

For discussion
on 23 October 2002

LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE

Review of Job-related Allowances: Way Forward

PURPOSE

Further to the progress report discussed at the Public Service Panel meeting held on 15 April 2002, this paper sets out the Administration's proposed way forward in respect of the reviews conducted respectively by the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission) and the Standing Committee on Disciplined Services Salaries and Conditions of Service (the Standing Committee) on job-related allowances (JRAs) payable to civil servants.

BACKGROUND

2. In an earlier consultation exercise which ended in February 2002, Civil Service Bureau (CSB) consulted the staff sides of the Central Consultative Councils and departmental management on the review recommendations made by the Standing Commission and the Standing Committee on job-related allowances (JRAs) payable to civil servants. Following the consultation, we submitted a progress report to the Public Service Panel for discussion on 15 April 2002. The progress report summarised the comments received from departmental management and the staff sides during the consultation exercise and the initial views of the Administration.

3. Taking account of the views obtained from the consultation exercise, CSB has drawn up specific proposals on the way forward and has further consulted departmental management and staff representatives on these proposals. The consultation ended in early October 2002.

BROAD CONSIDERATIONS

4. In drawing up the specific proposals for consultation with departmental management and staff representatives, we have taken into account the following broad considerations -

- (a) The administration of the existing JRA system has room for improvements in order to better ensure that only justified allowances will be paid; and

- (b) Under the existing civil service pay system, JRA is a supplementary payment to compensate staff for carrying out certain extra duties. The reviews conducted by the Standing Commission and the Standing Committee in 1999 had proceeded on this basis. Subsequently, the Administration embarked on a comprehensive review of our civil service pay policy and system in December 2001. As this comprehensive review is still underway, it is too early to speculate on how the civil service pay system will be modified and whether the existing JRA system will be affected in any way. In its Phase One Final Report released on 20 September 2002, the Task Force on Review of Civil Service Pay Policy and System has proposed, among others, that in the medium term, consolidation of JRAs should be adopted as a target, as part of a move towards a “clean wage” policy in the long run. This and other proposals in the Phase One Final Report will need further careful consideration.

5. In view of the afore-mentioned considerations, we consider that we should at this stage focus on measures which would improve on the administrative efficiency of the JRA system while broadly maintaining the existing framework of the system. Fundamental changes to the JRA system should be tackled at a later stage when we have a clearer idea of future changes to the broader civil service pay system.

6. In addition, we are mindful of the need to ensure a broadly consistent approach in the administration of JRAs in respect of the civilian grades and the disciplined services. The existing JRA systems for civilian staff and disciplined services staff share a number of commonalities in terms of, for instance, the role of JRAs and the principles governing the payment of such allowances. While recognizing that different circumstances may pertain to the disciplined services which warrant different treatment, we consider it prudent to have regard to the need for broad consistency between the civilian service and the disciplined services, where appropriate.

PROPOSED WAY FORWARD FOR REVIEW RECOMMENDATIONS

7. Taking account of the feedback received from the staff sides, departmental management and the LegCo Public Service Panel as well as the broad considerations set out in paragraphs 4 to 6 above, our proposed way forward on the review recommendations made by the two advisory bodies on which we just completed consulting the departmental management and the staff representatives, are set out in paragraphs 8 to 19 below.

JRA Principles

8. The Standing Commission has re-affirmed the validity of all but three existing principles. The three principles in respect of which the Standing Commission has proposed changes are: lowering the eligibility cut-off point for JRA payment; deletion of the principle in respect of “substantial time” spent on the duties in question; and clarification of the principle in respect of “inherent duties”. The Standing Committee, on the other hand, considers that all the existing principles governing JRAs payable to the disciplined services remain valid.

(a) Lowering of eligibility cut-off point

9. The Standing Commission has proposed to align the current eligibility cut-off point for JRAs (MPS 33 at \$46,810) with that for Overtime Allowance (ranks with pay scale maxima on or below MPS 25 (\$32,415) and scale minima on or below MPS 19 (\$24,495)) in respect of civilian grades. The staff sides have raised concern about this proposal and departmental management holds divergent views on this matter. As the deliberations in the ongoing comprehensive review of civil service pay policy and system may have an impact on whether the JRA eligibility cut-off point should be lowered, we feel that we should not rush into a decision on this review recommendation of the Standing Commission at this stage. We, therefore, intend to **withhold action** on this recommendation for the time being and to revisit the matter in the context of the comprehensive review of civil service pay policy and system.

