

20 June 2000

The Honourable TUNG Chee Hwa  
The Chief Executive of the  
Hong Kong Special Administrative Region  
of the People's Republic of China  
Chief Executive's Office  
Hong Kong

Dear Sir,

### **Furniture and Domestic Appliances Allowances**

We have been invited by the Administration to advise, under Clause 1(e) of our Terms of Reference, on its proposal to cease the payment of the Furniture and Domestic Appliances Allowances (F&DAA) to officers who are at present ineligible for the allowances but who, under current provision, will become eligible on reaching MPS Point 34 (or equivalent).

#### **Background**

2. Civil servants appointed on or after 1 May 1999 are no longer eligible for F&DAA. Eligibility is now restricted to serving officers appointed before this date who are –

- (a) eligible for non-departmental quarters and not supplied with furniture and domestic appliances (F&DA);
- (b) on MPS Points 17 – 44 (or equivalent) and occupying departmental quarters (DQ) but not supplied with F&DA; and
- (c) on MPS Points 34 – 44 (or equivalent) and not occupying DQ (*Note : Officers' eligibility for F&DAA will be forfeited on joining the Home Financing Scheme (HFS)/Home Purchase Scheme (HPS)/Accommodation Allowance Scheme (AAS). However, those who joined the HPS before 1 October 1990 are allowed to receive F&DAA.*)

3. The need for the Administration to consider whether the provision of F&DAA to eligible serving officers should be limited or phased out originated from the Audit review of civil service allowances in 1999. After extensive research into Government documents dating back to the 1950's, the Administration has come to the view that as F&DAA have, over the years, become part and parcel of the conditions of service for eligible officers, it would not be appropriate to remove the allowances from existing beneficiaries. The Administration considers that Government, as a good employer, should honour its obligation to its employees.

### **The Administration's Proposal**

4. The Administration, however, considers that it would be appropriate to remove F&DAA from officers who are at present ineligible but who, in view of current provision under the Civil Service Regulations, will become eligible on reaching MPS Point 34 (or equivalent). On this basis, the Administration proposes that with effect from a cut-off date, tentatively set at 1 July 2000, serving officers appointed before 1 May 1999 who are not on or above MPS Point 34 (or equivalent) will not become eligible for F&DAA even on reaching MPS Point 34 (or equivalent) in future. This proposal will not affect serving officers mentioned in paragraph 2 above.

5. The Administration has carefully considered the provisions of Basic Law 100. As there is already restriction imposed in the various housing schemes which forfeited officers' eligibility for F&DAA and since serving officers who are already on MPS Point 34 (or equivalent) will continue to be eligible for the allowances provided they are not debarred, the Administration does not consider that its current proposal will conflict with the "no less favourable" provision.

### **Staff Consultation**

6. Of the four staff councils consulted by the Administration on the proposal, only the Disciplined Services Consultative Council has raised objection. The Administration has advised the Council of its stance on the issue and the Council has made no further responses.

### **Commission's Views and Recommendations**

7. The Administration maintains that F&DAA are part and parcel of the conditions of service for eligible serving officers which Government, as a good employer, is contractually bound to honour. This being the case, the Administration considers that it would be inappropriate to limit or phase out

the provision of F&DAA to those eligible serving officers mentioned in paragraph 2 above. We see no reason to dispute the Administration's decision. We agree that, in the circumstances, the only appropriate action for the Administration to take is to remove the provision of F&DAA to officers who are at present ineligible but who, under current provision, will become eligible on reaching MPS Point 34 (or equivalent). This may appear to be a small step but it is nonetheless a practical step in the right direction.

8. We note the Administration's view that its proposal will not conflict with the "no less favourable" provision under Basic Law 100 and that it is justifiable for the good governance of Hong Kong and legally defensible.

### **Conclusion**

9. In conclusion, we support the Administration's proposal to cease the payment of F&DAA to officers who are at present ineligible for the allowances but who, under current provision, will become eligible on reaching MPS Point 34 (or equivalent).

Yours faithfully,

( Sidney Gordon )  
Chairman  
for and on behalf of  
Members of the Standing Commission  
on Civil Service Salaries and Conditions of Service