

**Review of Fringe Benefit Type of Civil Service Allowances :
Summary of Final Change Measures**

(I) Education allowances

(A) Overseas Education Allowance (OEA)

Existing claimants¹

- Freeze the OEA ceiling rates at the existing levels in foreign currencies and no further rate adjustment in future. The UK rates are :

Boarding School Allowance :

Junior : GBP 7,434

Senior : GBP 9,138; and

Day School Allowance : GBP 1,289.

- Other rules (e.g. subsidy level, duration of subsidy, age and number of eligible dependants and place of study) remain unchanged.

New claimants¹ joining the scheme from the 2006-07 school year/ 2007 school year²

- Adjust the OEA ceiling rates to the levels as at 30.6.1997 and no further rate adjustment in future. The OEA ceiling rates are to continue to be set in foreign currencies. The UK rates are :

Boarding School Allowance :

Junior : GBP 6,450

Senior : GBP 7,437; and

Day School Allowance : GBP 1,241.

- Other rules (e.g. subsidy level, duration of subsidy, age and number of eligible dependants and place of study) will remain unchanged.

¹ In this context, claimants refer to the eligible children of eligible civil servants in respect of whom an OEA is claimed.

² The adjusted OEA rates will apply to new claimants joining the scheme from the 2006-07 or the 2007 school year onwards.

(B) Local Education Allowance (LEA)**Existing claimants³**

- Freeze the LEA ceiling rates at the existing levels (i.e. Primary: \$31,950, F1 to F3: \$53,025, and F4 & above: \$49,238) and no further rate adjustment in future.
- Other rules (e.g. basic charge, subsidy level, duration of subsidy, age and number of eligible dependants) remain unchanged.

New claimants³ joining the scheme from the 2006-07 school year

- Adjust the LEA ceiling rates to the levels as at 30.6.1997 (i.e. Primary: \$29,925, F1 to F3: \$49,650 and F4 & above: \$46,313) and no further rate adjustment in future.
- Other rules (e.g. basic charge, subsidy level, duration of subsidy, age and number of eligible dependants) remain unchanged.

(II) Passage and related allowances**(A) Sea Passage**

- Retain the provision of sea passage at an officer's entitled class of travel.
- Cap the allowance rates for sea passage at the maximum allowance rates at the 1997 level for the respective class of travel approved for the 1997 sailing to the UK. The ceiling rates are to continue to be set in pound sterling.
- We will implement the new arrangement starting from the 2007 sailing.

(B) School Passage Allowance (SPA)

- Adjust the ceiling rates of SPA to the rates as at 1.7.1998 when school passage started to be provided in the form of a cash allowance instead of economy class air tickets, with no further rate adjustment in future. The revised rates are :

SPA Level 3: \$11,800;
 SPA Level 2: \$23,600;
 SPA Level 1: \$17,700.

³ In this context, claimants refer to the eligible children of eligible civil servants in respect of whom a LEA is claimed.

- Adjust the payment rules for SPA to align with the original purpose of the school passage benefit before the introduction of the cash allowance on 1.7.1998, i.e. no carrying forward of SPA to the next cycle will be allowed.
- Subsume travelling expenses in the place of study under SPA of the revised ceiling rates without separate provision.
- Apply all the above measures to all claimants from their next SPA cycle commencing on or after the effective date.

(C) Travelling expenses in country of origin or place of study

- Freeze the allowance rates for travelling expenses in country of origin or place of study at the current levels (i.e. \$2.19 per kilometre for adults (including children aged 16 or above) and \$1.10 per kilometre for children) for all claimants.
- Subsume travelling expenses in place of study under SPA of the revised ceiling rates without separate provision.

(III) Housing and related allowances

(A) Non-accountable Cash Allowance (NCA) Scheme

New claimants

- Adjust the rates of NCA to 5% below the corresponding rates of Home Financing Allowance (HFA)/Home Purchase Allowance (HPA) to restore the original differential between the NCA rates and HFA/HPA rates, and apply the revised rates to all new claimants (including claimants on re-appointment with a break in service).
- The rates for re-appointed civil servants with a break in service will be based on the scale of rates prevailing when they re-join the Scheme or the scale prevailing when they first drew the allowance, whichever is the lesser.
- Adjust the future NCA rates in line with the annual percentage adjustment to HFA/HPA.
- Impose a 3-year service requirement on officers remunerated on MPS 22-33 (or equivalent) before they may queue for a quota place to align with the existing arrangement for comparable officers offered appointment before 1.6.2000 who may only queue for a quota after confirmation to the permanent establishment or completion of one agreement.

- Option for officers eligible for the Accommodation Allowance (AA) Scheme to switch to NCA subject to the following conditions –
 - (i) the application of the changes to the NCA Scheme as set out above;
 - (ii) the rate of NCA payable when an eligible civil servant commences to draw the allowance must be no higher than the rate of AA applicable to the officer;
 - (iii) the payment of NCA for up to a maximum of 120 months or up to an eligible civil servant's AA entitlement period, whichever date comes first; and
 - (iv) the continued application in full of the rules on prevention of double housing benefits.

(B) Accommodation Allowance (AA) Scheme

Existing claimants⁴

- Starting from a new tenancy/upon renewal of tenancy, lock the scale of allowance rates payable to an individual officer to the scale prevailing when he commences a tenancy for the entire tenancy term, irrespective of any subsequent upward and downward annual adjustments to the allowance rates. Officers on salary progression or promotion may continue to progress to a higher rate of allowance from the relevant scale during the tenancy term subject to the terms of the Scheme.
- Adjust the rates of allowance according to the territory-wide rental movements in respect of the corresponding classes of domestic properties, instead of the rental movements for selected districts only, compiled by the Rating and Valuation Department (RVD).

⁴ All officers eligible for the AA Scheme have already joined the Scheme.

(C) Private Tenancy Allowance (PTA)
<u>Existing and new claimants</u>
<ul style="list-style-type: none"> Starting from a new tenancy/upon renewal of tenancy, lock the scale of allowance rates payable to an individual officer to the scale prevailing when he commences a tenancy for the entire tenancy term, irrespective of subsequent upward and downward annual adjustments to the allowance rates. Officers on salary progression or promotion may continue to progress to a higher rate of allowance from the relevant scale during the tenancy term subject to the terms of the Scheme. Adjust the rates of allowance according to the territory-wide rental movements in respect of the corresponding classes of domestic properties, instead of the rental movements for selected districts only, compiled by RVD.
(D) Removal Allowance
<ul style="list-style-type: none"> Change the removal allowance into a fully non-accountable allowance. The allowance rate will be adjusted from time to time having regard to the change in CPI(A), as at present. Maintain the current arrangement whereby removal allowance is normally payable within twelve months before the vacation deadline.
(E) Air-conditioning Allowance
<ul style="list-style-type: none"> Abolish the air-conditioning allowance.
(F) Hotel Subsistence Allowance
<ul style="list-style-type: none"> Abolish the hotel subsistence allowance as a fringe benefit.