

CHAPTER FIVE

OTHER EARNINGS, ALLOWANCES, AND BENEFITS

Introduction

5.1 The Standing Commission has in its Report No. 9 emphasised the importance of the value of both pay and benefits in the context of the total pay package.

5.2 The conditions of service of civil servants include earnings (other than pay) in the form of allowances and non-pay benefits. For the purposes of this review, since we are instructed by our terms of reference to frame our recommendations "in relation to the rest of the civil service," we do not require to give detailed attention to those allowances and benefits which are available not only to the disciplined services, but also to civil servants in other departments, e.g. Education Allowance, Private Tenancy Allowance, Furniture Allowance, etc. Certain allowances which are paid to civil servants by way of reimbursement, such as mileage allowance and subsistence allowance, and certain non-cash benefits, such as leave and passages, medical and dental benefits etc., are also common to all civil servants. All these are similarly disregarded in our review.

5.3 This chapter is therefore primarily concerned with those allowances and benefits for which the disciplined services are eligible but others are not, together with some available to other civil servants but not to the disciplined services. We also highlight those areas where the eligibility criteria or the conditions of service applying to the disciplined services may differ from those for the rest of the civil service.

Job-related allowances

5.4 Job-related allowances in the civil service are additional payments made to compensate certain staff for aspects of their work which are not normally expected of the particular grade or rank and which have not been taken into account in the determination of their normal pay scales. However, the general principle is that the payment of job-related allowances should not be necessary if the majority of staff in a rank are required to undertake extra duties to a similar extent or if it is a general requirement of the job to work in circumstances which merit some additional reward, as these factors would have been taken into account in setting their pay scales. If only a small proportion of staff in a rank are engaged in such extra duties, or if these duties are of a temporary nature,

payment of allowances as recompense or as an inducement to undertake such duties is considered to be effective management. The practice of granting allowances provides a flexible and economical method of responding to changing circumstances and it is a practical and cost-effective means of rewarding extra work without recourse to the employment of additional staff or the creation of additional pay scales.

Categories of job-related allowances

5.5 Job-related allowances throughout the civil service are broadly grouped into three categories :-

- (a) Extraneous Duties Allowances;
- (b) Hardship Allowances; and
- (c) Special Allowances.

5.6 Extraneous Duties Allowances are allowances granted to officers who are regularly required to perform duties outside the scope of those normally performed by members of their ranks or grades.

5.7 Hardship Allowances are allowances granted to officers who are required to perform duties of a particularly obnoxious nature, or to perform these duties in dangerous or particularly unpleasant conditions.

5.8 Special Allowances were introduced for use in exceptional situations which are not covered by other allowances.

Standard and non-standard rates of job-related allowances

5.9 Certain job-related allowances are paid at standard rates, i.e. they are expressed as a percentage of point 1 of the Master Pay Scales (MPS). The rates are therefore automatically adjusted wherever basic pay is revised, thus obviating the need to review the rates to take account of erosion in the real value of allowances as a result of inflation or other factors. The remainder are paid at non-standard rates. These are expressed in the form of a fixed amount and they are subject to regular review.

Job-related allowances applicable to the disciplined services

5.10 Annex 5.1 contains details of those job-related allowances which are currently applicable to the disciplined services.

Disciplined Services Special Allowance and Stand-by Duty Allowance

5.11 Disciplined services staff are not eligible for Overtime Allowance and Shift Duty Allowance. However, up to SIP or equivalent, they may be paid Disciplined Services Special Allowance (DSSA) or Stand-by Duty Allowance for extra hours worked in excess of their "conditioned hours of work". We discuss the question of DSSA in detail in Chapter 6. We shall be examining Stand-by Duty Allowance rules and amounts in our later work.

