

LEGISLATIVE COUNCIL BRIEF

PROPOSED ENTRY SYSTEM AND FRINGE BENEFITS PACKAGE FOR CIVIL SERVICE RECRUITS

INTRODUCTION

At the meeting of the Executive Council on 21 March 2000, the Council ADVISED and the Chief Executive ORDERED that the following proposals should be accepted -

- (a) the proposed new entry system for appointment of recruits to individual civil service grades as set out in Paragraphs 1-9 of **Annex A**;
- (b) the proposed strengthening of the probationary/agreement mechanism with the establishment of assessment panels mechanism as set out in Paragraphs 10-12 of **Annex A**;
- (c) the proposed competitive appointment system allowing flexibility for departments/grades to widen the in-service field of candidates to fill promotional vacancies or, if justified, to recruit from outside as set out in Paragraphs 13-19 of **Annex A**;
- (d) the cessation of Local Education Allowance for recruits as set out in Paragraph 1 of **Annex B**;
- (e) revised leave and leave passage benefits for recruits as set out in Paragraphs 2 to 3 of **Annex B**;
- (f) introduction of a new housing benefit package for recruits as set out in Paragraphs 4 to 13 of **Annex B**; and

- (g) recruits to continue to use the existing medical and dental benefits provided for civil servants while further consideration is given to the introduction of a new approach to these benefits as set out in Paragraphs 14 – 21 of **Annex B**.

This note briefs Members on the proposals above.

BACKGROUND AND ARGUMENT

2. The Administration released a Civil Service Reform Consultation Document in March 1999. We proposed to introduce new entry terms for the Civil Service to replace the current permanent and pensionable appointment terms at the basic ranks, to put in place a more competitive appointment system to fill posts at supervisory ranks, and to study the feasibility to set up a Civil Service Provident Fund (CSPF) scheme for the future permanent terms. The main objective is to institute a more flexible system while maintaining a structured career framework that provides stability and continuity.

3. On fringe benefits, we said we would continue to move towards the direction of a “total remuneration” approach and that we would formulate a new system of providing fringe benefits for recruits in line with private sector practice. Having considered views we collected during the first stage of consultation, we proceeded to develop detailed proposals and then undertook a more in-depth second stage consultation.

4. The second stage consultation commenced in August 1999. A Working Group on Entry System (Working Group) comprising representatives from Civil Service Bureau, representatives of the Central Staff Consultative Councils and four service-wide staff associations was established in October 1999 to facilitate the exchange of views. Three sub-working groups were set up under the Working Group to study leave and leave passage, housing and medical and dental benefits respectively. A fourth sub-working group has also been formed to discuss the proposals for the new retirement benefits system based on a CSPF scheme and the consultancy study underway on the subject.

5. Having regard to the feedback from the Staff Sides and departmental/grade management, we now propose a new entry system as detailed in **Annex A**. The proposal comprises an entry system with

progressive terms of appointment leading to a long term career in the civil service, the concept of an assessment panel mechanism for more vigilant scrutiny of a recruit's performance, the flexibility for departmental management to widen the field of candidates for appointment to supervisory ranks, and a new retirement benefits system based on the proposed CSPF scheme.

6. On fringe benefits, we have consulted the Staff Sides on the cessation of the Local Education Allowance (LEA) for recruits, revised leave and leave passage entitlement, replacing the existing provision of housing benefits with a Non-accountable Cash Allowance (NCA), and providing medical and dental benefits through an insurance based scheme. Having considered the views collected from the consultation, the current proposed fringe benefits package for recruits are detailed in **Annex B**.

Arrangements for Serving Staff

7. The new entry system and fringe benefits package are intended for new recruits only. Serving officers who remain in their present rank or on promotion will not be affected. We also propose that serving officers on appointment on transfer to another grade will continue to be subject to the existing arrangements for in-service transfer.

8. For the new fringe benefits, we will work out whether and how serving officers should be given an option to take up the new package.