(b) Deletion of the principle on “substantial time”

10. The Standing Commission has recommended to delete the principle “**JRAs should not be paid to officers unless the extra or unusual duties take up a substantial part of their time**” due to difficulty in maintaining consistency in its application across departments and the need to allow greater flexibility for departments to use JRAs as motivation for staff to achieve prompt and efficient delivery of public service. We consider that the frequency of performing the tasks in question or the time spent on them should still be valid considerations in deciding whether JRAs are payable. Moreover, based on the feedback we received during the consultation earlier this year, there are concerns that deletion of the principle may result in ambiguity and arguments over whether a minor ad hoc duty should attract JRA. In view of the foregoing, we consider that rather than deleting the existing principle, we should **modify** it so that the duration and frequency of undertaking the extra duties in question will also be considered whilst the focus should be on service need and operational efficiency. The modified principle would thus read as follows -

“JRAs should not be payable unless the officers are required to deliver the extra or unusual duties for such duration and frequency as considered appropriate by the management in the light of service need and operational efficiency.”

11. The modified principle acknowledges that there are differences in the particular circumstances facing individual departments and the need to allow departmental management a judicious measure of flexibility in considering whether JRAs should be paid for particular tasks. As the existing principle on “substantial time” also applies to the disciplined services, we consider that the modification set out in the above paragraph should also apply to the disciplined services in the interest of consistency in approach.

(c) Clarification of the “inherent duties” principle

12. The Standing Commission has recommended that the principle on “inherent duties” should be clarified as: **“JRAs should not be paid for duties that are inherent to the department concerned. In other words, JRAs should not be paid for inherent duties performed by staff recruited directly by departments, unless the pay structure of the grades concerned is such that these duties cannot be reflected in the pay scale.”**

13. Both the staff sides and the departmental management have raised concerns on the recommendation. Based on the feedback received during the consultation, we envisage that the Standing Commission’s recommendation will give rise to the following issues -

- (a) The meaning of “duties inherent to the department” is unclear. If we interpreted this literally, all duties discharged by a department might be regarded as duties inherent to the department with the result that practically all JRAs currently payable to departmental and common grade staff would have to cease;
- (b) While common grades staff directly recruited by departments should be aware of their duties and work environment, the fact remains that common grades in different departments share the same pay scale, which may not have taken account of various department-specific duties. The concerned department is, however, not at liberty to adjust the pay scales of the common grade staff within its purview;
- (c) Adoption of the recommended principle might lead to demands for an immediate review of the pay scales of the concerned common grades. We do not consider it appropriate, while the comprehensive review of civil service pay policy and system is still underway, to embark on a

review of the pay scales of selected grades;

- (d) The proposed arrangement may lead to difficulty in staff deployment in that common grade staff might be reluctant to take up positions which involved the discharge of responsibilities that are perceived to be over and above what is normally required of the specified grade/rank.

14. In view of the foregoing, we consider that we should **clarify** the term “inherent duties” in the existing principle to refer to those duties normally expected of the concerned grade/rank having regard to the nature of the department concerned. The revised principle should read as follows -

“JRAs should not be paid for inherent duties of the concerned grade and rank unless the pay structure of the grade/rank concerned is such that these duties cannot be reflected in the pay scale.”

We should also emphasise that the inherent duties expected of the concerned grade/rank would evolve with time to take account of developments such as advancement in technology and improvements in the department’s service delivery.

15. The existing principle on “inherent duties” also applies to the disciplined services. To maintain broad consistency, we consider that the modified principle should similarly apply to the disciplined services. Since all disciplined services staff belong to departmental grades, “inherent duties” have always been interpreted as duties inherent to the concerned grade and rank. Hence, the proposed clarification of the “inherent duty” principle will have **no** material effect on the disciplined services.

16. A list of the revised JRA principles applicable to the civilian staff and disciplined services staff is attached at **Annex A**.

Categorisation of JRAs, rate-setting mechanism, moratorium and future review mechanism

17. The Standing Commission has, in respect of the JRAs for the civilian grades, proposed to rationalise the existing categorisation of JRAs, revise the mechanism for setting and adjusting JRA rates, impose a six-month moratorium for review of individual JRAs (except Shift Duty Allowance and Typhoon/ Rainstorm Black Warning Allowances) and put in place a new review and monitoring mechanism. These proposals are intended to improve and streamline the administration of JRAs for the civilian staff.

