

PART I

LETTER OF 30 DECEMBER 1985 TO HIS EXCELLENCY  
THE GOVERNOR TENDERING ADVICE ON THE FIRST STAGE  
OF THE REVIEW OF LEAVE AND PASSAGE ARRANGEMENTS

30 December 1985

His Excellency Sir Edward Youde, GCMG, MBE  
Governor of Hong Kong

Your Excellency,

Review of Leave and Passages

In Report No. 12, which was submitted in January 1984, we said that it was our intention to include a review of leave and passage arrangements in the civil service in our future programme of work. In Report No. 13 which was submitted in January 1985, we recorded the fact that we had not received the information that we needed for this review and that we understood that this subject was still being examined by the Administration in consultation with staff associations.

2. In a letter dated 25 June 1985 from the Secretary for the Civil Service, we were informed that the Administration had completed a detailed examination of the subject and that it had consulted the three main staff councils on a package of leave and passage arrangements for civil servants. We were asked to advise on these proposals which were designed to rationalize and simplify the present administration of leave and passage arrangements. The Secretariat to the Standing Commission carried out a preliminary examination of the Administration's proposals during our summer recess and since September 1985 we have considered no less than fifteen papers on this subject.

3. We decided to examine the proposals in two stages and this letter deals with the first stage involving four of them which will not lead to major increases in the value of leave and passage benefits. The remaining proposals, which entail either an increase in the value of benefits in the case of serving civil servants or revised benefits in the case of new appointees, require more lengthy consideration and we shall tender advice on them at a later date.

Definition of Leave

4. In the Civil Service Branch review it is proposed that leave in the civil service should be defined as follows :

"a period of absence from duty on full pay granted by an employer to employees for recuperation from the pressure of work, for betterment of health and staff morale and for attending to personal matters. In the case of overseas officers, leave is granted also for the renewal of home and family ties."

We consider that this definition is acceptable because it clearly defines the purpose for which leave is granted whilst the latter part of it also explains why there are differences between the leave and passage entitlements of local and overseas officers. We therefore recommend the adoption of the definition proposed by the Administration.

Simplification of Existing Types of Leave

5. The Civil Service Branch review only covers casual leave and vacation leave which were originally intended to serve two quite separate purposes. They are earned at different rates and are governed by different administrative arrangements.

6. The different rates at which serving civil servants earn casual and vacation leave are shown in the following tables :

Table A

Annual Leave-Earning Rates of Serving Local Officers

Rank	Less than 10 years' service		10 years' service or more	
	Casual Leave	Vacation Leave	Casual Leave	Vacation Leave
MPS 18 & above	12	18	12	27
MPS 1 - 17	12	9	12	18
Model Scale 1	12	-	12	9

Table B

Annual Leave-Earning Rates of Serving Overseas Officers

Rank	Age under 40		Age 40 or over regardless of service or age over 35 with 10 years' service or more	
	Casual Leave	Vacation Leave	Casual Leave	Vacation Leave
MPS 1 & above	12	42	12	59

7. Casual leave is leave-earning. If 12 days of casual leave or less are taken at any one time, it is calculated on a working day basis (i.e. intervening Sundays, Saturdays-off and general holidays are not counted as leave) and leave may be taken in half-day units. However, if more than 12 days of casual leave are taken, intervening holidays are counted as leave and leave may not be taken in half-day units. Vacation leave, on the other hand, is non-leave-earning and is calculated on a calendar day basis, i.e. it cannot be taken in half-day units and intervening holidays during vacation leave are counted as leave. Under normal circumstances, casual leave may not be combined with vacation leave.

8. In general, subject to the exigencies of the service, local officers may take any amount of leave owing to them at any time whereas overseas officers are subject to a number of restrictions which are outlined in paragraph 21 of this letter. Furthermore, although both local and overseas officers are subject to an accumulation limit of 30 days for casual leave, their accumulation limits for vacation leave differ and these are set out in paragraph 12.

9. The Civil Service Branch review has established that the current arrangements for calculating and administering the two types of leave are unsatisfactory in a number of ways. Firstly, they are out of line with the practice in the private sector which generally does not distinguish between casual and vacation leave. Secondly, the

distinction between their purposes has become blurred with the passage of time and, in practice, local officers often make use of casual leave for the purpose of vacation and vice versa. It appears therefore that the artificial distinction between casual and vacation leave can no longer be justified. Thirdly, staff find it difficult to understand the different methods of calculating casual and vacation leave and errors often occur in the calculations. Lastly, the administration of the two different types of leave (one leave-earning and the other non-leave-earning) is complicated, labour intensive and costly.

10. In order to improve the administration of leave procedures, the Civil Service Branch review proposes that :

- (a) casual and vacation leave should be combined to form a single type of leave which should be non-leave-earning, i.e. it should not count as resident service for the purpose of earning leave and passages, whilst the existing leave-earning rates for serving officers should remain unchanged; and
- (b) the following administrative measures should be introduced to govern the new type of leave :
  - (i) where leave is taken for not more than 12 consecutive working days, it will be calculated on a working day basis. In this case leave may also be taken in half-day units; and
  - (ii) where leave is taken for more than 12 consecutive working days, it will be calculated on a calendar day basis and intervening Sundays and public holidays will be counted as leave. In this case leave may not be taken in half-day units.