9. Serving officers will not be forced to switch to the CSPF scheme. Pensionable staff will continue to be subject to the existing in-service transfer arrangements and be able to retain their pensionable status. The feasibility of allowing serving officers an option to transfer to the CSPF scheme will be studied as part of the consultancy.

LEGAL IMPLICATIONS

10. Articles 100, 102 and 103 of the Basic Law provide, inter alia, that public servants may retain their pay, allowances, benefits and conditions of service and pensioners shall retain their pension benefits no less favourable than before, and that the previous system of recruitment, employment, assessment, discipline, training and management for the

public service shall be maintained. The Department of Justice has advised that these Articles are primarily intended to ensure that public servants do not suffer because of the transition, and are not intended to set the civil service system in stone for fifty years or to prevent the introduction of reform measures or changes for the good governance of Hong Kong. We believe the proposed reforms are such measures. As the new entry system and new remuneration package will apply only to recruits and serving staff will not be affected, there should be no question of serving staff receiving less favourable conditions of service.

FINANCIAL AND STAFFING IMPLICATIONS

11. The new entry system, particularly the appointment of new recruits on **probationary and agreement terms**, will not give rise to additional financial implications when compared to the current system of appointment on permanent and pensionable terms. Recruits on probationary and agreement terms will be subject to the statutory Mandatory Provident Fund (MPF) system in that the Government as an employer has to contribute to a MPF scheme for these officers at 5% income or \$1,000, whichever is the less, per month. We will also continue to offer staff appointed on agreement terms a level of gratuity which reflects the market conditions, which will not exceed 25% as at present.

12. New recruits will be offered the then prevailing terms when they progress to reach permanent terms. A consultancy study is under way on the feasibility and design of a CSPF scheme for permanent terms. Unlike pensions which are not separately funded and are paid as and when needed directly out of the general revenue each year, a CSPF scheme will require ongoing funding for the employer's contributions over the period of employment. The actual financial implications will depend on the eventual design of the scheme. It should however be noted that pension expenditure after implementation of the CSPF scheme will decline only in the long term. Meanwhile, pension expenditure, currently accounting for some \$7.3 billion in 1999-2000 will continue to grow as the number of civil service retirees continue to increase.

13. On **cessation of LEA**, savings will not be realised in the near future as eligible serving officers will still be claiming the allowance. In the long run, the present financial resources spent on paying the allowance (at about \$216 million in 1999/2000) will turn into savings. On **leave**, using similar assumption on the pattern of recruitment, we estimate a total

notional saving of \$8.9 million per annum (comprising \$0.1 million for directorate appointees, \$4.3 million for appointees to ranks on MPS 14-49 and \$4.5 million for appointees to ranks on or below MPS 13 or equivalent). On **leave passage**, assuming a 0.1% direct appointment of eligible officers out of the total strength of 1 371, we expect a saving of \$0.04 million per annum.

14. On **housing**, the new housing benefits package for recruits have been devised in line with the guiding principle that there would be no additional cost to the Government. As the Down Payment Loan (DPL) under existing housing benefits schemes are provided on a “no-loss-no-gain” principle, the cessation of the provision of the DPL will not generate savings to the Government.

15. With the simplification of the administration of fringe benefits, there will be staff savings in personnel management in the long term.

ECONOMIC IMPLICATIONS

16. Government, just like any other employer, has to compete for the manpower and expertise it needs, through offering suitable conditions of service. The new entry and appointment system for the civil service will be more in line with private sector practice. The establishment of a new civil service retirement benefits system in the form of a provident fund will provide for defined financial outlay on retirement benefits, and will support the development of the local financial market. As for fringe benefits provisions, consequential to the economic downturn, employment terms in the private sector have been generally adjusted. As the proposed changes in fringe benefit provision are intended for new recruits, the impact of the proposed measures on the overall labour market is not likely to be significant.