Other allowances

5.12 Apart from those allowances described in the preceding paragraphs, disciplined services staff are also eligible for the payment of :-

- (a) Laundry Allowance - the standard rate is \$60 per month payable to CIP (or equivalent) and below. The disciplined services staff are required to wear uniform and to maintain a smart appearance. This higher standard of turnout required of members of the disciplined services involves them in more expenditure on laundering their uniforms than the remainder of the civil service. Officers in receipt of a plain clothes allowance are not eligible for the laundry allowance. Ambulance staff and those members of the Customs and Excise Service who are required to wear working dress on duty are paid at a reduced rate of \$30 per month. Staff of the Correctional Services Department are provided with free laundry facilities. They are therefore not eligible for payment of the laundry allowance.
- (b) Plain Clothes Allowance - a token reimbursement allowance which is payable at two rates : a lower monthly rate of \$85 for rank and file and a higher monthly rate of \$110 for staff in the Inspectorate and Superintendent ranks who are required to wear plain clothes on duty on a full time basis. Staff in the Fire Services Department are not eligible for payment of this allowance.
- (c) Uniform (and Kit) Allowance - is a very special allowance for the Aide-de-Camp and a few IPs posted to the Government House as bodyguards to H.E. the Governor.

5.13 The numbers of disciplined services staff in each department drawing various categories of job-related allowances, DSSA, Laundry Allowance and Plain Clothes Allowance are recorded in Annexes 5.2 to 5.6.

5.14 We have included in Annexes 5.2 to 5.6, rough indications of the total expenditure on the allowances mentioned in this chapter in respect of each disciplined service. The expenditure on allowances is also expressed as a percentage of the total remuneration of staff in the service for comparison purposes.

5.15 At 1 April 1988, the total expenditure on various allowances (job-related allowances, DSSA, Standby Duty Allowance, Laundry Allowance and Plain Clothes Allowance) paid to members of the Police Force for example, was approximately \$12.7 million per month, which is equivalent to 6.4% of the total salary bill of the force or 6.5% of the total salary of those officers eligible for the allowance during the same period.

5.16 It is also relevant to note the following extract from Report No. 15 of the Standing Commission. Paragraph 5.12 on the payment of Extraneous Duties Allowances to staff of the disciplined services reads :-

"5.12 We also considered whether the large proportion of payments of Extraneous Duties Allowances made to members of the disciplined services is justified. For practical reasons we recommend that the payment of Extraneous Duties Allowances to the disciplined services should continue for the time being but should be re-examined when the Disciplined Services Pay Scales are next reviewed".

We shall also bear this in mind in our further work and intend to pursue the matter in our Final Report.

Housing benefits/quarters

5.17 Apart from any special provision made for the disciplined services, staff in these services are entitled to the same housing benefits as their counterparts in the rest of the Civil Service. These may be broadly summarized as follows :-

- (a) Local officers with substantive monthly salaries on DPS(0)34 and above (i.e. Senior Superintendent or equivalent) and all overseas Police Inspectors/Senior Inspectors with five years' resident service or more are eligible for non-departmental quarters;

- (b) Officers on DPS(O)24 and above (i.e. chief Inspector or equivalent) are qualified to receive Private Tenancy Allowance;
- (c) Officers on DPS(O)13 and above or those with 20 years or more continuous Hong Kong Government service are eligible for assistance and allowance under the Home Purchase Scheme. Those pensionable officers who have at least 10 years of pensionable service are eligible for loans under the Housing Loan Scheme.

5.18 In addition, all married rank & file staff in the disciplined services are provided with departmental quarters to the extent that their department's current holding of quarters permits. Allocations are made on a points basis. Those occupying departmental quarters and who are within 10 years of retirement age can apply for public housing under a special public housing quota earmarked for the disciplined services. If their applications are successful, they are also eligible for a rent allowance (which covers the difference between the rent they have to pay for the public housing unit and that for the departmental quarter) for 10 years or until their retirement whichever occurs earlier.

5.19 Only local officers in the lower ranks (i.e. Inspector/Senior Inspector or equivalent) are ineligible for housing, but they may be provided with departmental quarters on operational grounds. In practice, it appears that by December 1988 some 980 local married IP/SIP, CIP or SPs will be provided with quarters or housing benefits, leaving 59 unprovided for.

