

9 December 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,

Review of Home-Office Travelling Expenses

We have been invited by the Administration to advise, under Clause I (e) of our Terms of Reference, on its proposal to introduce a Supplementary Travel Allowance (STA) to replace the existing provision of Home-Office Travelling Expenses (HOTE) and Home-Office Mileage Allowance (HOMA).

Background

2. HOTE was introduced in the 1950's to compensate staff posted to offices in the New Territories (NT) for the higher travelling expenses incurred. The amount of HOTE claimed is based on the "cheapest route" minus a "no-claim" limit (currently at \$11.40 per return journey). Officers authorised to drive their private vehicle for duty purposes may claim HOMA instead.

3. With the overall urbanisation of Hong Kong and improvement in transportation network in the past 30 years, the Administration considers that the existing system for the payment of HOTE/HOMA based simply on the NT

criterion is outdated. In order to facilitate postings, the Administration considers that there is a continued need to provide some form of a reasonable subsidy to staff working in offices in relatively inaccessible locations or in locations to which the cost of travel is high.

The Administration's Proposal

4. Following a survey of home-office journeys of civil servants in 1998 and a recent review, the Administration proposes that –

- (a) A new Supplementary Travel Allowance (STA) be introduced to replace HOTE and HOMA.
- (b) Only staff posted to work in “designated offices” will be eligible for the payment of the STA. A list of such “designated offices” which are located in outlying islands (including Lantau Island), border areas and in less accessible areas is at the Annex. The list will be reviewed on a regular basis taking into account changes such as introduction of new public transport routes and setting up of new offices.
- (c) Staff who reside in the same region as the “designated offices” will not be eligible for STA. The proposed regions are as follows –
 - (i) Hong Kong Region;
 - (ii) Kowloon Region (including Hong Kong University of Science and Technology, Tseung Kwan O, Clear Water Bay);
 - (iii) Sai Kung Region;
 - (iv) New Territories East Region (including Tai Po, Sha Tin, Ma On Shan, Sheung Shui, Fanling);
 - (v) New Territories West Region (including Yuen Long, Tuen Mun, Tsuen Wan, Kwai Chung, Tsing Yi);

- (vi) Island Region (including Lantau Island and all outlying islands, each island is by itself a region).
- (d) STA will be payable according to working days and on a non-accountable basis (HOTE and HOMA are currently fully accountable). It will be fully taxable. There will be two levels of payment to reflect the costs of journeys to different locations, the initial rates of which will be –
 - (i) for staff working at the airport/outlying islands - \$29.0
 - (ii) for staff working at other “designated offices” - \$9.2

[The rates are for return trips, calculated according to the weighted average (in terms of establishment) of travelling expenses between the “designated offices” and their nearest commuter centres.]

- (e) STA will be adjusted in April every year with reference to fare changes of the relevant modes of public transport within the Composite Consumer Price Index for the 12-month period ending February of the year. An overall review of the rates will be conducted every five years to ensure that they reflect the prevailing needs of the staff who are required to travel to offices in less accessible areas.
- (f) Officers who are provided with transport at government expense will not be eligible for STA unless both ends of the journey are in locations for which STA is payable (e.g. an officer provided with transport between Tung Chung MTR station and the airport will be eligible for STA as both ends are locations described in para (b) above; an officer provided with transport between Sai Kung town centre and the Lady MacLehose Holiday Village will not be eligible for STA as Sai Kung town centre is not a location covered by para (b).)
- (g) Where officers (including those not working in “designated offices”) have a need to claim reimbursement of actual travelling

expenses (e.g. for use of taxis when no other suitable means of public transport are available), they will be required to bear a “no-claim” limit. The initial rate of this limit is set at \$22.4 which was arrived at through the 1998 survey. This rate will be revised annually as per para (e) above.

Consultation

5. The Administration has consulted the Disciplined Services Consultative Council, Police Force Council, Senior Civil Service Council and the Model Scale 1 Staff Consultative Council and they are generally in support of the proposal.

Financial Implications

6. The estimated expenditure for HOTE and HOMA for 1999/2000 is \$78 M and \$14.9 M respectively. In the initial year of implementation of STA, the Administration expects to achieve an annual saving of around \$35.8 M [\$78 M (HOTE) + \$14.9 M (HOMA) - \$57.08M (STA)].

Commission's Views and Recommendations

7. We agree with the Administration that a review of HOTE/HOMA is overdue. The process of urbanisation and the much improved transport infrastructure in Hong Kong over the past 30 years have rendered the payment of HOTE/HOMA, based simply on the NT criterion, outdated.

8. We, therefore, welcome the Administration's proposal to introduce a new STA to replace HOTE/HOMA. Under the new proposal, offices for which STA will be payable to staff working there will be clearly designated. This is a better arrangement and will help to remove some of the anomalies found in the existing system based simply on the NT criterion. It is also fair to exclude staff who reside in the same region as the “designated offices” from being eligible for STA.

9. We see no objection to the provision of two levels of payment to reflect the cost of journeys to different locations and the calculation of these rates according to the weighted average (in terms of establishment) of travelling expenses between the “designated offices” and their nearest commuter centres. The Administration’s proposal to adjust the STA rates annually and to conduct an overall review of the rates every five years appears to be reasonable.

10. We agree that officers who are provided with transport at government expense should not be eligible for STA unless both ends of the journey are in locations for which STA is payable. Where officers have a need to claim reimbursement of actual travelling expenses, we agree that they should bear a “no-claim” limit and that the rate of this limit be reviewed annually.

Conclusion

11. In conclusion, we support the Administration’s proposal to introduce a new STA to replace HOTE/HOMA but urge that the Administration should keep the list of “designated offices” and the reimbursement rates under close scrutiny to ensure that the new system is realistic.

Yours faithfully,

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