SUBJECT OFFICER

17. Enquiries concerning this brief should be addressed to Mrs Alice Cheung, Principal Assistant Secretary for the Civil Service (3) (Tel: 2810 3100) or Mr Thomas Chan, Principal Assistance Secretary for the Civil Service (Appointments) (Tel: 2810 3063).

Civil Service Bureau
April 2000

Proposed New Entry System

Appointment of New Recruits

We propose that in general, new recruits to the basic ranks in the civil service grades should be appointed on probationary terms for three years, to be followed by appointment on agreement terms (normally three years) before they may proceed to the prevailing permanent terms. In recognition of varying operational needs of different grades, we further propose that variation to this general entry system may be allowed on a grade basis subject to prior agreement with Civil Service Bureau (CSB) upon advice of the Public Service Commission (PSC).

2. Recruits on the new probationary terms and agreement terms under the new civil service entry system will not attract benefits under the existing pension schemes. Instead, they will be subject to the Mandatory Provident Fund system and be eligible for provident fund benefits under the system. Those on agreement terms will be eligible for an end-of-contract gratuity in addition.

3. The general feedback of the Staff Sides is that they are opposed to the proposed basic entry system on the ground that a period of six years before affording security of employment to recruits is excessively long and it would not be conducive to attracting and retaining quality staff and would undermine the stability of the Civil Service. They also argue that such a long observation period is uncommon in the private sector.

4. On the other hand, the majority of departmental/grade management support or see no objection to the implementation of the proposed new entry system, though some grades see the need to make variations to the basic entry system (para 9 below).

Rationale for the basic entry system

5. In proposing a basic entry system of probation plus fixed-term agreement before gaining permanent terms, we aim to achieve an appropriate balance between stability and flexibility, and allow reasonable aspirations for appointment on permanent terms.

6. We recognize the unique and distinct nature of permanent terms in the Civil Service in that it carries a commitment to provide a long-term structured career and an unsurpassed level of job security. We also acknowledge that the need to maintain a stable Civil Service necessitates the offer of permanent terms. But it is only reasonable that such permanent terms and the associated job security should be attained with proven performance record and demonstration of suitability in all aspects including motivation, diligence, commitment, integrity and potential. While a three year probationary period will be able to assess the suitability at the basic ranks, a further period of fixed-term appointment serves to confirm the longer term potential and attributes suiting for the permanent Civil Service.

7. We believe that the key to maintaining the attractiveness of the civil service and retaining quality staff rests with the overall design of the civil service system, a competitive remuneration package, a structured career framework and the job satisfactions of the public service. With civil service pay pitched at the upper quartile level and the fringe benefits package devised with reference to practices and arrangements in the private sector, the civil service remuneration package should remain competitive. In particular, it is the objective that the civil service pay and fringe benefits package should be kept at a level that offer sufficient remuneration to attract, retain and motivate staff of suitable calibre to provide quality service.

8. We therefore consider that the proposed entry system will be able to provide a progressive career pathway with increasing security of tenure having regard to proven track records. We also consider it proportionate that officers would only be able to secure a long-term career of over 30 years after six years' solid performance.

Variations to the basic entry system

9. As reflected in the feedback of departmental/grade management, there is a need to allow for variations to the basic entry system. We have thus proposed that variations from the basic entry system can be allowed for individual grades with justifications on management or operational grounds. According to feedback from the consultation, the following variations to the proposed basic entry system have been suggested –

(a) **senior management or specialised grades** requiring stringent

standards before progression to the next higher ranks, for example the **Administrative Service and the Executive Officer Grade** have indicated that they would prefer to offer permanent terms to officers upon their promotion to the next higher rank to the basic entry rank. Prior to this stage, recruits would only be appointed on fixed-term appointments after the three year probationary period. This will ensure a vigilant and objective test on the officers' potential;

- (b) the **disciplined services** which need to staff their services with permanent staff for security and stability and given their requirements for strong devotion and commitment from staff for risky duties, have indicated a need for appointing recruits direct on prevailing permanent terms upon completion of probationary period; and
- (c) **professional grades**, for example engineer grades in the works group of departments, the legal professional grades and the education grades, have regularly used agreement terms to facilitate flow of talents between the civil service and the private sector and to meet changing service needs. These grades have expressed an interest in offering agreement terms to qualified professionals and continuing with the use of agreement terms beyond the first agreement.

