

Table H

Proposed Annual Leave Rates of Overseas Officers
on MPS 38 - 47 Per Year of Resident Service
(Excluding Casual Leave)

Rank	Basic Rate (Days)	Existing Overseas Addition (Days)	Proposed Reduced Overseas Addition (Days)	Proposed Annual Leave (Days)
MPS 44 - 47	@27	@32	14	41
	*18	*24	12 (8)	30 (26)
MPS 38 - 43	@27	@32	12	39
	*18	*24	12 (6)	30 (24)

Note : @ Leave-earning rates applicable to overseas officers aged 40 or over, regardless of length of service, or aged 35 to 39 with 10 years' service.

* Leave-earning rates applicable to overseas officers under the age of 40 but excluding those aged 35 to 39 with 10 years' service.

() The figures in brackets denote the computed reduced overseas addition. The figures proposed have been adjusted in accordance with the principle that they should not be lower than the overseas addition for newly-appointed overseas officers. At the present time, these figures are only tentative and they may need to be further adjusted after the Commission has reached firm conclusions on the leave-rates for newly-appointed overseas officers.

16. The proposed annual leave rates exclude 12 days' casual leave which will be combined with vacation leave to form one single type of leave under the Administration's proposed leave arrangements. Taking into account this

proposed change, the following table shows the total leave-earning rates per year of resident service under the modified Annual Leave Scheme :

Table I

Proposed Total Leave-earning Rates of Overseas Officers on MPS 38 - 47 Per Year of Resident Service

Rank	Basic Rate (Days) (a)	Proposed Reduced Overseas Addition (Days) (b)	Proposed Annual Leave (Days) (c)=(a)+(b)	Casual Leave (Days) (d)	Total Leave Per Year of Resident Service (Days) (c)+(d)
MPS 44 - 47	@27	14	41	12	53
	*18	12	30	12	42
MPS 38 - 43	@27	12	39	12	51
	*18	12	30	12	42

Note : @ Leave-earning rates applicable to overseas officers aged 40 or over, regardless of length of service, or aged 35 to 39 with 10 years' service.

* Leave-earning rates applicable to overseas officers under the age of 40 but excluding those aged 35 to 39 with 10 years' service.

17. It should be noted that the proposed annual leave rates for overseas officers on MPS 38 - 47 only apply to officers on the new leave terms. For example, the Administration will need to modify them, in the case of officers on the old leave terms or on 90% pensionability.

18. As in the case of overseas officers on vacation leave terms, we also recommend that greater flexibility should be introduced into the annual leave arrangements of overseas officers on MPS 38 - 47 in the following ways :

- (a) in respect of the "basic" rates of annual leave, overseas officers on MPS 38 - 47 should be allowed the same degree of flexibility as their local counterparts. Subject to the exigencies of the service and to a maximum accumulation limit, they should be permitted to take this portion of their annual leave freely within their entitlement and to spend it locally without being subject to the "forfeiture formula";
- (b) in the case of the "overseas addition", there should be no flexibility. It should be taken overseas either by itself or in combination with all or part of an officer's "basic" leave once every 12 months; and
- (c) the leave accumulation limits for overseas officers recommended in our letter of 30 December 1985 should remain unchanged and should exclude the "overseas addition".

19. In addition, we recommend that the proposed arrangements for annual leave for overseas officers on MPS 38 - 47 should be mandatory and should apply to all the officers concerned. However, if the Administration, in the interest of good staff relations, considers it preferable to give individual officers the option of remaining on their present vacation leave terms or switching to the terms proposed under the modified Annual Leave Scheme, we would not object but we recommend that the option should be irrevocable. Whatever the final decision on this point, we recommend no change in the present entitlement of an officer to draw a maximum of six full adult fare passages on each trip to his country of origin as set out in paragraphs 8 and 13 of this letter. However, we wish to point out that if individual officers are allowed an option, and, at the same time, continue to be entitled to a maximum of six full fare passages, our calculations of the cost of implementing the proposals will be affected. This is because officers with large families and those whose salaries are below the mid-point in their salary band would have more incentive to opt for the new scheme and the average number of passages taken up by those officers who do opt for it might not therefore be the same as was assumed in paragraph 14.

Provision of Leave Passages to Local Officers
on MPS 51 or the Equivalent

20. Under the existing leave and passage arrangements which are described in paragraph 8, all overseas officers on or above MPS 48 are eligible to opt for the Annual Leave Scheme with associated passages. In the case of local officers, however, only those in the Directorate are eligible for leave passages whilst those on MPS 48 - 51 are not entitled to any passage benefits.

21. In view of the apparent inequality in the provision of leave passages to local and overseas officers, the Senior Non-Expatriate Officers Association has requested that local officers on MPS 48 - 51 should also be provided with leave passages and they quote private sector practice in support of their request. The Civil Service Branch supports the arguments put forward by the Association but proposes, for budgetary reasons, that the provision of leave passages should be extended only to local officers on MPS 51 or the equivalent. If this proposal is accepted, the Civil Service Branch suggests that eligible officers should be provided with a passage once every four years and be permitted to use the passage allowance for two separate journeys within a four-year period.

