

**FORTY-FOURTH REPORT**

**OF**

**THE SALARIES REVIEW COMMISSION**

**OF**

**THE REPUBLIC OF  
TRINIDAD AND TOBAGO**

**April 8, 1997**

# **FORTY-FOURTH REPORT OF THE SALARIES REVIEW COMMISSION**

## **Review of the Housing Allowance payable to office holders falling under the purview of the Salaries Review Commission**

In accordance with Section 141 (1) of the Constitution of the Republic of Trinidad and Tobago, His Excellency the President by letter dated December 17, 1996 has conveyed his approval for a revision by the Salaries Review Commission of the Housing Allowance now paid to holders of public offices under the purview of the Commission.

2. The need for such a review has arisen in the context of the present efforts by the State to institute an appropriate policy relating to the provision of residential accommodation for public officers. The Commission has been made aware that a comprehensive rationalisation of the existing arrangements relating to Government Residential Quarters is now underway and that such an exercise would involve, eventually, the sale of certain Government houses on the open market and a complete re-examination of the present policy with respect to the provision of housing to public servants. In this regard, therefore, it has been foreseen that for many of the office holders under the Commission's purview, who are now provided with rent free Government housing or an allowance in lieu, the payment of a Housing Allowance only may eventually be applicable.

3. In addressing the matter of the Housing Allowance, we considered it beneficial to trace the historical development of the provision of Government Quarters.

### **HISTORICAL DEVELOPMENT**

4. The provision of residential accommodation to public servants had its genesis in the colonial era when it was necessary to provide housing for officers assigned a tour of duty in Trinidad and Tobago from the United Kingdom. This policy was maintained in the post-Independence era as a means of attracting and retaining personnel required to service and administer an expanding Public Service. By 1971, the policy centred on the provision of housing to:-

- (a) officers recruited from overseas and officers provided under technical assistance by other countries; and
- (b) officers who were required to reside in or near their districts or within easy call of the institutions or establishments to which they were assigned for duty.



It is to be noted that the policy at that time required rent, of varying percentages of salary, to be charged for accommodation.

5. At the beginning of the 1980s it was already evident that the demand for houses was outstripping the supply, particularly in St. George West (Port of Spain and its environs) and in Victoria. The question had arisen, even then, that if it had been established that an officer was eligible for Government housing and such was not available, then it seemed reasonable to assume that the officer should be paid an appropriate Housing Allowance instead.

6. It was in this context that the Commission, in undertaking its first general review of offices under its purview in July 1980, upgraded the housing benefit for the main body of holders of such offices (i.e. the Top Managers in the Public Service and similar offices) by recommending that they be provided with rent free quarters or where the particular grade of housing recommended could not be provided, a cash monthly Housing Allowance in lieu thereof be paid.

#### **EXISTING ARRANGEMENTS WITH RESPECT TO QUARTERS GENERALLY**

7. The situation today as we understand it, is that Government has acquired a stock of approximately 1068 housing units, situated throughout Trinidad and Tobago, but still concentrated in the St. George West area. These units are classified by value and location, as follows:-

<b><u>No. of units</u></b>	<b><u>Grade</u></b>	<b><u>Description</u></b>
27	Super Grade	A large home of four or more bedrooms, study, formal dining area, fully furnished and located in such areas as Federation Park, Ellerslie Park and St. Clair.
42	Grade I	A three bedroom house located in areas such as St. Ann's, Cascade, Maraval and Flagstaff Hill.
151	Grade II	This type of house is not as large as the Grade I; also townhouses which may have two bedrooms. Houses of this type are also located at Flagstaff Hill.

<u>No. of units</u>	<u>Grade</u>	<u>Description</u>
447	Grade III	Two bedroom house located outside of the main business districts.
401	Ungraded	These are institutional quarters allocated to various Ministries/Departments

8. Notwithstanding this relatively large stock of units, the problems related to demand and supply still persist. In addition, difficulties exist as far as the allocation of funds for repairs and maintenance is concerned, with the result that units remain unattended for prolonged periods and fall into total disrepair. Many which remain unoccupied and awaiting repairs are eventually vandalised. It is also a trend that many units are converted for use as Government office accommodation or the housing of certain cultural groups.

