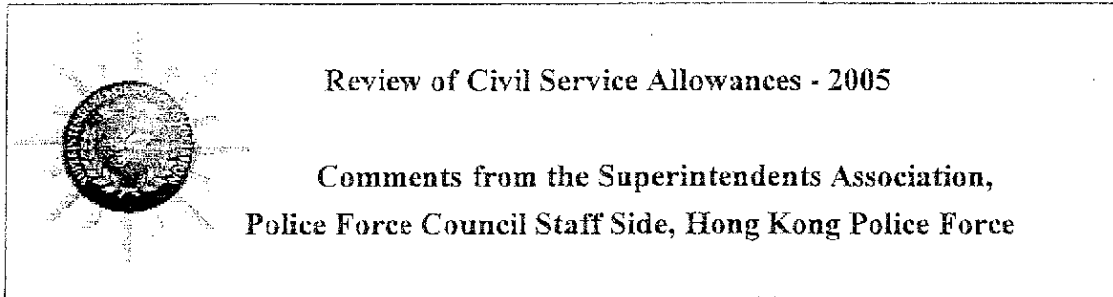
The Hon FAN Hung-ling, ExCo Member, c/o ExCo Secretariat
 The Hon CHEUNG Bing-leung, ExCo Member, c/o ExCo Secretariat
 The Hon Ronald ARCULLI, ExCo Member, c/o ExCo Secretariat
 The Hon CHENG Yiu-tong, ExCo Member, c/o ExCo Secretariat
 Members of the LegCo Public Service Panel, c/o LegCo Secretariat
 Chairman, Standing Committee on Disciplined Services Salaries
 and Conditions of Service

SUPERINTENDENTS'
 ASSOCIATION
 警司協會

HONG KONG
 POLICE INSPECTORS'
 ASSOCIATION
 香港警務督察協會

OVERSEAS INSPECTORS'
 ASSOCIATION
 海外督察協會

JUNIOR POLICE OFFICERS'
 ASSOCIATION
 警察員佐級協會



(29) in SPA 2

This paper addresses the latest set of proposals from the administration to unilaterally vary the conditions of service offered to police officers.

General Comments

2. As per Civil Service Regulations and the Memorandum on Recruitment and Conditions of Service we would like to reiterate that this so called 'Review of Fringe Benefit Type Civil Service Allowances' is erroneous. These allowances are in fact Conditions of Service offered on employment to police officers under differing grades and dates of appointment. In this regard the Secretary is asked to peruse CSR 1, which clearly states, "Government Regulations (CSR's) regulate matters related to the ... terms of appointment and conditions of service for Government servants".

3. Therefore as these are conditions of service offered on appointment these cannot be altered without specific recourse to all affected officers personally and directly. The offer of employment and such linked conditions of service are contractual matters between the individual and the administration as the employer. Officers will need to be individually addressed and definitive agreement or otherwise achieved from them. Force Management, Staff Associations and others cannot enter into negotiations on behalf of individual police officers as regards their employment contracts and conditions of service by virtue of the Police Force Ordinance (Cap 232, Section 8 – prohibition on the formation of trades unions and associated collective bargaining ability), the laws of contract and the Basic Law of Hong Kong. To do so would be illegal.

4. Whilst the revised proposals are less onerous than the original proposals the fact remains that these are suggested changes to conditions of service that affect many police officers both on local and overseas terms of service. All involve a reduction in condition of service type allowances. All involve seriously altered and reduced allowances for officers who through no fault of their own are presently not drawing these allowances. We fail to see what is 'lawful, reasonable nor fair' if conditions of service are altered unilaterally as regards sets of officers recruited under the same CSR and employment provisions. We fail to see any fairness in allowing serious disparity in conditions of service occurring between two individual officers recruited at the same time or indeed as regards, for example, one officer with children entering the same school either in HK or overseas at different times. The condition of service relates to the officer not to an arbitrary future date in time. We suggest that the 'proposals' are unjust, inequitable and illegal.

5. As stated these are contractual terms and conditions of service relating to police officers as at the 1st of July 1997 and they were stipulated and constructed under Civil Service Regulations to ensure a certain level of benefit was bestowed to individual officers to allow for a level of financial support relative to the actual fiscal cost of the benefit. Therefore, these benefits cannot equate to an arbitrary 'cash allowance' given for the 1st of July 1997 but rather are a viable subsidy for a specified benefit offered to employed police officers working in the service of Hong Kong. This viable subsidy component must remain in its original form or a like replacement offered. To allow these conditions of service to be replaced by a 'cash allowance' will not achieve this requirement and represents a diminution of the condition of service.

6. Under the Basic Law it is once again reiterated that these conditions of service need to be kept in the form of their original intent and design in order to ensure that entitled police officers continue to enjoy the benefit; as it existed on the 1st July 1997. These therefore cannot be equated to a cash cost. To do so would be in direct breach of the Basic Law and the decision of the Court of Appeal following the Judicial Reviews into the variation of civil service pay.

7. In the original judicial decision into the Judicial Review on civil service pay and as supported by the Court of Final Appeal, Justice Michael Hartmann referred to "moribund allowances" and suggested that, as the government must be able to adjust the individual allowances whilst maintaining the overall level of benefit or offering compensation for allowances that are deleted. If this legal course of action is ignored then the present 'trimming' exercise is fatally flawed. It is therefore contended that following this judicial decision that if the administration has decided certain allowances are out of date and need capping, refinement or deletion then the employee must be offered either compensation or alternative more viable allowances. This present exercise offers no such legal or fair alternatives.

8. The letter from the SCS makes many references to cessation of certain allowances for new recruits on key recruitment dates such as the new recruits taken into service in the year 2000. He then uses these examples of reduced terms and conditions of service to somehow 'justify' a reduction in terms of service for officers already serving and recruited on different terms. In actuality this issue bears no reference to terms of service offered to recruits prior to these dates. Recruits on their recruitment, either accept or do not, the terms of appointment offered by the administration as the employer. There can be no retrospective changes to these. The same argument relates to any suggested capping of allowances. If the officer was offered the allowance on appointment then he is entitled to that allowance remaining as a viable condition of service or being offered a revision to the allowance. Capping in effect kills the allowance at root level and allows the allowance to gradually wither and die. This is unacceptable and a serious breach of an employers contractual obligations to its employee and is probably in breach of recent judicial decisions.

9. The tone and content of the proposals also alludes to the decision of the Court of Final Appeal in June of this year in that pay can be reduced to the 'cash terms' as in operation in July 1997. It is felt that should allowances be removed, capped or varied invokes changes to the detriment of these allowances and as such reduces their value in both terms of fiscal benefit and staff benefits to the concerned officers and they are therefore in breach of the decisions made by the judiciary in the Court of Final Appeal. "Cash terms' therefore cannot be contemplated.

10. It is also noted that the proposal papers do not use the same criteria and structure in reviewing all the identified allowances in a like 'across the board' manner. Some are kept, others capped, and others pegged at a cash value whilst others are unilaterally removed. This piecemeal approach to the process lacks credibility and appears to highlight that the exercise is nothing other than a concession to assuage the wishes of a small number of badly informed legislators and commentators. It is not in any way, shape or form a rational, legal nor useful review of these allowances. Whilst the original proposals were under examination they at least offered alternative proposals to the allowances under review. This latest set of papers offers no alternatives.

11. Lastly, under previous administrations prior to the TUNG years' the Pay Survey and Research Unit working to the Standing Commission on Civil Service Salaries and Conditions of Service commissioned an annual review of 'allowances and fringe benefits' on offer to the private sector titled 'Fringe Benefit Survey'. This exercise was a dynamic one to gauge the ongoing packages offered to both local and expatriate staff in comparable private companies in Hong Kong. This then allowed the administration to oversee changes and fluctuations in these allowances. This exercise was unilaterally halted by the TUNG administration several years ago in 2002. It is suggested that without this type of review that no genuine exercise to review police officers allowances can be accomplished. It is also suggested that by diverging from this established protocol that the administration broke with established civil service procedures and therefore problems will emerge if such protocols are not re-established. To do otherwise would clearly highlight that the administration is not acting in a lawful, reasonable nor fair manner. In this regard we note that the results of this 'consultation' will be forwarded to the Standing Commission on Civil Service Salaries and Conditions of Service, which in itself is a clear indication that the TSANG administration intends to revert to proper protocols as regards, established civil service procedures and rules.

Specific Comments

12. The following comments and feedback is given regarding all the individual allowances targeted for review.

(I). Education Allowances

(A). Overseas Education Allowance (OEA)

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- This allowance is offered to both eligible overseas and local officers. This allowance should be retained for such eligible officers and it should also remain viable as per the judicial decision of Justice Michael Hartmann. If it is to be altered then a reasonable alternative proposal should be suggested.
- The present condition of service was constructed to allow variations in accordance to the average primary and secondary school fees for UK independent boarding schools in the London area. Officers so entitled should continue to be so unless they personally agreed to a change.
- The fact that this allowance was not offered to new recruits in 2000 is of no relevance to officers presently entitled. It is also argued that education and school passage allowances are fully justified. Employees working in Hong Kong on expatriate terms are routinely offered similar job related benefits. These are gauged to ensure the allowance serves the needs of the employee and his or her family.
- Previously the Standing Commission on Civil Service Pay and Conditions of Service commissioned an annual review of employment related benefits offered to the private sector - both to local and expatriate employees. Without recourse to any recent review into these benefits - the contention is that the administration cannot make any reasonable decision on this and similar allowances.

- This allowance was originally only offered to expatriate officers but in the 1980's extended, by the administration, to local term officers. Expatriate term officers had these terms on recruitment and are therefore, under the rules of natural justice, in possession of a strong expectation to maintain them. In Hong Kong police officers on overseas terms are severely limited as to where they can send their children to receive an international education linked to the English language. There are also strong justification arguments under the issue of retaining ties with their home countries as regards family, education and culture.

(B). Local Education Allowance (LEA)

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- Similar to the comments as regards OEA this type of allowance is also common in the private sector. Without recourse to recent reviews of private sector allowances in this regard no valid review can be made.
- It is contended that no freezing of this allowance can be made, as this is contrary to the decision of the CFA and to the Basic Law. It must remain a valid and flexible allowance with regard to the fee levels as dictated by the English Schools Foundation. As an official post handover language English remains an official SAR language and enhances the international aspect of the territory. To provide for English based education remains a paramount requirement for employees and this was actually the reasoning behind the original provision of this condition of service.
- The proposal offers no viable alternative. It is also divisive and ill thought through as siblings can attract different levels of allowance in the same family, as can brother officers recruited on the same day. This is divisive and contrary to the laws of natural justice as regards the legitimate expectations of serving police officers affected.

(II) Passages

(A). Sea Passage

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.

- This condition of service relates to overseas officers recruited before 1985. It is not outdated in that context. As a condition of service it should remain for entitled officers who actually relate to a very small number of police officers, around 158, of whom usually less than half actually take up the scheme. In terms of fiscal savings the savings are derisory. It is also noted that previous attempts to remove this provision were dropped on the grounds of legality and rationality. Again no alternative proposals are offered, it is suggested that if such were, certain individuals would negotiate on this allowance provided a reasonable counter proposal was put to them.
- As stated it is noted that the envisaged savings on this proposal equate to \$0.1 million per year and \$0.4 million over five years – some \$400,000 only. This is a pitiful amount and on a cost/benefit/outcome basis clearly not worth the unnecessary harm in both fiscal terms and on a morale basis caused to long serving expatriate police officers.
- Lastly the administration is reminded that this passage was offered as a ‘reward’ for long and loyal service in Hong Kong to expatriates returning to the UK and is not a general passage allowance.

(B). School Passage Allowance (SPA)

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- Similar to our arguments above and specifically as regards OEA this condition of service was offered to allow expatriate officers to send their children to home countries to be educated and maintain family ties. The fact that the administration later extended this provision to local term officers on a parity basis is hardly the fault of the employees and instead the responsibility of the administration. The administration is bound contractually and legally to continue this provision.

(C). Traveling Expenses in Country of Origin or Place of Study

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- As per our arguments above this allowance cannot be unilaterally stopped for SPA claimants.
- Likewise it cannot be capped, as this will denude the actual construction and intent of this allowance both for expatriate and local term officers. In effect this action will make the employment terms of officers so affected less favourable than the level they received in July 1997.

(III). Housing

(A). Non Accountable Cash Allowance Scheme

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- Officers affected by these proposals should be approached directly.

(B). Accommodation Allowance (AA) Scheme

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- Officers affected by these proposals should be approached directly.
- It is of note here that certain provisions appear to be improvements in the rationality and applicability of this allowance. It is a pity that this cannot be said for most of the other proposals.

(C). Private Tenancy Allowance (PTA)

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- Officers affected by these proposals should be approached directly.

(D). Provision of Furniture and Domestic Appliances

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- Again no alternative proposals are offered. It is our contention that if individual offers were approached and offered a reasonable and modern alternative to this allowance that many would happily take up on such an offer.

(E). Furniture and Domestic Appliances Allowances

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- As this is stated to be \$15.7 million per annum and about \$78.5 million over five years, a substantial sum, staff wonder as to who actually receives this allowance. Further information should be provided.

- In view of the amount involved arbitrary removal of this allowance is deemed to be unlawful.

(F). Removal Allowance

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- The rationale to reduce administrative costs and turn this into a non-accountable allowance is welcomed. What is not welcomed is the arbitrary reduction by 5%, a figure somehow picked from thin air with no rational neither suggested nor advanced.
- The saving is a paltry \$200,000 (not \$0.2 million this time) and over \$1 million over five years. In comparison with the latest communication from the SCS to create twelve new directorate posts this is derisory and opposed on the grounds it will affect many police officers already suffering under reduced pay and conditions of service.

(G). Air Conditioning Allowance

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- Arbitrary abolition without compensation is considered inappropriate and probably unlawful. Again as this allowance relates to a few officers only, common sense dictates that if they were approached and offered alternative compensation then changes could be made to future provision of this allowance.
- The amounts saved are \$300,000 per annum and a mere \$1.5 million over five years. It is unfortunate that no statistics are provided on officers claiming this allowance and we suggest that most probably do not. It is suggested that this allowance will fade away as those entitled move from public service. In the greater scheme of allowances this particular one, whilst great to parade in public to pander to uninformed legislative councillors or politicians, is not considered a serious drain on the public purse.