18. The proposals put forward by the Standing Commission concern essentially detailed implementation matters which we generally concur with. The proposed re-categorisation of JRAs would not directly result in the abolition of existing allowances (the existing and proposed categorisation of JRAs is at **Annex B**). After the re-categorisation, there may continue to be a variety of rates within the same category of allowances to adequately cater for extra duties of different degrees of complexity. We accept that the existing mechanism for reviewing JRAs has room for improvement. In particular, we favour a new mechanism which will ensure that all JRAs are reviewed regularly and that JRA payments will cease once they are found no longer justified. We therefore consider that we should **accept** the Standing Commission's recommendations.

19. The Standing Committee has reviewed all individual allowances payable to disciplined services staff and has confirmed that they remain valid. There is thus no need for a moratorium for JRAs payable to disciplined services staff as in the case of JRAs payable to civilian grades. As regards the future review and monitoring mechanism, the Standing Committee has advised that a central monitoring mechanism may serve as a useful safeguard. We see merit in following the recommendation made by the Standing Commission in respect of the JRAs payable to civilian grades. We shall discuss this matter with the departmental management of the disciplined services.

Feedback from the latest round of consultation

20. The staff representatives and department management in general support our proposed way forward as set out above. There is no disagreement that the Administration should, while the comprehensive review of civil service pay policy and system is ongoing, focus at this stage on measures which would improve on the administrative efficiency of the JRA system while broadly maintaining the existing framework of the JRA system. The staff representatives maintain the view that JRAs should continue to be payable if the duties concerned have not been reflected in the pay scale of the concerned grade/rank. They have also emphasised the need for adequate staff consultation during the moratorium.

Next Step: the Moratorium

21. Subject to any views Members may have, CSB will take a final decision on the review recommendations of the Standing Commission and the Standing Committee. Our aim is to start the six-month moratorium before the end of this year so that the detailed review of individual JRAs may proceed as soon as possible.

22. The moratorium aims to facilitate the review of individual JRAs payable to civilian grades (except Shift Duty Allowance and Typhoon/Rainstorm Black Warning Allowances) in order to ensure that continued payment of the JRAs is justified. During the moratorium, departments will be required to review whether the payment of the relevant allowances under their purview should continue or cease, having regard to the revised JRA governing principles and other relevant circumstances. For JRAs that are considered justified, departments should also review the validity of the JRA rates and recommend the timeframe for the next review. We would ask departmental management to consult their staff when conducting the detailed review of individual JRAs.

23. During the moratorium, the rates of all JRAs payable to civilian grades will be frozen at the prevailing level. Unless exceptionally approved by CSB, payment of JRAs which are subject to review may not be extended to any newly created posts or any existing posts which do not currently receive the allowance, nor may any new JRAs be introduced. Allowances will cease with immediate effect as soon as the review concludes that their continued payment is not justified or the latest at the end of the moratorium unless the review justifies their continuation. The approval for continued payment will be on a time-limited basis not exceeding two years, subject to review and re-approval, if justified, by the end of the specified period. This serves to ensure that all the JRAs will be subject to review at regular intervals.

Advice Sought

24. Members' views are sought on the Administration's proposed way forward set out in this paper.

Civil Service Bureau
October 2002

Revised Principles Governing Job-Related Allowances

Payable to Civilian Grades

- (1) Eligibility for JRAs should be determined by reference to a cut-off point at MPS 33 (i.e. payable up to MPS 33). Members of the administrative and professional grades should not be eligible for JRAs.
- (2) JRAs should not be payable unless the officers are required to deliver the extra or unusual duties for such duration and frequency as considered appropriate by the management in the light of service need and operational efficiency.
- (3) JRAs should not be paid for inherent duties of the concerned grade and rank unless the pay structure of the grade/rank concerned is such that these duties cannot be reflected in the pay scale.
- (4) JRAs should not be paid for changes in duties resulting from the introduction of new technology or improvements in operation methods.
- (5) JRAs should not be paid simply for the acquisition or possession of a skill or qualification. Where an officer is called upon to make use of an extra skill or qualification in the course of his work, consideration should be given to the payment of an allowance only if this happens reasonably often.
- (6) Where officers are regularly required to spend more than 50% of their time on extra duties for which allowances are paid, the posts concerned should be reviewed to determine whether it would be appropriate and practicable to regrade them, to revise the job descriptions of the posts, to schedule staff to fill these posts in rotation or to continue to pay the allowances.
- (7) Where JRAs are justified, they may be paid to officers on a continuing basis if the adjustment of their pay scales is not cost-effective and the regrading of posts or the rotation of staff to fill the posts is not practicable.
- (8) Multiple allowances should not be paid unless each of the individual allowances can be independently justified as being in accordance with the principles and criteria applicable to that allowance.

