

"Leave should be valued by adjusting total packages in the private sector. In doing so, the differences in hours of work and leave between the two sectors should be taken into account in accordance with the following formula -

Adjusted private company total packages =

$$\begin{array}{r} \text{private company} \\ \text{total packages} \end{array} \times \begin{array}{r} \text{civil service notional} \\ \text{hours of work} \\ + \text{civil service compulsory} \\ \text{overtime hours (if any)} \\ \hline \text{private company's notional} \\ \text{hours of work} \\ + \text{private company's compulsory} \\ \text{overtime hours (if any)} \end{array}$$

(Chapter 12, Report of the PRAC)

(a) The Administration

The term "compulsory overtime hours" should be changed to "essential overtime hours" to give a clearer meaning.

(b) Hong Kong Industrial Relations Association

Compulsory overtime hours should not be included in calculating total packages, since most compulsory overtime work in the private sector is not compensated.

(c) Model Scale 1 Staff Consultative Council

Disagrees with the Hong Kong Industrial Relations Association. Employees in the private sector receive substantial rewards by doing overtime work and many employees have to work overtime in order to obtain extra payments.

4.9 Job-related Allowances

"Job-related Allowances in both sectors should be included in total packages for the purposes of pay level surveys in the civil service and the private sector;" and

"Job-related Allowances should be valued in both sectors as pay supplements in cases where the agreed duties of the job under comparison entitle staff to claim them." (Chapter 13, Report of the PRAC)

(a) Hong Kong Chinese Civil Servants' Association

Since the Hay method of job evaluation does not take into account the actual nature of jobs, Job-related Allowances should be excluded from total packages in both sectors.

(b) The Administration

Agrees that Job-related Allowances should not be included in total packages. Job-related Allowances are not included in the pay scales because these allowances are irregular and uncommon within the civil service. It also has reservations about the application of the Standard Population Model to this particular benefit. These views are supported by the Model Scale 1 Staff Consultative Council.

(c) Hong Kong Institute of Personnel Management

Considers it inappropriate for Job-related Allowances to be excluded.

4.10 Miscellaneous Benefits

"Miscellaneous benefits, including :

- (1) personal loans provided at interest rates below market rates;
- (2) meal allowances;
- (3) public utility charges borne by employers;
- (4) entrance or membership fees for social clubs;
- (5) transport subsidies provided in the form of cash payments;

- (6) provision of cars for personal use;
- (7) employer-subsidized recreational travel provided as a right;
- (8) domestic servants paid for by employers; and
- (9) profit-sharing payments in the private sector

should be included in total packages for the purposes of pay level surveys in the civil service and the private sector;" and

"Miscellaneous benefits should be valued as follows : -

- (i) Personal loans provided at interest rates below market rates should be valued in accordance with the following formula -

$$L \times \left( \frac{1}{AN1} - \frac{1}{AN2} \right)$$

Where L = Maximum loan amount

AN1 = Annuity at market rate of interest for the term of the loan

AN2 = Corresponding annuity at interest rate paid by employee.

(The word "Annuity" means the present value of the series of loan payments).

- (ii) Meal allowances should be regarded as pay supplements.
- (iii) Where public utility charges are borne by employers, the cost to the employers of paying the public utility bills, less any employees' contributions, should be used.
- (iv) Entrance or membership fees for social clubs, transport subsidies provided in the form of cash payments, provision of cars for personal use, employer-subsidized recreational travel provided as a right, domestic servants paid for by employers and

profit sharing payments should be calculated on the basis of their value to the employees receiving them;" and

"The following miscellaneous benefits should be excluded from total packages for the purpose of pay level surveys in the civil service and the private sector :

salary advances and loans from the staff relief funds, travelling expenses on home-to-office journeys where provided for operational reasons, long service travel awards, canteen facilities and fees for membership of associations and societies paid for by the Government for operational reasons in the civil service, and salary advances, travelling expenses on home-to-office journeys where provided for operational reasons, free travel for employees of public transport companies, long service awards, canteens facilities, fees payable for the membership of associations and societies paid for by employers for operational reasons, discounts on purchases and employer-subsidized recreational travel where provided at the employers' discretion in the private sector."

(Chapter 14, Report of the PRAC)

(a) The Administration

The inclusion or exclusion of a benefit should depend on whether that benefit is provided as a matter of right or at the employers' discretion, unless there is a good practical reason for its not being included.

(b) Hong Kong Chinese Civil Servants' Association

The following benefits, which are of significant value to employees, should be included in total packages in the private sector :

- (i) discounts on purchases; and
- (ii) free travel for employees of public transport companies and their families.

(c) Model Scale 1 Staff Consultative Council

The following benefits should be included in total packages in the private sector :

- (i) discounts on purchases;
- (ii) free travel for employees and families of public transport companies; and
- (iii) employer-subsidized recreational travel.

## Chapter 5

### General Remarks

5.1 Members of the Committee made general remarks on the subject of the valuation of fringe benefits.

#### 5.2 Presentation of Results

##### (a) Association of Expatriate Civil Servants

The Committee should be advised of the benefits which will be included for total package comparisons and how they are to be valued. The valuation of all fringe benefits should be shown separately. The Hong Kong Chinese Civil Servants' Association and the Model Scale 1 Staff Consultative Council support these suggestions.

##### (b) Senior Non-Expatriate Officers' Association

Requests that the results of the valuation of individual fringe benefits be shown separately.

##### (c) The Administration

Supports the view of the Association of Expatriate Civil Servants and the Senior Non-Expatriate Officers' Association, that fringe benefits should be shown separately. This view is supported by the Hong Kong Chinese Civil Servants' Association and the Model Scale 1 Staff Consultative Council.

#### 5.3 Valuation of Fringe Benefits

##### (a) Association of Expatriate Civil Servants

All benefits should be included and valued. This view is supported by the Senior Non-Expatriate Officers' Association, the Model Scale 1 Staff Consultative Council and the Chinese Manufacturers' Association.

(b) Hong Kong Chinese Civil Servants' Association

Supports the view that all benefits should be included and valued, provided that both the civil service and the private sector are treated alike. Difficulty in quantifying the values of benefits should not be used as the reason for excluding them from total packages. Due regard should be given to the actual utilization rate of the benefits.