(H). Provision of Hotel Accommodation

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.

(I). Hotel Subsistence Allowance

- Please note that this is called an Allowance and governed by Civil Service Regulations - it is not a fringe benefit.
- The provision of seven days hotel accommodation given to expatriate staff prior to them retiring or leaving government service is not considered excessive. The arbitrary slashing of this to three nights is considered, impractical, mean, unlawful and on the basis of cost against benefit a measure guaranteed to engender poor morale. Senior police officers looking at the savings of \$100,000 over one year and of \$500,000 over five years as derisory.
- The linked removal of the one nights accommodation for expatriate staff must benefit from some sort of compensation. The legal judgment as handed down by Justice Michael Hartmann regarding 'moribund' allowances must be followed.

Conclusion

13. In short these proposals represent a major reduction on present conditions of service secured by serving police officers on their appointment. These are therefore considered unlawful, unfair and wholly inappropriate.

14. The overall content of the review is questioned on two main grounds. Firstly no comparison with the private sector has been sought. Second, the arbitrary reduction, removal or capping of conditions of service regarding serving police officers is opposed on the grounds of judicial decision and the Basic Law.

15. We would also like to point out that the Government's intention to make "substantive savings" would not be achieved through an overly aggressive and public attack on the minor civil service funding arrangements contained in this review.

Chairman and Executive Committee,
Superintendents Association,
Police Force Council

Ref: (2) in AR HKPIA EC2005

Your Ref: CSB/CR/PG/4-030-002/4-1

Tel: 8108 6501

Fax: 31865692

email: hkpia@police.gov.hk

info@hkpia.org

Website: www.hkpia.org



香港警務督察協會

香港 軍器廠街壹號 警察總部轉

Hong Kong Police Inspectors' Association

c/o PHQ, No.1 Arsenal Street, Hong Kong.

Mr. WONG Wing-ping, Joseph, GBS, JP
Secretary for Civil Service

18th November 2005

Dear Sir,

Review of "Fringe Benefit Type of Civil Service Allowances"

I refer to your letter of 22nd September 2005 under the above reference concerning the 2nd Phase consultation on the above subject and wish to provide comments of our Association as follows: -

It is proposed to reduce the numbers of 'School Passage Allowance' entitlement (a) for children over 19 years to only one round-trip claim, and (b) for children below 19 years to two round-trip claims per academic year.

I note the consultation paper has provided no reason for the proposed reduction. I would envisage the Administration will probably say that the proposed reduction is realistic because of the consistently high fare of air-ticket at present will anyway prevent officers from making three round-trip claims a year (These days officers are usually claiming two round-trips only). I believe also that the Administration will try to argue that there is no change of the monetary value (i.e. maximum amount) of School Passage Allowance officers were entitled in 1997. In relation to the proposed reduction, I have however the following observations that must not be hastily overlooked: -

An academic year (using UK as an example) consists of three academic terms, the proposed reduction would in effect deprive the students' entitlement to the number of

opportunities for family reunion as they are entitled, particularly before 1997.

The proposed change includes forbidding the carrying forward to the next year of the unspent portion of the School Passage Allowance. Although the air-ticket fare is high at present, officers nowadays are still able to make a total of five round-trip claims for two consecutive academic years. Under the proposed change however, they could no longer do the same. In addition, even if the air-ticket fares go down again in the future making the purchasing of three round-trip tickets in one year with the School Passage Allowance possible, officers will in future be prevented from enjoying such benefit they are entitled because they will be permitted to make two claims only. In theory officers are given the same amount of School Passage Allowance as in 1997, but in fact they are only allowed to enjoy 2/3 of the amount and must surrender the remaining 1/3 to the Treasury. I fail to see any logic in the proposed 'change'.

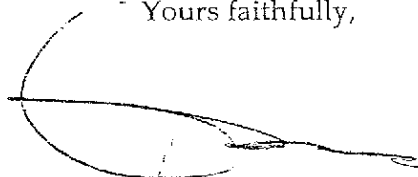
It was said in the consultation paper that 'School Passage Allowance' must be tightened up to reflect the 'original purpose' of the revision of the student passage benefit on 1998-07-01.

I do not believe the 'original purpose' of the **1998 revision** was 'to tighten up' student passage benefit. To the contrary, I believe the 'original purpose' of the **1998 revision** as announced at the time was just to 'provide flexibility for the benefit of the officers and their students'. The Administration is obliged to produce proof of the alleged 'original purpose' and proof that the said 'original purpose' was accepted by the staff side at the time.

Even if the said 'original purpose' could be established, the **1998 revision** would amount to a reduction of officers' benefit to a level / in a manner less favourable than what they were entitled to enjoy before 1997. The **1998 revision** is therefore inconsistent with the Basic Law.

Hoping that the above will receive your serious consideration in the 2nd Phase Review of Civil Service Allowances.

Yours faithfully,



(Peter P.L. CHAN)

for the Chairman

Hong Kong Police Inspectors' Association

Revised Proposals on Civil Service Allowances
Comments of the Overseas Inspectors' Association
Hong Kong Police

With reference to the consultation on revised proposals on Civil Service Allowances, issued by the Secretary for the Civil Service (SCS) on 22nd September 2005, the Overseas Inspectors' Association (OIA) of the Hong Kong Police has the following comments.

General Matters of Principle

2. From the outset let it be clear that the OIA *strongly objects* to any unilaterally change in contractual conditions of service, which is exactly what the proposals made by SCS amount to. The continued use of the phrase "fringe benefit type allowances" serves as a focal point for the feelings of anger and resentment that most civil servants hold towards the current administration and SCS in particular. It is particularly galling for police officers to be faced with a constant attack on our conditions of service given that we have specifically sought out, and received, assurances on these conditions from Chinese officials prior to the handover of sovereignty. Attached in hard copy to this submission are copies of newspaper articles reflecting promises made in 1991 and 1994, by Mr. ZHOU Nan and Mr. LU Ping respectively, that police conditions of service would not be changed.

3. It was promises such as these from the Mainland authorities, and their counterparts in Hong Kong itself, that persuaded many officers to serve on in Hong Kong and start families. Our loyalty has not been repaid and the broken promises will long remain the legacy of this administration. All hopes for a new order with the removal of Mr. TUNG have been dashed, leaving the current SCS free to continue his attack on honest, hardworking police officers across Hong Kong.

4. Once again, we must reiterate that we are not talking about "fringe benefits". As noted at paragraph 8 of the CSB note dated 22nd September, the administration's final proposals will be put to the **Standing Commission on Disciplined Services Salaries and Conditions of Service (SCDS)** for advice. The SCDS does not have anything to do with fringe benefits - it is concerned with *Salaries and Conditions of Service*, as its title clearly suggests.

5. The Administration yet again intends to unilaterally implement these proposals despite the tremendous ill feeling caused by the imposition of pay cuts in similar fashion. Agreement or otherwise to cuts in contractual conditions of service is a matter for individual officers in consultation with the employer.

6. The proposed savings in no way justify the exercise, especially given that the allowances can only be claimed by an ever shrinking pool of officers. The justification given by CSB is statistically unsound and contradictory. In addition CSB have refused to adopt staff suggestions that would actually increase savings, calling into question the whole rationale of the exercise.

7. The OIA is of the opinion that the proposals yet again breach Article 100 of the Basic Law. The Basic Law issue apart, we are dealing here with benefits that have accrued to individuals as a matter of contract over many years of service. Therefore, we cannot agree on members' behalves to the reduction of any benefits, that as a matter of law have accrued to them as individuals. For example, in the case of Accommodation Allowance, surely it would be a more productive, and potentially less painful for Government, to negotiate directly with the very small number of individuals who are currently entitled to this allowance, instead of varying their contracts unilaterally?

8. The existence of a clause in the standard MOCS, reserving the Government's "right" to vary terms and conditions of service needs to be viewed in the context of compliance with Basic Law and contractual requirements. We consider that the way in which the Administration is seeking to apply the clause is in no way lawful. If applied to that extent it would effectively nullify the contract between the Government and its employees because it would mean that the Government could change any condition of the contract at any time. Clearly such a provision could not stand under a modern interpretation of the common law relating to contracts. Nor is there any offer of fair or reasonable compensation in the proposals.

9. The OIA also takes issue (yet again) with the justification put forward in support of these proposals. Where are the "present day circumstances" described and what are they? According to all recent media reports the economy is recovering and pay rises abound outside Government, and have apparently done so since 2002, when police pay was first cut!

10. The proposals put forward are being presented with a lack of good faith. The Government has already made up its mind to unilaterally deprive its qualifying staff of their legitimate entitlement. An example of this is the lack of a willingness to support suggestions from the OIA in respect of Accommodation Allowance, suggestions that would actually save the Government more money. We question whether this is a reasonable way for the Government to treat its loyal and long-serving police officers, and whether it is of any concern to the Government that such actions are bound to have a long-term effect on loyalty and service culture.

11. What possible justification can be put forward for further aggravating and alienating police officers by the unilateral erosion of their accrued benefits and terms and conditions of service? How can this blatant attack on police officers possibly benefit Hong Kong? None of the measures proposed will have any significant effect on Government expenditure.

12. The Administration would do well to remember the special role of the Hong Kong Police in maintaining the social order and stable economic environment that all of us enjoy. When deciding to become a police officer, staff do so on the basis of receiving a salary and contractual conditions of service. Serving as a police officer is a non-transferrable profession and so we cannot simply skip across and join another company, unlike other civil servants. We are stuck with our decision to serve the public of Hong Kong, a decision for which we should not be penalised by a Government that consistently kowtows to big business and changes makes unilateral changes to contractual conditions of service.

Comments on Individual Proposals

Leave Passage Allowance

13. The OIA generally agrees that the provision of LPA must be retained on existing terms. We note also that the CSB stance that "*provision of LPA to officers on overseas terms and directorate officers, is broadly in line with private sector practice, and the number of eligible officers on overseas terms will gradually reduce*" and that "*the estimated savings ...are not significant*". This reasoning applies equally to ALL other proposed cuts, given that most allowances ceased to be offered to recruits since 1996, or 2000 at the latest.

14. However, the OIA questions why the proposal to make the allowance fully non-accountable has not been pursued, as mooted in the initial proposals last year. As the Administration itself noted last year, this would provide extra flexibility and save money on administration costs by up to 15%. *Why has the Administration ignored a valid suggestion to cut costs and reduce bureaucracy?* The OIA believes many officers would be prepared to accept a fully ^{fully} accountable LPA if negotiated on an individual basis, or offered as an option in a similar fashion to the Modified Annual Leave option.

Accommodation Allowance Scheme

15. The problems with AAS have been known to the administration for some time and, despite repeated requests by the OIA, the Administration has failed to address any of our members' concerns. On the contrary, the revised proposals serve to exacerbate the dire situation already facing members on the AAS. As a basic indicator, the current AAS rate represents a drop of 45% from its peak 1997 value. However, rentals prices are fast rising to previous levels, leaving AAS claimants floundering financially. In order to understand the problems faced by many of these officers, a single example is described below.

16. Officer A has over 14 years service in the Force and is on the AAS. He has now moved house four times in 8 years, the latest after his landlord increased his rent by HK\$10,000- per month. The financial burden has forced family upheaval every two years as the officer seeks new (and vastly inferior) accommodation. Nothing in the Government's proposals seeks to resolve these fundamental problems with the AAS and those problems will be exacerbated when the officer's child moves into full time education, as the child will be forced to move school every two years. This in addition to the poor child having to continually make new friends in a new environment. The officer may well have no option but to resign, taking with him 14 years of training and expertise. It is a disgraceful state of affairs.

17. The recalculation of rates is a superficial attempt to make the scheme more "user friendly" but fails to take into account that regardless the claimant is at the mercy of unscrupulous landlords. The proposed "locking-in" of a tenancy to the current rate is also scandalous given that claimants have suffered for many years, and can currently enjoy a higher rate if it rises and keep the starting rate if it falls, but will now be locked-in as the market rises!

18. By CSB's own admission the prevailing rates for the AAS are 12 months behind the rental market. Reliance on figures calculated by the Rating and Valuation Department for the previous year render the prevailing AAS rate obsolete by anywhere between 12 and 23 months, depending on the date of tenancy. CSB also appear to view any new tenancy agreements taken out before the completion of original agreements as suspicious. As mentioned, officers do not want to move continually - apart from the emotional upheaval, the costs associated with these moves are prohibitive, including removal expenses, agents fees and other associated expenses.

19. It is apparent that CSB are going out of their way to make the AAS scheme as untenable as possible. However, if they want officers off this scheme then they must provide suitable and financially viable alternatives. They have failed to do and this brings us to the proposed Non-Accountable Cash Allowance Scheme, which is discussed below.

Non-Accountable Cash Allowance

20. Some officers have indicated that the option of a non-accountable cash allowance is a small step in the right direction, albeit the amount being offered is totally unrealistic. CSB has confirmed that the majority of OIA members opting out of AAS to take up this proposal would draw NCA at a rate of HK\$12,830- per month. Under the proposal this rate would be fixed at 5% below HFS levels and would expire after 10 years. The current rate of AAS being claimed by officers is HK\$20,500- per month, and eligible officers can receive this contractual condition of service until such time as they leave the police force. What possible incentive is there to join the NCA scheme, particularly in a rising property market? What sort of "responsible" employer forces this situation onto employees?

21. Officers are particularly disappointed that a non-accountable cash option (albeit totally unviable) is being opened up now when those same officers were refused the option of HFS or something similar in the mid-1990s. Previous suggestions by the OIA to move these officers back into quarters (another cost saving proposal) have been totally ignored by CSB. There are, after all, only about 40 officers who are claiming under the AAS. Again we question the true motivation behind the proposals.

Overseas Education Allowance

22. This allowance affects many officers and all are aggrieved about the revised proposals on reductions to this allowance, for which any recruits after 1 August 1996 (9 years ago) are in any event ineligible. When quoting the increase in costs for the provision of this allowance, the Administration has attempted to address why those costs have increased. The reasons quoted include rising number of claimants, increased school fees and appreciation of foreign currencies. What the Administration has failed to mention is *why* there are an increased number of claimants. The answers of course lie with the Administration itself, "hoist by its own petard".

