

19 April 1999

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,

### **Cessation of Minor Housing Related Benefits for New Recruits**

We have been invited by the Administration to advise, under Clause 1(e) of our Terms of Reference, on its proposal that new recruits appointed under the Common Terms of Appointment and Conditions of Service (Common Terms) should cease to be eligible for the following minor housing related benefits –

- (a) Furniture and Domestic Appliances (F&DA) supplied to non-post-tied quarters and the Furniture and Domestic Appliances Allowance (F&DAA) payable in lieu; and
- (b) Hotel Subsistence Allowance.

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

2. The provision of F&DA/F&DAA dated back to many decades when eligibility for non-departmental quarters (NDQ) was limited to expatriate staff. The provision of furniture and domestic appliances to make quarters habitable was reasonable then, given that expatriate staff employed from overseas would not be expected to bring bulky household items with them. Many of them were also employed on contract terms and were not

expected to establish a permanent home in Hong Kong. Such considerations have become less tenable with the extension of NDQ, over the years, to eligible local staff and the expansion in the number of DQ. The need for the F&DA/F&DAA is also questionable as civil servants appointed since October 1990 when the Home Financing Scheme was introduced, have no longer been eligible for NDQ.

3. In the case of the Hotel Subsistence Allowance, which was approved in 1972, the rationale was that overseas officers who had to stay in hotels before they were allocated quarters would incur extra expenditure in view of the additional cost of living in a hotel. Nowadays, however, there is a far wider range of restaurants and officers and their families do not necessarily have to have their meals in their hotels. The Administration does not think that there is any real reason why Government should continue to subsidize officers' daily expenses whilst being accommodated in hotels.

4. On account of the above considerations, the Administration proposes that the provision of F&DA/F&DAA to non-post-tied quarters and the Hotels Subsistence Allowance to recruits appointed under the Common Terms should cease with immediate effect from a current date. However, F&DA should continue to be provided to all post-tied quarters.

5. The Administration considers that the rationale for the cessation of such housing related benefits applies equally to serving officers. A number of options are being examined by the Administration to limit or gradually phase out their provision to eligible serving officers and the Commission's advice on its proposal will be sought in due course.

### **Staff Consultation**

6. The Administration has consulted the four central staff councils on its proposal and none of them has raised any objection.

7. The Administration shall in due course also consult staff on the proposal to limit or phase out the provision of similar housing related benefits to serving eligible officers.

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

8. We agree with the Administration that the original rationale for supplying furniture and domestic appliances to quarters (or the payment of F&DAA in lieu) and the provision of meal subsidy to officers whilst being accommodated in hotels is no longer tenable under present day circumstances. We have no objection, therefore, to the Administration's proposal.

9. As regards serving officers, we welcome the Administration's proposal to take steps to limit or phase out the provision of similar benefits to eligible serving officers. We urge that this be done as expeditiously as possible, now that the rationale for the continued provision of such benefits no longer exists.

### **Conclusion**

10. In conclusion, we support the Administration's proposal to remove the provision of Furniture and Domestic Appliances to non-post-tied quarters (and the Furniture and Domestic Appliances Allowance payable in lieu) and the Hotel Subsistence Allowance to recruits appointed under the new Common Terms with immediate effect from a current date.

Yours faithfully,

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