11. In general, we endorse the Administration's proposals which are modifications of the existing leave arrangements. We believe that the greater flexibility which will result from the proposed combination of casual and vacation leave will compensate for any small loss in benefits which may occur when casual leave, which is at present

leave-earning, becomes non-leave-earning after it is combined with vacation leave. There is, however, one exception to this. In the case of Model Scale 1 staff with less than 10 years' service, we note that they are eligible only for casual leave and that, in consequence, they will not benefit from flexibility in the same way as other officers. They will, in fact, suffer a net loss when casual leave, which is leave-earning, becomes vacation leave, which is non-leave-earning. To compensate for this, we recommend that when the new arrangements are put into effect the leave-earning rate for this category of employees should be increased by half a day from 12 days to  $12\frac{1}{2}$  days per year of resident service. Apart from this change, we recommend acceptance of the Administration's proposals as set out in paragraph 10.

#### Leave Accumulation Limits

12. At present, the accumulation limit for casual leave is 30 days for all officers whilst the limits for vacation leave vary between local and overseas officers. In the case of local officers, the accumulation limits for vacation leave are fixed at 60, 120 or 180 days respectively, depending on the leave-earning rates of individual officers. In the case of overseas officers, although, theoretically, they are not subject to any prescribed accumulation limits in respect of vacation leave, the amount that they can normally accumulate is, in practice, the vacation leave that they earn within a tour period of  $2\frac{1}{2}$  years (or notional tour in the case of permanent and pensionable officers), i.e. 148 days for officers earning 59 days per year or 105 days for officers earning 42 days per year. This is because an overseas officer who does not take all the vacation leave he earns by the end of the tour period forfeits all but seven days of his untaken leave.

13. The Civil Service Branch review proposes that when casual and vacation leave are combined under the new arrangements :

- (a) the accumulation limits for serving local officers should, in most cases, be fixed at the present levels for vacation leave only; and

- (b) an accumulation limit of 180 days should be introduced which would apply to serving overseas officers at any point in time, as in the case of local officers.

14. Paragraphs 12 and 13 can be illustrated by the following tables :

Table C

Number of Days' Leave that Serving Local Officers may accumulate

Rank	Existing Arrangements for Casual and Vacation Leave		Proposed Arrangements for One Single Type of Leave			
	Less than 10 years' service	10 years' service or more	Less than 10 years' service	10 years' service or more		
	<u>C.L.</u>	<u>V.L.</u>	<u>C.L.</u>	<u>V.L.</u>		
MPS 18 & above	30	120	30	180	120	180
MPS 1 - 17	30	60	30	120	60	120
Model Scale 1	30	-	30	60	60	60

Table D

Number of Days' Leave that Serving Overseas Officers may accumulate

Rank	Existing Arrangements for Casual and Vacation Leave		Proposed Arrangements for One Single Type of Leave	
	Aged under 40 (Excluding those aged 35-39 with 10 years' service or more)	Aged 40 or over regardless of length of service or aged 35-39 with 10 years' service or more	Aged under 40 (Excluding those aged 35-39 with 10 years' service or more)	Aged 40 or over regardless of length of service or aged 35-39 with 10 years' service or more
MPS 1 & above	<u>C.L.</u> 30 <u>V.L.</u> (105)*	<u>C.L.</u> 30 <u>V.L.</u> (148)*	180	180

Note : \* Overseas officers are not subject to any accumulation limits for vacation leave. Figures in brackets only denote the normal vacation leave earned for a tour or notional tour of 2½ years.

15. As regards proposal (a) in paragraph 13, we have taken note of the view expressed by some staff representatives that their new accumulation limits should be the combined total of their present casual and vacation leave limits, and in particular, of the anxiety expressed by representatives of the Model Scale 1 Staff Consultative Council that those with 10 years' service or more should be allowed to retain their present maximum accumulation limit of 90 days, i.e. 30 days casual leave plus 60 days vacation leave. Nevertheless, we are inclined to share the Administration's view that the leave limits proposed, with two exceptions, are reasonable because excessive accumulation negates the very purpose of leave. The two exceptions are the proposed leave accumulation limits for Model Scale 1



staff. We feel that a limit of 60 days for all Model Scale 1 staff, irrespective of their length of service, would not be equitable and that it would not be consistent with the accumulation limits proposed for officers on the Master Pay Scale which take into account an officer's length of service. For this reason, we recommend that the leave accumulation limits for Model Scale 1 staff should be changed to 45 days for those with less than 10 years' service and 90 days for those with 10 or more years' service. In the case of officers with 10 years' service or more the proposed 90 days accumulation limit would also help to narrow the gap between the top end of the Model Scale 1 and the lower end of the Master Pay Scale.

16. Taking all these considerations into account, we recommend that the accumulation limits shown in the following table should be set for serving local officers :

Table E

Number of Days' Leave that Serving Local Officers may accumulate

Rank	Existing Arrangements for Casual and Vacation Leave		Proposed Arrangements for One Single Type of Leave	
	Less than 10 years' service	10 years' service or more	Less than 10 years' service	10 years' service or more
	<u>C.L.</u> <u>V.L.</u>	<u>C.L.</u> <u>V.L.</u>		
MPS 18 & above	30 120	30 180	120	180
MPS 1 - 17	30 60	30 120	60	120
Model Scale 1	30 -	30 60	45	90