23. If the Administration provided a suitable education system for children in Hong Kong there would be no need for more and more parents to send children abroad. As the quality of education in Hong Kong declines because of ill advised Government policies, so more and more parents look elsewhere for suitable options for their children. If the Administration had not been threatening since 1999 to cut education allowances, no doubt fewer claimants would have felt the need to take advantage of this condition of service. Which civil servant, having been treated as shabbily as this Government has treated civil servants since 1999, would not want to claim every available benefit before they disappear altogether? None, the OIA would submit.

24. Whilst it may be politically expedient now to paint this condition of service as "anachronistic and a throwback to the colonial era", for those with children going through the UK education system, or intending to do so, this is an issue of great concern. The allowance at present levels is already insufficient to keep pace with the rapid increase in school fees and associated costs (guardian fees etc).

25. The allowance is subject to taxation and currency fluctuations, with many officers already struggling to make ends meet. The proposed freeze for current claimants can only serve to exacerbate the situation. Officers are going to face severe financial hardship and possibly will have to withdraw children from overseas schools, with the added stress (for parent and child) of trying to reintegrate into the local school system.

26. Given the problems described above with existing rates, the reduction of OEA to 1997 levels for new claimants will obviously dissuade any parent from sending children overseas. It is fatuous to expect any parent to enter into overseas education at today's prices when only receiving 80% of the allowance available to existing claimants. And what of the situation where one child is already studying overseas but a sibling cannot because of the decrease in allowance? What responsible employer would attempt to divide the children of its employees in this way?

Local Education Allowance

27. At first glance the proposals on LEA appear to be relatively innocuous. However, this is another significant issue with implications on staff retention and staff morale. There is no doubt that local school fees will increase, especially those in the English Schools Federation (ESF), to which most members are sending their children. The problems facing the ESF have been widely reported, and an increase in school fees is inevitable if the standard of tuition is to be maintained. This again, is as a result of cuts enforced by the Administration.

28. The freeze in LEA will mean the allowance will quickly lag behind school fees, thereby reducing any perception of "assistance" being provided to eligible claimants. For many officers this is simply a "backdoor" pay cut. Most officers staying on after 1997 did so in the belief that the LEA was a significant contribution to the costs of educating any newly born or planned children. That will no longer be the case. Reducing the allowance for claimants who have been eligible for many years but only now planned a family is frankly outrageous. The Government's assertion that fees have not risen in the last 10 years is ridiculous and has no meaning given that we have been in a recession for most of that period. The same cannot be predicted for the next 10 years!

School Passage Allowance

29. This is another area of concern in which the Administration has been extremely devious in drafting its proposals. Although the amount does not appear to be reduced dramatically (\$25,100 to \$23,600), the proposals indicate a change to allow the SPA to be split over only 2 trips. Any remaining passage cannot be carried forward and only economy class tickets can be bought.

30. Given the price range of economy class tickets, only about HK\$18,000- of the allowance will be able to be spent, meaning the actual amount lost by claimants is in the region of HK\$7,000- or about 30%. The UK school system has three long holidays a year. Where are children supposed to stay when they can't return to Hong Kong on the third trip? *What sort of employer deliberately sets out to split employees' children from their parents during a school holiday.* The OIA objects in the strongest terms to the proposals that SPA can only be split over two trips. What possible justification is there for this proposal?

Conclusion

31. The administration will purportedly now "consider" our formal response to the proposals and consult the various advisory bodies before making a final decision. Let it be clear that any agreement to the cuts proposed to our contractual conditions of service will obviously open the door for this Administration to inflict further cuts on police officers. The Government intention to 'divide and conquer' the police force is there for all to see.

32. We would urge that instead of applying a "top down" approach, the Administration negotiates properly with staff on the appropriate compensation to be offered in return for the reduction of benefits proposed. However, experience tells us that the current SCS cannot be trusted to engage in negotiation on a basis of mutual respect. We need only look at the pay cut legislation to see the low regard in which how this SCS views his "colleagues". We express our total and utter lack of trust in Mr. Joseph WONG Wing-ping.

33. When seeking advice from the SCDS on Salaries and Conditions of Service, we expect the Administration to fully and frankly reflect our stance, which is that we steadfastly oppose the proposals because:

- (a) the proposals breach the Basic Law;
- (b) the proposals breach Hong Kong contractual law;
- (c) the proposals have been presented in bad faith, taking no account of promises made to police officers by senior Mainland officials before the change of sovereignty, upon which many of our members chose to stay and serve Hong Kong; and
- (d) the proposals are mean spirited, unreasonable and unfair.

34. Overall we believe the one-sided implementation of these proposals will generate considerable ill will. We question whether the miniscule monetary savings could possibly be worth the ill will generated. The unilateral implementation of the proposals will also send a signal to the international community that the Hong Kong Government is yet again failing to respect contracts and the rule of law. We urge the Hong Kong Government to honour the promises made by the Government of the Peoples Republic of China to police officers prior to the change of sovereignty.

**Executive Committee
Overseas' Inspectors Association
Hong Kong Police
October 2005**



Overseas Inspectors' Association
Hong Kong Police Force

39/F, Arsenal House
Police Headquarters,
1 Arsenal Street,
Wanchai,
Hong Kong

OUR REF: (15) in SS/A 13 Pt. 2
YOUR REF:

17th November 2005

Miss Leonia Tai
Principle Assistant Secretary for the Civil Service
(Housing And Establishment)
Central Government Offices
Lower Albert Road
HONG KONG

Fax: 2521 2045

Dear Miss Tai,

Accommodation Allowance Scheme
Proposals for Improvement

Thank you for your response dated 12 October 2005. We have considered in some detail the proposals issued for consultation on 22 September 2005. We have the following comments.

We cannot emphasize enough the fact that in terms of employer-employee relations, motivation, goodwill and practical livelihood, no other subject is of such serious concern for these officers.

The solution should reflect these officer's reasonable accommodation rights and expectations, and take account the fact that all recipients were employed before 1997 and have continued to do so on the moral and legal understanding that their conditions of service are to be no less favourable than before. In practical terms, with the Hong Kong housing market now strong again and interest rates increasing, this means it is imperative that recipients are given a fair and reasonable solution which

maintains their standard of living in Hong Kong. The mechanism of the scheme should seek to achieve this aim without financial detriment to the recipient.

We therefore reject locking the scale of allowance because this undermines the only way in which recipients can partially compensate for the cost of continually moving house as a result of the rising costs in the housing market.

In terms of the option to switch to the NCA, maintaining the existing inflexibility of the AAS alongside an option of a non-accountable scheme whose rate is so low (12,839) as to be financially unviable for recipients, does not offer a realistic solution.

The proposal to offer an option of a non-accountable allowance is a step in the right direction in terms of acknowledging the need for greater flexibility. But to offer a NCA with a rate of 12,839⁰HKD, falls seriously short of providing a viable financial alternative to the AAS to which we are legally entitled. This creates a situation seriously less favourable for the claimant than before. It also has cumulative negative financial implications coming on the back of the series of imposed cuts in salary. Our research among recipients has shown that no-one in practice could now afford the option of the NCA at the proposed rate. In addition, applying the rules of double housing benefits kills the NCA further because it removes the opportunity for an officer to use a spouse's allowance to improve his livelihood.

As has been previously explained, the existing AAS mechanism's value has been undeniably eroded in practice and a new solution is vital to provide these civil servants the flexibility they need. We propose that a single, flexible, non-accountable accommodation allowance (adjusted annually in line with the territory wide rental indices) for the limited class of AAS recipients, is the easiest, fairest and most acceptable solution which would go a long way to showing that the administration understands the practical problems of this unique group of recipients. Adoption of such is without any additional cost incurred by the administration and, in fact, may result in savings with respect to the administration involved in overseeing the current mechanism.

In addition, as another option, we again propose that existing vacant NDQs are offered to AAS recipients as an alternative to AAS for as long as supply remains available.

We would ask you to reconsider the proposals in the light of this feedback.

Yours Sincerely,



Paul Hobson
Overseas Inspector's Association

香港警察隊
員佐級協會
香港灣仔軍器廠街1號
警察總部警政大樓39樓
電話 Tel: 2711 5183-4
傳真 Fax: 2715 8158

電郵地址: info@jpoa.com.hk



The Junior Police Officers' Association
of
The Hong Kong Police Force
39/F, Arsenal House, Police Headquarters,
1, Arsenal Street, Wanchai,
Hong Kong
web site: www.jpoa.com.hk

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香港中環政府合署西翼政府總部
公務員事務局
王永平局長

王局長：

附帶福利性質的公務員津貼檢討

本會對 貴局於 2005 年 9 月 22 日就有關問題的諮詢文件有意見如下:-

- (i) 雖然政府在『單方面立法減薪』的訴訟得到最終的勝訴裁決，這並不代表政府可以將這次裁決的結果作為今次津貼檢討的藍本或有相提並論的關係。
- (ii) 公務員各項津貼的調整，一貫以來都是有根據通脹、消費物價指數及市場因素作為調整機制，所以相對在 1997 年前或後的津貼比率數額應當是沒有相連的因素或關係。
- (iii) 就今次文件內所提出的各項調整建議，本會絕對不予支持及不希望有任何基本上的變更。而且內文提及的凍結金額情況，本會認為是絕對影響 1997 年前入職的部份人員行使其服務條件的權利，亦可能有人員提出司法覆核。

(二) 一向以來，公務員中尤其是前線警務人員都信任政府是一個良好的僱主。1997年前，經濟好景，越南船民引起的社會問題及國內偷渡潮所衍生到的大量嚴重暴力罪案問題等等，我們都沒有放棄自己的職責去選擇離開公務員隊伍，亦繼續緊守崗位。更且1997年後金融風暴，經濟不景及沙士肆虐，影響民生，許多人員及家人的經濟收入亦都受到影響。而政府亦因財赤嚴重所提出0-3-3的減薪方案，本會會員本著同心同德的精神去接受減薪的安排，承擔財赤的社會責任，默默承受各種壓力。而較早前貴局提出調整各項津貼的時間上，有關財赤問題仍然存在，但是現時經濟環境有所改善，市面上出現加薪及通脹的氣氛，而政府亦大量投放資源去建設社會，改善民生，改組架構及增加職位等等。本會難以理解在本地及海外的教育費用年年增加的情況下，政府還要作出大幅度下調的建議，這是一個絕對影響大部份現職1997年前入職的公務員所享有的權利，真的令人失望與費解。

(三) 本會執行委員會全體人員一致反對政府在這種情況下檢討建議文件內的各項津貼額。希望政府三思此問題的嚴重性，否則雙方的關係必然受到不能估計的衝擊及損害我們對政府的信心。



劉錦華

香港警察隊員佐級協會主席

二零零五年十一月十八日

副本送：總警司(人事服務及職員關係)



香港特區政府
文書職系人員協會

九龍長沙灣道 21-25 號長豐大廈 3 字樓
電郵：hksarg_cgsa@yahoo.com.hk
網址：http://hk.geocities.com/hksarg_cgsa

致：公務員事務局局長王永平先生

附帶福利性質的公務員津貼檢討

一直以來，當局一再強調公務員的薪津檢討，目的不是要削減公務員的福利，並且在進行檢討時，一直恪守「合法、合情和合理」的原則。

但現時，香港政府只著重回應社會上的政治壓力和滿足部分商界和政界無理的要求，硬要將公務員按服務條件所享有的薪津大幅削減，而忽略公務員隊伍的穩定性及整體的長遠利益；更漠視過往的歷史背景、高薪養廉政策背後的真正意義，以及公務員對社會的貢獻。再者，在目前社會貧富極其懸殊的情況下，政府更不應助紂為虐，落井下石，反之應以良好僱主的典範，善待僱員，藉以抑制剝削之風持續惡化，造成社會不穩定的局面。

當局在方案中建議：

I. 海外及本地教育津貼

現有申請者

把津貼的上限凍結在現時水平，津貼額日後不再調整。

由 2006/07 學年起申領津貼的新申領者

把津貼的上限調低至 1997 年 6 月 30 日的水平，津貼額日後不再調整。

II. 居所資助計劃和自置居所資助計劃

由於計劃的津貼額調整機制剛於 2001 年予以修訂，無需作出任何修改。

同時，當局估計合資格參加自置居所資助計劃／現金津貼計劃的人員數目，已由 1990 年 10 月的大約 159 000 人，減至 2005 年 6 月的大約 121 000 人... 已決定暫不削減配額，並會密切留意有關情況。

首先就教育津貼而言，當局只著眼在政府的「支出」，從來沒有以其他角度作出審研。要知道，政府與公務員是僱主與僱員的關係，提供福利津貼是人力市場增加僱員歸屬感及提升士氣的工具。對公務員而言，基於固定的薪酬和局限的晉升機會，再加上百物騰貴，子女教育開支不斷增加，政府所給予的子女教育津貼在某程度上減輕了他們的負擔。對某些同事來說，間接幫助了他們渡過了入不敷支的困

境，解決了子女教育的問題，從而可以安份守己，專心工作。誠然在公務員子女當中，有不少藉著有關津貼的補助，而學有所成，成為政府官員或商界的精英。從另一角度來看，這實在是對政府及社會人才的一項投資。削減教育津貼無疑會使一些有潛質的公務員子女未能得到適當培育，本會希望當局能夠向前看而不是向錢看。行政長官曾蔭權先生曾經說過，公務員應該要以穩定為原則，特區要成功，必須有穩定政策，不輕易更改既定原則。希望當局能夠將特首的說話，於今次的檢討中加入考慮之列。

況且，在 1996 年 8 月後受聘的人員已不再享有海外教育津貼和學生旅費津貼，而於 2000 年 6 月後受聘的人員亦不再享有本地教育津貼。既然當局已經「截龍」，加上本港的出生率不斷下降，可想而知，往後的日子，申請教育津貼的人數只有減無增。一時的財政問題，經濟復甦後自然有所改善，希望當局不要因噎廢食，作出不利公務員士氣的決定！

此外，令人費解的是，當局要將教育津貼額回復到 1997 年 6 月 30 日的現金水平，因為現時的教育津貼額比當時高；然而卻認為居所資助計劃和自置居所資助計劃的津貼額無需作出任何修改。這項安排表面上並無不妥當之處，但當深入了解，現時居所資助計劃和自置居所資助計劃的津貼額遠遠低於 1998 年 4 月 1 日的津貼額，大約是 1998 年的 57%。（註：在 1997 年 6 月 30 日當日，政府並沒有調整有關津貼額）由是觀之，當局是採取雙重標準。

再者，當局估計合資格參加居所資助計劃和自置居所資助計劃的人員數目大約有 121,000 人。但公務員隊伍當中有不少是夫妻，或是配偶的另一方在其任職的公司內已享有房屋福利。假如其中一人參加了有關計劃，其配偶已失去資格。所以，有關公務人員可領取房屋津貼的實際數字會低於當局的估計，希望當局不要輕言削減配額。現時，需要有 26 至 27 年年資的同事才可申請到有關津貼，削減配額只會令他們輪候的時間更長。

最後，我們希望當局在檢討相關津貼時，要有劃一的準則，慎思細度，以創立一個雙贏的局面。

謹祝 工作順利！

香港特區政府文書職系人員協會
執行委員會主席 鄺漢泉

2005 年 11 月 19 日

副本交：

立法會「公務員及資助機構員工事務委員會」李鳳英議員
一般職系處長 卓永興先生

(A) Submissions from groups

(ii) Departmental management

divisive and create disparity among eligible officers, which is bound to affect morale.

