

Review of the remuneration package and related issues

I. Proposed consultancy study on HA remuneration package

The reasons for the proposed commissioning of the consultancy study are given in paragraphs 10-14 of the paper. To review the HA remuneration package in totality, we recommend that the consultancy study should cover the terms of appointment including the following inter-related issues:

- (a) salary scales of individual grades and ranks of HA contract staff;
 - (b) cash allowance;
 - (c) fringe benefits provided in kind, including leave, medical and dental benefits;
 - (d) contract gratuity;
 - (e) proposed performance-related pay scheme;
 - (f) job-related allowances (please see paragraph 6 below); and
 - (g) proposed probationary requirement for new appointees (please see **Annex B**).
2. The consultant will also be asked to advise on-
- (a) grade restructuring with a view to developing more simplified grade structures by way of grade merger and reduction in the number of HA contract ranks through delayering;
 - (b) the terms and conditions for HA staff on renewal of contracts should there be changes to the appointment terms and conditions such as salary scales, fringe benefits etc arising from the review; and
 - (c) HA's contribution to the Mandatory Provident Fund (MPF) scheme above the statutory rate of 5% for certain posts/length of service. (Please see paragraph 3 below).

II. Mandatory Provident Fund Scheme

3. With the impending implementation of the MPF Schemes Ordinance, which is expected to become operational in December 2000, HA will need to decide on its rate of contribution, as the employer, to the MPF scheme. Taking into account the practices in the civil service and other public-funded organizations¹, we recommend that we contribute, as a minimum, at

¹ The Government has promulgated that it will, in respect of all government employees covered by the Ordinance, contribute towards a scheme registered under the Ordinance at the statutory rate of 5% of the employee's relevant monthly income or \$1,000, whichever is the less. For employees appointed on gratuity-bearing terms, the contract gratuity will be adjusted to take account of the Government's

least 5% of the staff's relevant monthly income or \$1,000, whichever is the less, but that consideration be given that the percentage contribution be increased as an incentive for staff above certain level and/or staff with certain length of service. We suggest that this latter proposal also be examined by the consultant.

4. Furthermore, in preparation for implementation of the Ordinance, the Department will need to –

- (a) research and decide on the best option for HA to comply with the statutory provisions of the Ordinance (ie. whether HA to join the Master Trust Scheme or to set up its own provident fund scheme); and
- (b) plan for the necessary administrative arrangements to support implementation of the MPF scheme; and

This will be the subject of a separate paper to be submitted for FC's and HRC's consideration.

III. Job-related allowances

5. We have looked into the feasibility and desirability of revamping the current arrangements whereby HA contract staff are eligible for job-related allowances in the same manner as their civil servant counterparts.

6. As one of the merits of engaging contract staff is to circumvent the rigidity inherent in the civil service Guides to Appointment (which specify the restrictive scope of responsibilities of the civil service ranks/grades), their job descriptions can be more precisely worked out to incorporate all duties and functions incumbent upon the contract staff, thus negating the need for payment of job-related allowances. We recommend that, in the meantime, save for Acting Allowance, Overtime Allowance, Overseas Subsistence Allowance, Duty Mileage Allowance and honorarium², the contract staff should not be eligible for all other job-related allowances³. Notwithstanding this, if the proposed consultancy study to review the HA remuneration package is

contribution to the MPF scheme. The majority of public-funded organizations we have approached have shown an inclination to follow the practice in the civil service.

² Honorarium may be payable to staff for performing special tasks outside their normal scope of duties and their conditioned hours of work. However, it should only be granted under exceptional circumstances, supported with full justifications and when there are no other viable alternatives.

³ Other job-related allowances include Extraneous Duties Allowance, Hardship Allowance, Shift Duty Allowance, On-call Duty Allowance, Stand-by Duty Allowance, Typhoon Allowance, Rainstorm Black Warning Allowance, Local Subsistence Allowance, Dialect Allowance and Home-to-office Travelling Allowance for staff whose workplace is in the New Territories.

endorsed, the consultant should also conduct an overall review of all existing job-related allowances to see which should be reflected in the pay scales of the respective ranks and which should be abolished.