Probationary/Assessment Mechanism

10. The proposal that departments should strengthen the monitoring of probationers and agreement officers is generally welcome by both the staff sides and departmental/grade management. Many are also attracted to the idea of an assessment panel mechanism to assess at regular intervals probationers' suitability for continuing in service or further employment, though some departments have expressed concerns over practicability and resource implications of the proposal.

11. As a matter of principle, departments and grades should be responsible for ensuring vigilance in monitoring and managing recruits, observing their performance, abilities and potential, and enforcing suitability standards. Stringent standards should be applied in respect of officers on probation and agreement terms to ensure that only those who are considered suitable in all respect are offered permanent terms and

those who are unsuitable should not be offered further employment.

12. However, noting the different management and operational circumstances of individual grades and departments, we consider that it would not be necessary or possible to institute the same assessment panel mechanism across-the-board. We are thus inclined to encourage individual department/grade management to devise their own measures for strengthening the monitoring of probationers, and design and operate the assessment panel mechanism having regard to appropriate guidelines from CSB. In particular, it would be for departments to consider combining the mechanism with other panels for performance management and moderation of performance appraisals to minimise administrative workload.

Competitive Appointment System

13. The proposal of a competitive appointment system which allows greater flexibility to widen the field of candidates for filling promotion rank posts is generally welcome by department/grade management, though many have cautioned that staff morale may be a major consideration in considering opening up of promotion ranks to other in-service candidates. Some, in particular the disciplined services, consider that opening-up may not be practicable given their unique requirement for experience and expertise.

14. The Staff Sides in general do not object to the proposal but reiterate that the claims of serving staff in a grade should be given full regard in filling promotion rank posts. Some even suggested that serving officers must be given priority for appointment when it is decided to widen the field of candidates to other in-service candidates or outsiders.

15. We consider that in general, greater flexibility should be allowed for department and grade management to expand the field of candidates to other grades within the Civil Service or to outside candidates, in order to widen the pool of candidates for selection to fill vacancies in higher ranks, or to bring in skills, expertise and experience otherwise not available within the department and grade. This should serve as an additional option to fill posts with the best person for the job when there is a need, but not as a compulsory directive or requirement.

16. On the other hand, we are mindful of the need to allow for aspiration of reasonable advancement of serving staff and the unique

nature of many of civil service jobs which do not have ready private sector counterparts.

17. We therefore propose that greater flexibility should be given to Heads of Department/Grade (HoDs/HoGs) to **widen the field of candidates within the Civil Service** for filling promotion rank posts. In particular, HoDs/HoGs should be allowed to decide on the field of candidates without the need to seek prior agreement of CSB/PSC, though they should keep CSB/PSC informed. However, HoDs/HoGs would have to be responsible for ensuring that, in setting the appointment requirements and conducting the selection process, the claims of serving officers are fully addressed.

18. On the other hand, we see a need to continue to maintain a more stringent scrutiny over **direct recruitment to supervisory ranks from outside the Civil Service**. In this regard, such cases should continue to be subject to the approval of CSB and advice of PSC. CSB will also promulgate guidelines to facilitate the consideration by department and grade management to ensure that direct recruitment from outside the Civil Service is conducted having full regard to the claims of serving officers and/or where there are justifications to bring in outside expertise and experience.

19. As a matter of good management practice, HoDs/HoGs should communicate with staff when taking forward any proposals to widen the field of candidates, and to set out the requirements and criteria for selection.