6. There is also a widespread resentment that changes in allowances are targetted principally at achieving a reduction in expenditure. In the past changes have been effected so that, additionally, the administration of an allowance is simplified, or greater flexibility given with regard to how it can be utilised.

7. The proposals have heightened staff anxiety about reductions in their terms of service and possible future developments with pay. The stance of CSB over the appointment of consultants for the review of the civil service pay adjustment mechanism is cited as another cause for concern by staff, that their views and opinions will continue to be neglected by the Administration despite the efforts of their Staff Associations.

8. Staff have a very strong and negative feeling regarding the continued use of the phrase "fringe benefit type allowances" by the Administration despite repeated requests to cease referring them as such. They feel aggrieved at this approach by the Administration, do not accept that the allowances under review are "fringe benefits", and reiterate that they are part and parcel of their conditions of service, which are integral terms of contract that a civil servant has entered into with the Government when he/she joined the civil service.

9. The fact that the Administration has to pass final proposals to the advisory bodies on civil service salaries and conditions of service for deliberation is cited as the best indication of the nature of the allowances. It is noted that for the disciplined services, including the Police, the Administration's final measures of the review will be put to the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) for advice.

10. Additionally staff are greatly concerned with the proposals in respect of the freezing and/or reduction of certain allowances in that long established rate adjustment mechanisms previously agreed with the Staff Side have been unilaterally set aside by the Administration, including:

(a) Overseas Education Allowance (OEA)

The ceiling rates were previously adjusted having regard to the rates payable by the U.K. Government to its civil servants working overseas, which were set based on the average primary and secondary school fees for the U.K. independent boarding schools in the London area.

(b) Local Education Allowance (LEA)

The ceiling rates are revised with reference to the school fees of the English

Schools Foundation (ESF) and the basic charge in line with the standard fee for Form 4 and Form 5 in Government and aided schools set by the Education and Manpower Bureau.

(c) School Passage Allowance (SPA)

The allowance rates are subject to annual adjustments on 1 April in accordance with movements in the air fare prices as reflected in the Composite Consumer Price Index for the 12-month period ending February of the year.

(d) Travelling Expenses in the Country of Origin or Place of Study

The allowance rates are adjusted from time to time based on known increases in British Rail fares.

(e) Removal Allowance (RA)

The maximum rates are revised from time to time in response to the change in Consumer Price Index (A).

Staff have also commented that this does not bode well for future reviews of other allowances.

I. Education Allowances

General Comments

11. Paragraph 7(a) of the consultation paper commences with the phrase "*Education allowances and school passage allowance (SPA) are no longer justified under present day circumstances...*". This is seen by many staff as a somewhat ironic statement, since for many claimants the current Government education system failed to cater for the needs of their children. As there are only some 250 serving overseas officers in the Force, who might as a matter of necessity send their children to fee paying ESF or international schools in Hong Kong, and perhaps later to boarding schools, the bulk of the expenditure on education related allowances is attributable to local officers.

12. It has been widely noted that apart from officers choosing to send children overseas, or ESF schools and international schools in Hong Kong, Government policy in allowing former general subsidy schools to convert to fee paying Direct Subsidy Scheme (DSS) schools is a major contributor to the increase in expenditure on Local

Education Allowance. There are currently a total of 59 schools within the DSS system, and 8 more will join this scheme in FY 2006/07. [For example, the popular Diocesan Girls' School and St. Paul's Co-educational College will charge school fees of HK\$38,000 and HK\$48,000 per annum respectively in the 2006-07 school year.]

Specific Comments on Individual Proposals

(A) Overseas Education Allowance (OEA)

Proposals

- *To freeze the OEA ceiling rates for existing claimants at the current levels in foreign currencies with no further rate adjustment in future.*
- *To reduce the OEA ceiling rates set in Hong Kong dollars for new claimants from the 2006-07 school year (in the case of the U.K. and Ireland) or the 2007 school year (in the case of Australia, New Zealand and South Africa) to the cash levels as of 30 June 1997 with no further rate adjustment in future.*

Note:

The OEA ceiling rates for existing claimants and the reduced OEA rates for new claimants in the case of the U.K. are shown below for the purpose of illustration:

<u>Type of Allowances</u>	<u>Existing Ceiling Rates</u>	<u>Reduced Ceiling Rates</u> <i>(To be set in HK Dollars at the exchange rate GBP 1 : HK\$12.59)</i>
<i>Boarding School</i>	<i>Junior: GBP 7,434</i> <i>Senior: GBP 9,138</i>	<i>Junior: GBP 6,450 (= HK\$81,206)</i> <i>Senior: GBP 7,437 (= HK\$93,632)</i>
<i>Day School</i>	<i>GBP 1,289</i>	<i>GBP 1,241 (= HK\$15,624)</i>

Eligible Officers

13. This allowance is offered to both eligible local and overseas officers. The provision ceased for new recruits offered appointment on or after 1 August 1996. Currently, there are about 2,000 officers claiming the allowance and over 99% of the students for whom OEA is claimed study in the U.K. There are approximately 21,000 police officers and 4,400 civilian staff serving in the Force who entered the service before 1 August 1996 and are therefore eligible for OEA. On average, about 90% of them are aged below 50. As far as the Force is concerned, only about 8% of eligible Force members are now claiming OEA, which is at a relatively low level in view of the

large pool of eligible officers.

14. The increasing number of students claiming OEA and the increase in school fees as a pretext to reduce the allowance is not seen by staff as convincing. Given the rapid expansion of the civil service in the 1980s, the increase of OEA expenditure in recent years could have been anticipated. Staff feel that the Administration should have planned for this situation.

Allowance Adjustment Mechanism

15. In many officers' view, the proposal abandons the established adjustment mechanism for the allowance i.e. based on the allowance provided by the U.K. Government to its civil servants posted overseas, with no other adjustment mechanism being introduced as replacement.

16. The consultation papers also do not spell out the rationale as to why it is necessary to freeze these allowances, which is considered arbitrary.

Amount of Reduction

17. Taking Boarding School Allowance for education in the U.K. as reference, the maximum allowance rates per academic year are now GBP 7,434 for Junior School and GBP 9,138 for Senior School i.e. HK\$93,594 and HK\$115,047 respectively. (Note: The average daily exchange rate GBP 1 : HK\$12.59 for the 1996-97 school year up to 30 June 1997 is similarly taken for comparison purpose.) The proposed ceiling rates for new claimants are HK\$81,206 for Junior School and HK\$93,632 for Senior School. The allowance rates would therefore be reduced by HK\$12,388 (about 13%) for Junior School and HK\$21,415 (about 19%) for Senior School.

18. In respect of Day School Allowance, the proposed reduction for new claimants would be about HK\$600 (i.e. about 4%) per academic year (again using the average daily exchange rate GBP 1 : HK\$12.59).

19. As can be seen from the calculations above, there are considerable differences in the proposed allowance for those presently claiming the allowance and those not claiming until the 2006-07 school year.

20. It should be noted that OEA is taxable and subject to currency fluctuations. The proposed freeze for existing claimants may force some officers to withdraw their children from overseas schools in the event of increase in school fees or strong appreciation of currency, with the additional stress for both parent and child in trying to reintegrate into the local school system.

Differential Treatment

21. Staff are adamant that all officers employed prior to 1 August 1996 were employed with the same eligibility for education allowances and should be eligible for the same rates of allowance. Those officers, who although eligible but have not yet commenced to claim, have a legitimate and reasonable expectation that they would receive the education allowance, if applied, at the same rate as other claimants. It is also commented that the proposed arrangements could result in disparity of education opportunities for children within the same family.

22. For some junior officers the proposed prospective cut (e.g. from HK\$12,388 for Junior School to HK\$21,415 for Senior School in the U.K.) may preclude them from joining the scheme, restricting this benefit practically to the enjoyment of senior civil servants. It is also possible that some affected officers may rush to send their children prematurely or unnecessarily to study abroad in order to qualify for the entitlement of the existing rate of OEA and other related allowances before the implementation of the new measures, a move which may be detrimental to the officers and their family members.

23. Force Management shares the view that having two separate rates is divisive and would seriously dampen morale.

Alternative Places of Study

24. To meet individual needs and allow for flexibility, some officers think that the Administration should permit officers to use their allowances to send their children to other countries of their choice such as Mainland China instead of the U.K., offering more affordable school fees and consequently a lower level of allowance. This is also, in the long run, conducive to the good relationship between Mainland China and Hong Kong.

25. Force Management supports this proposal, which appears to be worthy of more detailed examination.

(B) Local Education Allowance (LEA)

Proposals

- *To freeze the LEA ceiling rates for existing claimants at the current levels (i.e. Primary: \$31,950, F1 to F3: \$53,025, and F4 & above: \$49,238) with no further rate adjustment in future.*
- *To reduce the LEA ceiling rates to the levels prevailing on 30 June 1997*

(i.e. Primary: \$29,925, F1 to F3: \$49,650, and F4 & above: \$46,313) for new claimants joining the scheme from the 2006-07 school year with no further rate adjustment in the future.

Eligible Officers

26. Currently, about 24,500 police officers and about 4,900 civilian staff who were appointed before 1 June 2000 are eligible for LEA, of whom more than 3,700 officers (i.e. about 13%) are claiming the allowance.

27. To many officers, the pretext of the increase in the number of claimants and the availability of nine years of education are not convincing enough to reduce LEA for new claimants. Similar to OEA, all eligible officers have an expectation of being eligible for the same rates of allowance (for all of their eligible children).

Allowance Adjustment Mechanism

28. The rate adjustment mechanism for LEA is linked to ESF school fees, and is a long-standing mechanism agreed with the Staff Side in the early 1980s. Staff have commented that there is no valid ground for a departure from this.

Amount of Reduction

29. The June 1997 rate is about 6% less than the current rate. In dollar terms, the average reduction for students of primary and secondary schools will be about HK\$2,800 per academic year.

Local Education

30. Due to their concerns over the quality of public education, many officers are sending their children to local international schools, ESF schools or DSS schools for education in preference to the general subsidy schools. Officers have expressed the view that they do not support the proposal of freezing the existing levels as this will essentially mean that the allowance will quickly lag behind school fees when inflationary pressures return, and will quickly become valueless.

31. Provision of a realistic level of LEA encourages staff to have their children educated in Hong Kong and the levels should be adjusted as necessary to account for rises in school fees. Staff therefore strongly object to the proposed freeze at the current level with no further rate adjustment to be made in the future.

II. Passage and Related Allowances

General Comments

32. It has been noted that the Administration's previous proposals in respect of Leave Passage Allowance (LPA) have been withdrawn. Staff generally consider that passage and related allowances should be retained in their entirety and the allowances should become fully non-accountable to reduce administration costs and provide flexibility.

Specific Comments on Individual Proposals

(A) Sea Passage

Proposals

- *To retain the provision of sea passage at an officer's entitled class of travel until it is phased out in the normal course.*
- *Starting from the 2007 sailing, the allowance rates for sea passage will be capped at the maximum rates for the respective class of travel approved for the 1997 sailing to the U.K. The ceiling rates will be fixed in Hong Kong dollar equivalents, based on the exchange rate at the time of actual payment made by the Government for the 1997 sailing i.e. HK\$67,570 for those entitled to First Class (Higher) and HK\$58,290 for those entitled to First Class (Lower).*

33. Sea passage is provided to retiring officers (over the age of 50) on overseas permanent terms appointed on or before 1 December 1984, and to overseas agreement officers (over the age of 50) recruited before 1 December 1984, who have 15 or more years service before 1 July 1997. Currently, there are 127 overseas officers eligible for sea passage. The average take-up rate annually is around 45%. The amount of anticipated savings is minimal i.e. \$0.1 million per year.

34. Officers eligible for the allowance feel that it is part of their conditions of service and as it is to be retained it should be paid in full, according to the established mechanism.

(B) School Passage Allowance (SPA)

Proposals

- *To reduce the ceiling rates of SPA to the rates as of 1 July 1998 with no further rate adjustment in future.*

<u>SPA Level</u>	<u>Current Rate (HK)</u>	<u>Proposed Rate (HK)</u>
Level 3 (for children aged 19 and 20)	\$12,550	\$11,800
Level 2 (for children aged 12 to 18)	\$25,100	\$23,600
Level 1 (for children aged below 12)	\$18,830	17,700

- *To cease the carrying forward of SPA to the next cycle and the splitting of SPA i.e. only one return trip is allowed for children aged 19 and 20 and two return trips for those aged below 19 in each 12-month cycle.*
- *Children/parents using SPA may only travel by economy class.*
- *To subsume travelling expenses in place of study under SPA without separate provision and extend the scope of SPA.*
- *The above measures will apply to all claimants from their next SPA cycle commencing on or after the effective date. A one year grace period counting from the effective date of the new measures will be imposed for clearing any SPA accumulated from the previous cycle.*

35. This allowance ceased for new recruits offered appointment on or after 1 August 1996. The July 1998 rate is about 6% less than the current rate. In dollar terms, the reduction will range from HK\$750 to HK\$1,500 in each 12-month period, with an average reduction of about HK\$1,100 in respect of the three SPA levels.

36. Many officers have held the view that as a matter of principle the proposal abandons the established adjustment mechanism for the allowance i.e. based on an index of air fares. This has attracted severe criticism from staff.

