

CHAPTER V

EDUCATION ALLOWANCES AND INTERIM ALLOWANCES

96. Until near the end, our deliberations had been based on the upperscale and superscale structure of salaries laid down by the Platt Commission, and in our comparison with commercial salaries we used the overall figure for the latter; that is to say, in the case of commercial salaries subject to additional marriage, children's, education etc., allowances, the figure for salary was adjusted by Mr. HUNT and Mr. GORDON so that these allowances were built in.

97. As our discussions neared completion, Government announced an interim non-pensionable 5% increase of salary to all Government officers, and in addition, a children's allowance of 2% per child (up to a maximum of \$76 for each of three children), with retrospective effect to 1st July, 1963. The former presented no problem since it did not alter the basic structure; our recommendations are intended to bring superscale salaries up to a fair level for present day conditions, and the 5% must clearly be taken as superseded by the pensionable increases we recommend, with effect from the date of implementation of the new salaries. We understand that the interim allowances will later be made pensionable retrospective to 1st July, 1963, and that they will be reviewed in 1965. It would be necessary to review the interim allowances for the period 1st July, 1963, to 1st September, 1964, for superscale/upperscale officers in the light of any decisions taken in respect of the rest of the Service.

98. The children's allowance on the other hand introduced a completely new feature into the salary structure, but since it is limited to \$76 per month per child, it is relatively insignificant in relation to superscale salaries, and by itself presented no very serious problem.

99. Shortly after announcing the interim 5% increase and children's allowances for all Government officers, Government further announced the allowances for overseas education of children of officers on overseas terms of service. These allowances are £180 p.a. for the first child, £220 p.a. for the second and £250 p.a. for the third child. This introduced another new feature in the salaries structure, and since the allowances for an officer with three children being educated overseas amount to \$1,096 per month, we felt bound to give serious consideration to the application of these new allowances to officers on superscale salaries.

100. The Working Party which recommended the new overseas education allowances gave two basic reasons: firstly, the need of officers who could not afford to educate their children abroad without undue hardship; and secondly, the general practice of the British Colonial Service in other parts of the Commonwealth, the Foreign Service, and the Armed Services, where overseas education allowances are the general rule, which results in lessening the attractions of service in Hong Kong so long as these allowances are not paid here. We came to the conclusion that neither of these reasons applied in equal measure to the superscale salaries we recommend, which at least at the top are in themselves sufficient to cover education of children abroad without further assistance. Further, the payment of such allowances in addition to our suggested salaries would vitiate our comparison with commercial salaries for the reasons given in paragraph 96.

101. If however these allowances were not to be paid at all to superscale officers, then at the lower end of the superscale, officers with children being educated overseas would receive less remuneration than officers near the top of the time-scale, which would be a manifest anomaly. On the other hand, if we were to reduce the whole level of our recommended scale so as to compensate for the extra remuneration derived from the education allowances, it would be unfair on officers who do not qualify for the allowances, and would be in contradiction to the principles we adopted in paragraph 84 of this report.

102. We were therefore compelled to resort to a compromise, and we recommend that education allowances and children's allowances should be paid on a reducing scale ranging from 90% at the bottom end of the superscale until they disappear completely for salaries of \$6,800 p.m. and upwards.

103. We devised a number of different tables and satisfied ourselves that our proposals are feasible. But this is a matter for which technical expertise is required. We have accordingly sent these tables to the Establishment Officer and we recommend that Government approve a declining table within the limits proposed in paragraph 102.

104. It is an almost inevitable result of such a compromise scheme that the increments on promotion of officers with children for whom they are drawing education allowances will be smaller than they would otherwise have been, but no officer should lose money on promotion. It is quite possible, however, that some officers eligible for children's allowances might receive a lower salary than they do at present. We recommend that such officers should continue to be remunerated on the existing scales until the situation adjusts itself by their promotion or in some other manner (e.g. if the officer ceases to be eligible for an allowance).