#### **EXISTING ARRANGEMENTS PERTAINING TO HOLDERS OF OFFICES UNDER THE PURVIEW OF THE COMMISSION**

9. The general situation with respect to Government Quarters, as set out in the foregoing, has had its effect on the existing arrangements applicable to holders of offices under the purview of the Commission.

10. At present, the housing benefit provided to office holders under the purview of the Commission may take one of the following forms:-

- (i) provision of an official Residence;
- (ii) provision of housing only;
- (iii) provision of housing or payment of an allowance in lieu thereof; or
- (iv) payment of a Housing Allowance only.

The rationale underlying these various arrangements is as follows:-

#### **I. Official Residence**

Official residences are made available to certain top office holders by virtue of their unique status in the Nation or by tradition. Those who are eligible for such accommodation because of their status, are the President of the Republic and the Prime Minister. On the other hand, it has been the tradition to house certain office holders such as the Chief Justice and the Commissioner of Police in special Government houses also known as official residences.

## II. Housing Only

This type of benefit is usually provided to Senior officers in the Protective Services (other than the Commissioner of Police) and the Defence Force who by virtue of the nature of their duties are required to be housed for security and other reasons such as the need to be in close proximity to their headquarters.

## III. Housing or a Housing Allowance in lieu

This benefit, for which the majority of office holders are eligible, provides for the grant of free, furnished accommodation or a Housing Allowance of \$1,000 per month in lieu thereof. The type of units for which office holders are eligible differs according to the status of the offices held. The units are rent free and are either of Super Grade type or Grade I specification and may be provided fully furnished or furnished. The detailed provisions are as follows:-

- i) Rent free, fully furnished Super Grade Quarters;
- ii) Rent free, furnished Super Grade Quarters; and
- iii) Rent free, furnished Grade I Quarters;

A house is 'fully furnished' where all appliances, furniture and drapery are provided by the State, and 'furnished' where only basic furniture and appliances are provided.

Normally public officers who are provided with housing are required to pay a nominal monthly rental, equivalent to approximately 10% of basic salary. For the office holders under the purview of the Salaries Review Commission however, there is a waiver of the monthly rental.

## IV. Housing Allowance Only

The benefit of a Housing Allowance only was granted as part of the compensation package for the office of Deputy Permanent Secretary which was created in 1995. The quantum of the allowance is set at the same level as that paid in lieu of Quarters to the office holders in the grouping as at III above, i.e. \$1,000 per month.

A list of the offices accorded the various forms of the housing benefit is appended hereto.

11. The Property Management Unit of the Ministry of Public Administration and Information which administers the housing facility has indicated that of the 249 office holders under the purview of the Salaries Review Commission who are eligible for accommodation only 49 are actually housed. It has been pointed out that this situation is due largely to the unavailability of units. However, in a few instances it is by choice that office holders are not housed. It also happens that owing to exigencies that arise from time to time, office holders are accommodated in units which are either above or below the grade for which they are eligible.

12. We note with concern the continuing problem which the administration faces in making accommodation available to office holders who are entitled to such as part of their terms and conditions of employment. In our view, the distribution of available houses could lead to disparities in the value of the housing benefit applicable to the various office holders. For example, an office holder may be accorded a particular grade of housing but the value of the benefit to him/her may differ from that of another, who ostensibly is eligible for the same benefit, as a result of differences in locality, type of structure and physical condition of the unit he/she is allocated.

13. It could also be seen as inconsistent that for office holders not in occupation of Quarters, a cash allowance of \$1,000 per month is paid irrespective of variance in eligibility as described at paragraph 10 above.