Permanent Terms and Civil Service Provident Fund Scheme

20. The consultancy study for the proposed Civil Service Provident Fund (CSPF) scheme as the retirement benefits system for permanent terms under the new civil service entry system is underway. First stage of the study on the feasibility and design of the provident fund scheme will be completed by July this year and consultation will be conducted before proceeding with the next stage of the study on implementation. Subject to outcome of the first stage of the consultancy study and consultation on the proposed CSPF scheme, recruits under the new entry system would be appointed on the prevailing permanent terms, as and when they are ready to be offered such.

Proposed Fringe Benefits Package

Cessation of Education Allowances

At present, all civil servants are eligible to claim Local Education Allowance (LEA) to pay part of the fees for the full-time primary and secondary education of their children under the age of 19 in Hong Kong. Given that the cost of local education has been significantly reduced since LEA was introduced in 1972, in particular the nine year free education and the heavily subsidized education from Form 4 and above, assisting civil servants to pay school fees for their children is no longer considered necessary. Hence, we propose to cease offering LEA to recruits. During our consultation with the Staff Sides through the Working Group, the Staff Sides agreed to our proposal.

Leave and Leave Passage

2. At present, leave earning rates are related to an officer's rank and length of service. We do not suggest changes to this principle but propose to align leave earning rates closer to private sector provisions. Maximum accumulation will be limited to 2 years' entitlement. Leave balance will be encashed when an officer leaves the service except on grounds of disciplinary action. On leave passage, officers at directorate level and their family members now enjoy an annual or biennial leave passage allowance, on an accountable basis, at a rate on a sliding scale commensurate with the officer's rank. We propose to provide an allowance to officers at directorate ranks but only for the officer himself, not for families. To allow more flexibility to officers, the allowance will be made non-accountable but taxable and be payable at the end of each 12 month cycle.

3. The Staff Sides consider our proposals acceptable. A summary of the current and proposed leave and leave passage benefits for recruits is at **Appendix A**.

Housing

4. The new housing benefits for recruits have been developed on

the basis of the following principles –

- (a) it should be cost neutral when compared with current housing benefits;
- (b) it should be broadly in line with practices and arrangements in the private sector; and
- (c) it should be simple to administer and provide flexibility for staff.

5. We propose to provide a non-accountable cash allowance (NCA) to replace the Home Financing Scheme (HFS) and the Rent Allowance Scheme (RAS) for recruits who start to draw the allowance on or above MPS 34 or equivalent as a condition of service; and to provide a NCA to replace the Home Purchase Scheme (HPS) for recruits who start to draw the allowance between MPS 22 to 33 subject to a quota system as at present. The NCA will be payable for 120 months. In line with the spirit of non-accountability of the proposed cash allowance and the principle of simple administration, we propose to cease the provision of downpayment loans (DPL) under the new housing scheme.

6. At present, officers below MPS 22 are eligible to apply for public housing through a Civil Service Public Housing Quota (CSPHQ) and after 20 years of service, a quota place under the HPS. The CSPHQ is an attractive housing benefit as it provides various housing options (i.e. public rental flats, Home Ownership Scheme flats, Home Purchase Loan Scheme and Buy-or-rent Option) for junior staff. In the light of the views expressed by the Staff Sides during the consultation process, we now propose to allow junior staff the option of either CSPHQ or the NCA. The NCA being available to staff who have at least 20 years of service is similar to the present arrangement under the HPS. Some representatives of the Staff Sides have asked for both CSPHQ and NCA for junior staff. We consider it fair that all recruits should be provided with one form of housing benefits only under the new package..

7. In this connection, it is pertinent to point out that according to the Fringe Benefit Survey 1999 conducted by the *Standing Commission on Civil Service Salaries and Conditions of Service*, about 80% (61 out of 78 companies covered in the survey) of the companies do not provide any housing benefit for junior staff. Nevertheless, we feel it is appropriate for us to continue to provide housing benefits to junior staff. To maintain cost-neutrality, the NCA for recruits between MPS 22 to 33 and that for recruits below MPS 22 or equivalent will be subject to the same quota system now in operation for the HPS.

