

**For discussion on
21 February 2005**

LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE

Progress Update on the Review of Job-related Allowances for Civilian Grades

PURPOSE

We have recently completed the third phase review of the job-related allowances (JRAs) payable to the civilian grades of the civil service. This paper informs Members of the review outcome.

BACKGROUND

2. JRAs are additional payments to compensate staff for aspects of their work which are not normally expected of a particular grade or rank and which have not been taken into account in the determination of their pay scales of the relevant grade and rank. JRAs are only payable if justified on operational grounds and if the governing principles are met. The existing governing principles applicable to JRAs payable to civilian staff are set out at **Annex A**. There are four major categories of JRAs for civilian staff, namely, Extraneous Duties Allowances, Hardship Allowances, Shift Duty Allowance and Typhoon Allowance and Rainstorm Black Warning Allowance. A description of the four categories is at **Annex B**.

3. In response to the Director of Audit Report No. 33 published on 11 October 1999, the Public Accounts Committee considered that the Administration should establish a mechanism to regularly review the justifications for various allowances payable to civil servants. In addition, the Administration should take early action to abolish allowances that have become outdated or are no longer justified in present day circumstances, having regard to the Director of Audit's concerns, value-for-money considerations, accountability for public expenditure, prevailing human resource practices in the private sector, and staff reaction.

4. Subsequently, the Administration invited 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) to conduct a review on the system of

JRAs payable to civilian and disciplined services staff. The two advisory bodies submitted their respective review reports to the Administration in June and April 2000.

5. Following two rounds of consultation with the staff sides of the Central Consultative Councils and the service-wide staff unions, departmental management, as well as the LegCo Panel on Public Service, the Administration decided in November 2002 to implement the review recommendations made by the two advisory bodies subject to certain refinements. The review recommendations adopted by the Administration include refinement to the principles for payment of JRAs, rationalisation of the JRA categorisation, revision to the rate-setting mechanism and establishment of a new review and monitoring system.

6. One of the recommendations made by the Standing Commission, and accepted by the Administration, is to impose a six-month moratorium, during which all departments should be required to review each individual JRA payable to the civilian grades under their purview (except Shift Duty Allowance and Typhoon/Rainstorm Black Warning Allowances). The primary purpose of the review is to ensure that all JRAs are justified under the updated JRA payment principles as well as present day circumstances and that any JRAs that are considered no longer justified should be ceased immediately, rather than cost-saving per se.

7. Heads of Departments are required to, in consultation with their relevant policy bureaux and Heads of Grades (if applicable), review whether the payment of the relevant allowances under their purview should continue or cease, having regard to the updated JRA governing principles and other relevant circumstances. For JRAs that are considered to be justified, the Heads of Departments should also review the validity of the JRA rates and recommend the timeframe for the next review. It is also the relevant departments' responsibility to consult their staff and take into account the staff's views before submitting their recommendations. The Civil Service Bureau (CSB), after receiving the departments' and their policy bureaux's recommendations, will make a final decision on the payment of the JRA in question.

Phase one JRA review

8. The review period for phase one ended on 31 May 2003. Because of circumstances relating to SARS, we decided to review the Hardship Allowances payable for performing duties such as cleansing, drainage/sewer cleaning and waste/blood/dead bodies handling, etc. (see paragraph 10 below) under phase two to be completed by 30 November 2003. In making that decision, we had taken account of the much more arduous situation faced by front-line staff engaged in those duties during the SARS period. Moreover,

the Government had committed to establishing and promoting a sustainable, cross-sectoral approach to improve the environmental hygiene in Hong Kong. It was, therefore, uncertain at the time whether and how the nature of work and workload involved for these staff would be affected as a result. We had also taken account of the views expressed to the management by front-line staff.

9. Upon the completion of the phase one review, payment of JRAs to around 1 700 posts in about 60 grades/ranks was ceased. For those JRAs that have been retained, we have, where appropriate, tightened up the payment criteria. The estimated annual expenditure on the JRAs subject to review under phase one totalled \$46 million. The estimated annual savings are about \$17.1 million (or 37% of the estimated annual expenditure of the JRAs covered by the phase one review). We informed Members of the outcome of the phase one JRA review at the Panel meeting held on 16 June 2003 *vide* LC Paper No. CB(1)1909/02-03(04).

Phase two JRA review

10. The phase two review was completed in November 2003. At that juncture, the circumstances faced by DH, FEHD and the Hospital Authority (HA) were changing since the Government had introduced a series of measures to improve public health and hygiene and to prepare for possible reoccurrence of the SARS. These measures have resulted in significant changes to the operation mode and the workload of the staff concerned. It was therefore necessary to allow some time for the management concerned to gain sufficient experience from the implementation of the new initiatives before deciding whether there should be any changes to the payment of the Hardship Allowance in the concerned departments. Accordingly, we decided to review the Hardship Allowances payable in these departments/organisations under the third phase to be completed by 30 November 2004.

11. For the remaining JRAs covered by the phase two review, payment of allowances to about 230 posts in 12 grades/ranks was ceased after review. In addition, the payment criteria were tightened up in some cases, where appropriate, having regard to the updated JRA principles and the job requirement of individual posts. The estimated annual expenditure on the JRAs covered by the phase two review totalled \$16.1M, and the estimated annual savings achieved is \$3.5M (or 22% of the estimated annual expenditure of the JRAs covered by the phase two review). We informed Members of the outcome of the phase two review in January 2004 *vide* LC Paper CB(1)768/03-04(01).