14. In light of the general unsatisfactory situation with respect to the supply of Quarters and taking into account the comprehensive reform intended by the State as regards the provision of Government residential accommodation, we consider it timely that the housing benefit applicable to office holders under our purview be rationalised.

15. We have observed that apart from those cases where it is necessary for certain office holders to be housed for official or other reasons, the housing benefit to the majority of office holders has developed into a pure perquisite and paid as a Housing Allowance, forming an integral part of the compensation package for top public officials. This development is in keeping with the design of compensation packages today for executive level jobs in both the public and the private sectors. The rationale behind the allowance is to assist the office holder in obtaining suitable rented accommodation. Accordingly, we have focussed on the extent to which the existing rate of Housing Allowance should be revised.

16. In reviewing the existing rate of Housing Allowance, we have taken into consideration the current position with respect to the following:-

- (i) the monthly rental prices of residential accommodation on the open market; and
- (ii) the benefits paid to top executives in the private sector.

**Current rental costs of residential Accommodation**

17. We note that in the open market, houses of the type for residential accommodation are classified as executive or modern style as follows:-

- Executive** - This type of house is usually designed by an architect and contains as many washrooms as there are bedrooms and specialist rooms such as a study and recreation room. It is normally air-conditioned with hot and cold water. Fixtures and fittings are usually top of the line.
- Modern** - This type of accommodation is well designed and usually contains three or more bedrooms, two washrooms, study and family room. Floors are finished with either tiles or terrazzo or may be fully carpeted.

Houses at the lower end of the Executive type and upper end of the Modern scale are considered to be comparable to those now classified by the State as Super Grade while those in the lower to middle range of the Modern category may be considered to be equivalent to Quarters of Grade I specification.

18. A survey of current rental rates listed at prominent Real Estate Agents reveals that monthly rates in suitable residential areas range as follows:-

	Furnished	Unfurnished
	TT	TT
Executive	\$9,000 - \$40,000	\$9,000-\$18,000
Modern	\$4,000 - \$12,000	\$4,000-\$ 5,000

19. We also had the benefit of information from the Valuations Division of the Ministry of Finance and took note of the significantly lower rental rates quoted. Their rates were as follows:-

	Furnished TT	Unfurnished TT
Executive	\$4,000 - \$8,700	\$3,000-\$6,500
Modern	\$3,300 - \$6,000	\$2,500-\$4,500

We bore in mind however that the open market rates of the Real Estate Agents have been strongly influenced by the demand for housing for expatriates to the extent that many rental rates are quoted in US dollars. For bench-mark purposes, these rates would therefore have to be viewed with some reservation.

### **Housing Benefits paid to top Executives**

20. By way of comparison, the package of non-salary monetary benefits granted to top executives in the State Enterprises and the private sector was examined. The provision of a housing benefit is a common feature of that package for top executives in these sectors. However, the nature of this perquisite varies widely from organisation to organisation, for example, a review of compensation packages for top executives in State Enterprises shows that some executives were afforded the facility of subsidised mortgages while others were paid Housing Allowances which averaged \$2,500 per month. Among private sector organisations Chief Executive Officers were either provided with housing or paid housing allowances which ranged from \$3,500 per month to \$5,000 per month while the next level of management received allowances in the order of \$600 per month to \$2,150 per month. The trend in the State Enterprises and the private sector is therefore, to grant a cash allowance.

### **Recommendation**

21. In forming our recommendation on this matter, we took cognisance of a very recent decision by Cabinet on the matter of the rationalisation of Government housing. It has been decided that certain residences/units would be retained and others which are vacant or vandalised, sold. The residences/units to be retained and which are germane to this exercise are as follows:-

- (i) official residences for the President, the Prime Minister, the Commissioner of Police and the Commissioner of Prisons;
- (ii) residential Quarters in La Fantasia, St. Ann's and at Flagstaff Hill; and

- (iii) residential Quarters assigned to public officers as a condition of service, for example, as in the case of certain medical doctors.