8. In common with the HFS and HPS, there will be two scales of rates: one for recruits who start to draw NCA on or above MPS 34 or equivalent and one for recruits who start to draw NCA below MPS 34 or equivalent. The rates will be similar to those for the HFS and HPS respectively (see **Appendix B**). NCA recipients will be locked into a fixed scale of allowance. The officer will only enjoy a higher rate when he moves up the pay scale. The rates of NCA will be adjusted annually. In line with the principle of maintaining cost-neutrality, the rates will be slightly adjusted to cover the additional costs arising from lifting the double housing benefits rule (DBR). At present, unless as specified in the individual housing benefits schemes, an officer is not allowed –

- (a) to receive any civil service housing benefits if he or his spouse is in receipt of any public housing benefits;
- (b) to receive any civil service housing benefits if his spouse is receiving any housing benefits from her employer; and
- (c) to receive any civil service housing benefits if his spouse has received her full entitlement of housing benefits in the employment with the government or any public-funded organisations.

9. Under the new package, we intend to remove these restrictions for NCA recipients. With the introduction of ‘non-accountable’ allowances, it is considered fair and logical to de-link the provision of the new housing benefits with marital status. However, there will be additional costs to the Government if we remove the DBR for NCA recipients because civil servants will be able to receive NCA even if their spouses have received or are receiving housing benefits from their employers. We need to adjust the rates of NCA to cover the additional costs. To this end, we estimate that the rates of NCA for officers who start to draw the allowance on or above MPS 34 or equivalent will have to be discounted by about 5% from the equivalent HFA rates.

10. For recruits who start to draw NCA below MPS 34 or equivalent, the Administration would in principle be able to maintain cost-neutrality as the NCA for these recruits will be subject to the same quota system now in operation for the HPS. However, for the sake of consistency and equity in relation to recruits on or above MPS 34 or equivalent, we also propose to reduce the rates by 5% for recruits who start to draw the NCA below MPS 34 or equivalent. As savings will be derived from this reduction, we will consider increasing the annual quota for officers below MPS 34 or

equivalent.

11. As we are moving away from the provision of housing benefits in kind, and we intend to provide more flexibility and choice to staff, we propose to cease provision of departmental quarters (other than operational post-tied quarters) for future recruits to the non-disciplined services, and provide them with the non-accountable cash allowance or CSPHQ as appropriate. For the disciplined services, a separate review is being conducted by Security Bureau.

12. While the Staff Sides have agreed to most of our proposals, they have reacted strongly to the proposed cessation of DPL. The Staff Sides consider that DPL is a very important form of assistance for those buying property, in particular junior staff. They have requested the Administration to consider ways to provide a loan to facilitate home ownership.

13. We are of the view that provision of DPL is inconsistent with the spirit of encashing housing benefit and providing the allowance on a non-accountable basis. It would also defeat the purpose of simplifying the administration of civil service housing benefits. At present, only about 50% current HFS/HPS participants apply for the DPL. Besides, civil servants on agreement/probationary terms are not eligible for DPL, and most publicly funded organisations/private firms do not provide any downpayment loans for their staff. On balance, we see no reason to reverse our decision not to provide DPL under the new housing scheme.

Medical

14. At present, civil servants, retirees with pensions and their dependants (spouse, children aged under 19 or under 21 who are in full time education or otherwise dependent on the officer) are eligible for free medical advice and treatment, investigative procedures and medicines in Hong Kong free of charge when these benefits are provided by the Government (Department of Health) or the Hospital Authority. A reduced charge is made for hospital maintenance. Dental treatment (extractions and fillings) is also provided free of charge in Government dental clinics and charges are made for dentures and dental appliances.

