

CHAPTER 9

FRINGE BENEFITS - COMPARISON WITH EXPATRIATE STAFF

9.1 The Total Picture

9.1.1. Table 4 following analyses the Total Fringe Benefits packages in the private sector for expatriate staff and local staff in the Civil Service including maximum notional values for Housing Benefits; and actual utilisation pattern of Housing Benefits) by major individual components. The abbreviations used are the same as in Chapter 8.

9.1.2. The benefits shown for the private sector are the averages for all private sector expatriate jobs in the Survey falling within the job size ranges corresponding to each of the Upper/Upper and Upper MPS Pay Bands. There are insufficient expatriate jobs in the Middle or Lower MPS Pay Bands or Model Scale 1 to make a comparison possible. The tables include those companies with expatriates which do not pay the benefits in question as well as those that do but does not include those companies with no expatriates in these job size ranges. As in Chapter 8, the averages shown in no way imply that any job holder receives these actual benefits in practice (see paragraph 8.1.2.(a)).

9.1.3. The results (taken in conjunction with Table 3 previously show the following.

(a) For each of the Upper/Upper and Upper MPS Bands, the Civil Service fringe benefits package for local staff much more closely resembles the private sector expatriate staff package than it does the private sector local staff package.

(b) The average for Housing and Retirement Benefits for Civil Service local staff are similar to private sector expatriate staff packages. The average private sector practice for Housing Benefits for local staff is much lower.

FRINGE BENEFITS

| | PRIVATE SECTOR (EXPATRIATE) | | 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 | 266,144 | 66.9 | 246,795 | 80.9 | 141,040 | 70.8 |
| Medical | 4,816 | 1.2 | 2,863 | 0.9 | 2,863 | 1.4 |
| Retirement | 57,243 | 14.4 | 54,923 | 18.0 | 54,924 | 27.6 |
| Transport | 9,872 | 2.5 | Nil | - | Nil | - |
| Leave Passages | 47,049 | 11.8 | Nil | - | Nil | - |
| Other | 12,748 | 3.2 | 400 | 0.1 | 400 | 0.2 |
| <u>Total</u> | 397,872 | - | 304,981 | - | 199,227 | - |
| (2) <u>U</u> | | | | | | |
| Housing | 124,120 | 51.0 | 92,760 | 68.6 | 54,644 | 56.3 |
| Medical | 5,110 | 2.1 | 2,863 | 2.1 | 2,863 | 2.9 |
| Retirement | 54,891 | 22.5 | 39,164 | 29.0 | 39,164 | 40.4 |
| Transport | 5,989 | 2.5 | Nil | - | Nil | - |
| Leave Passages | 49,092 | 20.2 | Nil | - | Nil | - |
| Other | 4,228 | 1.7 | 400 | 0.3 | 400 | 0.4 |
| <u>Total</u> | 243,430 | - | 135,187 | - | 97,071 | - |

9.2. Individual Fringe Benefits

9.2.1. Tables 1 - 12 at Annex I compare expatriate and local staff Fringe Benefits in each of the Upper/Upper and Upper MPS Pay Bands with the Average, Minimum and Maximum private sector figures for expatriate staff for jobs of equivalent size. Unlike the analysis in Table 4, the private sector figures shown are of only for 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 average. This is a meaningful analysis to use when comparing Civil Service benefits with actual private sector benefits and is similar to the analysis in Chapter 8 (see paragraph 8.1.2.(b)).

9.2.2. The results which are shown below have been calculated using the same assumptions spelled out in paragraph 8.1.3. of Chapter 8.