PROGRESS UPDATE

Phase three JRA review

12. In early February 2005, we completed the third phase JRA review, which covers Hardship Allowances payable in DH, FEHD and civil servants working in HA. Based on the approach adopted for the review in the first two phases, we took into account all relevant factors, including the governing principles of JRAs, the original justifications for the allowances in question, present day circumstances, prudence in the use of public expenditure, departmental management's review recommendations and staff feedback, in conducting the third phase review. Following examination, CSB accepted the review recommendations submitted by the departmental/bureau management subject to certain refinements subsequently agreed with the concerned departments/bureau.

13. Generally speaking, those posts that are engaged in the JRA-attracting duties for an appreciable portion of the normal working time will continue to be eligible for the Hardship Allowance. Following review, full rate of Hardship Allowances will continue to be payable to 5 272 posts (or 74% of the total). Examples include street washing duties, beat sweeping, gully/nullah cleansing; refuse collection; rodent/mosquito control; nightsoil collection; dead removal and exhumation; slaughterhouse and disease surveillance; import inspection duties; collection and dispatch of specimens; disposal of medical waste; cleaning of contaminated equipment; handling of soiled linen; direct contact with obnoxious matters such as blood, sputum, body fluids, stool, urine, specimens of human organ in the course of performing duty, etc.

14. Having regard to the operational requirements of the concerned posts and the extent of involvement of the concerned posts in the JRA-attracting duties as well as the JRA governing principles, Hardship Allowance will be payable at half rate for those posts which are not engaged in direct handling of obnoxious matters, but are subject to the same work environment. For example, while staff engaged in street washing and junk removal duties will continue to be eligible for Hardship Allowance at the full rate, staff responsible for supervising the cleansing staff will in future be paid at half rate only since the supervisory staff are not required to wash the streets or remove refuse, junk or obstructed articles, etc. but are required to ensure that the cleansing duties are carried out properly. Other examples of posts that will receive the JRA at half rate include: inspecting and monitoring contracted-out cleansing services; supervision of pest control duties; ensuring cleanliness of markets; assisting Hawker Control Officers in hawker control operations; and driving vehicles for collection/disposal of wastes, etc. The posts so affected total 1 321 (or 19% of the total).

15. For other posts which will continue to be eligible for Hardship Allowance, we have, where appropriate, tightened up the payment criteria. For example, staff have to be engaged in the JRA-attracting duties for over 50% of the working time in a month before they are eligible for the Hardship Allowance. This is to ensure that the allowance is only payable when the staff 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. We have applied the same criterion to most of the Hardship Allowances covered in the first two phases of the review. Altogether 503 posts (or 7% of the total) will cease to be eligible for Hardship Allowance as they do not meet the JRA payment principles.

16. The estimated annual expenditure on the JRAs covered by the phase three review totalled \$52.7M. The annual savings to be achieved is \$8.6M (or 16% of the estimated annual expenditure of the JRAs covered by the phase three review). The decision arising from the phase three JRA review will be implemented with effect from 1 April 2005.

17. Similar to the JRAs reviewed in the previous two phases, allowances that are approved under the phase three review are subject to regular review in future to ensure that their continued payment is justified and appropriate under the prevailing circumstances.

CONCLUSION

18. With the completion of the phase three JRA review, we have reviewed all the JRAs payable to the civilian grades in the light of the updated general principles governing JRAs and the specific operational justifications in each individual case. A summary of the outcome of the three phases of review is at **Annex C**. All the JRAs that continue to be payable will be subject to review again upon the expiry of their specified approval period. CSB will work with the concerned bureaux/departments on these regular reviews on the basis of the established approval mechanism.

Civil Service Bureau
February 2005

Principles Governing Job-Related Allowances Payable to Civilian Grades

- (a) 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.
- (b) 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.
- (c) 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.
- (d) JRAs should not be paid for changes in duties resulting from the introduction of new technology or improvements in operation methods.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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.

Categorisation of Job-related Allowances for Civilian Grades

(I) Extraneous Duties Allowances –

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

(II) Hardship Allowances –

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

(III) Shift Duty Allowance –

To compensate for the need to work shifts which is not normally expected of staff in the same grade or rank

(IV) Typhoon Allowance and Rainstorm Black Warning Allowance –

To compensate for work under specific weather conditions, i.e. when typhoon signal No. 8 or above or rainstorm black warning signal is hoisted

**Summary of the outcome of the review on
job-related allowances payable to civil grades**

	Review outcome	Estimated annual savings
Phase One Review	<ul style="list-style-type: none"> • JRA payment retained* : 5 000 posts (75%) • JRA payment ceased : 1 700 posts (25%) 	\$17.1M
Phase Two Review	<ul style="list-style-type: none"> • JRA payment retained* : 2 170 posts (90%) • JRA payment ceased : 230 posts (10%) 	\$3.5M
Phase Three Review	<ul style="list-style-type: none"> • JRA payment retained* : 6 593 posts (93%) • JRA payment ceased : 503 posts (7%) 	\$8.6M
JRA payment retained* : 13 763 posts (85%) JRA payment ceased : 2 433 posts(15%)		\$29.2M (25.4% of total estimated annual expenditure)

* Where JRAs continue to be payable after review, we have, where appropriate, tightened up the payment criteria having regard to the updated general principles governing JRAs and the specific operational requirements of the concerned posts.