15. While medical cover is comprehensive and is available to all officers and their dependants irrespective of rank, because of limited supply), officers are often unable to enjoy their full entitlement. Hence,

we consulted the Staff Sides on the appropriateness of using an insurance based scheme which has the advantage of providing a defined level of benefits.

16. The concept of introducing an insurance based scheme for medical and dental benefits is totally new for the civil service. We have commissioned a consultant to work out detailed proposals and to recommend a new scheme. The Staff Sides have been informed of the progress of the consultancy and the thinking of the consultant. While the Staff Sides have no objection to the concept of an insurance based system, a number of issues have been highlighted during the consultancy study and staff consultation which require further careful consideration.

17. First, if an insurance scheme is to be implemented, it will be essential to establish a network of medical and dental service providers (clinics and hospitals) who contract with the Government. This would enable the Government to monitor both the quality and cost of the services provided. The Staff Sides are concerned about the restrictions in access to the services provided under such a system. The junior staff, in particular, consider that due to financial constraints, they may not be able to make use of the insurance scheme to patronise private hospitals and clinics. As a result, they will fall back on Hospital Authority services as a member of the public and in effect, will be deprived of medical and dental benefits.

18. Secondly, to control both the quality and cost of the service, and to prevent abuses, there will be a need to set up a comprehensive management, information and monitoring system. Resources will be required to contract and negotiate with the service providers, including setting of the fee levels and services to be provided etc. The benefits level have to be reviewed regularly. A complaint and appeal system has to be devised to handle complaints and disputes under the scheme. The whole system would be very complex, given the potential size of the population.

19. Thirdly, the Staff Sides feel strongly that medical and dental benefits should be extended to retirees, as at present. They are of the view that the Government, in any case has to bear the cost of medical services for the elderly; including retirees into the scheme merely involves a shift of resources from one government pocket to another. We note that medical and dental benefits in the private sector generally only cover serving staff. As the Government is still considering how the community should deal with the provision of medical benefits for the elderly in the future, we would rather not take a decision on retirees at this stage.

20. Fourthly, the cost for a insurance scheme will be significant. New money has to be put into this new scheme. Few, if any, savings are likely to arise from the current expenditure on providing medical and dental benefits to existing civil servants as it would not be acceptable to existing civil servants if the present service were to be curtailed. Moreover, unlike the current system which is capped by budget, an insurance will require ongoing funding for the employer's contributions over the period of employment.

21. Given all the complexities mentioned above, we consider that more careful consideration is needed before making any recommendation on whether there should be a new scheme and if so, in what form it should be. We propose, therefore, that recruits continue to use the existing system.

Injury and Death

22. At present, cases of civil servants injured on duty or who die in service (regardless of the cause) are eligible for enhanced or additional pension benefits under the pension legislation, and/or statutory compensation under the Employees' Compensation Ordinance (Cap. 282). Under the proposed entry system, recruits will be appointed on probationary and/or agreement terms before appointment on permanent terms which may no longer be associated with the pension schemes. Benefits under the pension schemes may not be available to these staff.

23. It is our aim to maintain the compensation and benefits to recruits on the new probation or on agreement terms under the proposed civil service entry system who suffered injury or death on duty or died while in service at a level broadly comparable to the current provisions for existing staff in general. To this end, we will continue to provide statutory compensations for duty-related injuries and death, and additional benefits for death whilst in service. Such benefits for officers on the future permanent terms will be studied as part of the consultancy for the proposed Civil Service Provident Fund scheme.

