

(D) Job-related Allowances (paragraphs 22 - 23)

An allowance should be included in the total package when it is payable regularly to a significant majority of staff on the job.

(E) Hours of Work, Leave and Holiday Passages
(paragraphs 24 - 26)

(i) A method of calculation to take comparative account of hours of work and leave rates was proposed.

(ii) Sick leave and maternity leave should be excluded from the total package calculation.

(iii) The allowance or the cash value of tickets provided for passages should be included in the total package.

(F) Medical and Dental Benefits (paragraphs 27 - 31)

A practical evaluation method would be to assign a notional value of, say, one percent of salary to those jobs where some form of medical benefit is provided and a further, say, 1/2 percent where some form of dental benefit is provided.

(G) Education Allowance (paragraphs 32 - 35)

In view of the technical difficulties involved in placing a value on education allowance, a notional value of, say, one percent of salary might be assigned to jobs with either Local Education Allowance or Overseas Education Allowance attached and, say, two percent of salary to jobs with both LEA or OEA attached.

185

(H) Miscellaneous Benefits (paragraph 36)

The following benefits might be excluded from the total package :

- (i) salary advances,
- (ii) travelling expenses on home-to-office journeys,
- (iii) long service travel awards,
- (iv) canteen facilities/subsidised meals,
- (v) purchasing discount/free or subsidised recreational travel/club membership.

Benefits which might be included in the total package are :

- (i) utility expenses borne by employers; and
- (ii) tax-free salaries (which should be grossed up before inclusion in the total package).

44. The conclusions reached by the Working Group in Part III of this Report are as follows :

- (i) Comparison with the private sector is but one of the principles in the determination of civil service pay.
- (ii) Due account should be taken of broadbanding and relativity if the pay of individual grades is to be adjusted.

- (iii) Account should be taken of the Government's policy to remunerate the lowest paid in line with better-paying employers in the private sector.
- (iv) It would be unacceptable for local and expatriate staff in the civil service to be paid differently.
- (v) The principal disparity in private sector and civil service benefits derives from housing benefits for senior local officers in the civil service. The provision of these benefits is deliberate Government policy which did not arise from any comparison with private sector practice.
- (vi) In trying to compare total packages it is important to bear in mind the fundamental differences between the conditions of service offered by the Government and by private sector companies, and the reasons therefor.

----- THE END -----

APPENDICES

List of Participants

Chairman

: Mr. Michael C.C. SZE
Deputy Secretary for the Civil Service
(Pay and Conditions of Service)
(up to 27.1.84)

Mr. Dominic S.W. WONG
Deputy Secretary for the Civil Service
(Pay and Conditions of Service)
(from 28.1.84)

Technical Advisers

: Mr. C. Sankey
Assistant Financial Secretary
(Management Accounts)

Mr. P.J. Brooke
Finance Officer (Management Accounts)1

Mr. A.M. Height
Controller, Pay Survey and Research Unit

Members

: Mr. Peter LAI
Principal Assistant Secretary for the
Civil Service (Pay and Conditions of
Service)1 (up to 1.11.83)

Mr. Dominic S.W. WONG
Principal Assistant Secretary for the
Civil Service (Pay and Conditions of
Service)1 (up to 27.1.84)

Mr. Christopher I.C. Jackson
Principal Assistant Secretary for the
Civil Service (Pay and Conditions of
Service)1 (since 28.1.84)

Mr. MA Siu-leung)	
Mr. P.D. Weymont)	
Mr. Simon YAN)	from Staff Associations
Mr. A.A.C.W. Jayasekera)	on Senior Civil Service
Mr. J.S. Lambourn)	Council
Mr. Vincent SUNG)	
Mr. YU Kui-fung)	
Mr. CHUNG Shu-chun)	
Mr. LI Ping-yu)	from Staff Associations
Mr. IP Wing-hong, BEM)	on Model Scale 1 Staff
Mr. MA Wing-woon)	Consultative Council
Mr. SUEN Man-hoy)	
Mr. J.G. Mansell, CPM)	
Mr. J.F. Morris)	
Mr. C.D. Mayger, QPM, CPM)	
Mr. LI Shu-fung)	from Police Force
Mr. D.G. Weaver)	Council
Mr. WONG Hiu-shan, CPM)	
Mr. TAM Kwok-leung)	
Mr. D.H. Tallon)	

192

In Attendance

- : Mr. C.W. CHOI
Senior Executive Officer
(Pay Survey and Research)2
- Mrs. Amy TSANG
Staff Side Secretary,
Model Scale 1 Staff Consultative Council
- Mrs. Isabella MAK
Staff Side Administrative Assistant,
Police Force Council
- Mrs. Jennifer LI
Mr. Francis LEUNG (8th meeting only)
Staff Side Secretary,
Senior Civil Service Council