37. For many officers the effect of the proposals is more significant than suggested in the consultation paper. The combined effects of restricting the allowance to two trips per year, flying economy class only and not carrying forward of unspent allowances, mean that the maximum amount any one claimant can expend should probably not exceed HK\$18,000 per year. Although the maximum reduction at face value is only HK\$1,500, the actual reduction will probably be closer to HK\$7,000.

38. The U.K. school system has three long holidays a year; confining the trips to two per annum will inevitably result in extra expenses, either to bring children back to

Hong Kong, or to arrange proper care by guardians during one of the holidays. Officers, particularly for existing and potential claimants with young children, object in the strongest terms to the restrictions to only two return trips and consider this a bar to family re-union.

39. Staff have also commented that SPA received before the year of assessment 2003-04 is not a taxable income. If the proposed SPA rate is reverted to that of the 1998 level and remains assessable, its real value will actually be lower than the level before 1997, and is thus in violation of the Basic Law i.e. less favourable than the level they received in July 1997.

(C) Travelling Expenses in the Country of Origin or Place of Study

Proposals

- *To freeze the allowance rates at the current levels for existing leave passage allowance claimants on overseas terms.*
- *To cease the allowance for all SPA claimants and extend the scope of SPA to cover reimbursement claims in this regard.*

40. The provision of travelling expenses ceased in conjunction with SPA and LPA to officers offered appointment on or after 1 August 1996 and 1 January 1999 respectively.

41. In respect of SPA claimants, the local travelling expenses are calculated according to the distance between the school and the airport. Children of eligible officers under the age of 19 are entitled to two round trip claims. Those aged 19 to 21 are entitled to only one round trip claim. At present, the rates for reimbursing travelling expenses are HK\$2.19 per km for children aged 16 and above, and HK\$1.1 per km for children aged below 16.

42. Some officers wish to clarify how the scope of SPA will be extended to cover claims for reimbursement. There is also sentiment that the Government has contractual obligations to continue to provide these expenses.

III. Housing and Related Allowances and Benefits

General Comments

43. Although there are no major changes to the administration of housing benefits, officers are concerned with adjustment and cessation of certain allowances.

Specific Comments on Individual Proposals

(A) Non-accountable Cash Allowance (NCA) Scheme

Proposals

- *To reduce and restore the NCA rates for new joiners and re-joiners on re-appointment with a break in service to 5% below the corresponding allowances under Home Financing Scheme (HFS) and Home Purchase Scheme (HPS).*
- *To adjust the future NCA rates in line with the annual percentage adjustment to the allowance rates under HFS/HPS so as to maintain the 5% differential.*
- *To impose a 3-year service requirement on officers on MPS 22-23 (or equivalent) before they may queue for a quota place.*
- *To apply the rules on prevention of double housing benefits only to Accommodation Allowance Scheme (AAS) claimants opting for NCA.*

44. The NCA Scheme is provided to eligible recruits offered appointment on new terms on or after 1 June 2000 for up to 120 months to assist them in acquiring home ownership. Currently, there are 14 officers on this scheme. It is now intended, however, to permit officers currently eligible for the Accommodation Allowance Scheme (AAS) to opt for NCA.

45. The existing monthly NCA rates are from \$12,720 to \$35,250 for officers who commence to draw NCA on or above MPS 34 (or equivalent), and \$1,560 to \$16,050 for officers who commence to draw NCA below MPS 34 (or equivalent).

46. Officers currently eligible for AAS have indicated that although this option is a small step in the right direction, it is not financially viable, as the amount of non-accountable cash allowance being offered is not realistic. For example, if a Police Senior Inspector on maximum increment (i.e. at PPS 41) opts out of AAS to take up this proposal, he would draw NCA at a rate of HK\$12,830 per month. Under this proposal this rate would be fixed and would expire after 10 years when the current rate of AAS being claimed by this officer is HK\$20,580 per month and there is no time limit.

47. This proposal is unlikely to be attractive to most AAS claimants and the chance of persuading officers to switch across will be slim in the light of the fluctuating property market in the last few years.

48. AAS claimants are dissatisfied that this scheme has now been proposed after they were refused the option of Home Financing Scheme in mid-1990s. They have also commented that their previous suggestion to move back into quarters, which was another cost saving proposal, was not taken any further by the Administration.

(B) Accommodation Allowance Scheme (AAS)

Proposals

- *To lock the scale of allowance rates payable throughout the term of tenancy for all the existing claimants.*
- *To adjust the allowance rates according to the territory-wide rental movements compiled by the Rating and Valuation Department.*
- *To allow an option for claimants to switch to the NCA Scheme subject to prevailing rules and conditions with a maximum of 120 months allowance.*

49. The AAS is provided to eligible officers offered appointment on overseas terms from 1 October 1990 to 31 December 1998 (the last eligible officers in the Force were recruited in 1994). All officers eligible for the AAS have already joined this scheme, which contains a 75% accountable portion to be used for renting accommodation, and a 25% non-accountable portion that may be used for accommodation related expenses. The prevailing AA rates are from \$11,120 (for staff with pay points below MPS 34 or equivalent) to \$40,130 (for staff with pay points at D6 – D10 or equivalent) a month. Currently, there are 37 overseas officers on this scheme.

50. To assist with the reduction of administration costs and to enhance flexibility, the Overseas Inspectors Association has previously submitted written improvement proposals for this scheme to CSB, including the utilisation of vacant NDQs by AA recipients, making the AA rates fully non-accountable, etc. They are disappointed that CSB has failed to address their concerns, and note that AAS claimants with families have particular difficulties with regard to frequent relocation and schooling.

51. Staff have also commented that the problems with the adjustment mechanism have been known for some time and its revision is long overdue given rising rental prices in recent years and the current 45% drop of AAS rate from its peak 1997 value.

52. In respect of the 'locking-in' mechanism in the proposal, there are mixed views from staff. Some officers regard this to be reasonable and fair while others think that they are only entitled to the slight advantage under present arrangement, and will in fact lose out when AAS rates are increased during a tenancy.

(C) Private Tenancy Allowance (PTA)

Proposals

- *To lock the scale of allowance rates payable to existing and new claimants throughout the term of tenancy, starting from a new tenancy/upon renewal of tenancy.*
- *To adjust the allowance rates according to the territory-wide rental movements compiled by the Rating and Valuation Department.*

53. The PTA is provided to eligible officers on local terms on or above MPS 34 (or equivalent) and officers on overseas terms who were offered appointment before 1 October 1990. Presently, there are 28 local officers on the scheme. The current PTA rates are from \$10,380 to \$23,850 a month.

54. Similar comments regarding the “locking-in mechanism” for AAS rates apply to the proposed PTA arrangements.

(D) Provision of Furniture and Domestic Appliances

Proposal

- *To continue the provision of furniture and domestic appliances to eligible occupants of Government quarters subject to the availability of funds and stock and streamlined administrative arrangements.*

55. There is some staff concern that the continued provision of furniture and domestic appliances will be subject to the availability of funds/stock. Broadly speaking, staff are in support of the proposal as long as the stock continues to be issued and it is maintained in a good state of repair.

(E) Furniture and Domestic Appliances Allowances (FDAA)

Proposal

- *To abolish the FDAA for all eligible officers.*

56. Currently, about 7,900 officers (including about 7,800 Junior Police Officers) are claiming the Furniture Allowance (i.e. HK\$100 per month) and 67 officers are receiving the full FDAA (i.e. HK\$150 per month with HK\$100 from the Furniture Allowance and \$50 from the Domestic Appliances Allowance). Other officers (on PPS 36 and above) who joined the HPS before October 1990 are also eligible to claim the

allowances.

57. The number of Junior Police Officers eligible to claim FDAA is more than 9,900. There is strong aversion to this proposal. Many officers wish to retain the allowance, and forego the Government's furniture and domestic appliances, the majority of which are bulky and old-fashioned and as a matter of fact, out of step with present day designs in terms of comfort and appearance. Most Government furniture is also seen as too bulky to fit the quarters of Junior Police Officers.

(F) Removal Allowance (RA)

Proposals

- *To turn the RA into a fully non-accountable allowance and reduce the existing accountable component of the allowance by 5%.*

<u>Pay Point</u>	<u>Existing Rates (HK)</u>	<u>Proposed Rates (HK)</u>
<i>D2 and above (or equivalent)</i>	<i>\$22,110</i>	<i>\$21,535</i>
<i>MPS 38-49 and D1 (or equivalent)</i>	<i>\$16,795</i>	<i>\$16,400</i>
<i>MPS 17-37 (or equivalent)</i>	<i>\$10,985</i>	<i>\$10,770</i>
<i>MPS 16 and below (or equivalent)</i>	<i>\$5,170</i>	<i>\$5,060</i>

58. Removal allowance is available to officers in very specific circumstances, including when an officer has been directed to move quarters, and also for officers moving from Departmental Quarters into public housing under the Civil Service Public Housing Quota.

59. The maximum amounts of removal allowance currently range from HK\$5,170 to HK\$22,110. The reduction for each claim will range from HK\$110 for officers in the lowest salary band (i.e. MPS 16 and below or equivalent) to HK\$575 for officers in the highest salary band (i.e. D2 and above or equivalent). On average, the proposed reduction for each claim in respect of the four salary bands is about \$320 (i.e. 2.4%).

60. Claims are processed via Police Quartering Division, which checks the accountable portion of the allowance. During FY 2004/05, 431 officers claimed the

allowance and during FY 2005/06 (up to end of October), 1,152 officers claimed the allowance.

61. Staff welcome to streamlining of the allowance administration but not at a cost to affected officers. The 5% reduction is considered arbitrary and is not welcomed by staff. Staff feel that if the Government directs them to relocate they should expect to pay. The proposed reduction is strongly opposed.

(G) Air-conditioning Allowance

Proposal

- *To cease this allowance from a prospective date without substitute.*

62. This allowance is payable to officers occupying substantively a post in the Directorate prior to 1 May 1999. The allowance is fully accountable and is payable on a re-imbursment basis subject to a ceiling of \$3,135 per air-conditioner.

63. Although no strong objection has been received regarding the abolition of this allowance from the small number of eligible officers, it is considered prudent and appropriate for the Government to address these officers individually.

(H) Provision of Hotel Accommodation

Proposals

- *To standardise the maximum period for which short-term hotel accommodation is provided to eligible officers on overseas terms on final leave at three nights.*
- *To remove the provision of one night hotel accommodation to eligible officers on overseas terms before and after taking leave.*

64. This benefit is available for overseas officers vacating NDQs who are proceeding on pre-retirement leave. Currently, there are 151 overseas officers occupying NDQs.

65. Whilst staff reaction to the proposed abolition of the one night stay for officers proceeding on or returning from annual leave has not been strong, they object to the reduction from seven nights to three nights for officers proceeding on retirement. It is noted that the potential savings are negligible.

(I) Hotel Subsistence Allowance

Proposal

- *To abolish this allowance.*

66. The allowance is paid to officers who live in hotels when NDQs are not available. The current rates are HK\$85 per night for an adult and a child aged four or above, and \$35 per night for a child aged below four.

67. Staff have noted the minimal take-up of this allowance. However, it may be prudent to keep this allowance available in the event that any future NDQ disposal plans necessitate its use.

Overall Comments

68. Force Management has noted that a number of items, including; reduction of leave passage allowance, withdrawal of leave passages for the families of local Directorate officers, total withdrawal of final sea passage, and withdrawal of provision of furniture and domestic appliances for quarters, have now been removed from the revised proposals. Staff find that this withdrawal is reasonable and welcome such move.

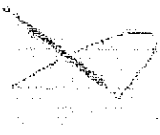
69. While it appears that the revised proposals have addressed some of the concerns earlier expressed by staff, in particular those from overseas terms officers, the fact remains that the change proposals encompass alteration or diminution to the well-established allowances without specific recourse offered for officers both on local and overseas terms of service. This will attract sentiment and affect morale, which may in turn lead to strong staff reaction.

70. It is apparent that staff reaction and responses have been particularly negative concerning the reduced rates proposed for education and related allowances, the reduced ceiling rates proposed for the SPA and the tightening up of the SPA payment rules as well as the suggested cessation of furniture and domestic appliances allowances.

71. Force Management is fully aware of the deep concern that all staff have in relation to the current review of civil service allowances and will continue to closely monitor developments. It is imperative that the Administration should take full account of the staff sentiment and comments and make accurate assessment regarding the significant impacts on staff morale and motivation when drawing up the final proposals.


(TSANG Cho-on)

for Commissioner of Police



Fiona SY YEUNG@TELA

18.11.2005 09:26 AM

Urgent

Return Receipt

To: Louis SL LEUNG/CSB/HKSARG@CSB
cc: Sammy LI/TELA/HKSARG@TELA
Doreen MY TANG/TELA/HKSARG@TELA
Subject: Allowance review - Concerns about SPA

Dear Mr Leung,

In response to SCS's letter dated 22.9.05 to colleagues regarding the review of fringe benefit type of civil service allowances, I append below the views of our staff members on the change proposals for your consideration, please:

"Some staff are of the view that boarding schools in UK have three term breaks in a school year, as long as there is a fixed amount of school passage allowance for reimbursement, it is bureaucratic and unreasonable to limit the passage for children under 19 to only two return journeys."

Regards,
Fiona Yeung
ADS(A&P), TELA
Tel: 2594 5891



M E M O

<i>From</i> Director of Drainage Services	<i>To</i> Secretary for the Civil Service (Attn.: Mrs Fiona Chak)
<i>Ref.</i> (11) or DSD P-30/05	
<i>Tel. No.</i> _____ <i>Fax No.</i> 3103 0024	<i>Your Ref.</i> (24) or L/M 31/2005 in O/O 12/1/36-C
<i>Date</i> 8 November 2005	<i>Dated</i> 25.10.05

**Review of Fringe Benefit Type of Civil Service Allowances
Provision of F&DA and F&DAA**

I refer to your MUR.

2. Comments of existing occupants of government quarters are sought and they are in general of the view that the proposed new arrangement should apply to new officers newly promoted and/or becoming eligible to F&DA. The entitlement of existing officers should not be changed.

3. Referring to para. 6(a) of your MUR, I confirm that there is no post-tied quarters in the Department. As regards para. 6(b), all DSD's departmental quarters are at "B" grade and below. And officers at MPS Pt. 44 or below are eligible to apply. At present, only one quarters occupant meets the eligibility criteria for F&DAA, i.e. receiving a substantive salary ranges from MPS Pt. 17 - 44. Nevertheless, he has not applied for such allowance. It is thus anticipated that the impact to the Department will be small if your proposals as stated in your para. 3 are implemented.