Appendix A to Annex B

Proposed Leave and Leave Passage Benefits for Recruits

Leave

Rank	<i>Proposed Leave Earning Rates</i> (working days per year)	
	<i>Less than 10 years of service</i>	10 years of service & over
Directorate	22	26
MPS 14-49	18	22
MOD I and MPS 1-13	14	18

Leave Passages

<i>Rank</i>	<u>Current Leave Passage Allowance Rates for Serving Officers</u>	<u>Proposed Initial Leave Passage Allowance Rates* for each 12-month cycle</u>
D7 & above	\$41,440 per 12 months	\$41,440 per 12 months
D4 to D6	\$21,820 per 12 months	\$21,820 per 12 months
D1 to D3	\$21,820 per 24 months	\$10,910 per 12 months

** Rates to be pegged to the prevailing rates payable to serving officers as at the date of implementation of the scheme*

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Appendix B to Annex B

**Proposed Rates of NCA for those who start to draw NCA
on or above MPS 34 or equivalent**

DPS/MPS or equivalent	Rates of HFA (w.e.f. 1.4.2000) (a)	Proposed Rates of NCA (b) = (a) x 95%
Pay Points	\$	\$
D10	41,600	39,520
D9	41,600	39,520
D8	41,600	39,520
D7	41,600	39,520
D6	41,600	39,520
D5	31,200	29,640
D4	31,200	29,640
D3	31,200	29,640
D2	31,200	29,640
D1	27,730	26,340
MPS49	27,730	26,340
MPS48	27,730	26,340
MPS47	27,730	26,340
MPS46	27,730	26,340
MPS45	27,730	26,340
MPS44	19,650	18,670
MPS43	19,650	18,670
MPS42	19,650	18,670
MPS41	19,650	18,670
MPS40	17,330	16,460
MPS39	17,330	16,460
MPS38	17,330	16,460
MPS37	15,020	14,270
MPS36	15,020	14,270
MPS35	15,020	14,270
MPS34	15,020	14,270

Notes:

Rates of allowances are rounded to the nearest \$10.

DPS - Directorate Pay Scale

MPS - Master Pay Scale

**Proposed Rates of NCA for those who start to draw NCA
below MPS 34 or equivalent**

DPS/MPS or equivalent	Rates of HPA (w.e.f. 1.4.2000) (a)	Proposed Rates of NCA (b) = (a) x 95%
Pay Points	\$	\$
D10	18,950	18,000
D9	18,020	17,120
D8	17,210	16,350
D7	17,210	16,350
D6	16,360	15,540
D5	15,420	14,650
D4	15,420	14,650
D3	14,650	13,920
D2	13,760	13,070
D1	13,340	12,670
MPS49	13,120	12,460
MPS48	13,120	12,460
MPS47	12,810	12,170
MPS46	12,610	11,980
MPS45	12,310	11,690
MPS44	11,930	11,330
MPS43	11,930	11,330
MPS42	11,680	11,100
MPS41	11,370	10,800
MPS40	10,730	10,190
MPS39	10,010	9,510
MPS38	9,370	8,900
MPS37	9,070	8,620
MPS36	8,560	8,130
MPS35	8,310	7,890
MPS34	7,790	7,400
MPS33	7,280	6,920
MPS32	6,860	6,520
MPS31	6,340	6,020
MPS30	5,960	5,660
MPS29	5,710	5,420

MPS28	5,530	5,250
MPS27	5,320	5,050
MPS26	5,200	4,940
MPS25	4,900	4,660
MPS24	4,810	4,570
MPS23	4,550	4,320
MPS22	4,390	4,170
MPS21	4,260	4,050
MPS20	4,180	3,970
MPS19	4,050	3,850
MPS18	3,920	3,720
MPS17	3,870	3,680
MPS16	3,750	3,560
MPS15	3,710	3,520
MPS14	3,620	3,440
MPS13	3,540	3,360
MPS12	3,360	3,190
MPS11	3,290	3,130
MPS10	3,240	3,080
MPS9	3,110	2,950
MPS8	2,990	2,840
MPS7	2,850	2,710
MPS6	2,600	2,470
MPS5	2,470	2,350
MPS4	2,290	2,180
MPS3	2,220	2,110
MPS2	2,080	1,980
MPS1	1,960	1,860

Notes:

Rates of allowances are rounded to the nearest \$10.

DPS - Directorate Pay Scale

MPS - Master Pay Scale