Secretary

- : Mr. C. YAU
Senior Executive Officer
(Pay and Conditions of Service)11
(1st, 2nd, 3rd, 6th, 7th and 8th meetings)
- Mr. J.C.F. LEUNG
Senior Executive Officer
(Pay and Conditions of Service)SD
(4th and 5th meetings)



Hong Kong Chinese Civil Servants Association
 香港政府華員會

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OUR REF. 本會檔號: (37) in 12/22/CCSA VII

30th January 1984

YOUR REF. 來函檔號:

The Chairman,
 Working Group on Valuation of Benefits
 for Pay Level Survey,
 Civil Service Branch,
 Government Secretariat,
 Lower Albert Road,
 Hong Kong.

Dear Sir,

Comments on Revised Draft Report
 of the Working Group on Valuation of Benefits
 for Pay Level Surveys

Although representatives of the HKCCSA of the Senior Civil Service Council were unable to sit on the Working Group due to other commitments, the Working Group's revised draft report has been discussed in detail by the Association and we have the following observations/comments to make:

Part I - Introduction

Paragraphs 1 to 4 are endorsed.

Part II - Valuation of Benefits

(A) General

Recommendations embodied in paragraphs 5 to 10 are endorsed. Caution should, however, be taken with AECS' concern which may lead to separate pay scales for expatriate and local civil servants for the same job.

(B) Termination and Related Benefits

The Staff Side's conclusion that termination benefits should not be included in comparing the total packages is supported.

As regards the valuation of termination benefits in the civil service, we do not agree with the Working Group's proposal to take the value of civil service pension as that of the contract gratuity (25% of substantive salary).

154

If civil servants were given the option to choose between contract terms and pensionable terms of service, most of them would, after considering their chances of materialisation and the money deflating factors, prefer contract terms. As such, it is our view that the value of civil service pension is less than that of contract gratuity. It is therefore suggested that a notional value of less than 25% of substantive salary should be given to civil service pension.

The following information would be helpful in considering a more realistic notional value:

- (a) No. of PE officers retired over the past 12 months;
- (b) No. of PE officers in the civil service; and
- (c) No. of contract officers in the civil service.

(E) Hours of Work, Leave and Passage

It is suggested that the calculation of civil servants' notional hours of work be spelt out clearly in the Report.

(F) Medical and Dental Benefits

Having discussed paragraphs 28 to 32 of the revised draft report, we have come to the conclusion that the Working Group's recommendations to assign a notional value of 1% of salary to those jobs where some form of medical benefits is provided has understated the value of medical benefits in the private sector. Bearing in mind the difference in charges between a government doctor and a private doctor, the value of medical benefit in the private sector should be much higher than that in the civil service.

(G) Education Allowances

It is our view that because of the low utilisation of these allowances, they should not be included in pay level comparisons.

(H) Miscellaneous Benefits

While having no special comments on paragraph 37 of the revised draft report, it is our view that those benefits listed in sub-paragraph (e) thereof should be included in pay level comparisons. As the Working Group has accepted that those benefits may be of significant value, difficulty in quantifying their value should not be the reason for excluding them in calculating the total packages.

Part III - Other Principles and Practices Governing Civil Service Pay

The Working Group's statements as embodied in paragraphs 38 to 42 of the report are noted.

Yours faithfully,


(K. CK Yuen-hon)

President

EVALUATION OF RETIREMENT ETC BENEFITS
APPRAISAL ASSUMPTIONS

A series of assumptions are necessary in making comparison calculations and the following were used for the calculations in Appendix III(ii). They are largely based on historical experience.

- (1) General inflation at an average rate of 8% per annum.
- (2) Pay increase to staff over and above inflation averaging 4% per annum to take account of 'real' terms pay awards, increments etc. This is broadly in line with the assumption made in the PSRU 1983 Fringe Benefits Report (FBR).
- (3) Interest rates (for provident fund accumulation) of 13%.
- (4) A 'real' discount rate i.e. ignoring inflation, of 5%. The rate adopted is related to what would be expected as a reasonable return were money available now invested in the private sector. Making allowance for inflation the total discount rate becomes 13% (5% + 8%).
- (5) Benefits payable to non-pensionable officers under the Government's allowance scheme are generally worth some 75% of a full civil service pension.
- (6) A period of service of 30 years. This is supported by the FBR assumption that nearly 60% of employees in service by the age of 30 will remain until they reach 60.