22. We have examined the Administration's proposal in detail but we do not support it for the following reasons :

- (a) apart from the beneficial effect on staff morale, there does not seem to be any real justification for an exception to our declared policy that there should be no further improvements in the real value of fringe benefits;
- (b) according to the findings of the 1985 Fringe Benefits Survey conducted by the Pay Survey and Research Unit, the provision of passages to local employees for holiday purposes is not a common practice in the private sector; and
- (c) the purpose of providing leave passages for overseas officers is to enable them to renew home ties in their country of origin. This does not apply in the case of local officers.

We therefore recommend that the Administration's proposal should not be adopted.

Flexible Leave Arrangements for Overseas Officers
on MPS 48 - 51 or the Equivalent

23. In the first stage of our review of leave and passages, we made recommendations on the way in which flexibility should be introduced into the leave arrangements of overseas officers on vacation leave terms. In paragraph 31 of our letter of 30 December 1985 to Your Excellency we commented that in the second stage of our work we would give the same consideration to overseas officers on MPS 48 - 51 who are at present eligible for annual leave.

24. As mentioned in paragraph 8 above, overseas officers on or above MPS 48 or the equivalent are at present eligible to opt for the Annual Leave Scheme in lieu of the vacation leave usually taken at the end of a tour or notional tour of $2\frac{1}{2}$ years. They may then take 45 consecutive days annual leave within each 12-month period and forgo the vacation leave that they would otherwise earn during the period. If less than 45 days annual leave is taken, the untaken balance is forfeited unless the curtailment is in the public interest. If any of the 45 days' leave is spent locally, the "forfeiture formula" applies and the "overseas addition", except for 7 days, is forfeited.

25. We have reviewed the present annual leave arrangements for overseas officers on MPS 48 - 51 and we are of the view that the terms and conditions of the Annual Leave Scheme should remain unchanged for the time being. We arrived at this view after taking into account a number of factors. Firstly, overseas officers on the Annual Leave Scheme already enjoy a greater degree of flexibility in their leave arrangements than other overseas officers who can only take their vacation leave at the end of a tour or notional tour of $2\frac{1}{2}$ years. Besides, officers on the Annual Leave Scheme may spend 7 days of their annual leave and 12 days' casual leave locally without being subject to the "forfeiture formula". Secondly, the Annual Leave Scheme appears to be working satisfactorily and no adverse comments on the existing arrangements have been received from staff. Thirdly, if the flexibility that we have recommended for vacation leave is extended to annual leave arrangements, the "overseas addition" element in annual leave will, for consistency, have to be reduced by 20% to 30% and this is not likely to be welcomed by the staff concerned in the absence of any strong demand for greater flexibility in their leave arrangements. For all these reasons, we recommend no change in the leave arrangements for overseas officers on MPS 48 - 51 who are eligible for the Annual Leave Scheme.

Flexible Passage Arrangements for Overseas Officers
on MPS 48 - 51 or the Equivalent

26. In the course of our review, we were notified by the Administration of a recommendation made recently by the Ross Committee that Directorate officers entitled to annual leave with passages should be permitted to use their passage entitlements for two separate journeys within a 12-month period instead of one, provided that in so doing, the total passage costs charged to public funds do not exceed the officer's entitlement for one set of return passages to his country of origin. We were asked to advise on a suggestion by the Administration that the same flexibility should be allowed to overseas officers on MPS 48 - 51 or the equivalent who are eligible for annual leave with passages. We were informed that the Administration's proposal took into account the following factors :

- (a) at present, all overseas officers on or above MPS 48 are eligible for the Annual Leave Scheme and it would be preferable to treat the Directorate and staff on MPS 48 - 51 as a single group;
- (b) the Administration considers that it is in the interest of the service for some officers on MPS 48 - 51 to be on leave for shorter periods so that continuity at the management level can be maintained;
- (c) the proposal is in line with private sector practice; and
- (d) no technical problems are envisaged in the implementation of the proposal.

27. We have taken note of the Administration's views. Whilst we accept that there are no technical reasons which would prevent the Administration from putting this proposal into action, we have the following reservations about it :

- (a) there is no real reason to treat overseas officers on MPS 48 - 51 in the same way as Directorate officers. Indeed there would be serious implications in other areas of pay and conditions of service if we were to do so;
- (b) overseas officers enjoy more generous leave and passage terms than local officers and this has been justified on the grounds that overseas officers need to renew their home and family ties. However, if they are to be allowed to split their passage entitlement, which is the equivalent of one return

passage to their country of origin, the implication is that overseas officers are not expected to return to their 'home' country on every occasion when they take leave. To grant overseas officers flexibility under these circumstances would render the whole concept of the renewal of home ties meaningless; and

- (c) the proposal, if adopted, would mean that overseas officers were allowed to use their passages mainly for relaxation and recreation. This being so, it would open up the door to claims from local officers for parity of treatment.

In view of these reservations, we do not recommend the adoption of the Administration's proposal.

Conclusion

28. If our recommendations on these proposals are accepted, we recommend their implementation from a current date.

We have the honour to be
Your Excellency's obedient servants,

(S.Y. Chung)
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