(Matthew W H Lo)
for Director of Drainage Services

(B) Submissions from individuals

Central Police Station
11/F, 1 Arsenal Street,
Hong Kong.

23rd September 2005

Secretary for Civil Service
(Attn: Conditions of Service Division)
Central Government Officers,
11/F, West Wing,
11, Ice House Street,
Hong Kong.

Dear Sir,

Review of Fringe Benefit Type of Civil Service Allowances

I find it absurd that you claim to follow the guiding principles of lawfulness, reasonableness and fairness in this arbitrary assault on Civil Servants' allowances, which are not fringe benefits as claimed in your heading. These allowances are part of the conditions of service outlined in your own Civil Service Regulations and are part of the contract between each Civil Servant and the Government. Any non-consensual change of that contract is a breach of that contract. Surely as a responsible employer the Government, represented by you and your staff, should set the example in abiding by employee contracts. If you are not prepared to honour contracts, how can all other employees in Hong Kong expect protection from unscrupulous bosses and corporations.

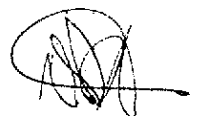
Regarding the detail of your proposals there has been no attempt by your office to review what allowances are paid nor how much is paid in the private sector to justify the level at which you are proposing to pay these allowances. You have merely taken the least that you can pay in the knowledge that if you pay less than the level paid on 1st July 1997 you will

surely lose a judicial challenge. That is again setting the worst kind of example to other employers and smacks of political expediency to placate critics. Many employers in Hong Kong do pay various allowances for such things as education, passages and housing and those allowances are paid at market rates, not some arbitrarily selected rate which will avoid judicial review. All the civil service allowances were introduced and offered to civil servants for good reasons. You have the right to offer different packages and contracts to new recruits who can then decide whether they wish to enter such a contract. But you should not make the value of allowances for which you have a contractual obligation to pay so meager that they no longer fulfill the purpose for which they were introduced. Inflation abated temporarily in Hong Kong, but not elsewhere. The value of allowances, both monetarily and altruistically, should be maintained by a responsible employer.

One last point that I would make is that CSR 1356 gives entitlement to a sea passage, not a sea passage at 1997 rates, or a percentage of a sea passage fare. Officers entitled to a sea passage have the right to that passage at the class specified in the CSR.

I would point out that I make these comments as an officer about to retire and who will not be affected by any of your proposals at present. These are matters of principle. It is desperately sad to see a previously honorable and benevolent government cowering in the face of criticism from the private sector which has always had ways of paying extra to employees while complaining against open and transparent government practices. Shame on you sir.

Yours faithfully,



(Noel D. Howcroft)

20th October 2005

Mr. Joseph Wong
Secretary for the Civil Service
(Attn:- Conditions of Service Division)
Central Government Offices,
11/F, West Wing,
11, Ice House Street,
Hong Kong.

Dear Mr. Wong,

Review of Conditions of Service

I am writing to you concerning your recent letter regarding your review of some of the civil service's conditions of service. I am a superintendent in the HK Police Force.

I would like to comment on your proposals:-

(a) Overseas Education Allowance

I do not claim this allowance but I am concerned that should I decide, or need to educate my children overseas in future, I will receive less favourable rates than my colleagues who are already claiming, despite the fact that our conditions of service are similar in other respects and were the same on joining. I cannot agree to this.

Secondly, I cannot agree to a freezing of the allowance. The whole purpose of the allowance was that a percentage of the overseas education costs would be met by the Government. I believe the percentage was taken at about 75%, but you can correct me if I am wrong. As you say at Annex B of your letter, payments will increase in coming years due to "an anticipated increase in school fees" and possibly an appreciation of foreign currencies. Consequently if I should take up this allowance the percentage of the fees I must take up will be considerably higher than before. Clearly by freezing this allowance you will potentially be making my conditions of service considerably less favourable than they were in 1997 and as such I believe such a freeze is in breach of the Basic Law.

Cont'd . . . /2

(b) Local Education Allowance

Firstly let me say that I am in receipt of this allowance and secondly as an overseas officer whose children only speak English (one of the SARs three official languages) I am limited in my choice of available schools. I cannot enroll my children in the local school system.

Ever since I joined the Civil Service some 29 years ago the LEA has been set at 75% of the ESF fees. It has never been given a monetary value other than this. You are now suggesting freezing the rate at the current level. Should the ESF fees rise, as would seem inevitable, then I will be required to pay a larger percentage of the fees. Again this would I believe (potentially) make my conditions of service far less favourable than they were in 1997 and therefore I believe any such freeze would be in breach of the Basic Law.

For colleagues who might claim in the future your suggestions are even more draconian.

I would stress to you here that the most important thing in my life is my children and the most important thing to my children is a decent education. As such anything you do which might damage that will be resisted by me most strongly.

(c) Sea Passage

I would point out that I am one of the 177 eligible civil servants for this allowance and in all honesty I doubt very much that I will ever claim it, but that of course is not the point. Should I wish to claim it the allowance is such that it will pay for the class of travel to which I am entitled. By freezing it at the 1997 level, given the inevitable inflation and price increases (nothing ever seems to go down in price these days), I will have to pay out of my own pocket or take a lower class of travel. This again would in my view (potentially) make my conditions of service less favourable than they were in 1997 and as such I believe this freeze is in breach of the Basic Law.

(d) School Passage Allowance

I am not claiming this allowance and my only comment here is that I believe a freeze in the allowance potentially means that the allowance will not cover what it was intended for and as such trips to and from school will have to be paid for by the parents. Again this is I believe in breach of the Basic Law as it makes the conditions of services less favourable than they were in 1997.

(e) Traveling expenses in the country of origin or place of study

I note that you are suggesting freezing this allowance at current levels. Such a freeze, given inflation, potentially will mean that my conditions of service will be less favourable than they were in 1997 and in breach of the Basic Law.

(f) LPA, SBA and UAB

No comment, other than to say I am pleased these allowances will not be affected.

(g) Housing Allowances (NCA, AAS and PTA)

These allowances do not apply to me and I have no comment.

(h) Provision and Furniture and Domestic Appliances

This applies to me as I occupy quarters, but I have no comment.

(i) Furniture and Domestic Appliances Allowance

I have no comment on this, as I do not claim it and have no intention of doing so.

(j) Removal Allowance

I have no objection to this proposal.

(k) Air-conditioning Allowance

This does not apply to me.

(l) Provision of Hotel Accommodation

Regarding the proposal to cut the hotel accommodation from seven nights to three on leaving the civil service I strongly object. I will have served the HK Government for 34 years when I retire in 2010 and if the Government cannot supply me with seven days in a hotel in order to wind up my affairs before leaving HK I think it is a very poor show. In theory three nights might seem OK but invariably things go wrong and seven is not unreasonable. I do not believe any member of the public, other than the most unreasonable, could object to this. This again would reduce my conditions of service and make them less favourable than they were in 1997. This is, therefore in breach of the Basic Law and I cannot agree to it.

The proposal to scrap the provision of accommodation before and after leave is a hangover from the days of long leave every 2 ½ / 3 years and as such I have no objection to this.

(m) Hotel Subsistence Allowance

I have no objection to this proposal.

(n) HFS and HPS

I have no comment on this as it does not apply to me.

I would like point out that when I was employed back in 1976 many of these allowances were the norm in the private sector and to this day people who have worked for the same large organization for so long will either still be in receipt of such allowances or will have received a financial compensation for giving them up. I would also add that unlike the private sector I received some guarantees about my conditions of service in the Basic Law , which have been upheld in the recent CFA decision. Despite that case going against us, the civil servants, it did re-iterate the point that you cannot make our conditions of service less favourable that they were in 1997. I believe that any proposal to freeze allowances at current levels or 1997 level will make the conditions of service less favourable as the allowance will not be able to pay for what was intended. To say that because the allowance is the same or better than the 1997 level and therefore does not breach the Basic Law is wrong. Allowances are and were always meant to cover the cost of a specific expense or a percentage thereof.

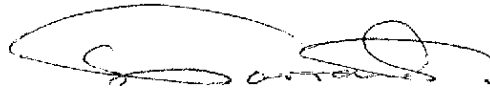
Finally I would add that when I joined the Civil Service back in 1976 I agreed to accept the Conditions of Service under which I am employed. I stress the "I". If you wish to change or alter my conditions of service you must negotiate with me and my staff association can only recommend your proposals to me one way or the other, they cannot agree to them on my behalf. I do not want to hear a repeat of the ridiculous claim you made about pay when you said that we, the civil service, agreed to the cut when I most certainly did not.

In the private sector, which you love to quote, if an individual employee's conditions of service are changed then the employer sits down with the employee and makes an offer. I remember some years back when I was offered annual leave instead of long leave by the Government and thereby my conditions of service were altered I was given the opportunity to either accept or decline and I see no reason for you not to repeat the procedure here. I do not believe you have the right to change my conditions of service, without my agreement.

Page - 5 -

Could you please acknowledge receipt of this submission.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S.B. Tarrant', with a large, sweeping flourish at the end.

(S.B. Tarrant)

c.c. Commissioner of Police
Chairman of the SPA

致公務員事務局

本人是現職公務員，在政府部門內已工作二十三年多。對政府最近削減福利的建議方案有以下的意見：

一個負責任的政府，除了提供穩定的薪金給公務員外，維持附帶的福利條件亦是非重要。此乃穩定公務員士氣及提高工作效率的重要基本原素之一。

記憶猶新，零三三削減薪金方案已經實行，現在又再次建議削減公務員福利的方案，真是令到所有公務員無所適從，十分氣餒。

尤其是在削減 OEA 及學生旅費津貼方面入手，在新的削減建議中，收緊發放規則的學生旅費津貼等級 2 減至 23,600 元（一年只提供兩套來回機票）；我對此項削減建議心感不滿，因為本人曾經向各大航空公司作出詢問有關票價，得到以下的回覆：如果購買一年兩套學生來回機票，價錢大概是 23,600 元，剛剛好用完整筆學生旅費津貼，而第 3 張來回機票便被迫要自己用正價購買，價錢大約要一萬多元，而得不到學生優惠票價，這不只是削減一千五百元（\$25,100-\$23,600），而是令本人增加了萬多元的負擔，公務員現在已減薪，正在領取 OEA 及學生旅費津貼將會削減，在收入減少而支出增加，會令到公務員增加財政壓力。眾所週知，在英國讀書有三個學期，身為父母都一定希望子女每一個學期都會回港與家人相聚，以藉此增進家庭溫暖，和諧親切。相信政府絕對贊同此說法，所以一向都提供一年三套來回機票給海外學生，這是正確的做法，但是政府現在提議更改條款，只提供一年兩套來回機票津貼！為何削減津貼而變相強迫航空公司增加豐厚的利潤呢？（因為 3 套來回機票都必須用正價購買，而不是購買學生機票），試細想想，如果真是為政方節省開支，削減學生旅費津貼是無可口非，但請勿把旅費津貼由三套降至兩套，應該照舊的方案比較合理，提供一筆款項分三個學期申請，我們便可以選擇些比較便宜的航空公司的機票，而提議削減的學生旅費津貼一年 \$23,600 絕對足夠購買三套來回票，為何政府要強迫公員用此筆旅費津貼去購買一年兩套的貴機票呢？為政府節省開支，身為公務員的一分子都會支持，但條款要合情合理，希望政府能體恤公務員的情況，取消收緊發放規則，換句話說即是維持現狀不變——學生旅費津貼一年可分三次申請。

如有任何問題可與我洽談，電話是 _____。

陳國經

香港警察-水警東區總部

SGT17865

陳國經

CSBCOS

寄件者: "Thomas CW OR" <tor@itc.gov.hk>
收件者: <csbcos@csb.gov.hk>
傳送日期: 2005年11月17日 下午 02:20
主旨: Review of Fringe Benefit Type of Civil Service Allowances

Dear Sirs,

I would like to comment on the proposed changes to the following civil service allowances set out in the latest package of change proposals:

education allowances
furniture and domestic appliances allowances

Education Allowances

It is noted that the Civil Services Bureau (CSB) proposes that different rates are to be applicable to the existing and new claimants of both the Overseas Education Allowance (OEA) and Local Education Allowance (LEA), with the effect that the OEA and LEA rates for the new claimants would be reduced by as much as around 27% for the OEA and 6% for the LEA.

Given that the new claimants and existing claimants should be of equal or comparable rank and status in the civil service, they should be accorded the same and equal treatment in respect of the education allowances. The current proposal would be unfair and discriminatory to the new claimants who should enjoy the same treatment, and be equitably treated, as the existing claimants of the OEA and LEA.

Furniture and Domestic Appliances Allowances

CSB proposes to continue the provision of furniture and domestic appliances to occupants of Government quarters, but that the furniture and domestic appliances allowances (for eligible officers not provided with furniture and domestic appliances) are to be abolished.

It is less than convincing, and also unfair, that on one hand, the Government would continue the provision of furniture and domestic appliances to one group of eligible officers, while on the other hand abolish the furniture and domestic appliances allowances to another group of eligible officers. The eligible officers should be treated equitably, by either abolishing both the provision of furniture and domestic appliances and also the relevant allowances, or continuing with both the provision of furniture and domestic appliances and the relevant allowances.

The current CSB's proposals on the allowances are less than fair and equitable, and is tantamount to the creation of two classes of citizens among the eligible officers, with one class being better treated than the other. It is on the unequal treatments that I find the proposals objectionable. I hope the CSB would base on the principles of fairness and

b頁 2 - 2(B)

equity in drawing up the Administration's final proposals for further consideration before implementation of the changes to the allowances.

Thomas Or

CSBCOS

寄件者: < >
收件者: <csbcos@csb.gov.hk>
傳送日期: 2005年9月23日 上午 09:40
主旨: Review of fringe benefit type of civil service allowance

I refer to the captioned review and would like to propose the following for your consideration-

Overseas Educatuion allowance

The management proposes to "reduce the OEA ceiling rates for new claimants to the levels as at 30.6.1997 and no further rate adjustment in future". It represents a significant reduction in the level of the benefit. To compensate or to enhance the value of the lowered monetary value, may I suggest that the choice of school under OEA for officers on local terms be extended from approved schools in UK to those in other countries like Australia, New Zealand, Singapore or Mainland China etc? The school fees and other related expenses in many countries are lower than that in UK. Now that HK is no longer a colony of UK, it is unreasonable to restrict the benefit of OEA to education in UK only. I understand that there is no such restriction on the use of OEA for employees in organizations like Universities etc.