The sale of Quarters would result in a further depletion of an already insufficient stock. This in our view, together with the prohibitive cost of maintenance, strengthens the case for the provision of a cash housing allowance alone, except in those cases where official residences or residential Quarters are to be retained. This arrangement would be in keeping with the observed trend in other sectors of the economy.

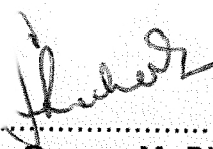
22. Accordingly, on the basis of the information obtained through the surveys of monthly rental rates and on the premise that the Housing Allowance is intended to assist the office holder in acquiring suitable residential accommodation, we consider it reasonable for the allowance to approximate 50% of the average monthly rental of housing comparable to the grades for which office holders now qualify. We therefore recommend that where accommodation is not provided, revised housing allowances should be paid as follows:-

(i)	office holders who now qualify for Super Grade Quarters;		\$5,000 per month
(ii)	office holders who now qualify for Quarters of Grade I specification; and	-	\$2,500 per month
(iii)	office holders who now qualify for a Housing Allowance only.	-	\$1,900 per month

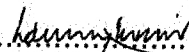
23. These revised rates should take effect from April 1, 1997.



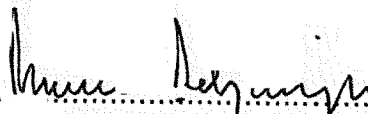
Dated this <sup>8<sup>th</sup></sup>..... day of April, 1997.



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Professor George M. Richards  
(Chairman)



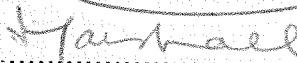
.....  
Edward Collier



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Rowell Debysingh



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Keith Ortiz



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Joyce Marshall



**List of offices falling under the purview of the Salaries Review Commission which are provided with Housing or an Allowance in lieu.**

<b>OFFICE</b>	<b>Official Residences</b>	<b>Rent Free furnished Housing Only</b>	<b>Super Grade</b>	<b>Grade I</b>	<b>Housing Allowance only</b>	<b>Number in 1997 Estimates of Revenue and Expenditure</b>
<b>1. MEMBERS AND OFFICERS OF PARLIAMENT</b>						
The President	1					1
Prime Minister	1					1
Minister of Government			22 <sup>(1)</sup>			22
President of the Senate				1		1
The Speaker of the House of Representatives				1		1
Parliamentary Secretary				3		3
Ombudsman			1			1
<b>2. THE HIGHER JUDICIARY</b>						
Chief Justice			1 <sup>(2)</sup>			1
Justice of Appeal			9			9
Puisne Judge			20			20
<b>3. Auditor General</b>			1			1
<b>4. INDUSTRIAL COURT</b>						
President			1			1
Vice-President			1			1
Chairman of the Essential Services Division of the Industrial Court			1			1
Member of the Industrial Court			12			12
<b>5. TAX APPEAL BOARD</b>						
Chairman, Tax Appeal Board			1			1
Member (Full-Time)			2			2
<b>6. TOP MANAGERS IN THE PUBLIC SERVICE</b>						
Permanent Secretary to the Prime Minister and Head of the Public Service				1		1
Permanent Secretary, Ministry of Finance				1		1
Commissioner of Inland Revenue and Chairman of the Board of Inland Revenue				1		1
Economic Adviser to the Prime Minister				1		1

