

For discussion
on 16 February 2004

LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE

Review of Acting Allowance

PURPOSE

This paper briefs Members on the outcome of our recent review of acting allowance and invite comments on the proposed revised arrangements.

THE NEED FOR REVIEW

2. In line with our established policy to keep the civil service management system under review, we have been conducting regular reviews of the acting system. The last major review was conducted in 1999 with results promulgated in January 2000, whereby the qualifying period for the grant of acting allowance was revised from 14 days to the current 30 calendar days, and the grant of acting allowance for doubling-down appointments was ceased. As a result of these tightened rules, the expenditure on acting allowances has since been steadily reduced from \$570 million¹ in the financial year of 1998-99 (i.e. the year before the last major review) by 39% to \$350 million¹ in 2002-03 (i.e. about three years after the review). The expenditure in 2003-04 (up to December 2003) is \$220 million. Given our commitment to achieving economy in Government's operating expenditure and as part of our ongoing review of the civil service management system, we further reviewed the grant of acting allowance. The outcome of our recent review is set out in the following paragraphs.

DETAILS OF THE REVIEW OUTCOME

Background

3. An acting appointment is a non-substantive appointment in which an officer is appointed to undertake the duties of a vacant post. Acting appointments are administrative arrangements made at the discretion of the management. It is

¹ Excluding expenditure incurred by civil servants working in trading fund departments and publicly-funded organisations (e.g. Hospital Authority).

not obligatory that acting appointment must be made whenever a post is vacant. On the contrary, an acting appointment should only be made when there is operational need and where the duties of a vacant post must be undertaken by another officer. Accordingly, payment of acting allowance is not a condition of service to which an officer is entitled. Current forms of acting arrangements are at **Annex A**.

The need to maintain the acting system

4. The practice of making acting appointments and granting acting allowance is uncommon in the private sector. Upon review, we conclude that there is a need to maintain the acting mechanism in the civil service since it remains an important management tool to test an officer's suitability for substantive promotion, particularly in the case of long-term acting, which can last for several years for some grades. Even in the case of short-term acting arrangements, it also provides opportunities for officers to try out their potential to perform duties at a higher rank for staff development purpose. The acting mechanism also caters for occasions where temporary acting appointments must be made because within the civil service, the authority to discharge certain administrative and statutory powers have been delegated to certain post-holders at different ranks.

5. In respect of the grant of acting allowance, while it has never been a condition of service, we consider it justifiable to grant such allowance to recognise the additional duties and responsibilities shouldered by the officers who undertake such acting appointments over a long period of time. However, we consider that there is a case to make some adjustments to the rates as a concerted effort of the civil service to help reduce Government's operating expenditure.

PROPOSALS

Rates of the acting allowance

6. In considering the various options in revising the acting allowance rates, care has been taken to avoid creating additional administrative work and cost which may offset any potential savings. We are also mindful of the need to maintain some kind of relativity among officers of different ranks. Having regard to these considerations, we do not propose to make substantial changes to the current mechanism. Instead, we propose a roughly 10% reduction across the board in the existing rates for payment of allowance for acting-up, doubling-up and doubling sideways appointments with a view to achieve savings. Details of the proposed revisions, as compared to the existing rates, are at **Annex B**.

Qualifying period for granting acting allowance

7. At present, acting allowances are payable only when the acting appointments last for 30 calendar days or more. No acting allowance is payable for doubling-down appointments irrespective of the length of the acting period. The qualifying period for the grant of acting allowance was last revised in 2000 from 14 days to the present 30 days. We consider this period to be reasonable and recommend no change to this qualifying period.

Administration of acting arrangements

8. As always, acting arrangements should not be made automatic. Heads of Departments/Grades (HoDs/HoGs) should critically examine whether it is fully justified on operational grounds to make acting appointments and, if so, consciously decide on the most appropriate form of acting appointment. Where appropriate, doubling-down arrangement for the supervising officer covering the duties of the subordinate during the latter's absence should be considered rather than automatically arranging for an acting appointment to be made as a matter of course.