Thank you for your attention. I look forward to your reply.



2005/09/23 03:32 PM

To: csbts@csb.gov.hk
cc:
Subject: Local Education Allowance
 Urgent Return Receipt

Mr. Joseph W P WONG,

I am a civil servant who is currently receiving the local education allowance for my son. I have been receiving the allowance since he was in primary one, now he is in year 10.

However, after your announcement of the revised allowances. I just realized that the local education allowance for upper secondary school is less than lower secondary school. I am at all surprised and amazed. Just on what basis is the allowance being calculated? And why is it so that the allowance for upper secondary school is less than lower secondary school? Shouldn't the education fees together with books, writing materials, costs of public examinations be more expensive in the upper secondary than lower secondary?

As stated, the allowance for lower secondary is 53025 and for upper secondary is 49238 (less 3787).

Looking forward to your earliest reply.

想即時收到新 email 通知?

下載 Yahoo! Messenger <http://messenger.yahoo.com.hk>

Mr. Joseph W.P. Wong, G.B.S., J.P.,
Secretary for the Civil Service,
Government Secretariat,
Lower Albert Road,
Hong Kong.

2005-09-30

Dear Mr. Wong,

I respond to an invitation for comment on the latest round of proposals to further cut Civil Servants' conditions of service.

I note the objectives of the current review and am surprised at the apparent failure to improve efficiency in the administration of these allowances. The second round consultations alluded to unnecessary costs associated with the administration of some allowances. I would hope that where nugatory cost is involved the Administration would have taken steps to remove them.

I note with considerable concern the proposal to freeze the LEA. The consultation document is based on an unqualified bold statement that: 'these allowances are no longer justified under present day circumstances'. I would like to know how this, on the face of it, completely presumptuous statement was arrived at?

What your proposals effectively mean, for myself and some of my colleagues whose children can only be educated in the English language, is that you are further diluting funding to this disenfranchised minority of students. The absurd suggestion that has been put into the public arena is that in so sending my children to the ESF, I am exercising a choice. This cannot further from the truth. My children cannot access government schools because they are selective and have Chinese language entry requirements.

Previous correspondence I have had with EMB has suggested that my children could be accommodated within the EMI sector. As I explained, my wife who has taught in an EMI school, believes that this is simply not realistic for native English speakers. English within the EMI sector is appropriately pitched for second language students. The Permanent Secretary has recently publicly expressed concern of language delivery in the classroom in so called EMI schools. This is clearly a sensitive issue but the irony between your claimed government education capacity and actual delivery, when viewed in the context of the past results in the Language Proficiency Assessment for Teachers, will not escape parents attention. I have in the past invited EMB to provide me with an alternative to the ESF that could cater for myself and colleagues in similar circumstances, to date no school has been suggested.

It is government policy to disassociate itself from its historical responsibilities to meet the subvention of the English Schools' Foundation under the parity of subsidy principle. The deafening silence exhibited by the Government in the current debacle between employees and the management of the organisation is disappointing. Having representation on the supreme governing body of the organisation I would have hoped that the Administration

would have taken the opportunity to publicly declare its long term funding intentions. If it wishes to abrogate its responsibilities to this sector of the community at least this should be publicly aired and stakeholders will no feel longer beholden to the government or LegCo as to how the Foundation chooses to conduct its business.

The LEA is linked to the ESF fee levels and what you are now proposing, for officers whose children can only be educated in the English language, is that their allowances will continue to be diluted year on year as fees will inevitably grow, that they can continue to expect uncertainty in the funding commitment for their children's education and that they can continue to expect to be discriminated against: they receive less funding than other children given the government's continued non-commitment to the principle of parity of subsidy. This is a wholly unsatisfactory future that I can look forward to in the provisioning of education for my children.

My observations are not confined to my own personal circumstances and I find the proposal to further reduce the LEA for officers who are in the unfortunate position of having children younger than my own unpalatable. This parsimony is without foundation. It is discriminatory and will sow the seeds of discord for the future.

If I may now turn to the OEA to what historically might have been a viable alternative to the ESF. This allowance has been diluted to such an extent that it simply is not an option for officers. Junior Police Officers are struggling to meet existing bills, with fees averaging 10% increases each year, the purchasing weakness of the Hong Kong dollar - I feel desperately sorry for their circumstances. The OEA is simply beyond my reach and effectively by grandfathering the allowance at ludicrously low levels you perpetuate the myth that this is a huge perk in the eyes of the public.

I remain, Sir,

CSBCOS

寄件者: < >
收件者: <csbcos@csb.gov.hk>
傳送日期: 2005年11月17日 上午 11:09
主旨: Comments on Review of Fringe Benefit Type of Civil Service Allowances

I have the following views on the Private Tenancy Allowance review:

(a) Similar to AAS, option shall be given to the PTA claimants to switch to the NCA Scheme (or other schemes) to achieve saving to the Government.

(b) PTA claimants starting a new tenancy towards the end of a financial year will receive their entitlement fixed in the preceding 1 April. If the rental market is on the upward trend, the allowance received if locked throughout the term of tenancy may not be able to reflect the prevailing rent. It is preferable to allow claimant to receive the new upward rates in the following year under such circumstances.

Regards,

香港特別行政區政府
公務員事務局局長

王局長：

本人欲就閣下今年九月二十二日發給各同事之信件中關於學生旅費津貼一事提出意見。

建議之學生旅費津貼除將上限調低至一九九八年七月一日之水平外，並收緊發放規則（以符合學生旅費福利在一九九八年七月一日前之原來目的），其中一個措施是未滿19歲之子女只可分兩期（即兩次來回旅程）享用津貼。

本人相信現時英國大多數之中學實行一學年有三個學期之制度，換言之，每一學年有三個「學期休息」，即聖誕新年假期、復活節假期及暑假，平均每個「學期休息」歷時大約五個星期。因此，家長利用學生旅費津貼，俾子女一年內可回港團聚三次。是故，一九九八年七月一日更改後之政策切合家長需要，是為德政。

現時政府急於節流，將學生旅費津貼上限調至更改前之水平，屬無可厚非。然而，既已設有定額津貼，為何不准許同事繼續分三期（即三次來回旅程）享用津貼？需知道，政府未必可藉限制兩次來回旅程而不用支付津貼之上限；若容許同事繼續以下調後之金額津貼三次來回旅程，雖不能減少庫務署處理學生旅費津貼之三份一工作量，卻可情理兼備，以德服人。

請閣下考慮上述意見。謝謝。

()

二零零五年十一月十九日

CSBCOS

寄件者: < >
收件者: <csbcos@csb.gov.hk>
傳送日期: 2005年11月21日 下午 04:56
主旨: Review of Civil Service Fringe Benefit Type of Allowances


Dear Sir,

As civil service fringe benefit type of allowances is being reviewed, I propose that overseas education allowance be extended to developed countries other than the United Kingdom. The arguments are:

- education allowances attract civil servants to increase fertility, which helps to prevent the dropping of birth rates
- overseas education at developed countries at tertiary level has its merits
- education costs in the United Kingdom are too high; lower-rank staff are not easy to benefit from it without shouldering heavier financial burden
- extension to other lower-cost countries benefits eligible civil servants in general. This serves the purpose of the scheme
- the government budget will not be increased because the allowance rates in other countries are not higher than the UK
- if the government thinks that the budget will still increase, it may reduce assistance given to pre-University studies. Living with parents during adolescence fosters strong family relationship. Important values are so better taught at home. The youth would become better persons. Long term harmony of the society will result.

Proposed countries include: Australia, New Zealand and the United States.

Yours faithfully,



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Recipients are advised to apply their own virus checks to this message.

CSBCOS

寄件者: <csbcos@csb.gov.hk>
收件者: <csbcos@csb.gov.hk>
傳送日期: 2005年11月24日 下午 11:00
主旨: Regarding the reduction of OEA

Dear Sir/Madam,

I am writing to express my opinion on the reduction of Overseas Education School Allowance. I am working in the police force and am planning to send my daughter to study abroad next year. I think it is very unreasonable to reduce the rates to the 1997 level for children of eligible officers who start to claim the allowance from next year. It is extremely unfair for the people who were planning to send their children to study overseas next year. It is too quick to make an important decision. It left us no time to prepare. My daughter is a F.5 student and she is planning to go to UK to continue her studies next year. However, with the reduction of subsidies, this would not be possible. Thus, she can not study in UK this academic year as we are not prepared and, it would be nonsensical for her to leave before HKCEE after spending 2 years preparing for the exams.

Civil servants already had their salaries cut about to 6 % two years ago and now if our benefits is also cut, our financial burden would be greatly increased. The schools in UK however will still raise the school fees every year. The exchange rate of HK dollar to UK pounds is so high that many of us are no longer able to afford such huge expenses.

Education allowances have already been ceased for new recruits since 1996. It is almost 10 years since then. It would not be long before the OEA come to an end. HK is now enjoying economic recovery, so I can not see it will create a big burden for the government. Therefore, I strongly oppose that we should have our benefits cut next year.

This would certainly have great impact on people who want to send their children to study overseas. Now, the society and the government always stress the importance of education. Instead, we should support the OEA. It is a golden chance for many students to study overseas. It is a very valuable experience and to broaden one's horizon. After graduation, they can use their knowledge to pay back to HK.

I hope that you can consider our situation and delay the dates for the reduction of subsidies of OEA. It is rather prompt to come to this decision. Thank you for your kind attention.

Yours faithfully,

24 SEP 2005

致 行政長官 曾蔭權 先生

特首你好！

我是第一次寫信給你，雖然我知道特首公務繁忙，但真的希望你本人可看此信而不是他人代勞。

關於近期政府調整『公務員子女海外教育津貼』一事，我認為政府應勇敢地大幅下調甚至中止這類不合時宜的殖民地福利。假設一名公務員申領兩名子女海外教育津貼，每名子女每年可申領的海外教育連機票等津貼接近二十萬港元，一年已使用公帑接近四十萬港元！其實，等到子女海外升學已是十多二十年後的事，作為父母，早應有所準備，津貼只是錦上添花。既得利益，當然不會說不。據報有關津貼的開支，已超過六億！我認識的非公務員的人，都感到不公平，愈來愈看不起公務員，給市民大眾的印象是『貪心的公務員』。

香港出生率偏低，加上人口逐漸老化，特首呼籲港人多生育，但沒有實際措施配合，反而讓『公務員子女海外教育津貼』這類不合時宜的福利開支繼續下去，怎令人信服？

最近，法國為鼓勵國民生育，建議給予生育第三個嬰兒的家庭一年津貼，又以新加坡為例，推出『嬰兒紅利』等獎勵生育措施等……假如，香港政府可把『公務員子女海外教育津貼』的開支轉為『港人生育津貼』，鼓勵港人生育，每一對夫婦從生第一胎起即可獲得現金津貼，我相信香港的生育率應可大幅上升。

以去年四萬八千名新生嬰兒計，假設給予每一名新生嬰兒一年津貼，每月二千元，（每月二千元的津貼，對於新婚夫婦來說是楊枝甘露）總計有關開支都只不過是十二億港元。雖是雙倍於公務員子女海外教育津貼，但是用以延續香港生命，長遠來說，有價值得多。至於解決公務員子女海外教育津貼，我建議政府把『公務員子女海外教育津貼』改為『公務員子女海外教育低息貸款』，閣下認為如何？

我的女兒是輕度智障，再生小孩已是極渺茫的事，寫信的出發點全因為我是愛港市民，只是希望說出給我們香港一點點有建設性的看法。

二零零五年九月二十三日

From:

To: <csbspo@esp.gov.hk>

Sent: Thursday, September 22, 2005 9:03 PM

Subject: 致公務員事務局所發放新聞稿是關於現職公務員所享有的福利被削減

> 向特區政府現職公務員的福利和津貼都有大受影響：

>

> 現職公務員都享用福利和津貼都被削減，就連子女海外升學、傢具和冷氣津貼通過被政府開刀，現職公務員的子女教育津貼被政府減2成，現職公務員所住的政府宿舍會不會影響日常生活所開支。

>

> 公務員事務局局長王永平解釋，現職公務員都享用福利和津貼都被削減，我很批評王局長所發表的報告是很不公平對待公務員的現有福利和津貼都令公務員的經濟和日常生活所經常性開支的負擔各項的稅收百上加斤。我建議政府現在香港經濟開始逐步復甦的現象，將政府削減福利和津貼高達5.4萬元。令公務員所享用的福利和津貼都沒有，將公務員的薪酬水平並加以提高，不想令公務員將退休的強積金或長俸一定有良好的退休的生活。

> 反映提出者

>

>

>

>

> 想即時收到新 email 通知？

> 下載 Yahoo! Messenger <http://messenger.yahoo.com.hk>

26/9/2005



To: csbts@csb.gov.hk

cc:

Subject: 公務員削減福利實在太離譜

Urgent Return Receipt

2005/10/17 04:11 PM

Please respond to

致公務員事務局所發放新聞稿是關於現職公務員所享有的福利被削減
向特區政府現職公務員的福利和津貼都有大受影響：


現職公務員都享用福利和津貼都被削減，就連子女海外升學、傢具和冷氣津貼通過被政府開刀，現職公務員的子女教育津貼被政府減2成，現職公務員所住的政府宿舍會不會影響日常生活所開支。

公務員事務局局長王永平解釋，現職公務員都享用福利和津貼都被削減，我很批評王局長所發表的報告是很不公平對待公務員的現有福利和津貼都令公務員的經濟和日常生活所經常性開支的負擔各項的稅收百上加斤。我建議政府現在香港經濟開始逐步復甦的現象，將政府削減福利和津貼高達5.4萬元。令公務員所享用的福利和津貼都沒有，將公務員的新酬水平並加以提高，不想令公務員將退休的強積金或長俸一定有良好的退休的生活。

反映提出者

想即時收到新 email 通知？

下載 Yahoo! Messenger <http://messenger.yahoo.com.hk>

From: 
To: csbspo@csb.gov.hk
Sent: Friday, September 23, 2005 9:30 AM
Subject: 津貼

公務員的津貼太多, 爲何不減?