5.20 At 1 April 1988 the disciplined services had a total of 14,799 departmental quarters with a total notional monthly rental value of \$51.9 million under their direct control. A breakdown supplied by Administrative Services and Information Branch is as follows :-

<u>Department</u>	<u>Number of departmental quarters</u>	<u>Total notional monthly rental value</u> ⁽¹⁾ \$M
RHKPF	10,113 ⁽²⁾	33.0
Fire Services	2,147	8.0
Correctional Services	1,642	7.0
Customs & Excise	718	2.9
Immigration	179	1.0
	<u>14,799</u>	<u>51.9</u>

5.21 In the 1986 pay level survey, the Standing Commission has disregarded departmental quarters as non-pay benefits. On the basis of the information we have obtained about them, we are of the view that they are in the main though not in all cases benefits in kind and are seen as such by the staff. We are therefore minded to take into account the value of departmental quarters in our further work though where it is clear quarters are provided strictly for operational purposes we shall allow for that. In the representations we have received, departmental quarters or other forms of housing benefits are regarded as one of the important issues (see also Chapter 8)

5.22 We are also aware that the Director of Audit has, in his report of October 1987, observed that the policy objectives of providing quarters for disciplined services staff are obscure and ill-defined and has recommended that they should be redefined and put to the Executive Council for advice. We understand that this is being done and new policy proposals are being drawn up.

Note (1) : The notional monthly rental value is a rough estimate made by the Rating and Valuation Department. It is derived from a notional value for each grade of quarter in each area of Hong Kong (Island, Kowloon, New Kowloon and New Territories)

(2) : The figure supplied to us by the police is 9,693 which includes 500 that are said to be beyond economic repair or require refurbishment. (We are seeking for an explanation of the discrepancy.)

Pension

5.23 The Hong Kong Civil Service Pension Scheme is non-contributory and is not separately funded. Disciplined services staff enjoy the same pension benefits, including impairment pension, death gratuity and dependant's pension, as all other civil servants. The only difference is the age of retirement. Under the old pension scheme (governed by the Pensions Ordinance, Cap. 89) rank & file of the disciplined services may retire voluntarily at the age of 45 and Officer grade staff may do so at the age of 50 with immediate payment of pension benefits. Under the new pension scheme (governed by the Pension Benefits Ordinance 1987), rank & file may retire voluntarily at the age of 50 and Officer grade staff at the age of 55, with immediate payment of pension benefits. However, officers who retire before the normal age of retirement - i.e. 55 under the old scheme or 60 under the new scheme - are not entitled to the annual pension increase until they reach the normal retirement age.

5.24 The Governor and the respective heads of the disciplined services are empowered by the Pension Benefits Ordinance 1987 to prescribe retirement ages under the new pension scheme for any grade, rank or category of officers in the disciplined services. On operational grounds, the following ages for retirement have been prescribed for various ranks in the disciplined services:-

	Prescribed age of retirement on operational grounds	
	57	55
RHKPF	SACP and above	ACP and below
Fire Services	All directorate ranks	All other ranks
Correctional Services	DC of CS and above	AC of CS and below
Customs & Excise	All directorate ranks	All other ranks
Immigration	All directorate ranks	All other ranks

An enhancement of 1.25 and 0.75 months of pensionable service per completed year of pensionable service is provided for officers who are required to retire at the ages of 55 and 57 respectively. Officers will also be eligible for annual pension increases thereafter. (Full details on enhancement of pension benefits are contained in Annex A(ii) to Civil Service Branch Circular No. 12/87 dated 1 July 1987).

Linked agreements

5.25 One element which might be perceived to be a condition of service to which our attention has been particularly drawn is the availability of linked agreements for contract officers. Linked agreements have always been offered to overseas Police Inspectors as an inducement to recruitment and retention. The practice was stopped sometime in 1985 as part of the localization policy and reintroduced in 1986 on grounds of recruitment difficulties. In a departure from previous practice, the offer of linked agreement is now not extended to Gazetted Officers (i.e. Superintendents and above), again as part of the localisation strategy adopted by the Police Force.