

CHAPTER 8FRINGE BENEFITS - COMPARISON WITH LOCAL STAFF8.1. Analysis

8.1.1. In this chapter we analyse the fringe benefits received by private sector and Civil Service staff at the equivalent Master Pay Scale levels and Model Scale 1 level.

8.1.2. The private sector benefits are analysed in two different ways, as shown below.

(a) Firstly in Table 3 following we show the averages for all private sector jobs in the Survey falling within the job size ranges corresponding to each of the 5 Civil Service Pay Bands. They include those companies which do not pay the benefits in question as well as those that do. Therefore the averages shown in no way imply that any job holder receives these actual benefits in practice.

(b) Secondly in Tables 1 - 30 at Annex H we compare individual Fringe Benefits in each of the 5 Civil Service Pay Bands with the Average, Minimum and Maximum private sector figures for local staff for jobs of equivalent size. Unlike the analysis in Table 3, the private sector figures shown apply only to those companies in the Survey that do pay the benefit in question to job holders. The companies which do not pay the benefit are excluded from the analysis. This is a meaningful analysis to use when comparing Civil Service benefits with actual private sector benefits.

8.1.3. Fringe Benefits Assumptions

(a) Housing Benefits for Upper/Upper and Upper MPS pay bands have been evaluated in two ways in accordance with the original methodology of maximum utilisation which is Non Departmental quarters and the alternative methodology which takes note of the pattern of actual utilisation of housing benefits available to officers calculated at the maximum notional value of each benefit.

- (b) Medical Benefits have been evaluated in the basis of the actual pattern of utilisation for each of the pay bands and assuming Asian diet rather than European (see Annex E).
- (c) Dental Benefits have been evaluated on the basis of an assumed average treatment pattern for officers and their families (see Annex E).
- (d) The Retirement Benefit has been calculated on the basis of turnover of Civil Servants at 3.63% for the Master Pay Scale and 3.84% for MOD Scale 1.
- (e) Personal Loans have been included for Civil Servants because 11% of officers currently have personal loans. However the administration of such loans tends to be more restrictive in the Civil Service than the private sector. Prior to 22 September 1986 MOD Scale 1 officers were not entitled to personal loan facilities until they had completed 5 years service and at the date of this survey 40% of Model Scale 1 staff were not eligible for the benefit.

8.2. The Total Picture

- 8.2.1. The following Table 3 analyses the Total Fringe Benefits packages for the private sector and the Civil Service local staff, ((1) including maximum notional values for Housing Benefits; and (2) including actual utilisation pattern of Housing Benefits) by major individual components. ("Medical" includes Medical and Dental Benefits; "Retirement" includes Pension/Gratuities, Life Assurance and Long Term Disability Benefits; "Transport" includes Company Cars, Car Allowances and Transport Allowances; "Others" includes Telephone Benefits, Club Fees, Meal, Utility, Recreation and Servant Allowances and Personal Loans).

Table 3

FRINGE BENEFITS

	PRIVATE SECTOR (LOCAL)		CIVIL SERVICE (1) (LOCAL)		CIVIL SERVICE (2) (LOCAL)	
	AVERAGE PAYMENTS	% TOTAL BENEFITS	AVERAGE PAYMENTS	% TOTAL BENEFITS	AVERAGE PAYMENTS	% TOTAL BENEFITS
(1) <u>U/U</u>						
Housing	23,209	36.5	246,795	80.9	141,040	70.8
Medical	3,556	5.6	2,863	0.9	2,863	1.4
Retirement	23,778	37.4	54,923	18.0	54,924	27.6
Transport	5,634	8.9	Nil	-	Nil	-
Leave Passages	3,982	6.3	Nil	-	Nil	-
Others	3,455	5.4	400	0.1	400	0.2
<u>Total</u>	63,614	-	304,981	-	199,227	-
(2) <u>U</u>						
Housing	11,592	31.5	92,760	68.6	54,644	56.3
Medical	3,277	9.0	2,863	2.1	2,863	2.9
Retirement	15,975	43.7	39,164	29.0	39,164	40.4
Transport	2,870	7.8	Nil	-	Nil	-
Leave Passages	1,485	4.1	Nil	-	Nil	-
Others	1,400	3.8	400	0.3	400	0.4
<u>Total</u>	36,599	-	135,187	-	97,071	-

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FRINGE BENEFITS

	PRIVATE SECTOR (LOCAL)		CIVIL SERVICE (1) (LOCAL)		CIVIL SERVICE (2) (LOCAL)	
	AVERAGE PAYMENTS	% TOTAL BENEFITS	AVERAGE PAYMENTS	% TOTAL BENEFITS	AVERAGE PAYMENTS	% TOTAL BENEFITS
(3) <u>M</u>						
Housing	3,196	23.5	Nil	-	-	-
Medical	2,900	21.3	1,716	8.4	-	-
Retirement	6,271	46.0	18,383	89.7	-	-
Transport	469	3.4	Nil	-	-	-
Leave Passages	129	0.9	Nil	-	-	-
Others	659	4.8	400	1.9	-	-
<u>Total</u>	13,624	-	20,499	-	-	-
(4) <u>L</u>						
Housing	2,272	21.8	Nil	-	-	-
Medical	2,875	27.6	1,716	14.8	-	-
Retirement	4,348	41.8	9,443	81.7	-	-
Transport	497	4.7	Nil	-	-	-
Leave Passages	Nil	-	Nil	-	-	-
Others	421	4.1	400	3.5	-	-
<u>Total</u>	10,413	-	11,559	-	-	-