26/9/2005

親：香港特區政府公務員事務局局長李永光先生
香港中環皇后大道中區政府秘書處10/F
日期：27/9/05
PCCS

H.K. I. D. Card No.

姓名：喻燦明 Jacky Lau

Address

住址：

5010

手機：

本頁主題：Jacky Lau 喻燦明 先生於 2005 年 9 月 27 日致書在
此致公務員事務局局長李永光先生，回顧 Jacky Lau
先生於之精看港特區政府對政府之個別部門提
出架構及運作上之精簡及改良使之見效及成效。

4) 由 Jacky Lau 策劃之對整體公務員架構精簡及對整體
公務員之新津俸裁減之建議，在推動到迄今 2005 年
9 月初之成果為在整體公務員之總人數已由最高峰
時之 190000 萬數總人數下削至迄今之 160000 萬人。
Jacky Lau 在此削減人數策略上之最佳指標為 9%。
在此策略上，整個最佳之公務員淨存之總人數應
120000 萬至 130000 萬人 (這包括是波總人數)。

迄今馬灣總人口為 244 萬萬人，而總公務員人數為
160000 萬人，而另一比對之國家地方如英國，香港迄今之
公務員總人數係約為英國 2 倍。在此對照上，香港
迄今 2005 年 9 月初時之總公務員人數仍屬十分極高。

在削減公務員之入數後，為對其新津上之削減
後，在迄今 2005 年 9 月初，事實上在對削減之 30000 萬公務
員入數後，在長遠上，對香港特區政府產房上之既濟及
其在結構上每年都有 100 億至 150 億圓之虧損及
纏綿。

而在 2005 年之香港特區政府對公務員削減薪
酬上之勝訴更已精看香港特區政府產房賺佐 91 億
圓之數。

在對 2005 年 9 月初之對香港特區政府之整體公
務員架構及新津上更深化精簡行動，Jacky Lau
更部望能協助香港特區政府盡未進行，原因係
將省省務權火，並之有極任期 2 年，在整體政府
架構及新津俸之筆覽完成任務係十分重要！

喻燦明 Jacky Lau
27/9/05

總：香港特区政府行政局局長王承平先生 駐港辦事處
香港中環皇后大道中119號11樓 王局長秘書處 10/11

H.K.-I.D. Card NO.

姓名：蕭煥明 Jacky Lau

蕭煥明 Jacky Lau / 住址：

27-9-2005

手機：

本頁主題 = Jacky Lau 蕭煥明 在迄今 2005年9月27日 寄書在
此寫真公務員事務局的局長王承平先生，回顧 Jacky Lau
在過去之精看港特区政府對社會之個別部門之
提出架構及運作上之精簡及改善後之不見其化為成效

27. Jacky Lau 對策勸 醫管局改醫生二級制 及推動
醫管局藥房部改列入本地及國內生產之藥物及醫
療用品。再者 Jacky Lau 亦成功推動醫管局藥房部
自設一般藥物這包括一般外科藥物之中央藥物
生產中心，以便能以極低廉成本以自強自給。

基本上，Jacky Lau 在醫管局之多項推動這包括
將醫管局之藥房架構作更深化之精簡在管理上如
配合得好做到好好啱話，在醫管局最近銷員
担上應可編減 50% 為基本 編員數，而在長遠
編員策略上應以精簡 醫生職系以外之員工為
開力目標這特別係護士職系及文職員工。

37. Jacky Lau 策勸之「輸入國內專才政策，到迄今為止
看港特区政府之一般工商界在聘用專才上之成本已作
大幅度降低，唯迄今看港特区政府之聘用
專才上成本仍未有大幅度整頓修正迄今如机电
工程師、地產之工程師業入仕、看港特区政府之
各部門資訊科專才在此等工程之看港特区政府
所新制以月薪 \$6000 為基薪再加約 \$2000 圓房
屋津貼，在總括政府開銷上，每個政府聘用
之專才開銷上，便要 U.S. \$10000 圓。

Jacky Lau 在對看港特区政府在對聘用各
部門之專才長遠標準頂新策略上應以 \$3000 月
薪為頂新數。

Jacky Lau 在對整體公務員在 1997 年檢所
有這前之超前新頂點作長遠點作下削，在總
括上，在對專才以月薪 \$3000 為頂點之預算係極
後啱也。

總署 香港特別行政區 房屋委員會 局長 王永平 先生 收 此函件係由
香港中環皇后大道中 11 號 中區政府 署 西樓 10 樓 4 樓 414 室
Tappin

H.K.-1-D-Paid No.

姓名 = 詹煥明 Jacky Lau
住址 =
手提 =

來函主題 = Jacky Lau 詹煥明 在 2005 年 9 月 27 日 奉 寄
在 此 署 長 公 務 局 署 長 王 永 平 先 生 回 覆 = Jacky
Lau 在 過 去 之 督 督 港 特 區 政 府 對 於 政 府 之 個 別
部 門 採 取 的 策 劃 及 運 作 上 之 精 確 及 改 善 後 之 工 見 效
化 及 成 效。

47. Jacky Lau 策 劃 之 對「中區重建局」倡 議 修 改 以 前
在 規 劃 局 之 不 正 常 收 購 權 作 收 購 為 區 樓 宇 重 建
以 前 2005 年 9 月 初 之 Jacky Lau 現 際 上 條 款 未 有
「越 位」，在 收 購 權 上 如 處 理 得 好，更 可 做 到「先
收 購 權 上 做 到 更 緊，在 總 體 上，「中區重建局」在
未 來 在 對「所有 區 重 建 收 購 上 應 盡 量 採 取 在
樓 價 及 地 價 夾 向 大 幅 度 回 跌 時 才 進 行 作 為
區 為 樓 收 購 行 動」！ Jacky Lau 所 有 督 督 港 特
區 所 經 之 策 略 而 特 別 傑 出 及 具 材 務 負 担 策 略
上 都 督 督 港 特 區 政 府 層 面 在 前 更 上 作 大 幅 度 節
減！

457. Jacky Lau 策 劃 之 對「社會福利署」作 推 行 積 極
性 社 區 服 務 綜 合 案，及 大 幅 度 縮 減 在 對
是 類 社 會 服 務 半 津 貼 之 開 銷，在 此 函 件 2005 年 9
月 份 之 檢 討 上 已 獲 得 最 基 本 既 節 縮 成 果，如
在 2005 年 後 之 對 整 體 社 會 福 利 署 之 更 深 化 階
正 行 動 將 可 在 現 存 之 社 工 人 數 上 作 更 深 層 次
既 節 減 這 包 括 在 社 會 福 利 署 社 工 之 社 工
在 內。

詹煥明 Jacky Lau
27. 9. 2005

敬啟者：香港特別行政區公務員事務局局長王永平先生此函
香港中環荷李活道11號香港特別行政區政府秘書處

H.K. I.D. Card No.

姓名：詹燦明 Judy Lau

住址：

手機：

本報主編 = 此函於2005年9月份之「香港特別行政區公務員事務局之特種房屋津貼及子女英國留學津貼之總檢討」作採錄。

回顧過往之七年數十年，Judy Lau 仗效「藍加坡」總理李光耀，精「香港特別行政區」之「羅文時」刻，精「香港」整體政府及社會作精鑲師，在整個「精鑲師」既生涯歷程上文輝。Judy Lau 表現得幾好。

事實上，「精·準·鍊」係從各個政府部門之對 Judy Lau 讚識之公務員口中聽到！

對2005年9月份由貴「公務員事務局局長王永平先生」所印之「特種房屋津貼政策及子女英國留學津貼政策」之總檢討以目前謹以輕預削減公務員子女英國留學津貼為語，Judy Lau 對此作同貴公務員事務局局長王永平先生作高深度之採錄，在此方案在未來作80%拍板情況下，想對此方案再作更慎重之思考，原因係殖民時代所遺留之「公務員房屋津貼及子女英國留學津貼」在當年時代係英國佬有心益自己英國佬之公務員福利。

事實上，此等等「時」之公務員福利，到迄今之香港特別行政區接手後都盡快為一「清條」，以好使整個香港社會平民無再獲得不平等福利，既得益分化。整體上，對全個特種房屋津貼及子女英國留學津貼作全個80%即時廢條，Judy Lau 對此係極度關注，故且曾與 Patrick Leung 同審計署署長 Patrick Leung 係力倡盡快廢條此種不平等之公務員津貼之熱心人仕！

在虛面性的時廢條後，香港特別行政區每年開銷上已可節省數億圓，而該筆計更係天文數字！

詹燦明 Judy Lau
27-9-2005

姓=香港特区政府
公務員事務局服務條件事務局黃淑芳小姐
香港中環荷李活道11號中区政府合署新座11樓1139室

姓名= 譚焯明 Jacky Lau

H.K.I.D. Card No.

住址=

Mobile=

(本人譚焯明 Jacky Lau 個人簡介)

本附件前徵求員
Page ②

本人始自1996年底移拍前立法局議員葉國謙，由本人提出多項政府及香港經濟之獻策，而始自1996年到迄今本人仍仍為香港特区政府之幕後智囊，而本人到迄今之精力香港特区政府之事項已被捲納且在政府部門及整體香港及中國變遷政府在進行中之獻策如下：

1) 由 Jacky Lau 策動「香港特区政府策動全面性公務員架構及薪津條上之改革整頓。在整體公務員架構及薪津條上之削減幅度是以1992年之最高水平向千縮減30%為最終修正目標」。(諮詢人=公務員事務局長王永生先生)

2) 由 Jacky Lau 策動對「醫管局架構之精簡及對醫管局轄下均為採購部引入向本地及國內採購醫療物業之物資及醫療用品。期間 Jacky Lau 亦嘗試推動醫管局自設中央藥物室查錄以便自核自結。Jacky Lau 亦推動醫管局改醫生職級由二級制及將醫護人員職級簡化即將高級職銜刪除」。(諮詢人=前醫管局主席梁智鴻醫生)

3) 由 Jacky Lau 策動令「港島區小販管理隊改變傳統之地王工作文化」。(諮詢人=港島區小販管理隊主任管耀森、廖志祥及廖漢明)

4) 由 Jacky Lau 策動「香港警隊新逐漸將輔警淘汰。Jacky Lau 嘗試推動將警隊全面精簡架構而將刑在職警員之中高層階層。Jacky Lau 推動警隊改換警服制服及佩帶襟頭飾物。Jacky Lau 亦推動警隊作全面性清除害群之馬」。(諮詢人=警務處長李明達)

譚焯明

20-12-2005

香港特別行政區
公務員事務局服務條件事務部黃淑芬小姐
香港中環皇后大道中11號中區政府石禧西座11樓1139室

姓名: 劉焯明 Jacky Lau

H.K. I.D. Card No.

住址:

Mobile:

《本人劉焯明 Jacky Lau 個人簡介》 本附件有徵求信 P. 2 (3)

157 由 Jacky Lau 策劃對「香港社會福利署作全面積極性在抱假離婚及假失業之訛騙綜援案件」。
(諮詢人 = 前社會福利署總社會保障主任李覺銘)

167 由 Jacky Lau 在 1994 年推動前地政規劃處前副處長雅尼淑芬施行壓抑不旺樓價措施。
(諮詢人 = 現教育統籌局雅尼淑芬女佐)

177 由 Jacky Lau 推動「前公務員事務局副局長麥皓明」推行輸入國內專才計劃。
(諮詢人 = 現 ICAC 麥皓明)

187 由 Jacky Lau 推動「前土地發展有限公司及現中區重建局」改以前用極不旺之超高收購樓收購舊樓重建。
(諮詢人 = 現中區重建局主席劉華霖)

197 由 Jacky Lau 替「前財政司梁釗松先生」推更積極緊迫性改革公務員架構及新津貼上之縮減政策。Jacky Lau 更替前財政司梁釗松先生度西之 CEPA 中港更緊密經濟合作安排策略。
(諮詢人 = 前特首董建華先生, 現特首曾蔭權先生, 前財政司梁釗松先生及現財政司唐英年先生)

207 由 Jacky Lau 向「現審計署副署長 Patrick Leung」推動全面性刪除前政府遺留之各項公務員津貼, 而特別係公務員房屋津貼及公務員子女出國留學津貼。
(諮詢人 = 現審計署副署長 Patrick Leung)

劉焯明
30-12-2005

致：香港特區政府
公務員事務局服務條件事務部 黃淑芬小姐 Page 4
香港中環皇后大道中政府合署西座11樓1139室

本人於2004年於政府之新檔案
編號：(1) IN PROJ CR/2496/2004/5FI 姓名：劉煥明 Judy Lau

H.K. L.D. Lau 住址：
於2005年之檔號
(10) IN PROJ CR/2496/5FI Mobile: 劉煥明
20-12-2005

本頁主題：對 Judy Lau 劉煥明 寄向香港特區政府
公務員事務局查詢對香港特區政府之全日性公務
員附帶之福利性津貼檢討之意見書之有關現存香
港特區政府之公務員事務局服務條件事務部之負
責人黃淑芬向本人劉煥明提出對有關意見書之獻
策人之身份及記名發表意見及是否作出保密等之詢
黃公務員事務局之公務員事務局服務條件事務部
黃淑芬小姐提出以答覆：

1) 本人劉煥明 Judy Lau 之寄向黃公務員事務局提出
對公務員附帶之福利津貼提出全日性修正及刪
除所有公務員不合時宜之房屋津貼及子女出國留
學津貼之意見書。此意見書在黃公務員事務局在
處理上包括轉交政府各部門人仕、立法局議員、各
本地及世界各地傳媒及本港及海外團體都覽在內
可以將本人之姓名及身份之背景公開。此意見乃本人意
願。

2) 敬函件附帶對本人之「述明垂求」一項，本人在此不
甚完全理解。如此重點上是提及「過往7年至8年
之有關 Judy Lau 劉煥明 之已被香港特區政府
知悉之有關公務員事項之獻策上已被高度
採納並獲意向 Judy Lau 劉煥明 之成功獻
策被採納之賞賜酬金，對此本人十分寄望
黃香港特區政府為特別是公務員事務局能對
敬啟者成功賞賜酬金一事給予清楚之
之處理。事實上，Judy Lau 過往因移居台灣
故租而移居在香港塔橋期間，大部份時間
是靠本人積蓄而生活，唯今年54歲囉
Judy Lau 已步入中老年時，能夠獲香港特
區政府在成功獻策上給與賞賜酬金，那本
人在人生路上，政府授事應該可以十分謝明！