Revised Principles Governing Job-Related Allowances

Payable to Disciplined Services

- (1) Eligibility for JRAs should normally be confined to operational staff only and may be extended to officers up to PPS 47 or GDS(O)31 (Chief Inspector of Police or equivalent). Allowance may be paid to officers above these points only in very special circumstances.
- (2) JRAs should not be payable unless the officers are required to deliver the extra or unusual duties for such duration and frequency as considered appropriate by the management in the light of service need and operational efficiency.
- (3) JRAs should not be paid for inherent duties of the concerned grade and rank unless the pay structure of the grade/rank concerned is such that these duties cannot be reflected in the pay scale.
- (4) JRAs should not be paid for changes in duties resulting from the introduction of new technology or improvements in operation methods.
- (5) JRAs should not be paid simply for the acquisition or possession of a skill or qualification. Where an officer is called upon to make use of an extra skill or qualification in the course of his work, consideration should be given to the payment of an allowance only if this happens reasonably often.
- (6) Where officers are regularly required to spend more than 50% of their time on extra duties for which allowances are paid, the posts concerned should be reviewed to determine whether it would be appropriate and practicable to regrade them, to revise the job descriptions of the posts, to schedule staff to fill these posts in rotation or to continue to pay the allowances.
- (7) Where JRAs are justified, they may be paid to officers on a continuing basis if the adjustment of their pay scales is not cost-effective and the regrading of posts or the rotation of staff to fill the posts is not practicable.
- (8) Multiple allowances should not be paid unless each of the individual allowances can be independently justified as being in accordance with the principles and criteria applicable to that allowance.

- (9) JRAs should be paid if the extra duties are more demanding or valuable than normal duties (e.g. more dangerous, stressful or riskier) and are not a substitute for normal duties.
- (10) Where factors for the payment of allowances apply to at least 75% of staff in the rank, adjustments should be made to the pay scale of the rank instead of paying allowance to individuals.

**Existing and Revised Categorisation of Job-related Allowances
for Civilian Grades**

Existing Categorisation	Revised Categorisation (Without sub-categories)
<p>(I) Extraneous Duties Allowances:</p> <ul style="list-style-type: none"> • Extraneous Duties Allowances (Level 1) • Extraneous Duties Allowances (Level 2) • Extraneous Duties Allowances (Level 2 Variations) • Extraneous Duties Allowances (Responsibilities) 	<p>(I) Extraneous Duties Allowances –</p> <p>To compensate for duties which are extraneous to the job descriptions for the officers concerned and the discharge of such duties requires extra skill or imposes new responsibility not normally expected of staff in the same grade or rank</p>
<p>(II) Hardship Allowances:</p> <ul style="list-style-type: none"> • Hardship Allowances (Obnoxious Duties) • Hardship Allowances (Dangerous Duties) • Hardship Allowances (Management Considerations) (this sub-category includes Typhoon Allowance and Rainstorm Black Warning Allowance) 	<p>(II) Hardship Allowances –</p> <p>To compensate for duties performed in work environment which may render staff liable to bodily harm or physical impairment of a degree not normally expected of staff in the same grade or rank</p>
<p>(III) Shift Duty Allowance</p>	<p>(III) Shift Duty Allowance –</p> <p>To compensate for the need to work shifts which is not normally expected of staff in the same grade or rank</p>
<p>(IV) Special Allowances</p>	<p>(IV) Typhoon Allowance and Rainstorm Black Warning Allowance –</p> <p>To compensate for work under specific weather conditions, i.e. when typhoon signal No. 8 or above or rainstorm black warning signal is hoisted</p>