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Table 3

FRINGE BENEFITS

	PRIVATE SECTOR (LOCAL)		CIVIL SERVICE (1) (LOCAL)		CIVIL SERVICE (2) (LOCAL)	
	AVERAGE PAYMENTS	% TOTAL BENEFITS	AVERAGE PAYMENTS	% TOTAL BENEFITS	AVERAGE PAYMENTS	% TOTAL BENEFITS
(5) <u>MOD Scale 1</u>						
Housing	1,891	30.1	Nil	-	-	-
Medical	840	13.4	1,716	24.3	-	-
Retirement	2,822	44.9	4,998	70.7	-	-
Transport	319	5.1	Nil	-	-	-
Others	411	6.5	357	5.0	-	-
<u>Total</u>	6,283	-	7,071	-	-	-

- 8.2.2. To illustrate this with an example, the average Housing Benefit shown for the private sector job range equivalent to the Upper/Upper MPS Band is HK\$23,209 per annum. But where this benefit is paid (by 18% of the companies in the Survey for Rent Allowances and by 37% for Housing Loans) the averages are HK\$107,000 per annum for Rent Allowances and HK\$13,944 per annum for Housing Loans respectively, over this job size range.
- 8.2.3. The results show the following:
- (a) For each of the Upper/Upper and Upper MPS Bands the large difference between the Civil Service and private sector data is almost entirely due to differences in Housing Benefits.
  - (b) For each of the Middle and Lower MPS Bands and the Model Scale 1, the difference between the Civil Service and private sector data is almost entirely due to the differences in Retirement Benefits.
  - (c) For all of the Pay Bands the make-up of the Total Fringe Benefits package from individual benefits is very different in the Civil Service from that typical in the equivalent private sector companies in the Survey.

### 8.3. Individual Fringe Benefits

8.3.1. In this section we analyse each individual MPS pay band results against those companies that pay each individual fringe benefit (see 8.1.2.(b) above)

#### 8.3.2. Upper/Upper MPS Pay Band

- (a) Housing Benefits (1) The average value of housing benefit for Civil Servants based on the original methodology (maximum notional utilisation) is HK\$246,795 per annum. This is much greater than the average in the private sector of HK\$107,000 and close to the maximum rental allowance of HK\$258,000 recorded in the Survey at this level.
- (b) Housing Benefits (2) The average value of housing benefit for Civil Servants based on the alternative methodology (actual utilisation pattern) is HK\$141,040 which is approximately 32% above the average in the private sector of HK\$107,000.

- (c) Medical and Dental Benefits The Civil Service practice, is HK\$2,863 for combined Medical and Dental Benefits which is approximately 39% below the average in the private sector at HK\$4,683.
- (d) Retirement, Life Assurance and Long-Term Disability. The Civil Service practice is higher than the average in the private sector for Pension & Gratuities - HK\$47,592 as compared to HK\$23,074, approximately 106% difference. Also for Life Assurance the Civil Service practice is higher - HK\$3,789 as compared to HK\$2,809, approximately 35% difference. The Long-Term Disability Benefit in the Civil Service is HK\$3,542 as compared to the average in the private sector of HK\$1,580, approximately 124% difference.
- (e) Transport Allowances, Company Car and Car Allowances. There are no Civil Service Benefits corresponding to the average in the private sector of HK\$31,763, HK\$17,650 and HK\$2,904 for Company Cars, Car Allowances and Transport Allowances respectively.
- (f) Leave Passage Benefits. There are no Civil Service Benefits corresponding to the average in the private sector of HK\$24,886.
- (g) Miscellaneous Benefits. The Civil Service practice for Personal Loans is an interest subsidy of HK\$400, compared to the average in the private sector of HK\$2,228. There are no Civil Service Benefits corresponding to the averages in the private sector of HK\$1,260, HK\$8,400, HK\$1,322, HK\$10,908 and HK\$6,170 for Telephones, Club Fees, Meal Allowances, Utility Allowances and Recreation Allowances respectively.

### 8.3.3. Upper MPS Pay Bands

- (a) Housing Benefits (1). The average value of housing benefits for Civil Servants based on the original methodology of maximum utilisation is HK\$92,760 per annum. This is greater than the average private sector rental allowance at HK\$55,667, approximately 67% difference.