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OFFICE	Official Residences	Rent Free furnished Housing Only	Super Grade	Grade I	Housing Allowance only	Number in 1997 Estimates of Revenue and Expenditure
<b>6. <u>TOP MANAGERS IN THE PUBLIC SERVICE, Cont'd.</u></b>						
Permanent Secretary				33		33
Chief Personnel Officer				1		1
Director of Personnel Administration				1		1
Chief Medical Officer				1		1
Director of Contracts				1		1
Commissioner of Inland Revenue				3		3
Comptroller of Accounts				1		1
Comptroller of Customs & Excise				1		1
Director of Budgets				1		1
Director, Research and Development				1		1
Clerk, Tobago House of Assembly				1		1
Secretary to the Ombudsman				1		1
Executive Director, Investment/Divestment				1		1
Deputy Permanent Secretary					24	24
<b>7. <u>TOP MANAGERS IN THE PUBLIC UTILITIES AND STATUTORY AUTHORITIES</u></b>						
General Manager, Port Authority				1		1
Executive Director, Water and Sewerage Authority				1		1
Deputy Executive Director, Water and Sewerage Authority				1		1
Director (Finance), Water and Sewerage Authority				1		1
Director (Technical), Water and Sewerage Authority				1		1
Director (Water Resources Agency), Water and Sewerage Authority				1		1
General Manager, Public Transport Service Corporation				1		1
Executive Director, National Housing Authority				1		1

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<b>OFFICE</b>	<b>Official Residences</b>	<b>Rent Free furnished Housing Only</b>	<b>Super Grade</b>	<b>Grade I</b>	<b>Housing Allowance only</b>	<b>Number in 1997 Estimates of Revenue and Expenditure</b>
<b>8. SENIOR OFFICERS IN THE PROTECTIVE SERVICES AND DEFENCE FORCE</b>						
Chief of Defence Staff		1				1
Commissioner of Police		1				1
Special Adviser to the Prime Minister on Crime				1		1
Special Adviser to Cabinet on all Protective Services and Chief Executive Officer of the National Security Council		1				1
Special Adviser (Protective Services), Ministry of National Security				1		1
Commissioner of Prisons		1				1
Inspector of Police Services				1		1
Chairman, Police Complaints Authority				1		1
Chief Fire Officer				1		1
Secretary, National Security Council Secretariat				1		1
<b>9. SENIOR DIPLOMATIC REPRESENTATIVES</b>						
Ambassador / High Commissioner	11					11
Ambassador / High Commissioner (Non-Resident)				3		3
<b>10. CHAIRMEN OF COMMISSIONS AND BOARDS</b>						
Chairman, Public Service Commission			1			1
<b>11. THE JUDICIAL AND LEGAL SERVICE</b>						
<b>GROUP I</b>						
Chief Magistrate				1		1
Solicitor General				1		1
Director of Public Prosecutions				1		1
Chief Parliamentary Counsel				1		1
Legislative Draftsman, Master of the High Court				3		3

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OFFICE	Official Residences	Rent Free furnished Housing Only	Super Grade	Grade I	Housing Allowance only	Number in 1997 Estimates of Revenue and Expenditure
<u>THE JUDICIAL AND LEGAL SERVICE, cont'd</u>						
<b>GROUP II (Formerly Group IA)</b>						
Deputy Chief Magistrate				1		1
Deputy Solicitor General				2		2
Deputy Director of Public Prosecutions				2		2
Deputy Chief Parliamentary Counsel				1		1
Chief State Solicitor				1		1
Registrar and Marshall				1		1
Registrar General				1		1
Director, Law Revision				1		1
<b>GROUP III (Formerly Group II)</b>						
Senior Magistrate				13		13
<b>GROUP IV (Formerly Group III)</b>						
Magistrate				29		29
<b>12. NATIONAL INSTITUTE OF HIGHER EDUCATION (RESEARCH, SCIENCE AND TECHNOLOGY)</b>						
President				1		1
Director (Financial Institutions)				1		1
<b>TOTAL</b>	<b>13</b>	<b>4</b>	<b>73</b>	<b>135</b>	<b>24</b>	<b>249</b>

**Note:**

- (1) The terms of Ministers of Government do not specify the type of Housing for which they are eligible but the policy is to provide them with Super-Grade Housing.
- (2) The Chief Justice is eligible for Super-Grade quarters, but the house allocated to this office holder is unofficially referred to as the "Official Residence of the Chief Justice".