9.2.3. Upper/Upper MPS Pay Band

- (a) Housing Benefits (1). The maximum notional value of the benefit available for this Pay Band, which is the Non-Departmental Quarters, is HK\$246,795. This closely resembles the average expatriate value in the private sector - HK\$267,738. Information provided by the Administration shows that most expatriate staff choose to take Non-Departmental Quarter.
- (b) Housing Benefits (2). The value of housing benefits based on the alternative methodology (actual utilisation pattern) is HK\$141,040 which is approximately 47% below the average in the private sector of HK\$267,738.
- (c) Medical and Dental Benefits. The Civil Service practice for both expatriates and local staff is HK\$2,863 for Medical and Dental Benefits combined, approximately 49% below the average in the private sector, at HK\$5,873.
- (d) Retirement, Life Assurance and Long-Term Disability. The Civil Service practice for pensionable officers is HK\$47,592 which is close to the average in the private sector - HK\$46,735. However for contract officers on gratuity terms the figure is higher at \$55,850. For Life Assurance, the Civil Service practice is lower - HK\$3,789, compared to HK\$7,983,

approximately 47% difference. The Long-Term Disability Benefit in the Civil Service is HK\$3,542, compared to the average practice in the private sector of HK\$3,120, approximately 14% difference.

- (e) Transport Allowances, Company Cars and Car Allowances. There are no Civil Service Benefits corresponding to the averages in the private sector of HK\$36,400, HK\$13,900 and HK\$2,400 for Company Cars, Car Allowances and Transport Allowances respectively.
- (f) Leave Passage Benefits. There are no Civil Service Benefits for local staff corresponding to the average for expatriates in the private sector of HK\$50,052, but Civil Service expatriate staff get a benefit of HK\$52,496, approximately 5% more than the average in the private sector.
- (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\$1,524. There are no Civil Service Benefits corresponding to the averages in the private sector of HK\$1,624, HK\$8,480, HK\$13,020, HK\$13,552 and HK\$12,473 for Telephones, Club Fees, Meal Allowances, Utility Allowances and Recreation Allowances respectively.

9.2.4. Upper MPS Pay Band

- (a) Housing Benefits (Expatriate Civil Servants). Expatriate Civil Service Staff are entitled to Non-Departmental Quarters, average value HK\$232,030, approximately 7% more than the average for private sector expatriates at HK\$190,700.
- (b) Housing Benefits (1). The maximum notional value of the benefit available for local staff in this Pay Band, (Home Purchase Allowance), is HK\$92,760 which is approximately 51% lower than the average for private sector expatriates of HK\$190,700.
- (c) Housing Benefits (2). The value of the benefit based upon the actual utilisation pattern is HK\$54,644, approximately 71% lower than the average value for expatriates in the private sector.

- (d) Medical and Dental Benefits. The Civil Service practice is at HK\$2,863, approximately 54% below the average for private sector expatriates at HK\$6,249.
- (e) Retirement, Life Assurance and Long-Term Disability. The Civil Service practice for pensionable officers is lower than the average for private sector expatriates for Pensions - HK\$33,640, as compared to HK\$45,164, approximately 26% difference. However for contract officers the figure is closer to the private sector practice at \$40,480 or approximately 10% difference. For Life Assurance HK\$2,630, as compared to HK\$5,897, which is approximately 55% difference; and for Long-Term Disability Benefits - HK\$2,894, as compared to HK\$3,740, approximately a 23% gap.
- (f) Transport Allowances, Company Car and Car Allowances. There are no Civil Service Benefits corresponding to the averages in the private sector of HK\$25,100 and HK\$5,450 for Car Allowances and Transport Allowances respectively.
- (g) Leave Passage Benefits. There are no Civil Service Benefits for local staff corresponding to the average for expatriates in the private sector of HK\$49,092, but Civil Service expatriate staff get a benefit of HK\$19,090, approximately 61% less than the average in the private sector.
- (h) 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\$2,220. There are no Civil Service Benefits corresponding to the averages in the private sector of HK\$1,049, HK\$3,820, and HK\$6,561 for Telephones, Club Fees and Utility Allowances respectively.

9.3. Expatriate Pay In The Private Sector

- 9.3.1. Expatriates in the private sector in the range of jobs covered by the Upper Upper and Upper Pay Band are generally paid higher than local staff. Though this is not the case in all companies employing expatriates.
- 9.3.2. The gap on average for the Upper/Upper Pay Band equivalent in the private sector is approximately 20% and for the Upper Pay Band 30%.