- (b) Housing Benefits (2). The average value of housing benefits for Civil Servants based on the alternative methodology of the actual utilisation pattern of housing benefits is HK\$54,644, approximately 2% below the average in the private sector at HK\$55,667.
- (c) Medical and Dental Benefits. The Civil Service practice is at HK\$2,863, approximately 35% below the average in the private sector at HK\$4,401.
- (d) Retirement, Life Assurance and Long-Term Disability. The Civil Service practice is higher than the average in the private sector for Pension/Gratuities - HK\$33,640, as compared to HK\$15,589, approximately 116% difference; for Life Assurance - HK\$2,630, as compared to HK\$1,686, approximately 56% difference; and for Long-Term Disability Benefits - HK\$2,894 as compared to HK\$1,244, approximately 133% difference.
- (e) Transport Allowances, Company Cars and Car Allowances. There are no Civil Service Benefits corresponding to the average in the private sector of HK\$26,250, HK\$23,000 and HK\$2,315 for Company Cars, Car Allowances and Transport Allowances respectively.
- (f) Leave Passage Benefits. There are no Civil Service Benefits corresponding to the average in the private sector of HK\$18,564.
- (g) Miscellaneous Benefits. The Civil Service practice for Personal Loans is an interest subsidy of HK\$400, compared to the average in the sector practice of HK\$2,757. There are no Civil Service Benefits corresponding to the averages in the private sector of HK\$733, HK\$2,226, HK\$1,371, HK\$6,755 and HK\$2,027 for Telephones, Club Fees, Meal Allowances, Utility Allowances and Recreation Allowances respectively.

8.3.4. Middle MPS Pay Bands

- (a) Housing Benefit. There are no Civil Service benefits corresponding to the average in the private sector of HK\$18,150 for a company flat.



- (b) Medical and Dental Benefits. The Civil Service practice is HK\$1,716 which is approximately 57% below the average in the private sector at HK\$4,000.
- (c) Retirement, Life Assurance and Long-Term Disability. The Civil Service practice is higher than the average in the private sector for Pension/Gratuities - HK\$15,939, as compared to HK\$5,985, approximately 166% difference; for Life Assurance - HK\$1,262, as compared to HK\$787, approximately 60% difference; and for Long-Term Disability Benefits - HK\$1,182, as compared to HK\$537, approximately 120% difference.
- (d) Transport and Car Allowances. There are no Civil Service benefits corresponding to the average in the private sector of HK\$2,233 for Transport Allowances.
- (e) Leave Passage Allowances. There are no Civil Service Benefits corresponding to the average in the private sector of HK\$2,147.
- (f) Miscellaneous Benefits. The Civil Service practice for Personal Loans is an interest subsidy of HK\$400, compared to the average in the private sector of HK\$1,650. There are no Civil Service Benefits corresponding to the averages in the private sector of HK\$773, HK\$1,096, HK\$3,514 and HK\$168 for Telephones, Meal Allowances, Utility Allowances and Recreation Allowances respectively.

8.3.5. Lower MPS Pay Bands

- (a) Housing Benefit. There are no Civil Service benefits corresponding to the average in the private sector of HK\$14,630 for a company flat.
- (b) Medical and Dental Benefits. The Civil Service practice HK\$1,716, is approximately 56% below the average in the private sector of HK\$3,932.
- (c) Retirement, Life Assurance and Long-Term Disability. The Civil Service practice is higher than the average in the private sector for Pensions/Gratuities - HK\$8,220 compared to HK\$4,114, approximately 99% difference; for Life Assurance - HK\$633 compared to HK\$571, approximately 11% difference and for Long-Term Disability Benefits - HK\$590 compared to HK\$386, approximately 53% difference.

- (d) Transport Allowances. There are no Civil Service Benefits corresponding to the average in the private sector of HK\$2,130 for Transport Allowances.
- (e) Miscellaneous Allowances. The Civil Service practice for Personal Loans is an interest subsidy of HK\$400 compared to the average in the private sector of HK\$1,123. There are no Civil Service Benefits corresponding to the averages in the private sector of HK\$1,091, HK\$3,167 and HK\$139 for Meal Allowances, Utility Allowances and Recreation Allowances respectively.

8.3.6. Model Scale 1

- (a) Housing Benefits. There are no Civil Service benefits corresponding to the average in the private sector of HK\$15,428 for a company flat.
- (b) Medical and Dental Benefits. The Civil Service practice is at HK\$1,716, about 39% above the average in the private sector of HK\$1,235.
- (c) Retirement, Life Assurance and Long-Term Disability. The Civil Service practice for Pensions/Gratuities at HK\$4,998, is higher than the average in the private sector at HK\$3,296, a gap of approximately 52%. There are no Civil Service benefits corresponding to the averages in the private sector for Life Assurance and Long-Term Disability benefits of HK\$521 and HK\$362 respectively.
- (d) Transport Allowances. There are no Civil Service benefits corresponding to the average in the private sector of HK\$2,131 for Transport Allowances.
- (e) Miscellaneous Allowances. The Civil Service practice for Personal Loans is an interest subsidy of HK\$357 compared to the average in the private sector of HK\$1,091. There are no Civil Service benefits corresponding to the averages in the private sector of HK\$1,263, HK\$3,117 and HK\$114 for Meal Allowances, Utility Allowances and Recreation Allowances respectively.