9. Other than those arranged for the purpose of testing an officer's suitability for substantive appointment to the next higher rank, we consider it good management practice for HoDs/HoGs to regularly review the continued need for acting appointments which last for three months or more. This is because if the workload of a post can be continuously absorbed by another officer for such a prolonged period, it raises the fundamental question as to whether there is a continued need for the post or whether the responsibilities of the post can be redistributed and absorbed elsewhere to allow for the post to be deleted. If the HoD/HoG concerned considers that there is indeed a long-term need for the post, he should actively seek to fill the post substantively instead of asking an officer to take on the post in addition to his own on a prolonged basis since it is neither desirable to nor sustainable for the officer or the department. We would separately issue management guidelines for departments to put in place a mechanism, if such is not already in place, to vigilantly review the continued need for prolonged acting appointments if they are not for the purpose of testing an officer's suitability for substantive appointment to the next higher rank.

10. We have also reviewed the current system whereby two-tier acting is permissible and three-tier acting can only be arranged under very exceptional circumstances. We consider that there is scope to tighten the arrangement so that three-tier acting will not be allowed as a rule. We have also considered whether we should limit the acting to one tier only. However, we are satisfied that there are circumstances where it is necessary to arrange for two-tier acting even if it is just to cover the temporary absence of an officer (e.g. in case where each rank of officers are entrusted with specific statutory authorities and check and balance is required in exercising these authorities). We would therefore allow up to two-tier acting to

enable HoDs/HoGs sufficient flexibility to address their unique operational needs. That said, we would encourage HoDs/HoGs to arrange for one-tier acting as far as possible having due regard to the specific operational needs of each case with a view to achieving more savings.

Implementation

11. We intend to implement the revised rates with effect from a calendar day, say, 1 July 2004. All acting appointments, including those which have commenced before the implementation date but have not yet completed, will be subject to the revised rates with immediate effect.

FINANCIAL IMPLICATION

12. Expenditure on acting allowances in any one year would vary from the previous year depending on the actual circumstances which necessitate acting appointments, the acting pattern and the substantive rank of the officers who take up acting appointments. As such it is difficult to predict exactly how much savings can be achieved as a result of the proposed revisions. As a rough indicator, if we assume the expenditure pattern of departments remains the same after the implementation of the revised rules, it is estimated that there would be around 10% savings. Any savings thus achieved will be retained and utilised by the bureaux/departments concerned for other purposes.

CONSULTATION

13. We have issued a consultation paper to the staff sides and departmental management inviting them to express their views on the above proposals. We shall take into account the views received from all parties and refine our proposals where necessary before actual implementation.

ADVICE SOUGHT

14. Members' views are invited on the proposals set out above.

Current rules governing acting arrangements

At present, acting appointments are mainly made to enable an officer to –

- (a) act in a vacant post at a higher rank **to test his suitability for substantive promotion** to that rank. The acting period usually lasts for six months or more, and it may take the form of acting with a view to substantive appointment or acting for administrative convenience; or
- (b) undertake **temporarily** the duties of another post which is vacant for various reasons (e.g. the incumbent goes on leave, training or on duty visit), sometimes in addition to the duties of his own post. The acting period is normally of a shorter duration and would be reviewed if it exceeds six months.

2. Under the current Civil Service Regulations, acting appointments include the following –

- (a) **acting-up** : to undertake the duties of a post in a higher rank either for the purpose of testing the officer's suitability for substantive promotion or for administrative convenience; and
- (b) **doubling-up, doubling-sideways or doubling-down** : to undertake the duties of a post in a higher, same or lower rank respectively, in addition to the duties of one's own post for operational reasons.

3. Apart from doubling-down appointments, acting allowances are payable for acting appointments lasting for 30 calendar days or more.

Proposed revision to the rates of acting allowance

Types	Acting Office	Rates of Acting Allowance	
		Existing Arrangement	Proposed Revision
(a) Acting-up	All	100% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned	90% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned
(b) Doubling-up	Permanent Secretaries (PS), HoDs and directorate offices	110% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned	100% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned
	Non-directorate offices	25% of the minimum pay of the acting office or 100% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned, whichever is the more	23% of the minimum pay of the acting office or 100% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned, whichever is the more
(c) Doubling-Sideways	PS and HoDs	N.A.	N.A.
	Directorate and non-directorate offices	1/6 of the minimum pay of the acting office	15% of the minimum pay of the acting office
(d) Doubling-down	No acting allowance		